Directors' Report

The Directors present their first annual report and audited consolidated financial statements of Glenveagh Properties PLC for the period ended 31 December 2017.

The Chairman's Letter, CEO's Review, CFO's Review, Corporate Governance Statement and all other sections of the annual report and financial statements, to which cross reference is made, are incorporated into the Directors' Report by reference.

Principal Activities

Glenveagh Properties PLC ("Glenveagh") is the ultimate parent company of the Group. The Company was incorporated on 9 August 2017 and completed its IPO on 13 October 2017, listing its shares on the Irish and London Stock Exchanges.

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

The Company is comprised of two key business units:

- Glenveagh Homes - (Previously Bridgedale Homes Limited) Focused on the development of residential homes for sale principally in the Greater Dublin Area.
- Glenveagh Living - Formed to undertake joint ventures and partnerships to deliver housing for the Irish State, social and affordable housing for approved housing bodies, and to deliver private rental units for investors including institutional pension funds.

Results and Dividends

The Company did not pay a dividend during the period under review. At present, the Company is primarily seeking to achieve capital growth for its shareholders. Accordingly, the Company does not anticipate paying a dividend in the foreseeable future. However, in the long-term as the Company matures, it intends to follow a progressive dividend policy and pay dividends to shareholders, as and when the Directors consider appropriate.

Business Review

The CEO's Review on pages 4-5 and CFO's Review on pages 32 to 35 of the annual report set out management's review of the Company's key business milestones and highlights for the period under review which include:

- Successful IPO raising gross proceeds of €550m resulting in admission to the Irish and London Stock Exchanges
- Effective use of equity with €150 million of IPO proceeds deployed at 31 December 2017 with a further €134 million deployed to date in 2018
- Significant landbank now accumulated with capacity to deliver more than 4,700 homes at 31 December 2017 (increased to over 7,300 to date in 2018)
- Significant progress made since IPO in building out the operational, commercial and corporate infrastructure which will provide the platform to achieve residential unit delivery targets

Glenveagh's strategy

Following the successful IPO in October 2017, the Company has made significant steps towards the achieving its key strategic aims. These priorities have been reviewed once again by the Board following IPO and remain unchanged from those communicated to shareholders in its Prospectus, as follows:

- Assemble and maintain a quality landbank capable of fulfilling the Company's long-term business plan;
- Continue to scale the Company's housing delivery operations consistent with its business plan and targets;
- Strengthen reputation for product and delivery innovation, with Glenveagh Living becoming Ireland's residential joint venture partner of choice; and
- Maintain consistent and disciplined focus on returns and margins.

Principal Risks and Uncertainties

As per Section 327(1)(b) of the Companies Act 2014 and Regulation 5(4)(c)(ii) of the Transparency Directive (2004/109/EC) Regulations 2007, Glenveagh is required to describe the principal risks and uncertainties faced by the Group. These are addressed in the Risk Management report on pages 36 to 40.

Subsequent Events

Development land acquisition and related transactions

The acquisition of the site known as "East Road" referred to in Note 19 of the consolidated financial statements completed on 12 January 2018 for c. €45m including acquisition costs.

The following land acquisitions were announced on 29 January 2018 resulting in an aggregate spend of in excess of €25 million:

- The Group has signed contracts to acquire a development site at Citywest Road, Dublin 24 which has the capacity to deliver 195 residential units, subject to planning. The site is strategically located in close proximity to the Fortunestown Luas stop and to Citywest Shopping Centre.
- The Group also announced the signing of an unconditional contract to acquire a major site at Hollystown, Dublin 15. This 162-acre site is occupied by Hollystown Golf Club who will continue to operate on a business as usual basis, with 19 acres on the site zoned for residential development and the remainder zoned as open space. It is estimated that this site will deliver 200 family homes on the residential development land between 2019 and 2023, subject to planning.

The Group has also entered into a Strategic Relationship Agreement ("SRA") with Sigma Asset Management Limited ("Sigma") whereby the parties have agreed to cooperate in identifying and developing mixed-use development opportunities in Ireland on an exclusive basis. In parallel, the Group has entered into an Acquisition and Profit Share Agreement ("APSA") agreement with Target Investment Opportunities ICAV, under which Glenveagh Living will acquire the residential development rights to land adjoining The Square Shopping Centre Tallaght, Dublin 24 and a c. 5-acre site to the rear of Gateway Retail Park, Galway. In addition, a 9.8-acre site to the rear of Bray Retail Park, Bray, County Wicklow will be acquired by Glenveagh Homes. The three sites combined have the capacity to deliver more than 800 units. The aggregate consideration payable by Glenveagh is €16m (including fees and stamp duty).

On 13 March 2018, the Group announced that it had entered into a contract to acquire four sites in the GDA: two in Donabate Co. Dublin; one at Dunboyne Co. Meath; and one at Stamullen Co. Meath, which are capable of delivering 1,435 starter houses and apartments, subject to planning. The transaction involves cash consideration of €90 million (including fees and stamp duty) and is scheduled to close in Q2 2018.

Debt financing
The Group has executed an agreement to enter into a three year €250m revolving credit facility with a syndicate of domestic and international banks. This facility will be used to finance the working capital requirements of the Group over that period.

Corporate Governance

Glenveagh employs a robust corporate governance framework and promotes the highest standards of ethics throughout the organisation. For more information on how Glenveagh achieves these standards, please see the Corporate Governance Statement on pages 48 to 55.

Code of Conduct

Throughout the organisation, the Board of Glenveagh promotes high ethical standards, in relation to all of its stakeholders i.e. investors, customers, suppliers and the environment within which its business operates. Everyone in the organisation is expected to encourage and adhere to these standards.

Corporate Social Responsibility

Glenveagh's vision is to build homes and create communities that make life better for our customers. This is achieved through Glenveagh's community and people-focus, strong ethical principles and other CSR initiatives. Glenveagh's Board and Executive Committee are committed to conducting business in a sustainable and socially responsible manner. Following the successful completion of the IPO, CSR will be a key focus for the Board and the Company in 2018 and beyond.

Health and Safety

The construction of homes has the potential to be dangerous and so health and safety is of paramount importance to the Company and to the Board. The Company operates a "Safety Management System" across its business which is managed by the Company's Health and Safety Officer who reports to the Construction Directors. The Company promotes a very strong internal culture in relation to health and safety which is applied on a day-to-day basis by site managers on project sites.

Accounting Records

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

Glenveagh employs a robust corporate governance framework and promotes the highest standards of ethics throughout the organisation.

Share capital

The issued share capital of the Company at 13 March 2018 consists of 667,049,000 ordinary shares and 200,000,000 Founder Shares. Both share classes have a nominal value of €0.001. Holders of ordinary shares are entitled to one vote per ordinary share at general meetings of the Company while no voting rights are conferred on holders of Founder Shares. Founder Shares may be converted to ordinary shares (or an equivalent value in cash) in the future subject to the achievement of performance hurdles related to the Company's share price. Further detail is set out in Note 24 of the consolidated financial statements.

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

Takeover Regulations

The Company's Founder Share and long-term incentive plans contain change of control provisions.

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

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

Directors' and Secretary's Interests in Shares

The table below sets out the interests of the Directors and Company Secretary in shares of the Company at 31 December 2017.

	Ordinary Shares	Founder Shares	Deferred Shares	Ordinary Shares under option
John Mulcahy	500,100	20,000,000	-	-
Justin Bickle	350,450	90,000,000	-	-
Stephen Garvey	4,427,450	90,000,000	-	-
Lady Barbara Judge	100,000	-	-	-
Robert Dix	300,000	-	-	-
Richard Cherry	1,000,000	-	-	-
Caleb Kramer*	-	-	-	-
Chloe McCarthy	-	-	-	65,000

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

Substantial Shareholdings

As of 31 December 2017, and 13 March 2018, the company has been notified of the following interests of 3% or more in its share capital:

		31 December 2017		13 March 2018	
	Shareholder	Ordinary Shares held	%	Ordinary Shares held	%
1	Oaktree Capital Management	110,250,000	16.53	110,250,000	16.53
2	GIC (Singapore)	63,000,000	9.44	63,000,000	9.44
3	FIL Investment International	36,286,377	5.44	41,725,378	6.26
4	Pelham Capital Mgt	29,270,000	4.39	29,270,000	4.39
5	Rye Bay Capital	28,332,672	4.25	26,804,847	4.02
6	Wellington Mgt Company	27,701,672	4.15	11,461,933	1.72
7	Capital Research Global Investors	23,965,000	3.59	23,965,000	3.59
8	UBS Securities	23,142,844	3.47	5,617,789	0.84
9	JP Morgan Asset Mgt	22,135,671	3.32	22,460,640	3.37
10	Morgan Stanley	18,154,791	2.72	36,460,040	5.47

Political Donations

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

Subsidiaries

Information in relation to the Company's subsidiaries is set out in note 22 to the financial statements. The Company does not have any branches outside of Ireland.

Going Concern

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

Viability Statement

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

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

- The Group's strategic plan is based on a 3 year horizon;
- The current "start-up" phase that the Group is in does not lend itself to longer term strategic forecasting and subsequently any statement with foresight greater than three years would have to be made with a considerable level of estimation;
- The Group's debt facility, which was executed post period end (and discussed in note 29 of the consolidated financial statements) has a three year term; and
- The inherent short-cycle nature of the residential market in Ireland, including the Group's forward sales and project pipeline, does not lend itself to making long term projection statements greater than three years.

It is recognised that such future assessments are subject to a level of uncertainty that increases with time, and therefore future outcomes cannot be guaranteed or predicted with certainty.
The Group's strategic plan was approved by the Board at its meeting in January 2018 and is based on forecasts undertaken by management of the relevant business functions. The plan reflects construction cost and house price inflationary assumptions which were reviewed at Board and management level. The risk factors outlined in the Risk Management Report on pages 36 to 40 were also considered in the strategic plan process. Based on the above assessment the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period.

Directors' Compliance Statement

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

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

Audit Information

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

Auditor

In accordance with Section 383(2) of the Companies Act 2014 the Company's auditors, KPMG, appointed on 21 August 2017, will continue in office. A resolution authorising the Directors to fix the auditor's remuneration will be proposed at the Annual General Meeting.

Annual General Meeting

The 2018 Annual General Meeting will take place on 29 June 2018 at the Herbert Park Hotel, Ballsbridge, Dublin 4 at 10am.

Justin Bickle
Director

Stephen Garvey
Director

13 March 2018