28 February 2024

Glenveagh Properties plc

Final Results 2023

Glenveagh Properties plc ("Glenveagh" or the "Group") a leading Irish homebuilder announces its Final Results for the period ended 31 December 2023.

Financial Highlights

	FY 2023 €m	FY 2022 €m	Change
Revenue	**607.9**	644.7	-6%
- *Suburban*	***470.8***	*454.5*	+4%
- *Urban*	***120.1***	*190.2*	-37%
- *Partnerships*	***17.0***	-	n/a
Gross profit	**112.7**	108.1	+4%
- *Suburban*	***95.1***	*83.6*	+14%
- *Urban*	***15.4***	*24.5*	-37%
- *Partnerships*	***2.2***	-	n/a
Gross margin (%)	**18.5%**	16.8%	+170 bps
- *Suburban (%)*	***20.2%***	*18.4%*	+180 bps
- *Urban (%)*	***12.8%***	*12.9%*	-10 bps
- *Partnerships (%)*	***12.9%***	-	n/a
Operating profit	**70.9**	70.1	+1%
Profit before tax	**55.1**	63.0	-13%
Earnings Per Share (EPS) (cent)	**8.0**	7.6	+5%
Land[1]	**403.8**	455.3	-11%
Work in Progress	**274.6**	227.2	+21%
Operating cash flow	**50.9**	140.9	-64%
Net Debt	**48.8**	13.8	+€35m
Total Equity	**678.2**	693.1	-2%
Suburban Completions (units)	**1,328**	1,354	-2%
Suburban: Closed & forward order book (units)[2]	**1,106**	841	+32%
Group: Closed & forward order book (value)[2]	**805**	473	+70%

[1] Excluding development rights

[2] As at 27 February 2024. Prior year data as at 1 March 2023

FY 2023 Performance

- In FY 2023 we increased suburban revenue and margin, our Partnerships business segment started to generate revenue and profits, and we benefitted from strong planning momentum
- We delivered EPS of 8.0 cent, a 5.3% advance in the year and at the top end of our guided range
- During FY 2023 we were granted permissions for approximately 4,600 units, approximately 400 of which are currently in post-grant appeal periods. We also lodged planning applications for approximately 2,900 units
- Standardisation played an increasingly significant part in our momentum, driving greater efficiencies at every part of our value chain and incorporating standardised house types into the manufacturing and delivery process, while enhancing build quality and customer service. We more than doubled the number of standardised housing types we supplied, and this year only a small percentage of homes will be non-standardised. As a result, we can plan, design, and build houses more effectively, with greater efficiency and speed, and in greater numbers than ever before
- We launched NUA as our off-site manufacturing business with the capacity to deliver product for over 2,000 homes from three strategically located sites. NUA gives us greater control over our supply chain, allows for faster, more consistent construction in a sustainable manner, and enables us to get products to market faster. We are committed to embedding innovation and modern methods of construction into our product offering, and ongoing projects are focused on enhancing the premanufactured value of these products and also on driving further operational efficiencies in our manufacturing processes
- We also progressed with our sustainability agenda, launching our Net Zero transition plan in March 2023. This is an important milestone for our investors and customers as the focus increases on energy efficiency. Our Scope 3 emissions have now decreased by 7% against our 2021 baseline, measured on an intensity basis ($tCO_2e/100sqm$). In early 2024 we also published both our Biodiversity and Circular Economy strategies and have had our science-based targets (SBTs) verified by the Science Based Targets initiative (SBTi)
- Net Debt was maintained at prudent levels as we continued to generate efficiencies from our landbank while also investing in our work-in-progress ('WIP') for FY 2024 and completing our significant investment in NUA
- We also returned approximately €63 million to shareholders, bringing the overall returns over a three-year period to over €300 million

Outlook

- The long-term demand outlook for the Irish residential housing market remains very positive. A resilient domestic economy is coupled with a fast-growing population and reinforced by supportive State initiatives. Our proven operational capability and established expertise in partnership and urban development models mean that we are ideally positioned to grow as a scale operator in the Irish market
- We are actively working with the multiple state agencies that the Government is using to stimulate and accelerate housing supply. We are transacting with approved housing bodies and local authorities to supply increasing numbers of cost rental, social and affordable housing through this year and next. We are engaging closely with the Land Development Agency ('LDA') on projects that can potentially activate our urban portfolio, with additional opportunities possible over time to partner on projects on State land. We also have a project approved in the Croí Cónaithe scheme. We will direct resources and investment as appropriate as these partnering opportunities materialise

- We expect to generate strong revenue and profit growth across each of our Suburban, Urban and Partnerships business segments in FY 2024. This growth is underpinned by our healthy land portfolio and forward order book, continued planning momentum and strong operational and manufacturing capability
- The further advance in our forward suburban order book for FY 2024 of 1,106 units closed or contracted gives us increased confidence on the outlook for our Suburban business segment. A further improvement in the underlying suburban margin is expected in FY 2024
- Urban revenue is expected to comprise contributions from projects already contracted as well as from new revenue opportunities. Construction of our Croí Cónaithe development in Cork will begin in mid-year
- We anticipate that revenue from our Partnerships segment will exceed €100 million in FY 2024, with a gross margin of approximately 15%. We expect to commence the construction of almost 1,300 homes under our partnership schemes this year
- In FY 2024 we anticipate making further efficiencies in our land investment, while WIP is expected to increase modestly as the unwinding of current urban developments is more than offset by increased suburban activity and new urban investment. Net debt is expected to be approximately 10-15% of net assets at the end of FY 2024
- Our focus remains on enhancing the capital efficiency of the business and increasing cash generation. Once our capital allocation priorities are satisfied, we remain committed to returning any excess cash identified to shareholders
- Our stronger forward order book, operational momentum, and continued progress in manufacturing means that we have increased confidence with current consensus EPS expectations for FY 2024 of approximately 17 cent

CEO Stephen Garvey commented:

"We achieved our objectives in 2023 and this sets us up very well to operate at scale in 2024 and beyond.

Our business is performing effectively, delivering at pace and at scale the new homes that Irish people badly need – energy-efficient and high-quality homes designed for value and affordability, that work well with government initiatives. In 2024 we will see families, couples and individuals move into over 2,700 new homes that we have delivered.

Our greater scale is underpinned by the increased control we have taken over our supply chain in recent years. We are already seeing the benefits of investing in our NUA manufacturing business, to give us significant advantages in off-site manufacturing, innovative design, more sustainable processes, standardisation of our product range and greater efficiency and cost management.

NUA has also allowed us to develop a clear leadership position in modern methods of construction in the Irish market.

We are operating in a more favourable planning environment that is unrecognisable from two years ago. However, while the planning system is catching up with the backlog successfully, prospective homebuyers need to see ongoing investment by the State in additional planning and infrastructure resources to prevent a recurrence of backlogs, as output levels across the housebuilding industry continue to rise sharply to meet the supply shortage.

Notwithstanding this we remain confident about the outlook, not least because the State has cemented its position as a key driver of boosting supply and ultimately meeting the high level of demand that remains evident. We are engaging with the State across multiple initiatives that are working and making a real difference – our Partnerships business is delivering thousands of new homes in conjunction with local authorities and approved housing bodies; homebuyers are benefiting from Help to Buy and the

First Home Scheme; and we are seeing significant scope for the LDA and other initiatives to accelerate supply."

Results Presentation

A webcast presentation of the results for analysts and institutional investors will take place at 8.30am on 28 February 2024. The presentation slides will be available on the Investor Relations section on www.glenveagh.ie from 7.00am on 28 February 2024.

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

Conference call: Click here to register for conference call

Audio webcast: Click here for webcast

Registration and access details are also available at Glenveagh Corporate | Investors news and events

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Note to Editors

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

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

www.glenveagh.ie

Forward-looking statements

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

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

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

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

GLENVEAGH PROPERTIES PLC: BUSINESS AND FINANCIAL REVIEW

1. BUSINESS REVIEW

i. Group Sales

a. Overview

The Group had total revenue of €607.9 million (FY 2022: €644.7 million), primarily relating to the completion of 1,328 suburban units (FY 2022: 1,354) in the period and including a first-time contribution from our Partnerships business segment. Excluding the FY 2022 disposal of the East Road site for approximately €63m, that did not recur in FY 2023, there was a modest increase in Group revenue.

b. Suburban

The Group reported suburban revenue of €470.8 million, an increase of 3.6% on the FY 2022 revenue of €454.5 million.

In FY 2023, 1,328 suburban units were closed which was broadly in line with 1,354 units closed in FY 2022. All sites required to deliver the FY 2024 targets have planning in place and are active, with a focus on delivering higher volume from bigger sites.

ASP in FY 2023 was approximately €336k (FY 2022: €330k), reflecting underlying House Price Inflation ("HPI"), changes in product and site mix, and our commitment to delivering homes that are affordable for our customers.

Underlying market demand for new homes continued to be very strong during the year, driven by a robust economic environment, ongoing increases in population and a range of demand-side initiatives from the Government.

The Group delivered almost 700 units (approximately 52% of our suburban units) as part of these Government support initiatives to provide social, cost rental and affordable housing.

During FY 2023 the scope of the First Home Scheme was significantly extended to an additional cohort of buyers by increasing the price ceilings that apply in Ireland’s local authority areas. The scheme is designed to bridge the gap between a first-time buyer’s deposit and mortgage and the price of the new home, providing up to 30% of the price of the home and supporting affordability for first-time buyers, a key target market for Glenveagh. Along with the Help To Buy Scheme, these initiatives provide more first-time buyers with enhanced access to new housing developments and approximately 80% of our customers availed of at least one of these schemes in FY 2023.

Customer affordability was further supported by the change in the Central Bank of Ireland’s macroprudential rules, that became effective from 1 January 2023. This increased borrowing capacity materially among the first-time buyer cohort, up to 4x income compared to a 3.5x limit previously in place.

c. Urban

Urban revenue decreased by 36.8% to €120.1 million in FY 2023 (FY 2022: €190.2 million). This primarily reflects a FY 2022 comparative that included approximately €63m from the disposal of the East Road site.

In FY 2023 two of our key contracted urban projects, Marina Village and Premier Inn, were completed. All of the remaining contracted projects – at Cluain Mhuire, Citywest and Castleknock - are anticipated to complete in FY 2024 and to deliver approximately 650 units. Revenue of approximately €80 million is expected to be recognised this year from these projects, bringing the total revenue from the Group's urban asset monetisation activities to approximately €600 million.

Our remaining urban assets comprise almost 14% of our overall land investment and principally comprise assets in Cork and the Greater Dublin Area. There is significant potential to activate much of this portfolio by partnering with multiple state agencies as part of the Government's supply-side housing initiatives.

In November 2023 we were approved under the Croí Cónaithe (Cities) Scheme to develop 274 owner occupier apartments for sale on the open market in Blackrock, Cork. Development is anticipated to begin mid-year and first revenue and profits from this development are expected in FY 2026.

In addition, significant increased funding has been proposed for the LDA and a number of our urban portfolio sites are currently being evaluated by the agency for prospective selection and activation in FY 2024.

Urban revenue is expected to comprise the contribution from projects already contracted as well as new revenue opportunities that include emerging partnership projects with state agencies. These additional opportunities provide the flexibility to generate new revenue in FY 2024 and to offset any potential transaction risk associated with our commercial office development, the residual non-core asset in the Docklands portfolio.

d. Partnerships

FY 2023 was a milestone year for our Partnerships business segment. Both Ballymastone and Oscar Traynor Road received final planning permissions in H2 2023 and construction works commenced on both sites in the final quarter. As a result, we reported our first revenue in this business segment of €17.0 million.

We expect, by the end of this year, to have commenced the construction of almost 1,300 homes under our partnership schemes. We also anticipate lodging a planning application in FY 2024 for the next phase of the Ballymastone development, comprising approximately 400 mixed tenure units.

As noted above, new resources and funding are now being provided by the Government for supply-side housing initiatives, the most significant recent initiative of which is proposed further funding to the LDA.

Our scale, operational capability and proven expertise in partnership models leave us ideally positioned to advance such opportunities as they relate to both our Urban and Partnerships business segments. These have the potential to generate significant incremental revenue and profits for the Group over the medium term.

ii. Forward Order Book

The continued strength of the Irish market is demonstrated through our strong forward order book which totals €805 million.

The closed and forward order book in the suburban business for FY 2024 is €377 million, comprising 1,106 units, and gives good visibility on FY 2024 performance. Strong reservation rates in our Suburban business segment reflects strong underlying private market demand that is supported by the resilience of the domestic economy, the range of Housing for All initiatives, and the change to the Central Bank of Ireland's macroprudential rules. Customer demand is further underpinned by the structural undersupply across the market of high-quality, affordable housing in Ireland.

In addition, the Group's overall forward order book includes revenue in FY 2024 to be recognised from the three remaining executed transactions within the Urban business segment, as well as the contracted element of the Partnerships business segment.

We are currently active on 20 suburban and urban sites, with a focus on delivering higher output from larger sites to further enhance operational efficiencies.

iii. Planning Progress and Policy

We made significant progress in what was an improving planning environment, increasing confidence on unit delivery in FY 2024 and beyond.

In FY 2023 the Group was granted permissions for approximately 4,600 units across over twenty applications, some 400 of which are currently in post-grant appeal periods.

Overall, we are strongly positioned for longer term growth. The Group has planning permission for all of its expected deliveries in FY 2024. This improved visibility, when combined with our planning applications lodged during FY 2023, mean that approximately 80% of our current landbank could be fully planned and available for development by the end of this year.

There were some encouraging improvements in the planning policy and system in FY 2023. Additional resourcing has been provided to An Bord Pleanála and the efficiency of its applications processing is improving.

The Large-scale Residential Development (LRD) process is functioning well to date, with successful grants received within or ahead of guided timelines.

The Planning and Development Bill 2023 was published following extensive review and consultation. We welcome such policy reform in general but are mindful that such an extensive piece of legislation, combined with the prospective amendments that are ongoing, will take some time to assimilate in practice and is unlikely to have a significant impact in FY 2024.

We welcomed the Government's Sustainable Residential Development and Compact Settlements Guidelines that were published in January 2024. Its effective implementation will enable greater flexibility in residential design standards that will support the delivery of compact 'own door' housing that are more viable for developers and more affordable for purchasers.

The review of the National Planning Framework is also underway. We would urge that this review accurately reflects present and future population requirements, designed for viable and appropriately located homes and offering increased opportunities for home ownership.

The strong performance in our Partnerships business shows how much can be achieved when public and private entities work together to deliver what Ireland needs - sustainable, high-quality, energy-efficient, mixed tenure developments that will alleviate the supply shortage.

As the largest source of landbank for the development of new homes and with the scale of its potential funding capacity, the State will continue to be the major driver in resolving Ireland's accommodation shortage, in partnership with the housebuilding industry.

To sustainably deliver increased housing supply and opportunities for home ownership also requires appropriately aligning resourcing for planning bodies, local authorities and utility companies and ensuring the availability of land with critical infrastructure. Prioritising these actions as a matter of urgency will enhance industry wide efforts to expedite the delivery of quality homes and ultimately contribute to building flourishing communities.

iv. Development Land Portfolio Management

We continue to take a disciplined and strategic approach to land acquisitions and portfolio management, focused on managing to a 4-5 year land portfolio at scale.

The Group's land investment, excluding development rights, was €403.8 million at 31 December 2023 (31 December 2022: €455.3 million). We have continued to drive further capital efficiencies by reducing this net investment in land and we anticipate driving more efficiencies from the landbank in FY 2024.

Development rights increased from €3.2 million in FY 2022 to €29.3m in FY 2023 reflecting the acquisition of certain development rights associated with our partnership agreements for Ballymastone and Oscar Traynor Road.

The Group's land portfolio currently comprises just over 13,100 units with an average plot cost of approximately €33k. By number of units, the Suburban segment accounts for 68% of the portfolio, with the remainder comprising the Urban segment (16)% and Partnerships segment (16%). Approximately two-thirds of the overall portfolio is located in the Greater Dublin Area.

The Group spent or contracted to spend a total of approximately €38 million on six land sites in FY 2023. These sites have the capacity to deliver approximately 1,050 new own-door housing in sustainable communities. The Group is also prioritising structured land transactions which will enable more efficient standardisation of the suburban portfolio as well as maintaining an efficient balance sheet. Four of the six land transactions are structured deals allowing the group to progress with planning applications.

The introduction of a Residential Zoned Land Tax, originally scheduled for FY 2024, has been deferred until FY 2025. This tax is designed to incentivise landowners to use inactive zoned land for housing. Its impending introduction has already been a positive development in providing additional land investment opportunities for the Group. The Group is also actively managing and reviewing its existing portfolio to determine the extent of, and to mitigate against, any relevant tax liability that it may incur.

v. Input Cost Inflation

The construction sector continued to face inflationary pressures across its raw material and labour costs base in FY 2023 and we anticipate that this will continue into FY 2024.

We continue to employ several strategies to mitigate the impact of this inflationary environment. We collaborate with supply chain partners to secure sustainable, competitive pricing while maintaining supply security. We also benefit from our scale and purchasing power in negotiating competitive terms and pricing with suppliers, while ensuring greater control over input costs through the Group's supply chain integration strategy. In addition, the Government announced in April 2023 that development levies would be removed for a limited time subject to certain criteria being met, a measure that has partly mitigated against cost pressures across the industry.

These mitigation strategies enabled us to manage build cost inflation to a 4-5% level in FY 2023. As levels of HPI in the new homes market were at similar levels, the overall impact on margin was broadly neutral.

vi. Supply Chain Integration – NUA

In June we launched NUA, the innovative manufacturing and new technology arm of the business that operates from our three off-site manufacturing facilities in Carlow town, Arklow, Co. Wicklow and Dundalk, Co. Louth. The sites are strategically located to service all our sites effectively as a nationwide home builder.

Significant investment is now largely completed so the focus is on maximising the value from NUA and building the capability to deliver our own housing requirements. NUA has the capacity to deliver frames for over 2,000 homes per year, focusing on the off-site panellised manufacture using timber frame and light gauge steel.

This innovation in off-site manufacturing is becoming increasingly important as standardised house types in Glenveagh designed planning units become a much larger component of our output. We anticipate that approximately 70% of our output in FY 2024 will use our standardised housing typologies. As a result, we can plan, design, and build houses more effectively, with greater efficiency and speed, and in greater numbers than ever before. Standardising process and product across the business supports an improved margin and return profile for the Group overall.

vii. Sustainability Agenda Progress

In FY 2023 the Group's main sustainability focus was on launching the Net Zero Transition Plan, developing our Biodiversity and Circular Economy strategies, and implementing our Equity, Diversity & Inclusion (ED&I) strategy.

The key milestone in H1 2023 was the launch of the Group's Net Zero Transition Plan in March 2023, outlining our near-term and long-term GHG emissions reduction targets for scopes 1, 2 and 3. These targets call for a 46.2% reduction in absolute Scopes 1 & 2 emissions by 2031 and a 55% reduction in Scope 3 emissions intensity (tCO2e/100sqm) by 2031, using 2021 as the baseline year. Longer term net zero targets have been set for scopes 1,2&3 by 2050. All targets have been validated by the Science Based Targets initiative (SBTi).

In FY 2023 we reduced absolute Scope 1 & 2 emissions by 11% compared to FY 2022. This is an encouraging first step, which can be attributed to the roll out of HVO (hydrotreated vegetable oil) to replace diesel across sites during the year. While scope 1 & 2 emissions are still tracking above our 2021 baseline, we are confident that the work we have completed has a solid foundation and that we are on the right track to see a reduction in FY 2024 with a full year of HVO use. Meanwhile, our Scope 3 emissions have now decreased by 7% against our FY 2021 baseline, measured on an intensity basis (tCO2e/100sqm). This is primarily due to our focus on the energy efficiency of our homes. In FY 2023, we saw the proportion of A1 rated homes increase from 55% to 85% which has a positive impact on the carbon emissions associated with the occupant energy of the home.

Our biodiversity strategy, 'Building a Better Habitat', was launched in January 2024 and integrates biodiversity conservation into the core of our 'Building Better' strategy. The strategy is a step towards better understanding how we as a business impact on and depend upon biodiversity. We have developed a biodiversity framework that will allow us to manage our impacts, risks, and opportunities across our value chain.

We are today launching our Circular Economy strategy, which sets out the actions we will take to move towards circular design, reduce resource use and the waste associated with it. We have set a target to prepare 70% of our construction and demolition (non-hazardous) waste for reuse, recycling and other material recovery. We have also set out commitments in relation to circular design, supply chain engagement and data. Our three strategies complement each other as we seek to address the issues of climate change, biodiversity loss and resource depletion in a coordinated way. They are supported by a supplier engagement programme, initiated in 2023. We are also proud to be a founding member of the Supply Chain Sustainability School Ireland which launched in January 2024.

We also began to implement our ED&I strategy, 'Building a Better Workplace', that was launched in December 2022. We established an ED&I Steering Group and launched five Employee Network Groups each sponsored by an Executive Committee member. In May we retained the Investors in Diversity Silver Mark and achieved an overall result of 'Building Momentum'.

Elsewhere across the business, we agreed a new sustainability linked finance facility in February 2023 that incorporates four specific sustainability Key Performance Indicators ("KPIs"). We continued our preparation to disclose under the Corporate Sustainability Reporting Directive. We have also continued to maintain and improve our ESG ratings. Our Sustainalytics rating improved from 19.3 to 16.4 and is denoted as 'Low-risk'. Our CDP rating is B and our MSCI rating is AA.

2. FINANCIAL REVIEW

i. Group Performance

Total Group revenue was €608 million (FY 2022: €645 million). The Group's gross profit for the year increased modestly to €112.7 million (FY 2022: €108.1 million) with an overall gross margin of 18.5% (FY 2022: 16.8%).

In the Suburban business segment, revenue of €471m represents steady growth and equates to a 4% increase in revenue versus 2022. The Group delivered 1,328 core units in the year at an Average Selling Price of approximately €336k (FY 2022: €330k) reflecting the Group's strong operational performance. ASP increased by 2% as a result of portfolio mix and house price inflation in the period.

The most significant margin improvement came in the Suburban business with a gross margin of 20.2% (FY 2022: 18.4%) and an underlying suburban housing margin of 19.3% (FY 2022: 18.4%). The business benefitted from a number of operational improvements including but not limited to increased product standardisation, our pricing power in the market and the early signs of cost benefits from our manufacturing capabilities. The margin was also augmented by the impact of land sales. We would expect further progression in the underlying suburban margin in FY 2024 as we deliver a higher percentage of our product from our standardised house types and our manufacturing facilities.

Our Urban business segment generated revenue of €120 million. This includes the completion of our forward fund on the Premier Inn hotel in the Docklands and our apartment development in Marina Village, Greystones along with the continuation of the development phase in our apartment schemes in Citywest and Castleknock. Urban gross margin was 12.8% in FY 2023, broadly consistent with the 2022 margin of 12.9%.

We generated €17 million of revenue from our Partnerships business segment, the first time this segment has contributed revenue, reflecting significant progress made on both Partnership sites during the year. Given the structure of the Partnership transactions, we recognise revenue and profits on a percentage of completion basis and therefore the revenue and profits recognised in FY 2023 reflect the early stages of construction rather than any units being completed. The Partnership gross margin was 12.9%, reflecting very low activity levels and the early stage of development on both sites. For FY 2024 and future years, the margin on both sites will be consistent with our 15% guidance for that business segment.

Group operating profit was €70.9 million (FY 2022: €70.1 million). The Group's central costs for the year were €39.4 million (FY 2022: €36.0 million), which along with €2.4 million (FY 2022: €1.9 million) of depreciation and amortisation gives total administrative expenses of €41.8 million (FY 2022: €38.0 million).

Net finance costs for the year increased significantly to €15.8 million (FY 2022: €7.1 million), primarily impacted by the increased European Central Bank interest rates which have impacted the overall market and a higher level of average debt during the year to support the growth trajectory of the business.

Overall, the Group delivered an improved Earnings Per Share of 8.0 cent (FY 2022: 7.6 cent), which was at the higher end of the range management had provided as market guidance.

ii. Balance Sheet

The business has continued to improve our balance sheet efficiency during FY 2023 and has reduced the Group's net assets modestly to €678.2 million at 31 December 2023 (FY 2022: €693.1 million). There are a number of elements within this net reduction, some of which relate to increased investment for future efficiencies and benefits while some relate to capital reductions in the year.

In line with our manufacturing strategy, we continued to invest in our off-site facilities and equipment, totalling €18.1m in the year. This is included in our increased Property, Plant & Equipment balance of €64.2 million (FY 2022: €51.8 million).

The business has again seen significant progress in the reduction of our land portfolio, with a year-end balance of €403.8 million (2022: €455.3 million), excluding development rights. We believe that further reductions can be made in our land portfolio, with the carrying value of land reducing below €400 million in FY 2024.

To facilitate the significant growth trajectory into FY 2024, the business has invested in work-in progress with an overall year end balance of €274.6 million (FY 2022: €227.4 million), an increase of nearly €50 million. This increase is primarily attributable to the increase in our urban business and two sites in particular, the Docklands office development and our apartment scheme in Cluain Mhuire which has been forward sold and will deliver in FY 2024. Combined these two assets have approximately €70 million of work in progress at year end, an increase of €40 million year on year.

The reduced equity figure at 31 December 2023 reflects the reduced number of shares in the business following the successful completion of the Group's fourth share buyback programme. In FY 2023, a total of 63.8 million shares were repurchased at a total cost of €62.9 million. The Group has now returned over €300 million to shareholders since the beginning of our first share buyback programme in May 2021.

iii. Cash Flow

The business continued to generate substantial operating cash inflow, albeit not at the same levels as in previous years. We generated €50.9 million (FY 2022: €140.9 million) cash from operating activities, the reduction reflecting our investment in inventory.

This cash generation allowed the business to invest in line with our capital allocation priorities, predominantly focussed on our manufacturing capabilities of €17.9 million and our fourth share buyback programme of €62.9 million.

Reflecting the investment in work in progress, which will deliver in FY 2024, the Group had an increased net debt position at year end of €48.8 million (2022: €13.8 million). This remains a prudently managed debt level in the context of the overall scale of the business, the investments that have been made in FY 2023 and the opportunities available to the business in FY 2024.

Ends

Glenveagh Properties plc

Consolidated statement of profit or loss and other comprehensive income

For the financial year ended 31 December 2023

	Note	**2023 €'000**	2022 €'000
Revenue	*10*	**607,938**	644,706
Cost of sales		**(495,207)**	(536,655)
Gross profit		**112,731**	108,051
Administrative expenses		**(41,782)**	(37,956)
Operating profit		**70,949**	70,095
Finance expense	*11*	**(15,839)**	(7,094)
Profit before tax	*12*	**55,110**	63,001
Income tax	*16*	**(8,002)**	(10,434)
Profit after tax attributable to the owners of the Company		**47,108**	52,567
Items that are or may be reclassified subsequently to profit or loss:			
Fair value movement on cashflow hedges		**(1,240)**	-
Cashflow hedges reclassified to profit or loss		**(383)**	-
Total other comprehensive loss		**(1,623)**	-
Total comprehensive profit for the year attributable of the owners of the Company		**45,485**	52,567
Basic earnings per share (cent)	*15*	**8.0**	7.6
Diluted earnings per share (cent)	*15*	**8.0**	7.6

Glenveagh Properties plc
Consolidated balance sheet
as at 31 December 2023

	Note	2023 €'000	2022 €'000
Assets			
Non-current assets			
Goodwill	*18*	**5,697**	5,697
Property, plant and equipment	*17*	**64,184**	51,750
Intangible assets	*18*	**2,781**	1,770
Deferred tax asset	*16*	**884**	619
		73,546	59,836
Current assets			
Inventory	*19*	**707,600**	685,751
Trade and other receivables	*20*	**77,974**	58,671
Income tax receivable		**3,901**	-
Restricted cash	*23*	**458**	458
Cash and cash equivalents	*27*	**71,863**	71,085
		861,796	815,965
Total assets		**935,342**	875,801
Equity			
Share capital	*26*	**659**	719
Share premium	*26*	**179,719**	179,416
Undenominated capital	*26*	**399**	335
Retained earnings		**450,103**	465,680
Cashflow hedge reserve	*24*	**(1,623)**	-
Share-based payment reserve		**48,899**	46,968
Total equity		**678,156**	693,118
Liabilities			
Non-current liabilities			
Loans and borrowings	*22*	**112,083**	71,221
Lease liabilities	*22*	**4,230**	4,216
Derivative contracts	*24*	**1,623**	-
Trade and other payables	*21*	**1,750**	3,500
		119,686	78,937
Current liabilities			
Trade and other payables	*21*	**132,719**	93,234
Income tax payable		**-**	565
Loans and borrowings	*22*	**3,562**	9,419
Lease liabilities	*22*	**1,219**	528
		137,500	103,746
Total liabilities		**257,186**	182,683
Total liabilities and equity		**935,342**	875,801

Michael Rice *Director*	Stephen Garvey *Director*	27 February 2024

Glenveagh Properties plc
Consolidated statement of changes in equity
for the financial year ended 31 December 2023

	Share Capital							
	Ordinary shares €'000	**Deferred Shares €'000**	**Undenominated capital €'000**	**Share premium €'000**	**Share-based payment reserve €'000**	**Cashflow hedge reserve €'000**	**Retained earnings €'000**	**Total equity €'000**
Balance as at 1 January 2023	**638**	**81**	**335**	**179,416**	**46,968**	**-**	**465,680**	**693,118**
Total comprehensive profit for the year								
Income for the year	-	-	-	-	-	-	**47,108**	**47,108**
Fair value movement on cashflow hedges	-	-	-	-	-	**(1,240)**	**-**	**(1,240)**
Cashflow hedges reclassified to profit and loss	-	-	-	-	-	**(383)**	**-**	**(383)**
	638	**81**	**335**	**179,416**	**46,968**	**(1,623)**	**512,788**	**738,603**
Transactions with owners of the Company								
Equity-settled share-based payments	**-**	**-**	**-**	**-**	**2,137**	**-**	**-**	**2,137**
Lapsed share options (Note 14)	**-**	**-**	**-**	**-**	**(206)**	**-**	**206**	**-**
Cancellation of deferred shares (Note 26)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Exercise of options	**4**	**-**	**-**	**303**	**-**	**-**	**-**	**307**
Purchase of own shares (Note 26)	**(64)**	**-**	**64**	**-**	**-**	**-**	**(62,891)**	**(62,891)**
	(60)	**-**	**64**	**303**	**1,931**	**-**	**(62,685)**	**(60,447)**
Balance as at 31 December 2023	**578**	**81**	**399**	**179,719**	**48,899**	**(1,623)**	**450,103**	**678,156**

Glenveagh Properties plc

Consolidated statement of changes in equity

for the financial year ended 31 December 2022

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

Glenveagh Properties plc
Consolidated statement of cash flows
For the financial year ended 31 December 2023

	Note	**2023 €'000**	**2022 €'000**
Cash flows from operating activities			
Profit for the financial year		**47,108**	52,567
Adjustments for:			
Depreciation and amortisation		**2,373**	2,081
Finance costs	*11*	**15,839**	7,094
Equity-settled share-based payment expense	*14*	**2,137**	1,717
Tax expense	*16*	**8,002**	10,434
Profit on disposal of property, plant and equipment	*12*	**(214)**	(1,501)
		75,245	72,392
Changes in:			
Inventories		**(18,529)**	83,360
Trade and other receivables		**(19,217)**	(26,290)
Trade and other payables		**38,100**	35,662
Cash from operating activities		**75,599**	165,124
Interest paid		**(12,009)**	(6,490)
Tax paid		**(12,732)**	(17,778)
Net cash from operating activities		**50,858**	140,856
Cash flows from investing activities			
Acquisition of property, plant and equipment	*17*	**(16,361)**	(19,278)
Acquisition of intangible assets	*18*	**(1,477)**	(1,055)
Acquisition of subsidiary undertakings		**-**	(6,875)
Cash acquired on acquisition		**-**	847
Proceeds from the sale of property, plant and equipment		**959**	2,036
Net cash used in investing activities		**(16,879)**	(24,325)
Cash flows from financing activities			
Proceeds from loans and borrowings	*22*	**381,667**	110,000
Repayment of loans and borrowings	*22*	**(347,500)**	(150,000)
Transaction costs related to loans and borrowings	*22*	**(4,318)**	-
Purchase of own shares	*26*	**(62,891)**	(146,260)
Proceeds from exercise of share options	*26*	**307**	108
Proceeds from derivative settlements	*24*	**295**	-
Payment of lease liabilities	*28*	**(761)**	(470)
Net cash used in financing activities		**(33,201)**	(186,622)
Net increase / (decrease) in cash and cash equivalents		**778**	(70,091)
Cash and cash equivalents at the beginning of the year		**71,085**	141,176
Cash and cash equivalents at the end of the year		**71,863**	71,085

Notes to the consolidated financial statements
For the financial year ended 31 December 2023

1 Reporting entity

Glenveagh Properties plc (“the Company) is domiciled in the Republic of Ireland. The Company’s registered office is Block C, Maynooth Business Campus, Maynooth Co. Kildare. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as “the Group”) and cover the financial year ended 31 December 2023. The Group’s principal activities are the construction and sale of houses and apartments for the private buyer, local authorities and the private rental sector.

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

2 Statement of compliance

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

3 Functional and presentation currency

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

4 Use of judgements and estimates

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

Critical accounting judgements

Management applies the Group’s accounting policies as described in Note 8 when making critical accounting judgements, of which no individual judgement is deemed to have a significant impact upon the financial statements.

Key sources of estimation uncertainty

The key source of significant estimation uncertainty impacting these financial statements involves assessing the carrying value of inventories as detailed below.

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

The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land and development rights, work-in-progress and completed units. As residential development is largely speculative by nature, not all inventories are covered by forward sales contracts. Furthermore, due to the nature of the Group’s activity and, in particular the scale of its developments and the length of the development cycle, the Group has to allocate site-wide development costs between units being built and/or completed in the current year and those for future years. It also has to forecast the costs to complete on such developments.

These estimates impact management's assessment of the net realisable value of the Group's inventory balance and also determine the extent of profit or loss that should be recognised in respect of each development in each reporting period.

In making such assessments and allocations there is a degree of inherent estimation uncertainty. The Group has established internal controls designed to effectively assess and centrally review inventory carrying values and ensure the appropriateness of the estimates made. These assessments and allocations evolve over the life of the development in line with the risk profile, and accordingly, the margin recognised reflects these evolving assessments, particularly in relation to the Group's long-term developments. The impact of sustainability and other macroeconomic factors have been considered in the Group's assessment of the carrying value of its inventories at 31 December 2023, particularly with regard to the potential implications for future selling prices, development expenditure and construction programming. Management has considered a number of scenarios on each of its active developments and the consequential impact on future profitability based on current facts and circumstances together with any implications for future projects in undertaking its net realisable value calculations.

As part of the assessment, the Group has re-evaluated its most likely exit strategies on all developments in the context of the current market environment and reflected these in revenue assumptions within the forecast models. The results of this exercise determined that the net impairment charge or reversal required for the period was €Nil *(2022: Nil)*.

Management have performed a sensitivity analysis to assess the impact of a change in estimated costs for developments on which sales were recognised in the year. A 1%-4% increase in estimated costs recognised in the year, which is considered to be reasonably possible, would reduce the Group's gross margin by approximately 118-333bps (*2022:* 58-174bps).

5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, both for financial and non-financial assets and liabilities.

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

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

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

Fair value is defined in IFRS 13, *Fair Value Measurement,* as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

- Note 14 Share-based payments arrangements;
- Note 21 Trade and other payables;
- Note 24 Derivatives and cashflow hedge reserve; and

- Note 27 Financial instruments and financial risk management.

6 Changes in material accounting policies

Amendments to standard IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules; Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction, IFRS 17 Insurance Contracts: amendments to IFRS 17 insurance contracts; Initial Application of IFRS 17 and IFRS 9 – Comparative Information and IAS 8 Accounting policies, Changes In Accounting Estimates And Errors: Definition of accounting estimates and errors, are effective from 1 January 2023 but they do not have a material effect on the Group's financial statements.

(i) New material accounting policies

a) Derivative contracts and hedge accounting

The Group has transacted derivatives relating to an interest rate swap to manage the interest rate risk arising from floating rate borrowings. Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in other comprehensive income are reclassified to profit or loss in the same periods that the hedged items affect profit or loss. The reclassified gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance income or costs respectively.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs, unless the hedged transaction is no longer expected to occur, in which case the cumulative gain or loss that was previously recognised in other comprehensive income is transferred to profit and loss.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

b) Research and development costs

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

c) Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)

The Group adopted Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments did not result in any material changes to the accounting policies and accounting policy information disclosed in the financial statements.

The amendments require the disclosure of material rather than significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

There have been no other changes to material accounting policies during the financial year ended to 31 December 2023.

(ii) Other standards

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

- *IAS 7 Statement of Cash Flows* and *IFRS 7 Financial Instruments:* Disclosures: Supplier Finance Arrangements (amendment) (effective 01/01/2024)
- *IAS 1 Presentation of Financial Statements*:
    - Classification of Liabilities as Current or Non-current Date (amendment) (effective 01/01/2024)
    - Classification of Liabilities as Current or Non-current - Deferral of Effective Date (amendment) (not yet effective)
    - Non-current Liabilities with Covenants (amendment) (effective 01/01/2024)
- *IFRS 16 Leases*: Lease Liability in a Sale and Leaseback (amendment) (not yet effective)
- *IAS 21 The Effects of Changes in Foreign Exchange Rates* **–** Lack of Exchangeability (amendment) (effective 01/01/2024)
- *ESRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* (not yet effective)
- *ESRS S2 Climate-related Disclosures* (not yet effective)

7 Going Concern

The Group has recorded a profit before tax of €55.1 million (2022: €63.0 million. The Group has an unrestricted cash balance of €46.9 million (31 December 2022: €46.1 million) exclusive of the minimum cash balance of €25.0 million which the Group is required to maintain under the terms of its debt facilities. The Group has committed undrawn funds available of €233.3 million (31 December 2022: €150.0 million).

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

The Group is forecasting compliance with all covenant requirements under the current facilities including the interest cover covenant which is based on earnings before interest, tax, depreciation and amortisation (EBITDA) excluding any non-cash impairment charges or reversals. Total debt must not exceed adjusted EBITDA by a minimum of 4 times, this is calculated on both a forward and trailing twelve-month basis. Other assumptions within the forecast include the Group's expected selling prices and sales strategies as well as its investment in work in progress which reflect updated development programmes.

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

8 Material accounting policies

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

The Group adopted Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of material rather than significant accounting policies. Although the amendments did not result in any material changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements in certain instances.

8.1 Basis of consolidation

(i) Business combinations

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

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

(ii) Subsidiaries

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

(iii) ***Joint operations***

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

(iv) Transactions eliminated on consolidation

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

8.2 Revenue

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

(i) Housing and land sales

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

(ii) Development revenue

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

8.3 Expenditure

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

Expenditure on research activities is recognised in profit or loss as incurred.

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.

The Group has determined that the global minimum top-up tax is an income tax in the scope of IAS 12.

(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 and does not give rise to equal taxable and deductible temporary differences;
- 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. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax. Currently, the Group operates solely in the Republic of Ireland, based on current criteria there is no current tax impact

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

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

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

8.5 Share-based payment arrangements

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

8.6 Exceptional items

Exceptional items are those that are separately disclosed by virtue of their nature or amount in order to highlight such items within the consolidated statement of profit or loss for the financial year. 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 income or costs considered exceptional items.

8.7 Property, plant and equipment

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

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

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

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

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

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

8.8 Intangible assets

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill impairments are not reversed. Goodwill is not amortised but is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. The annual goodwill impairment tests are undertaken at a consistent time in each annual period.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Capitalised development expenditure has an indefinite useful life.

Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. The classification of intangible assets as indefinite is assessed annually.

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

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

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

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

8.9 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.

Raw material and finished good stock are valued at the lower of cost and net realisable value. Stocks are determined on a first-in first-out basis. Cost comprises expenditure incurred in the normal course of business in bringing stocks to their present location and condition. Full provision is made for obsolete and slow-moving items. Net realisable value comprises actual or estimated selling price (net of trade discounts) less all further costs to completion or to be incurred in marketing and selling.

8.10 Financial instruments

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

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

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

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

Trade and other receivables
Such receivables are included in current assets, except for those with maturities more than 12 months after the reporting date, which are classified as non-current assets. Loans and other receivables are included in trade and other receivables on the statement of financial position and are accounted for at amortised cost. These assets are subsequently measured at amortised cost. The amortised cost is reduced by impairment losses. The Group recognises impairment losses on an 'expected credit loss' model (ECL model) basis in line with the requirements of IFRS 9. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

Contract assets
Contract assets are amounts recoverable on long-term contracts where revenue is recognised over time.

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

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

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

Derivative contracts
Derivative contracts are contracts for interest rate swaps to manage the interest rate risk arising from floating rate borrowings. Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period.

Financial liabilities
Financial liabilities such as inventory and other accruals are recorded at amortised cost and include all liabilities.

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

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

8.11 Provisions

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

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

8.12 Pensions

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

8.13 Leases

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

i. As a lessee

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

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

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

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

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

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments;

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

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

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

Short-term leases and leases of low-value assets

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

8.14 Share capital

(i) Ordinary shares

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

(ii) Founder Shares

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

8.15 Finance income and costs

The Group's finance income and finance costs include:

- Interest income

- Finance income
- Interest expense
- Lease interest

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

8.16 Derivative contracts and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in other comprehensive income are reclassified to profit or loss in the same periods that the hedged items affect profit or loss. The reclassified gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance income or costs respectively.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs, unless the hedged transaction is no longer expected to occur, in which case the cumulative gain or loss that was previously recognised in other comprehensive income is transferred to profit and loss.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

9 Segmental information

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

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

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

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

Urban
Urban's strategic focus is developing apartments to deliver to institutional investors. The apartments are located primarily in Dublin and Cork, but also on sites adjacent to significant rail transportation

hubs. Urban's strategy is to deliver the product to institutional investors through a forward sale, or forward fund transaction providing longer term earnings visibility.

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

Segmental financial results

	2023 €'000	**2022 €'000**
Revenue		
Suburban	**470,820**	454,540
Urban	**120,122**	190,166
Partnerships	**16,996**	-
Revenue for reportable segments	**607,938**	644,706

	2023 €'000	**2022 €'000**
Operating profit/(loss)		
Suburban	**79,872**	70,353
Urban	**12,367**	21,532
Partnerships	**513**	(1,565)
Operating profit for reportable segments	**92,752**	90,320
Reconciliation to results for the financial year		
Segment results – operating profit	**92,752**	90,320
Finance expense	**(15,839)**	(7,094)
Directors' remuneration	**(3,488)**	(3,402)
Corporate function payroll costs	**(5,871)**	(6,081)
Depreciation and amortisation	**(2,449)**	(2,081)
Professional fees	**(3,075)**	(4,992)
IT costs	**(2,060)**	(1,673)
Share-based payment expense	**(2,137)**	(1,717)
Profit on sale of property, plant and equipment	**214**	1,501
Other corporate costs	**(2,937)**	(1,780)
Profit before tax	**55,110**	63,001

Excluding profit on the sale of property, plant and equipment, there are no individual costs included within other corporate costs that is greater than the amounts listed in the above table.

	31 December 2023				31 December 2022			
	Suburban €'000	**Urban €'000**	**Partnerships €'000**	**Total €'000**	**Suburban €'000**	**Urban €'000**	**Partnerships €'000**	**Total €'000**
Segment assets	**555,329**	**185,525**	**49,865**	**790,719**	590,321	153,018	6,452	749,791
Reconciliation to Consolidated Balance Sheet								
Deferred tax asset				**884**				620
Trade and other receivables				**1,010**				785
Cash and cash equivalents				**71,863**				71,085
Property, plant and equipment				**64,184**				51,750
Income tax receivable				**3,901**				-
Intangible assets				**2,781**				1,770
				935,342				875,801
Segment liabilities	**92,520**	**15,191**	**19,395**	**127,106**	69,138	9,876	159	79,173
Reconciliation to Consolidated Balance Sheet								
Trade and other payables				**7,363**				17,561
Loans and Borrowings				**115,645**				80,640
Derivative contracts				**1,623**				-
Lease liabilities				**5,449**				4,744
Income tax payable				**-**				565
				257,186				182,683

10 Revenue

	2023 €'000	2022 €'000
Suburban		
Core	**470,820**	451,930
Non-core	**-**	2,610
	470,820	454,540
Urban		
Core	**95,561**	176,570
Non-core	**24,561**	13,596
	120,122	190,166
Partnerships		
Core	**16,996**	-
	16,996	-
Total Revenue	**607,938**	644,706

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

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

Urban core revenue includes income from the sale of land and development revenue from construction contracts that are recognised over time by reference to the stage of completion of the contract with the customer. Development revenue recognised in the financial year related to the development of the sites at Barn Oaks Apartments, Castleforbes and Carpenterstown and amounted to €95.6 million *(2022: €82.1 million)* with €25.5 million *(2022: €32.1 million)* outstanding in contract receivables (note 20) at the year end. The payment terms for these contracts are between 30 and 90 days.

Partnerships revenue includes income from the sale of units recognised at a point in time and development revenue from construction contracts that are recognised over time by reference to the stage of completion of the contract with the customer. Development revenue recognised in the financial year related to the development of the sites at Ballymastone and Oscar Traynor Road and amounted to €17.0 million (2022: €Nil) with the full amount (2022: €Nil) outstanding in contract assets (note 20) at the year end. No units were sold during the current year.

All revenue is earned in the Republic of Ireland.

11 Finance Expense

	2023 €'000	2022 €'000
Interest on secured bank loans	**16,084**	7,049
Cahflow hedges-reclassified from other comprehensive income	**(383)**	-
Finance cost on lease liabilities	**138**	45
	15,839	7,094

12 Statutory and other information

	2023 €'000	2022 €'000
Amortisation of intangible assets (Note 18)	**534**	487
Depreciation of property, plant and equipment (Note 17)*	**5,159**	3,509
Employment costs (Note 13)	**46,264**	40,337
Profit on disposal of property, plant and equipment	**(214)**	(1,501)
Audit of Group, Company and subsidiary financial statements	**280**	255
Other assurance services	**20**	20
Tax advisory services	**67**	30
Tax compliance services	**36**	43
Other non-audit services	**25**	20
	428	368
Directors' remuneration		
Salaries, fees and other emoluments	**3,438**	3,252
Pension contributions	**50**	150
	3,488	3,402

*Includes €3.3 million (2022: €2.1 million) capitalised in inventory during the year ended 31 December 2023

**Included in the auditor's remuneration for the Group is an amount of €0.025million *(2022: €0.020 million)* that relates to the Company's financial statements.

13 Employment costs

The average number of persons employed by the Group (including executive directors) during the financial year was 513 *(Executive Committee: 6; Non-executive Directors: 5; Construction:301; and Other: 201)*. (*2022:423 (Executive Committee: 6; Non-executive Directors: 5; Construction: 227; and Other: 185))*

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

	2023 Total €'000	2022 Total €'000
Wages and salaries	**38,550**	33,734
Social welfare costs	**4,126**	3,540
Pension costs - defined contribution	**1,451**	1,346
Share-based payment expense (Note 14)	**2,137**	1,717
	46,264	40,337

€18.9 million (*2022: €15.4 million*) of employment costs were capitalised in inventory during the financial year.

14 Share-based payment arrangements

The Group operates two equity-settled share-based payment arrangements being 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) LTIP

In February 2023, the Remuneration Committee approved the grant of 5,515,311 options to certain members of the management team in accordance with the terms of the Company's LTIP. These options will vest on completion of a three-year service period from grant date subject to the achievement of certain performance condition hurdles based on the Company's Return on Equity (ROE) and Earnings per Share (EPS) across the vesting period. 50% of the awards will vest based on the Group's ROE for the financial year ended 31 December 2025. The EPS based options will vest based on the Group's EPS* for the financial year ended 31 December 2025. 25% of ROE based options vest should the Group achieve ROE of 11.0% with the remaining options vesting on a pro rata basis up to 100% if ROE of 16.2% is achieved. 25% of EPS based options will vest should the Group achieve Group EPS* of 14.0 cents per share with the remaining options vesting on a pro rata basis up to 100% if Group EPS* of 22.0 cents per share is achieved. In line with the Group's remuneration policy, LTIP awards granted to Executive Directors from 2020 onwards include a holding period of at least two years post exercise.

	Number of Options 2023	Number of Options 2022
LTIP options in issue at 1 January	**13,022,830**	10,583,497
Granted during the financial year	**5,515,311**	4,568,698
Forfeited during the financial year	**(284,403)**	(264,729)
Lapsed during the financial year	**(1,067,076)**	-
Exercised during the financial year	**(3,226,235)**	(1,864,636)
LTIP options in issue at 31 December	**13,960,427**	13,022,830
Exercisable at 31 December	**388,859**	461,395

LTIP options were exercised during the financial year with the average share price being €1.00 (*2022: €1.00*). The options outstanding at 31 December 2023 had an exercise price €0.001 *(2022: €0.001)* and a weighted-average contractual life of 7 years *(2022: 7 years)*.

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

	2023	**2022**
Fair value at grant date	**€1.12**	€1.16
Share price at grant date	**€1.12**	€1.16

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

The Group recognised an expense of €2.1 million (*2022: €1.7million*) in the consolidated statement of profit or loss in respect of options granted under the LTIP.

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

(b) SAYE Scheme

Under the terms of the scheme, employees may save up to €500 per month from their net salaries for a fixed term of three or five years and at the end of the savings period they have the option to buy shares in the Company at a fixed exercise price. No options were granted in the current year or prior period and therefore no fair value exercise was performed.

Details of options outstanding and grant date fair value assumptions

	2023		**2022**	
	Number of Options 3 Year	**Number of Options 5 Year**	**Number of Options 3 Year**	**Number of Options 5 Year**
SAYE options in issue at 1 January	**590,220**	**165,000**	799,740	165,000
Granted during the financial year	**-**	**-**	-	-
Forfeited during the financial year	**(19,167)**	**-**	(32,520)	-
Lapsed during the financial year	**(720)**	**-**	-	-
Exercised during the financial year	**(504,333)**	**-**	(177,000)	-
SAYE options in issue at 31 December	**66,000**	**165,000**	590,220	165,000

The weighted average exercise price of all options granted under the SAYE to date is €0.99 (*2022: €0.97*).

The expected share price and TSR volatility was based on the historical volatility of a comparator group of peer companies over the expected life of the equity instruments granted together with consideration of the Group's actual trading volatility to date.

The Group recognised an expense of €0.03 million *(2022: €0.06 million)* in the consolidated statement of profit or loss in respect of options granted under the SAYE scheme.

15 Earnings per share

a) Basic earnings per share

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and the weighted average numbers of shares outstanding for the financial year. There were 578,049,118 ordinary shares in issue at 31 December 2023 (*2022: 638,131,722*).

	2023	2022
Profit for the financial year attributable to ordinary shareholders (€'000)	**47,108**	52,567
Weighted average number of shares for the financial year	**588,951,593**	693,872,004
Basic earnings per share (cent)	**8.0**	7.6

	2023 No. of shares	2022* No. of shares
Reconciliation of weighted average number of shares		
Number of ordinary shares at beginning of financial year	**638,131,722**	771,770,694
Effect of share buyback	**(52,032,676)**	(78,865,173)
Effect of SAYE maturity	**255,980**	29,487
Effect of LTIP maturity	**2,596,567**	936,996
	588,951,593	693,872,004

b) Dilutive earnings per share

Diluted earnings per share

	2023	2022
Profit for the financial year attributable to ordinary shareholders (€'000)	**47,108**	52,567
Weighted average number of shares for the financial year	**590,114,076**	695,970,940
Diluted earnings per share (cent)	**8.0**	7.6

	2023 No. of shares	2022 No. of shares
Reconciliation of weighted average number of shares (diluted)		
Weighted average number of ordinary shares (basic)	**588,951,593**	693,872,004
Effect of potentially dilutive shares	**1,162,483**	2,098,936
	590,114,076	695,970,940

*The number of potentially issuable shares in the Group held under option arrangements at 31 December 2023 is 13,960,427 (*2022: 13,022,830*).

**Under IAS 33, LTIP arrangements have an assumed test period ending on 31 December 2023. Based on the assumed test period only the TSR performance condition was met related to LTIP options and therefore only ordinary shares related to this condition would be issued through the conversion of LTIP options. SAYE options matured in the year with ordinary shares related to this being issued through the conversation of the SAYE options.

At 31 December 2023 Nil options (*2022: Nil options)* were excluded from the diluted weighted average number of ordinary shares because their effect would have been anti-dilutive.

16 Income tax

	2023 €'000	2022 €'000
Current tax charge for the financial year	**8,148**	10,650
Deferred tax credit for the financial year	**(146)**	(216)
Total income tax charge	**8,002**	10,434

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.

	2023 €'000	2022 €'000
Profit before tax for the financial year	**55,110**	63,001
Tax charge at standard Irish income tax rate of 12.5%	**6,889**	7,875
Tax effect of:		
Income taxed at the higher rate of corporation tax	**949**	2,424
Non-deductible expenses – other	**30**	97
Adjustment in respect of prior year under accrual	**134**	38
Total income tax charge	**8,002**	10,434

Movement in deferred tax balances

	Balance at 1 January 2023 €'000	Recognised in profit or loss €'000	Balance at 31 December 2023 €'000
Expenses deductible in future periods	**619**	**265**	**884**
	619	**265**	**884**

The expenses deductible in future periods arise in Ireland and have no expiry date. Based on profitability achieved in the period, the continued forecast profitability in the Group's strategic plan and the sensitivities that have been applied therein, management has considered it probable that future profits will be available against which the above tax expenses can be recovered and, therefore, the related deferred tax asset can be realised.

Global minimum tax

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at a global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2022, the Organisation for Economic Co-operation and Development ("OCED") released a draft legislative framework that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. The Republic of Ireland has enacted the new legislation, however, based on the current criteria there is no current tax impact in the financial year as the Group is not in scope of the legislation *(2022: €Nil)*.

17 Property, plant and equipment

	Land & buildings €'000	Fixtures & fittings €'000	Plant & machinery €'000	Computer equipment €'000	Total €'000
Cost					
At 1 January 2023	**36,322**	**2,096**	**22,495**	**950**	**61,863**
Additions	**12,584**	**-**	**5,015**	**550**	**18,149**
Disposals	**(2,351)**	**-**	**(1,850)**	**-**	**(4,201)**
At 31 December 2023	**46,555**	**2,096**	**25,660**	**1,500**	**75,811**
Accumulated depreciation					
At 1 January 2023	**(2,964)**	**(654)**	**(5,868)**	**(627)**	**(10,113)**
Charge for the financial year	**(1,592)**	**(242)**	**(3,127)**	**(198)**	**(5,159)**
Disposals	**2,351**	**-**	**1,294**	**-**	**3,645**
At 31 December 2023	**(2,205)**	**(896)**	**(7,701)**	**(825)**	**(11,627)**
Net book value					
At 31 December 2023	**44,350**	**1,200**	**17,959**	**675**	**64,184**

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

The depreciation charge for the year includes €3.3 million (2022: €2.1 million) which was capitalised in inventory at 31 December 2023.

Property plant and equipment includes right of use assets of €4.9 million (2022: €4.5 million) related to leased properties and motor vehicles.

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

18 Intangible assets

	Goodwill €'000	Capitalised Development Expenditure €'000	Licence €'000	Computer Software €'000	Total €'000
Cost					
At 1 January 2023	**5,697**	**-**	**300**	**3,133**	**9,130**
Additions	**-**	**719**	**500**	**326**	**1,545**
At 31 December 2023	**5,697**	**719**	**800**	**3,459**	**10,675**
Accumulated amortisation					
At 1 January 2023	**-**	**-**	**-**	**(1,663)**	**(1,663)**
Charge for the year	**-**	**-**	**(40)**	**(494)**	**(534)**
At 31 December 2023	**-**	**-**	**(40)**	**(2,157)**	**(2,197)**
Net book value					
At 31 December 2023	**5,697**	**719**	**760**	**1,302**	**8,478**

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

(i) Impairment of goodwill

Goodwill acquired in business combinations are allocated to the Group's cash generating units ("CGUs") that are expected to benefit from the business acquisition, rather than where the assets are owned. The CGUs represent the lowest level within the Group at which the associated goodwill is monitored for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 'Operating Segments'. CGUs are kept under review to ensure that they reflect changing interdependencies of cash inflows within the Group and how management monitors operations. The goodwill carrying amount is allocated to the suburban segment with the recoverable amount of this CGU being based on value in use. The value in use was determined by the cash flows to be generated from the continuing use of the CGU over a three year period.

a) Key assumptions

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

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

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

The cash flow projections used to determine the value in use of the CGU are based on three years of cash flows from the Group's Strategic Plan.

A discount rate based on the Group's incremental borrowing rate and a growth rate into perpetuity was applied to these cash flows.

A sensitivity analysis has been conducted in respect of the value in use of the CGU. There were no CGU impairments as a result of the applied sensitivity analysis in the financial year.

19 Inventory

	2023 **€'000**	**2022** **€'000**
Land	**403,756**	455,280
Development expenditure work in progress	**274,592**	227,240
Development rights	**29,252**	3,231
	707,600	685,751

€488.4 million (*2022: €530.4 million*) of inventory was recognised in 'cost of sales' during the year ended 31 December 2023. Sustainable materials such as heat pumps, PV panels, timber frames, light gauge steel frames and building expenditure necessary to deliver A1/A2 Building Energy Rating ("BER") homes are included within development expenditure work in progress.

(i) Impairment of inventories

During the financial year the Group carried out a net realisable value assessment of its inventories at the reporting date. This assessment determined that the net impairment charge or reversal required for the period was €Nil *(2022: €Nil)*.

(ii) Employment cost capitalised

€18.9 million of employment costs incurred in the financial year have been capitalised in inventory (*2022: €15.4 million*).

(iii) Development right

Oscar Traynor Road, Coolock, Dublin 5

In December 2022, the Group entered into a Development Agreement ("DA") with Dublin City Council ("DCC"). Under the terms of the DA and following planning permission being granted in February 2023, the Group acquired certain development rights in respect of the site at Oscar Traynor Road, Coolock, Dublin 5 for consideration of approximately €14.0m exclusive of stamp duty and acquisition costs. Under the granted planning permission for the site, the development rights will entitle the Group to develop approximately 850 residential units alongside commercial elements in accordance with the terms of the DA.

Ballymastone, Donabate, Dublin

In December 2021, the Group entered into a Development Agreement ("DA") with Fingal County Council ("FCC"). Under the terms of the DA and following planning permission being granted in March 2023, the Group acquired certain development rights in respect of the site at Ballymastone, Donabate, Dublin for consideration of approximately €11.0m exclusive of stamp duty and acquisition costs. The development rights will (subject to planning permission) entitle the Group to develop approximately 1,200 residential units in accordance with the terms of the DA.

Gateway Retail Park, Co. Galway

In March 2018, the Group entered into an Acquisition and Profit Share Agreement ("APSA") with Targeted Investment Opportunities ICAV ("TIO"), a wholly owned subsidiary of OCM Luxembourg EPF III S.a.r.l. Under the terms of the APSA, the Group acquired certain development rights in respect of the site at Gateway Retail Park, Knocknacarra, Co. Galway for consideration of approximately €3.2 million (including stamp duty and acquisition costs). The development rights will (subject to planning) entitle the Group to develop at least 250 residential units under a joint business plan to be undertaken with Sigma Retail Partners (on behalf of TIO) which will also entitle TIO to control and benefit from any retail development at the site. The Directors have determined that joint control of the site exists and the arrangement has been accounted for as a joint operation in accordance with IFRS 11 Joint Arrangements. For further information regarding the APSA, see Note 29 of these financial statements.

20 Trade and other receivables

	2023 **€'000**	**2022** **€'000**
Trade receivables	**9,765**	9,224
Contract receivables	**25,540**	32,113
Contract assets	**16,996**	-
Other receivables	**3,475**	2,283
Prepayments	**1,106**	862
Construction bonds	**15,924**	12,140
Deposits for sites	**5,168**	2,049
	77,974	58,671

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

21 Trade and other payables

	2023 €'000	2022 €'000
Current		
Trade payables	**7,875**	7,132
Payroll and other taxes	**5,741**	4,897
Inventory accruals	**64,921**	33,600
Contingent consideration	**1,750**	1,500
Other accruals	**26,651**	16,372
VAT payable	**25,781**	29,733
	132,719	93,234

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

Non-current	2023 €'000	2022 €'000
Contingent consideration	**1,750**	3,500
Non-current	**1,750**	3,500
Current	**132,719**	93,234
	134,469	96,734

22 Loans and Borrowings

(a) Loans and borrowings

In February 2023, the Group entered into a new five-year sustainability linked finance facility of €350.0 million (Term loan: €116.7m, Revolving Credit Facility: €233.3m), with a syndicate of domestic and international financial institutions, at an interest rate of one-month EURIBOR (subject to a floor of 0 per cent) plus a margin of 2.7-2.8%. The debt facility interest rates are linked to the Group meeting certain sustainability performance targets aligned to its sustainability strategy. The sustainability performance targets are in respect of decarbonisation and the Group's Equity, Diversity and Inclusion strategy. The term loan is repayable in full at the end of the five years. The prior period debt facilities were fully repaid by the Group during the year and at 31 December 2023, €116.7 million has been drawn on the term loan element of the new debt facility (31 December 2022: €82.5 million). Pursuant to the debt facility agreement, there is fixed and floating charges and assignments in place over all the assets of the Group as continuing security for the discharge of any amounts drawn down. The assets carrying value at 31 December 2023 is €935.3 million (31 December 2022: €875.8 million).

	31 December 2023 €'000	31 December 2022 €'000
Debt facilities	**116,667**	82,500
Unamortised borrowing costs	**(3,697)**	(1,877)
Interest accrued	**2,675**	17
Total loans and borrowings	**115,645**	80,640

Loans and borrowings are payable as follows:	31 December 2023 €'000	31 December 2022 €'000
Less than one year	**3,562**	9,419
Between one and two years	**888**	9,401
More than two years	**111,195**	61,820
Total loans and borrowings	**115,645**	80,640

The Group's debt facilities were entered into with AIB, Bank of Ireland, Barclays and Home Building Ireland Finance and are subject to primary financial covenants calculated on a bi-annual basis:

- A maximum total debt to gross asset value ratio of 40%;
- Loans to eligible assets value does not equal or exceed 65%;
- The Group is required to maintain a minimum cash balance of €25.0 million throughout the term of the debt facility;
- EBITDA must exceed net interest costs by a minimum of 3 times and is calculated on a trailing twelve-month basis.
- Total debt must not exceed adjusted EBITDA by a minimum of 4 times, this is calculated on a trailing twelve-month basis, and;
- Total debt must not exceed projected adjusted EBITDA by a minimum of 4 times, this is calculated on a forward twelve-month basis.

All covenants have been complied with in 2023 and 2022.

Debt facilities are secured by a debenture incorporating fixed and floating charges and assignments over all the assets of the Group. The carrying value of the total assets of the Group as at 31 December 2023 is €935.3 million (31 December 2022: €875.8 million).

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

2023		Cash flows							Non-cash changes				
	Opening 2023	Credit facility drawdown	Credit facility repayment	Transaction costs related to loans and borrowings	Share buyback payments	Proceeds from share option exercise	Payment of lease liability	Interest received / (paid)	Amortisation of transaction costs	Interest	New hedging instrument	New leases	Closing 2023
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Liabilities:													
Loans and borrowings	82,500	381,667	(347,500)	-	-	-	-	-	-	-	-	-	116,667
Unamortised transaction costs	(1,877)	-	-	(4,318)	-	-	-	-	2,498	-	-	-	(3,697)
Derivative contracts	-	-	-	-	-	-	-	-	-	-	1,623	-	1,623
Lease liability	4,744	-	-	-	-	-	(761)	-	-	138	-	1,328	5,449
Interest accrual	17	-	-	-	-	-	-	(12,009)	-	14,667	-	-	2,675
Equity:													
Share buyback	(253,726)	-	-	-	(62,891)	-	-	-	-	-	-	-	(316,617)
Share option exercise	137	-	-	-	-	307	-	-	-	-	-	-	444
	(168,205)	381,667	(347,500)	(4,318)	(62,891)	307	(761)	(12,009)	2,498	14,805	1,623	1,328	(193,456)

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

(c) Net debt reconciliation

	2023 €'000	2022 €'000
Restricted Cash	**458**	458
Cash and cash equivalents	**71,863**	71,085
Loans and borrowings	**(115,645)**	(80,640)
Lease liabilities	**(5,449)**	(4,744)
Total net debt	**(48,773)**	(13,841)

(d) Lease Liabilities

Lease liabilities are payable as follows:

	31 December 2023		
	Present value of minimum lease payments €'000	Interest €'000	Future value of minimum lease payments €'000
Less than one year	**1,219**	**96**	**1,315**
Between one and two years	**1,205**	**98**	**1,303**
More than two years	**3,025**	**362**	**3,387**
	5,449	**556**	**6,005**

23 Restricted cash

	2023 €'000	2022 €'000
Current	**458**	458
	458	458

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

24 Derivatives and cashflow hedge reserve

a) Interest rate swap

On 28 February 2023, the Group entered into an interest rate swap to hedge the interest rate risk associated with €100.0 million of the term loan element of our new debt facilities. The interest rate swap is in place for the 5-year period of the facility agreement. The nominal amount hedged for years one and two is €100.0 million with this stepping down to €50.0 million for the remaining three years of the facility agreement. The interest rate swap has a fixed interest rate of 3.035%.

Derivative Financial Instruments	2023 €'000	2022 €'000
Interest rate swaps – cash flow hedges	**(1,623)**	-

Included in other comprehensive income	2023 €'000	2022 €'000
Fair value movement on cashflow hedges	**(1,240)**	**-**
Cashflow hedges reclassified to profit or loss	**(383)**	**-**
	(1,623)	**-**

b) Cashflow hedge reserve

The cashflow hedge reserve reflects the effective portion of the cumulative net change in the fair value of derivatives that are designated and qualify as cash flow hedges. Amounts accumulated in the hedging reserve are recycled to the income statement in the periods when the hedged item affects income or expense, or are included in the initial cost of a hedged non-financial item, depending on the hedged item.

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 2023 are as follows:

Company	Principal activity	%	Reg. office
Glenveagh Properties (Holdings) Limited	Holding company	100%	1
Glenveagh Treasury DAC	Financing activities	100%	1
Glenveagh Contracting Limited	Property development	100%	1
Glenveagh Homes Limited	Property development	100%	1
Greystones Devco Limited	Property development	100%	1
Marina Quarter Limited	Property development	100%	1
GLV Bay Lane Limited	Property development	100%	1
Glenveagh Living Limited	Property development	100%	1
GL Partnership Opportunities DAC	Property development	100%	1
Castleforbes Development Company DAC	Property development	100%	1
Nua Manufacturing MMC Limited	Manufacturing operations	100%	1
GMP Developments Limited	Holding company	100%	1

1 Block C, Maynooth Business Campus, Maynooth, Co. Kildare

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.

26 Capital and reserves

(a) Authorised share capital

	2023		2022	
	Number of shares	€'000	Number of shares	€'000
Ordinary Shares of €0.001 each	**1,000,000,000**	**1,000**	1,000,000,000	1,000
Deferred Shares of €0.001 each	**200,000,000**	**200**	200,000,000	200
	1,200,000,000	**1,200**	1,200,000,000	1,200

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

At 31 December 2023

	Number of shares	Share capital €'000	Share premium €'000
Ordinary Shares of €0.001 each	**578,049,119**	**578**	**179,719**
Founder Shares of €0.001 each	**-**	**-**	**-**
Deferred Shares of €0.001 each	**81,453,077**	**81**	**-**
	659,502,196	**659**	**179,719**

At 31 December 2022

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

(c) Reconciliation of shares in issue

In respect of current year	**Ordinary shares '000**	**Founder shares '000**	**Deferred shares '000**	**Undenominated capital €000**	**Share capital €'000**	**Share premium €'000**
In issue at 1 January 2023	**638,132**	**-**	**81,453**	**335**	**719**	**179,416**
Purchase of own shares	**(63,813)**	**-**	**-**	**64**	**(64)**	**-**
Conversion of founder shares to deferred shares	**-**	**-**	**-**	**-**	**-**	**-**
Cancellation of deferred shares	**-**	**-**	**-**	**-**	**-**	**-**
Exercise of options	**3,730**	**-**	**-**	**-**	**4**	**303**
	578,049	**-**	**81,453**	**399**	**659**	**179,719**

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

(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.

(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. Details of the share awards, in addition to awards which lapsed in the year, are disclosed in Note 14.

(f) Share buyback programme

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

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

On 6 January 2023, a fourth share buyback programme commenced to repurchase up to 10% of the Group's issued share capital such that the maximum number of shares which can be repurchased under this buyback is 63,813,172. On 2 August 2023, the Group completed the fourth share buyback programme repurchasing 63,813,172 shares for a cost of €62.9 million. All repurchased shares were cancelled.

27 Financial instruments and financial risk management

(a) Accounting classification and fair value

The Group classifies and discloses the fair value for each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13. The fair value hierarchy distinguishes between market value data obtained from independent sources and the Group's own assumptions about market value. The hierarchy levels are defined below:

- Level 1 - Inputs based on quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs based on factors other than quoted prices included in Level 1 and may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 - Inputs which are unobservable for the asset or liability and are typically based on the Group's own assumptions as there is little, if any, related market activity. The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the asset or liability.

The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the asset or liability.

The following table presents the Group's estimates of fair value on a recurring basis based on information available at 31 December 2023, aggregated by the level in the fair value hierarchy within which those measurements fall.

31 December 2023*	**Level 1** **Quoted prices in active markets for identical assets & liabilities** **€'000**	**Level 2** **Significant other observable inputs** **€'000**	**Level 3** **Significant unobservable inputs** **€'000**	**Total** **€'000**
Recurring Measurement Liabilities				
Contingent consideration	**-**	**-**	**3,500**	**3,500**
Derivative contracts	**-**	**1,623**	**-**	**1,623**
Total	**-**	**1,623**	**3,500**	**5,123**

**The period ended 31 December 2023 is the first period the Group has transacted in derivative contracts, see note 6.*

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

Financial instruments: financial assets

The consolidated financial assets can be summarised as follows:	**2023** **€'000**	**2022** **€'000**
Trade receivables	**9,765**	9,224
Amounts recoverable on construction contracts	**25,540**	32,113
Contract assets	**16,996**	-
Other receivables	**3,475**	2,282
Construction bonds	**15,924**	12,140
Deposits for sites	**5,168**	2,049
Cash and cash equivalents	**71,863**	71,085
Restricted cash (current)	**458**	458
Total financial assets	**149,189**	129,351

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

Financial instruments: financial liabilities

	2023 **€'000**	**2022** **€'000**
Trade payables	**7,875**	7,132
Lease liabilities	**5,449**	4,744
Inventory accruals	**64,921**	33,600
Other accruals	**26,651**	16,372
Contingent consideration	**3,500**	5,000
Loans & borrowings	**119,617**	80,640
Total financial liabilities	**228,013**	147,488

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

(b) 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.
- interest rate risk – the risk that changes in interest rates 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.

In February 2023, the Group entered into a new five-year sustainability linked finance facility of €350.0 million, with a syndicate of domestic and international financial institutions, at an interest rate of one-month EURIBOR (subject to a floor of 0 per cent) plus a margin of 2.7%-2.8%. The debt facility interest rates are linked to the Group meeting certain sustainability performance targets aligned to its sustainability strategy. The sustainability performance targets are in respect of decarbonisation and the Group's Equity, Diversity and Inclusion strategy. The prior period debt facilities were fully repaid by the Group during the year ended 31 December 2023. €116.7 million has been drawn on the new debt facility *(2022: €82.5 million*). The Group has an exposure to cash flow interest rate risk where there are changes in the EURIBOR rates.

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.

Liquidity risk *(continued)*

	31 December 2023				
	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	**5,499**	**6,005**	**1,314**	**1,303**	**3,388**
Trade payables	**7,875**	**7,875**	**7,875**	**-**	**-**
Inventory accruals	**64,921**	**64,921**	**64,921**	**-**	**-**
Other accruals	**26,651**	**26,651**	**26,651**	**-**	**-**
Contingent consideration	**3,500**	**3,500**	**1,750**	**1,750**	**-**
Derivative contracts	**1,623**	**1,623**	**(362)**	**569**	**1,416**
Loans and borrowings	**115,645**	**134,725**	**13,018**	**10,343**	**111,364**
	225,714	**245,300**	**115,167**	**13,965**	**116,168**

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

Funds available

	2023 €'000	**2022 €'000**
Debt facilities (undrawn committed)	**233,333**	150,000
Cash and cash equivalents*	**71,863**	71,085
Restricted cash	**458**	458
	305,654	221,543

*Includes €25 million (*2022: €25 million)* of restricted cash

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

- A maximum total debt to gross asset value ratio of 40%;
- Loans to eligible assets value does not equal or exceed 65%;
- The Group is required to maintain a minimum cash balance of €25.0 million throughout the term of the debt facility;
- EBITDA must exceed net interest costs by a minimum of 3 times and is calculated on a trailing twelve-month basis.
- Total debt must not exceed adjusted EBITDA by a minimum of 4 times, this is calculated on a trailing twelve-month basis, and;
- Total debt must not exceed projected adjusted EBITDA by a minimum of 4 times, this is calculated on a forward twelve-month basis.

Credit risk

The Group's exposure to credit risk encompasses the financial assets being: trade and receivables, contract assets 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, contract assets, 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. Interest rate risk reflects the Group's exposure to fluctuations in interest rates in the market. This risk arises from bank loans that are drawn under the Group's debt facilities with variable interest rates based upon EURIBOR. At the year ended 31 December 2023 it is estimated that an increase of 100 basis points to EURIBOR would have decreased the Group's profit before tax by €2.9 million (*2022: €2.5 million*) assuming all other variables remain constant, and the rate change is only applied to the loans that are exposed to movements in EURIBOR.

As part of the Group's strategy to manage our interest rate risk, the Group entered into an interest rate swap on 28 February 2023 to hedge the interest rate risk associated with €100.0 million of the term loan element of our new debt facilities. The interest rate swap is in place for the 5-year period of the facility agreement. The nominal amount hedged for years one and two is €100.0 million with this stepping down to €50.0 million for the remaining three years of the facility agreement.

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

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

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	As at 31 December 2023			**For the year ended 31 December 2023**				
		Carrying amount						
	Nominal amount (€'000)	**Assets (€'000)**	**Liability (€'000)**	**Changes in the value of hedging instruments recognised in OCI (€'000)**	**Hedge ineffectiveness recognised in profit or loss (€'000)**	**Line items in profit or loss that includes hedge ineffectiveness (€'000)**	**Amount reclassed from hedging reserve to profit or loss (€'000)**	**(€'000)**
Interest rate swap	**100,000**	**-**	**(1,623)**	**(1,240)**	-	Loss on derivative financial instruments	**(383)**	Financing costs

The Group held the following instruments to hedge exposures to changes in interest rates:

Interest rate swaps	**2023**	**2022**
Net exposure (€'000)	**1,535**	-
Average fixed interest rate	**3.035%**	-

The amounts at the reporting date relating to items designated as hedged items were as follows:

As at 31 December 2023	**Change in value used for calculating hedge ineffectiveness €'000**	**Cashflow hedge Reserve €'000**
Interest rate swap	**-**	**(1,623)**
	-	**(1,623)**

Capital management

The Group finances its operations through a combination of shareholders' funds, long term borrowings and working capital. The Group's objective when managing capital is to maintain an appropriate capital structure in the business to allow management to focus on creating sustainable long-term value for its shareholders, with flexibility to take advantage of opportunities as they arise in the short and medium term. The Group's capital allocation policy is to invest in supply chain, land, and work-in-progress. Once the business has invested sufficiently in each of these priorities, excess capital is returned to shareholders.

28 Leases

A. Leases as lessee (IFRS 16)

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

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

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

i. *Right-of-use assets*

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

	Property €'000	Motor Vehicles €'000	Total €'000
2023			
Balance at 1 January	**4,385**	**86**	**4,471**
Additions to right-of-use assets	**-**	**1,328**	**1,328**
Depreciation charge for the year	**(658)**	**(224)**	**(882)**
Balance at 31 December	**3,727**	**1,190**	**4,917**

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

ii. Amounts recognised in profit or loss

	2023 €'000	2022 €'000
2023 – Leases under IFRS 16		
Interest on lease liabilities	**138**	45
Expenses relating to short-term leases	**151**	97

iii. Amounts recognised in statement of cash flows

	2023 €'000	2022 €'000
Total cash outflow on leases	**761**	470

B. Leases as lessor

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

29 Related party transactions

(i) Key Management Personnel remuneration

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

	2023 €'000	2022 €'000
Short-term employee benefits	**4,746**	4,864
Post-employment benefits	**214**	294
LTIP and SAYE share-based payment expense	**996**	670
	5,956	5,828

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

(ii) Other related party transactions

Acquisition of development rights

The Group entered into the Acquisition and Profit Share Agreement (APSA) with Targeted Investment Opportunities ICAV (TIO), a wholly owned subsidiary of OCM Luxembourg EPF III S.a.r.l. (OCM) (and an entity in which John Mulcahy is a director) on 12 March 2018. Under the terms of the APSA, the Group acquired certain development rights in respect the site at Gateway Retail Park, Knocknacarra, Co. Galway for consideration of approximately €3.2 million (including stamp duty and transaction costs). The development rights will (subject to planning) entitle the Group to develop at least 250 residential units under the joint business plan to be undertaken with Sigma Retail Partners (on behalf of TIO) which will also entitle TIO to control and benefit from any retail development at the site.
The Directors have determined that joint control over the site exists, and the arrangements have been accounted for as joint operations in accordance with IFRS 11 Joint Arrangements. This accounting treatment was re-assessed at the end of the reporting period and the Directors concluded that it remains appropriate.

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

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

30 Commitments and contingent liabilities

(a) Commitments arising from development land acquisitions

The Group had no contingent liabilities at 31 December 2023. The Group had the following commitments at 31 December 2023 relating to Development Land Acquisitions.

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 2023, the Group had contracted to acquire 5 development sites; two in County Dublin, one in Co. Kildare, one in County Meath and one in County Galway for aggregate consideration of approximately €24 million (excluding stamp duty and legal fees). Deposits totalling €5.2 million were paid pre-year end and are included within trade and other receivables at 31 December 2023.

31 Subsequent events

There were no significant subsequent events that warrant disclosure in the financial statements.

32 Profit of the Parent Company

The parent company is Glenveagh Properties PLC. In accordance with section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual statement of profit or loss and other comprehensive income to the Annual General Meeting and from filing it at the Companies Registration Office. The Company's loss after tax for the financial year was €0.001 million (for the year ended 31 December 2022: profit of €7.7million).

33 Approved financial statements

The Board of Directors approved the financial statements on 27 February 2024.