Webinar

SHOW ME THE MONEY

Debt and equity for the delivery of housing

Sherry FitzGerald COMMERCIAL

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KPMG
WARREN PRIVATE
HBFI Maoiniú Teaghais-Tógála Éireann Home Building Finance Ireland

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Agenda

- **Introduction** - *with Ivan Gaine, Sherry FitzGerald Commercial*
- **Housing Allocation & Funding Report, and Landscape -** *with Andrew McKenzie, KPMG*
- **Equity Options & Examples** - *with David Kelleher, Warren Private*
- **Development Financing Through HBFI** - *with Fergus Mangan, HBFI*
- **Questions & Answers**

Housing Allocation & Funding Report, and Landscape

Andrew McKenzie

Head of Real Estate Corporate Finance, KPMG

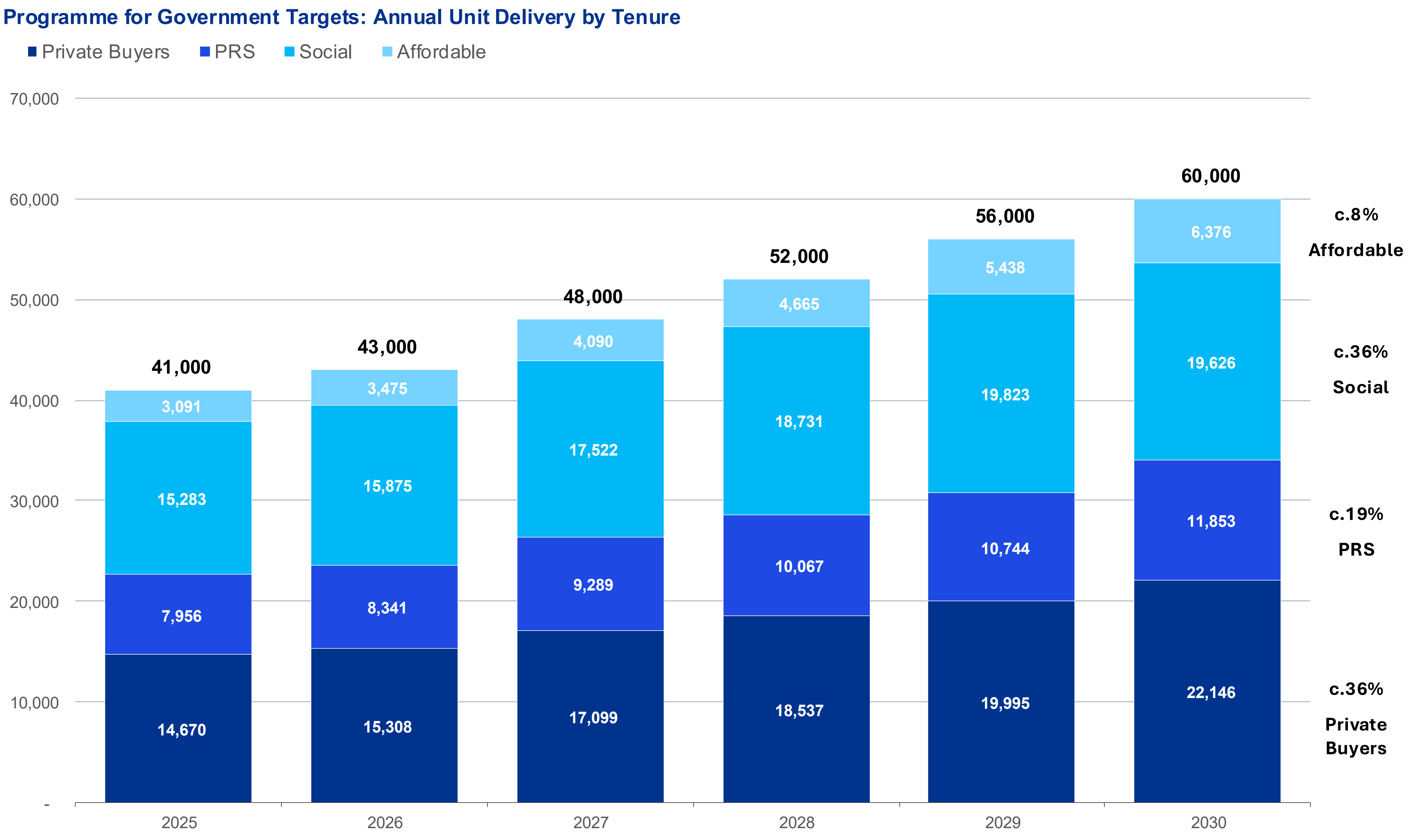
KPMG

Show me the Money

- Debt and Equity for the Delivery of Housing – Sherry FitzGerald Webinar
- June 2025

- Show Me the Money Webinar: Debt and Equity for the Delivery of Housing

Tenure Distribution of Government Housing Targets



Capital Requirements for Government's Housing Targets

Programme for Government Targets							€'bn
	Forecast Period						
	2025	2026	2027	2028	2029	2030	Total
Units	*41,000*	*43,000*	*48,000*	*52,000*	*56,000*	*60,000*	*300,000*
Total Capital Requirement							
Land (3 year look forward)	8.3	9.0	9.9	10.7	11.3	11.6	11.6
Development	13.1	13.8	15.5	16.9	18.1	19.5	19.5
Recycling Capital	**21.4**	**22.8**	**25.4**	**27.6**	**29.4**	**31.1**	**31.1**
Investment/Ownership	18.9	20.0	22.4	24.3	26.2	28.2	140.0
Capital Deployed in Period	**40.4**	**42.8**	**47.8**	**51.9**	**55.6**	**59.3**	**171.1**

€140bn of capital required to own 300,000 homes

€50.8bn private buyer capital

€29.6bn PRS investment capital

€50.7bn State investment capital in social and affordable

€8.9bn institutional capital investment in social and affordable

€467k average cost per unit

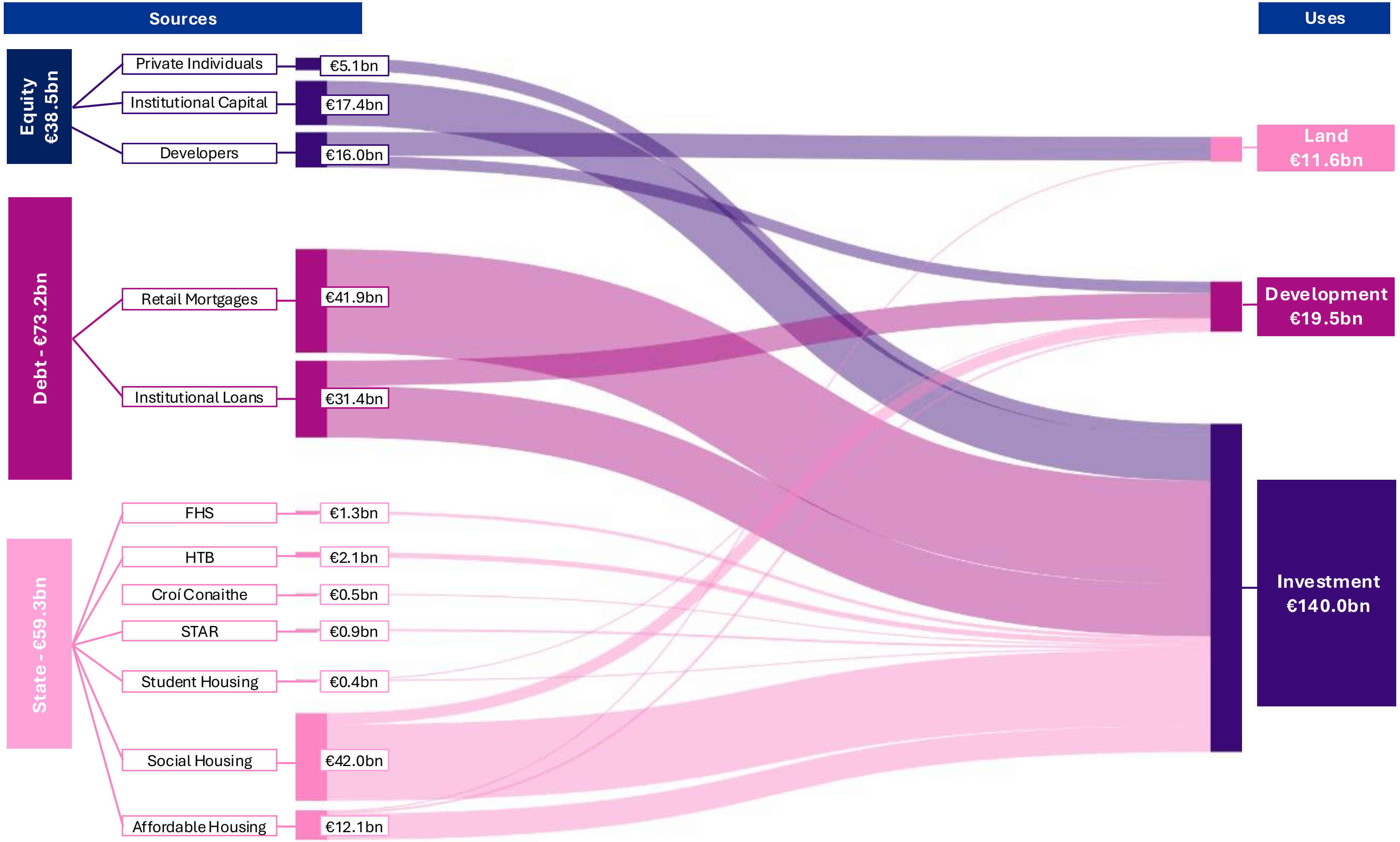
€8.5bn average annual private buyer investment

€4.9bn average annual PRS investment

€8.5bn average annual State capital investment in social and affordable

€0.74bn average annual institutional capital investment in social and affordable

Sources of Capital for Government's Housing Targets



Challenges to Delivering the Ireland’s Housing Targets

	Houses	Apartments
Key Message	• Profitable to build • Attractive to buyers	• State currently the only viable market for development
Average Build Cost	• €374,000	• €466,000

Key Challenges to Scaled Delivery	• Availability of serviced zoned land and land with planning
	• Planning – density requirements, timelines and uncertainty
	• Infrastructure (water, energy and transport)
		• Lack of viability for sale to private market (institutional or individuals)
		    • Cost of construction
		    • Constrained rental growth
		    • Return relative to bonds
		• Planning – timelines and uncertainty
		• Infrastructure (water, energy and transport)

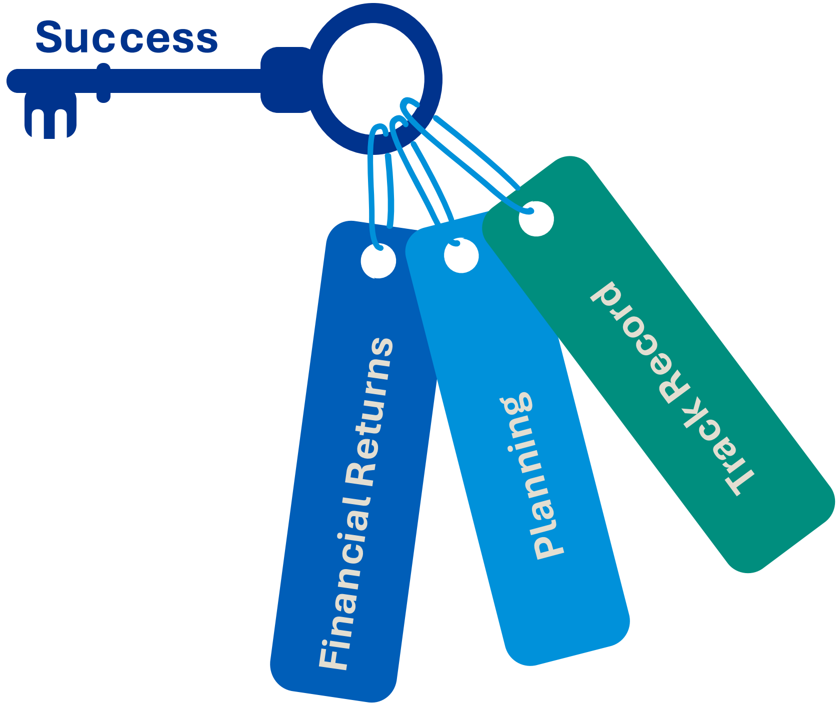
Equity Availability for Residential Development

Available where development can deliver financial returns aligned to expectations and planning is in place.

Track record of developers fundamental to successful fundraises.

Multiple large private equity firms seeking to invest in housebuilder platform (>€50m equity investment).

Limited institutional equity available at smaller scale or where developers are seeking to retain control of their platforms – family offices, Pearl RE and Warren Private.



Debt Availability for Residential Development

Land Bank

Zoned Land

- Select lenders willing to lend to trusted borrowers – typically as part of wider development facilities

Un-zoned land

- No institutional debt market

Construction

- Highly competitive for **viable** schemes with **planning** across Ireland
- Large number of active participants including pillar banks, debt funds and HBFI

KPMG

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Equity Options & Examples

David Kelleher

Principal, Warren Private

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Show Me the Money

Debt and equity for the delivery of housing

David Kelleher, Principal

Warren Private

WARREN PRIVATE

ABOUT WARREN PRIVATE

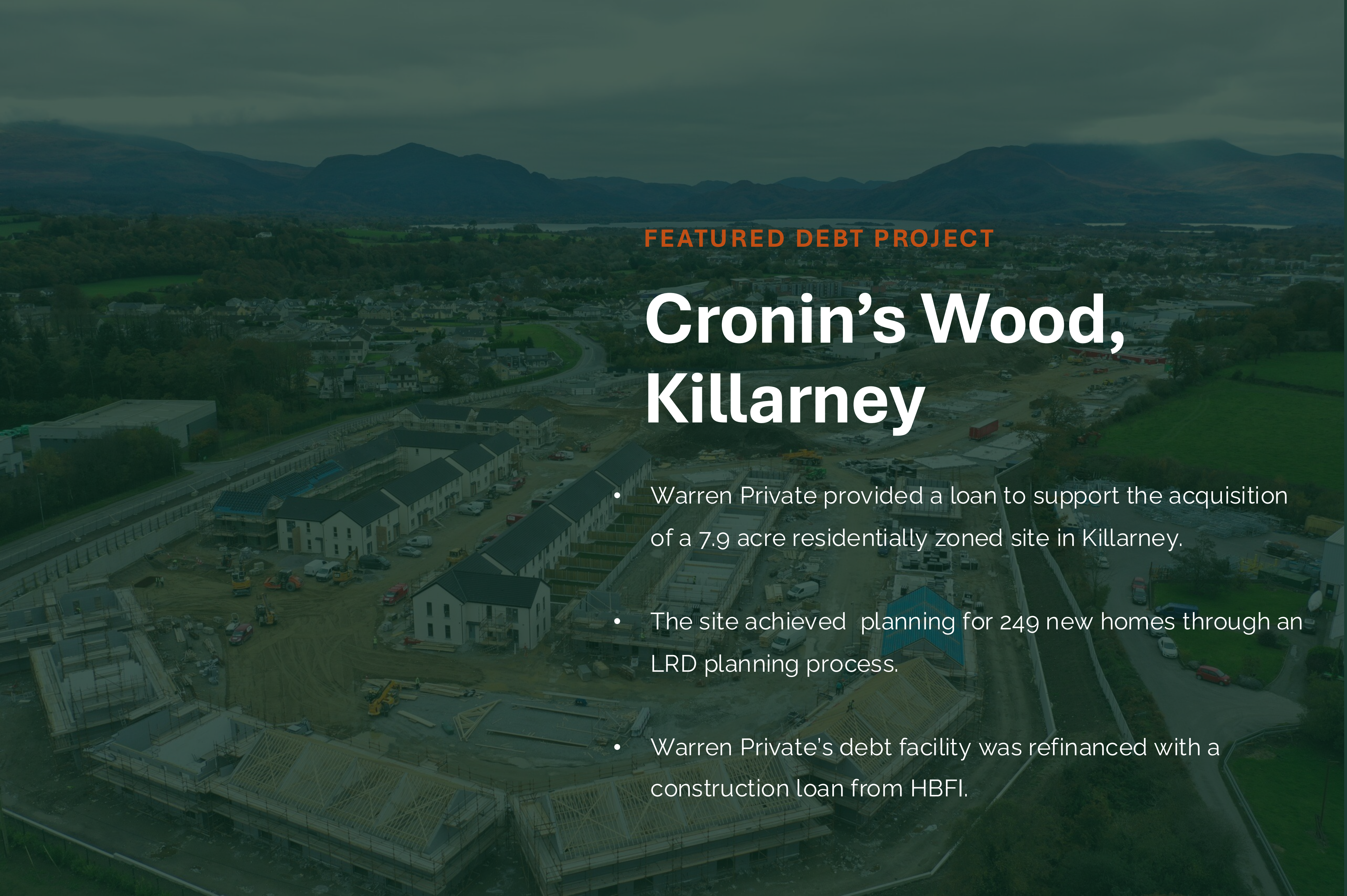
Funding the gap - flexible debt and equity for Irish developers.

- Established in 2002.
- 80% of capital deployed into Irish residential development.
- We provide both debt and equity funding to experienced developers.
- **Debt:** Land loans for residentially zoned sites without planning.
- **Equity:** Project-level equity for ready-to-go development sites.
- Active across social, affordable, and private housing sectors.
- Over €500m invested in the last 5 years - enabling delivery of 8,000+ homes.

FUNDING LAND

Our Debt

- Developers often need to acquire residentially zoned land without planning, but most lenders won’t take planning risk.
- Warren Private fund zoned land acquisitions, providing capital to bridge the pre-planning phase.
- We offer €1m–€15m loans on zoned land with capacity for 30–400 homes.
- Up to 60% Loan-to-Value, with 24-month terms.
- We lend nationwide and are land lenders only - loans are repaid via site sale or refinance once planning is achieved.



WARREN PRIVATE

FEATURED DEBT PROJECT

Cronin’s Wood, Killarney

- Warren Private provided a loan to support the acquisition of a 7.9 acre residentially zoned site in Killarney.
- The site achieved planning for 249 new homes through an LRD planning process.
- Warren Private’s debt facility was refinanced with a construction loan from HBFI.

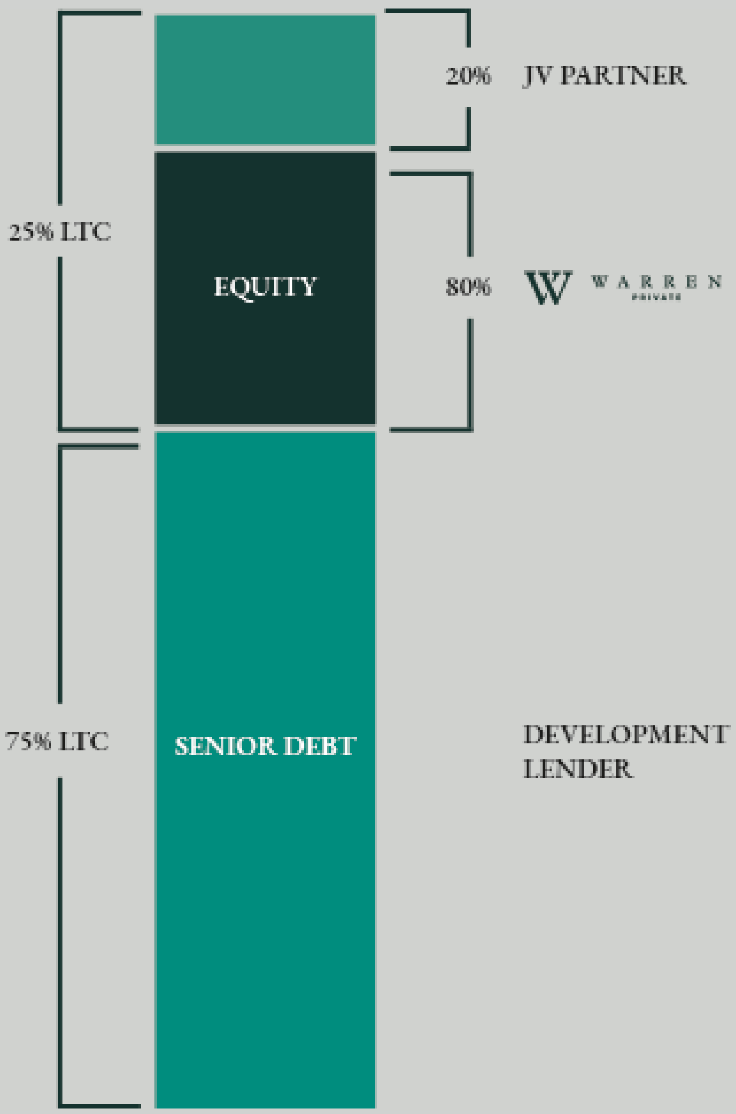
FUNDING THE CAPITAL STACK

Equity – The Need & The Challenge

- Developers often want to acquire and build out ready-to-go residential sites.
- To secure 100% construction finance, they must typically fund **35%–100%** of the site purchase with equity.
- Many don't have sufficient equity, limiting their ability to act on opportunities.
- As a result, they must either pass on the deal or raise third-party equity.

Common sources of capital in Ireland *(& Challenges)*:

- **Friends & family** – Typically small deals. Often limited experience of Joint Ventures.
- **HNWIs/Family Office** – Extremely valuable but normally require trusted advisors to help underwrite risk.
- **Institutional** – Preference to invest at platform level to achieve scale. Often slower decision making and increased reporting requirements. Often the developer must cede more control than they would like.



SITE BY SITE EQUITY

How our Equity Works

- Equity for ready-to-go residential sites in Ireland.
- €2m–€15m per project, covering up to 80% of required equity.
- Site-by-site investing - no platform or company ownership.
- Developer contributes 20%, retains full control of delivery and sales.
- Delivered via a clean SPV with senior debt from a construction lender.
- Typical project size: 30–400 units, over 24–48 months.
- Private Irish capital, fast decisions, and flexible terms.

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SITE BY SITE EQUITY

Why Developers Choose Our Equity

- Stretches the equity they have themselves x 5x.
- Provides the capital firepower to do multiple and bigger sites.
- Allows them scale.
- They get full day to day autonomy on site.
- Limited reporting requirements, aligned with those of the construction lender.
- Our capital investments are project-specific and so the developers overall business remains fully independent.

CAPITAL ALIGNED

Equity Capital Working with Senior Lenders

Reduced Pressure on Developer's Balance Sheet

- With 80% of the equity funded by a third party, developers don't need to overextend themselves to close a deal – More financial headroom and a lower risk of distress - something lenders care deeply about.

Increased Lender Confidence

- Lenders know that institutional-style equity providers like Warren Private conduct thorough due diligence before committing capital.

Demonstrates Strength in the Capital Stack

- With third-party equity in place, the project shows a clear and complete funding structure, sufficient to fully build out the project.

Signals Professionalism and Governance

- Equity investors typically a require a level of professionalism and project governance which aligns with lender expectations.

FEATURED EQUITY PROJECT

Dublin Social Housing

- Joint Venture with experienced Irish developer/contractor.
- Site acquired with FPP for 40 homes; forward-sold to AHB (subject to HFA/CALF approval).
- €2m equity required – Warren Private: €1.6m/Developer: €400k.
- €12m construction facility provided by HBFI.
- Project duration: 24 months.
- Warren Private return: €650k (18.5% IRR, capped).
- Developer return: €1.3m (80% IRR on €400k).

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FUNDING HOUSING ACROSS IRELAND

Scaling regional developers

- 26 houses in Limerick for private housing.
- 42 apartments in Dublin 13 for social housing.
- 50 houses/apartments in Carlow for social housing.
- 54 apartments in Dublin 8 for social housing.
- 59 apartments in Dublin 15 for social housing.
- 122 houses in Wicklow for private housing.
- 150 houses/apartments in Midlands for private housing

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FUNDING HOUSING ACROSS IRELAND

Wrap Up

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Development Financing Through HBFI

Fergus Mangan

Head of Commercial, HBFI

Sherry FitzGerald Webinar – *'Show me the Money'*

Fergus Mangan - Head of Commercial, Home Building Finance Ireland

18 June 2025

Rialtas na hÉireann
Government of Ireland

HBFI Maoiniú Teaghais–Tógála Éireann
Home Building Finance Ireland

Who we are

- Home Building Finance Ireland (HBFI) was established by the Irish government in 2019 to help increase the supply of new homes in Ireland, through the provision of finance to commercially viable residential developments.
- We have €730m in funding from the Ireland Strategic Investment Fund (ISIF) and our legislation provides us with the ability to access external funding if required.
- Our aim is to make sure debt funding is not a barrier to the delivery of new homes and to assist by increasing supply of loan finance for schemes of 5 or more units.
- When we were set up, funding gaps existed primarily for small and medium sized builders, but this has changed in recent years, and we have responded accordingly. **Our primary focus is to identify and fill gaps for funding wherever they exist for housebuilders**.
- We are focused on delivering funding to home builders across all regions of Ireland for all types of homes and all tenures.
- We are subject to State Aid rules for our funding and our lending which is demonstrated by frequent Market Economy Operator Principle (MEOP) reports.
- We are subject to review every 2 years by the Minister for Finance to assess the impact we are having in the market and to determine if anything needs to change.

HBFI

Responding to Funding Gaps

2019
- HBFI Established
- Launched with single product for 10+ units and max loan of €35m

2020
- Momentum Fund Launched
- New Products Launched for <10 Units, Apartments and Social Housing

2021
- Green Funding Product Launched

2022
- Funding of First License Transactions & Affordable Purchase schemes

2023
- Accelerate Product Launched

2024
- Funding of Two Syndicate Transactions with AIB/BOI & Barclays

HBFI

Our Impact to Date

€2,700m funding approved, 72% is under construction or construction has completed

Supporting up to 13,186 homes

Across 184 developments

In 23 counties

64% Houses, 36% Apartments

88% 3 bed homes or smaller, 67% of schemes are 50 units or less

Owner Occupiers	**47%**
Private Rental	**9%**
Social / Affordable	**40%**
Part V	**4%**

** Figures as of 31 December 2024*

HBFI

Case Studies

Private

- 83 unit development in Co. Cork
- Homes are of mixed tenure, both for private sale and affordable

Social / Affordable

- 35-unit scheme in Co. Westmeath
- A mix of social and affordable homes
- Social contracted to local Authority

Private

- 10 new homes in Co. Offaly
- Phase 1 of a 33-unit development
- For private sale

Social & Private

- 300+ houses in Kerry
- A mix of social and private homes
- Built in 4 phases on 2 sites over a 4 years

HBFI

Residential Development Market – challenges

Debt

- Good availability of debt (HBFI, Domestic Banks and Alternative lenders) for the right projects.
- Demand for funding is lower so far in 2025 for all lenders reflecting a slowdown in construction activity.
- Forward funding by AHBs and the LDA had been a growing feature of the market but has slowed in recent months.
- View from housebuilders remains that viability and unproven demand needs to be addressed before we see a meaningful impact on apartments for build to sell.

Equity

- Sector remains equity constrained and often secures equity on a project-by-project basis.
- This drives demand for HBFI funding with developers needing to leverage up due to equity constraints.

Land

- Availability of funding for land which is zoned, but does not have planning permission, remains a challenge.
- Securing planning permission, planning extensions remains a barrier to building pipeline.

Cost of Finance

- Real cost of debt has increased as Euribor increases passed on to borrowers.
- However, based on our experience this is not tipping the balance of viability for housing schemes.
- SCSI report on the Real Cost of New Housing Delivery, shows the cost of finance at c 5% of total delivery costs for housing.

HBFI

Summary

- We are here to ensure **finance is not a barrier to new supply.**
- We can fund **all tenures from 5 units to 300+ units across different structures.**
- We have **approved €2.7bn** funding across **184 projects** to end March 2025.
- We are subject to **review every two years** which means that our impact and role is continually assessed taking account of stakeholder feedback.
- We have **sufficient funding** to support the sector as it scales up over the next number of years.
- We will continue to **respond and adapt** our offering to ensure all commercially viable schemes get access to funding.

Thank you

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Questions

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THANK YOU

A recording of today - will be emailed to you later this week.

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