Glenveagh
Home of the new.

8 September 2020

Glenveagh Properties plc

Interim Results 2020

Strong Demand For Starter-Homes Reaffirms Group Strategy

Glenveagh Properties plc ("Glenveagh" or the "Group") a leading Irish homebuilder announces its Interim Results for the period ended 30 June 2020.

Glenveagh's Chief Executive Stephen Garvey commented:

"The Group reacted quickly and effectively to the challenges of the Covid-19 pandemic, with the safety and wellbeing of our people, customers and local communities our priority. Following the implementation of enhanced health & safety protocols, all the Group's 18 construction sites are now operational.

The continued strong demand from our private customers on the Group's starter-home developments and the robust performance of the PRS sector during the period is encouraging. Private reservation rates are progressing well and are +213% year on year for June to August.

The strong reservation rate is reflected in the Group's order book with 906 units sold, signed, or reserved[1]. Our targeted investment in work-in-progress to date gives us confidence in delivering approximately 650 units in 2020, assuming no further Covid-19 restrictions are introduced.

Recent experience in the market has reaffirmed our belief that the Group's strategic focus on starter-homes for sale, building quality affordable PRS product in sustainable rental locations and placemaking with local authorities through partnership schemes, continues to hold the best proposition for the Irish residential market. Our ambition remains to scale the business to 3,000 plus units in a prudent but expedient manner.

The actions taken by the Group in H1 to deliver product safely, provide innovative solutions to our customers and maintain a strong financial position will stand to the business in the months to come. I would like to thank all our staff and industry partners who, despite the challenges faced, ensured we continued to operate safely and deliver for our customers and the communities in which we operate"

H1 Highlights

- Unit closings 123 (H1 2019: 158) despite lengthy site closure period
- Focused investment in WIP (€225 million) underpins deliveries in 2020 and 2021
- Accelerated sales of non-core, high-end, private developments and sites to deliver >€100 million of cash flow within 12 months resulting in a €20.3 million asset impairment
- Significant net assets (€843 million), limited net debt (€49 million), strong cash and available facilities (€78 million, plus a further €125 million of uncommitted facilities)

[1] At 7 September. Excludes PRS. Approximately 650 core units due for delivery in 2020 assuming no further Covid-19 restrictions are introduced.

Outlook Highlights

- 906 Units sold, signed or reserved[1]
- 213% year-on-year increase in average weekly private reservation rate per site (June-August)
- 115% year-on-year increase in leads
- 650 completed sales expected in 2020 (excluding non-core units)
- Operational capacity and open sites capable of delivering 1,000 core units in 2021
- Preferred bidder on first Partnership scheme of approximately 800 units

Attractions of Glenveagh's strategic focus highlighted

- Demand for starter-homes has remained strong since the onset of Covid-19 demonstrating the depth of demand and affordability in that segment of the market.
- The PRS sector has outperformed relative to other asset classes highlighting the attractive characteristics of the sector, with rent collection and occupancy rates 98% and 99% respectively[2].
- A key element of the Government's strategy to address the housing crisis is to support social and affordable housing providing further long-term opportunities for our Partnerships business beyond the Group's existing tender pipeline.

Controlled and disciplined approach to construction output

- The health, safety and well-being of our people, customers and local communities continues to be the Group's priority.
- Glenveagh quickly adapted on-site operating procedures and implemented remote working in line with Government and industry guidelines which helped minimise the impact of Covid-19 on the Group and its people during the period.
- All the Group's construction sites are now operational. When operations resumed in May our focus was on completing existing phases where signed contracts or reservations were in place, thus reducing the financial and operational risks to the business.
- Following a summer selling period where demand was strong across our portfolio of starter-home sites, new phases have now commenced construction and will deliver unit sales from 2021.
- The Group are actively constructing on 18 sites in the period with further sites to open in H2.
- Strong visibility on completing the sale of approximately 650 units in the current year assuming no further Covid-19 restrictions are introduced.
- Operational capacity maintained to deliver 1,000 core units in 2021 from existing active construction sites with all required planning permissions in place.
- Existing open sites can deliver more than 4,900 units[3].

Innovative digital strategy to allow customers view, visit and purchase homes in Covid-19 environment

- The Group implemented a redeveloped digital strategy to facilitate an online and private viewing led customer journey to ensure a high volume of potential home buyers viewed our homes, either digitally or in-person.
- To deliver the best experience to our customers, select show houses now operate with smart technology which facilitates a contactless walk-through of the home with our agents providing virtual assistance via video calling.

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[2] January to June 2020. Source: CBRE, MD Property, Credit Suisse research (n > 500)
[3] Subject to planning

- These initiatives improved the quantity and quality of customer leads which grew by 35%[4] (+115% year-on-year for June to August)
- Average weekly private reservation rates per site grew 213% Jun-Aug.
- 906[5] units are now sold signed or reserved (up from 570 at 6 May).
- 123 units were delivered in H1 from 12 selling sites (H1 2019: 158 units from 7 selling sites).

Working with institutions and developing our Partnership offering

- We plan to run Urban PRS processes focussed on international investors from 2021 given the current travel restrictions in and out of Ireland, including a two-week mandatory quarantine.
- Urban assets being considered include Dublin Docklands Residential, Dublin Docklands Hotel, Bray, and an element of our Marina Village development.
- To further drive momentum and return on capital across our active sites, we are in the process of evaluating available deliveries for Suburban PRS as we plan our 2021 volume.
- The Group has also been selected as preferred bidder on its first Partnership scheme of approximately 800 units.

Financial Highlights

	Six Months to 30 June 2020	**Six Months to 30 June 2019**	**Change**
Units	**123**	158	(22%)
Revenue €'m	**37.0**	45.5	(19%)
ASP €'k[6]	**300**	287	5%
Gross (loss)/profit	**(15.2)**	7.5	N/A
Underlying gross profit €'m[7]	**5.1**	7.5	(32%)
Underlying gross margin[7]	**13.8%**	16.5%	(270 bps)
Underlying loss before tax €'m[7]	**(7.0)**	(3.8)	(84%)
Land €'m	**659**	710	(7%)
Work-in-progress €'m	**225**	193	16%
Net Debt €'m	**49**	43	14%

- Total revenue for the period was €37.0 million (H1 2019: €45.5 million), which predominantly relates to the sale of 123 units (H1 2019: 158 units).
- The underlying gross margin of 13.8% reflects both the costs associated with ensuring compliance with the Covid-19 operating protocols and negative mix effects as units at the Group's new higher margin sites were delayed due to Covid-19. A significant portion of the mix effect and the impact of increased Covid-19 costs are expected to abate from 2021.
- Targeted €225m investment in WIP underpins deliveries in 2020 and provides good visibility for 2021 completions.
- The Group remains on track for €100 million plus reduction in land investment by 2021[8] while maintaining the quantum of plots we control.
- The Group's focus on maximising liquidity in the period resulted in gross cash of €63 million and borrowings of €110 million at the end of the period. Our net debt position of €49 million is only €6 million ahead of the corresponding net debt figure at 30 June 2019 despite the Covid-19 restrictions, with the Group now entering the significantly more cash generative half of the year.

[4] From the introduction of these initiatives in April
[5] At 7 September.
[6] Change due largely to mix effects
[7] Pre-asset impairment of €20.3 million in H1 2020
[8] Vs June 2019

- Of the Group's 14,500 unit starter-home and affordable PRS focussed landbank, less than 2% relate to non-core, high-end, private customer units. We have accelerated sales of these developments and sites to maximise cash generation while maintaining our focus on starter homes. This approach is already working effectively, resulting in significant new reservations and we anticipate it will facilitate a substantial exit from non-core units and sites within 12 months (versus more than 48 months at historic private reservation rates), delivering a net cash inflow of more than €100 million.
- The decision to accelerate sales of these non-core, high-end developments and sites, has resulted in an asset impairment charge in respect of non-core land and WIP during the period of €20.3 million. Following completion of the sale of these non-core assets, Glenveagh's portfolio of Suburban development sites will be exclusively focussed on starter-homes.

Outlook

Demand for housing from our customers (private, institutional, and state) continues to be strong. Following a robust start to the second half, the Group has good visibility on delivering approximately 650 units in the current year assuming no further Covid-19 restrictions are introduced. Glenveagh is well placed to navigate potential future challenges and risks associated with Covid-19, and to future proof our business model with a highly experienced, agile, and flexible management team.

Results Presentation

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

- Click this link to register for the conference
- Ireland +353 (0) 1 553 0196 / UK +44 (0) 20 3003 2701 / USA +1 646 843 4609
- Conference ID 5950290 followed by *0;

For further information please contact:

Investors:	**Media:**
Glenveagh Properties plc Michael Rice (CFO) Conor Murtagh (Director, Strategy & IR) investors@glenveagh.ie	**Gordon MRM** Ray Gordon 087 241 7373 David Clerkin 087 830 1779 glenveagh@gordonmrm.ie

Note to Editors

Glenveagh Properties plc, listed on Euronext Dublin and the London Stock Exchange, is a leading Irish homebuilder with a focus on strategically located developments in the Greater Dublin Area, Cork, Limerick, and Galway.

Glenveagh delivers across three distinct business segments – Suburban, Urban and Partnerships - as a single business, capitalising on scale advantages and investing to optimise return on capital.
www.glenveagh.ie

1. BUSINESS REVIEW

i. Group Sales

a. Overview

The benefits of Glenveagh's suburban land assembly strategy, which has been exclusively starter-home focused continued to produce positive results from a sales perspective with 906 units sold, signed, or reserved[9] from 17 selling sites. Of these, 442 have been completed or have a signed binding contract in place.

Notwithstanding the challenging economic and operational environment, the Group benefitted from early efforts to make the customer experience more accessible by enhancing our digital offering and facilitating customers to complete their entire home buying journey remotely or in a contactless manner with our agents providing virtual assistance via video calling.

The Group’s redeveloped digital strategy facilitated an online and private viewing led customer journey ensuring a high volume of potential home buyers viewed our homes, delivering more qualified prospects for the sales team. This strategy has also positively impacted website traffic and has delivered a substantial increase in leads which grew by 115% year-on-year June to August.

The combination of our revised digital strategy, improved customer experience and pent-up demand helped increase average weekly private reservation rates by 213% in the period from June to August inclusive.

As anticipated, and in line with the prior year, the Group's approach of focusing on signing and reserving units in H1 with completions primarily occurring in H2 has resulted in a delivery profile that is H2 weighted. In the period to 30 June the Group completed the sale of 123 units (H1 2019: 158 units) at an ASP of €300k (H1 2019: €287k).

House Price Inflation ("HPI") in the Group's starter-home focused Suburban segment was marginally positive in H1 2020.

Having focused construction on units which were signed or reserved at the time our sites resumed construction in May, the Group expects to complete the sale of approximately 650 core units in 2020 assuming no further Covid-19 restrictions are introduced.

b. Suburban Starter-Home Sales

The strong momentum on existing open sites carried forward from last year with strong reservation rates achieved again in 2020. New selling sites delivering from H2 2020 include Barnhall Meadows, Bellingsmore, Oldbridge Manor and Silver Banks where private reservations have been strong.

Interest from institutions continues to increase across our Suburban portfolio. Notwithstanding the strong take-up from private customers, to further drive momentum and return on capital across our active sites, we are in the process of evaluating available deliveries for Suburban PRS as we plan our 2021 volume.

c. Urban Sales

The extent of the institutional demand for high-quality residential product has not diminished and the Group continues to expect to forward fund and forward sell a series of Urban apartment developments. Notwithstanding the current environment, investment into PRS in Ireland has

[9] Excluded PRS. Includes 37 non-core units. Includes Marina Village which is in the Urban segment.

continued with several high-profile transactions with institutional investors who have an existing portfolio in Ireland completing at attractive yields in recent months.

Given the travel restrictions in/out of Ireland and the two-week mandatory quarantine, we view the most appropriate time to run processes focussed on international investors as 2021. As part of these processes, the Group will be required to commit to specific delivery timelines. Entering binding commitments from 2021 gives the Group the opportunity to fully assess the impact of the Covid-19 operating restrictions and the disruption to the apartment supply chain on delivery timing.

Urban assets being considered include Dublin Docklands Residential, Dublin Docklands Hotel, Bray, and an element of our Marina Village development.

ii. Partnerships

Having identified a pipeline of over 5,000 units which are likely to be tendered by local authorities in the coming years, Glenveagh has recently been selected as preferred bidder on its first Partnership scheme of approximately 800 units.

The Group are actively tendering on schemes which, if awarded, could deliver an additional 1,200 units across the three tenure types (Private (owner occupiers and PRS), Social and Affordable).

Given the Group's construction capabilities, private market experience, and strong balance sheet, Glenveagh remains best placed to capitalise on these opportunities.

iii. Group Construction Progress

Construction Progress Overview

From mid-March it became clear that a shutdown of construction sites was highly likely, and the construction teams moved quickly to ensure we could close our sites safely when a formal closure was required on 29 March. While the early action taken impacted on the Group's construction programme it allowed the Group to secure our inventory and ensure it was protected during the period where sites were not operational.

Reflective of Glenveagh's approach to prioritising the health and safety of our people, significant time was spent during the closure period developing and implementing protocols which would allow the sites to return to operating once that became possible.

On 18 May the Group commenced the opening of approximately 80% of sites in an orderly and controlled manner. While this gradual reopening impacted productivity, particularly in the early stages, it facilitated the embedding of the Covid-19 operating procedures across all our sites. As a result, despite operating under more restrictive operating procedures, productivity is now approximately 80% of pre-Covid-19 levels with all sites now open.

As outlined in the Group's statement on 7 May, the initial focus of construction activity was on completing units which were partially complete, and which had the potential to deliver revenue in the near-term. Construction of new phases (and new site openings) has now commenced as a result of the significant new reservations achieved since.

Furthermore, we have maintained and enhanced the Group's infrastructure and capacity with the capability to deliver 1,000 core units in 2021 from existing active construction sites with all required planning permissions in place.

Our Construction Partners and CPI

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

The Group’s scale, operating model, and resilient nature of our product offering is attractive to sub-contractors. In the period preceding Covid-19 the number of approved contractors per available tender package continued to increase. This allowed the Group to control costs despite tripling in size during 2019. Our experience of the post-Covid environment is that this flight to scale and quality amongst subcontractors has accelerated which will be beneficial for the Group over the longer-term.

Notwithstanding the increasing availability of sub-contractors to Glenveagh, the new Covid-19 operating protocols, when implemented to a high standard (with minimum 2-metres social distancing maintained), result in an additional cost of delivery. We do however expect this increase in cost to abate after the restrictions are lifted.

Supply Chain Integration

As outlined at the time of the Group's 2019 results, Glenveagh have entered into an exclusive multi-year open book supply agreement with an existing timber-frame partner with production to take place at a production facility purchased by Glenveagh for approximately €5m. During the period, the manufacturing lines were commissioned, and our timber-frame partner moved their production to Glenveagh's facility from May.

Throughput and pricing at the facility has been in line with expectations and we are currently working jointly with our partner to deliver efficiencies through joint procurement on major packages and to apply lean manufacturing techniques across the entire manufacturing process.

The open book supply agreement and the factory investment by Glenveagh will help underpin Glenveagh's medium and long-term housing delivery targets while also allowing the Group to benefit from any savings delivered because of the partnership. The factory initially has the capability to deliver approximately 800 timber frame units per annum with the option to expand this capacity in the future with limited investment.

Separately, the Group's quarry for the offsite disposal of inert material is now operational further de-risking the costs associated with groundworks on our sites.

iv. Planning

The Group’s progress on the planning front is now converting into lodgements and grants. During the period, the Group was successful on eight planning applications with a further seven lodged and waiting a decision. The 15 applications combined will deliver over 1,700 planned units.

Suburban Planning

Of the 15 planning applications 11 relate to the Suburban segment and include units at Taylor Hill, Ruxton Oaks, Oldbridge Manor, Ledwill Park and Mount Woods.

An increasing feature of suburban planning is a requirement to drive densities upwards to 40 units per hectare. To deliver the best customer proposition which complies with these requirements, the planning team are developing new high-density suburban housing solutions. Subject to planning approval, the Group expects the first of such schemes to be available from 2022.

Urban Planning

In H1 the Group progressed its Dublin Docklands development portfolio in terms of master planning and design.

A planning application was granted in January on a portion of the non-residential elements of the Castleforbes site (hotel and office) and Glenveagh has entered a pre-let transaction with Whitbread plc for a proposed 262-bedroom hotel ranging in height from 6-9 storeys. The detailed design of this Hotel is almost complete in anticipation of a start date on site in early 2021.

A planning fast-track permission for a PRS scheme through the SHD process will shortly be made in respect of Castleforbes. The scheme comprises approx. 698 units and 4,217 sqm of non-residential uses including food and beverage offering, a creche, cultural building and live / work units. A planning decision is expected in Q1 2021.

v. Development Land Portfolio Management

Activity in the development land market overall has been limited in H1 with few transactions taking place. It is becoming increasingly difficult for private market participants to source funding from alternative lenders which has further reduced the number of potential purchasers. This has accelerated the dichotomy between highly sought-after starter-home sites with infrastructure, and high-end private unit sites, where demand remains sparse.

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

During the period, the Group strategically added to its development land portfolio via a single attractive acquisition of approximately €7.3m (excl. stamp duty and acquisition costs) (140 units). Acquisitions will continue to be internally funded and focussed on similarly small ticket sizes reflecting the Group's strategy for maximising the number of open sales outlets to increase volume and return on capital.

Management's view remains that the appropriate landbank size is approximately five years in duration when the business is as at full run-rate.

vi. Sustainability Agenda Progress

As a business we are committed to our environmental and social agenda. Our approach to this agenda is increasingly shaping our Governance, Risk and Strategic Management processes. Having outlined the main areas of focus for the Group at Investor Day 2020 we are now recommitting to these objectives and increasing transparency and reporting on the journey the Group is undertaking.

As part of our enhanced approach to disclosure the Group recently participated in CDP (Climate Disclosure Project) 2020 and will shortly launch a new sustainability section on the Group’s website to facilitate a simpler review of our environmental and social credentials by our stakeholders.

We have outlined below our areas of focus and the progress required to deliver on these objectives.

Health and Safety
Health and safety is at the heart of our operations. We are committed to maintaining the health and safety of every single person who is employed by the Group or who engages with the Group both on and off our sites.

Following on from achieving a Highly Commended Award from NISO and a Grade A Safe T Cert in 2019, the Group are implementing ISO 45001 Occupational Health & Safety Management.

The closure period on our sites facilitated supplementary online safety training delivered by our EHS department to counteract our top 5 risks - crane safety, working at heights, scaffolding & alloy towers, plant safety and excavation safety. The Covid-19 operating procedure training was undertaken online prior to restarting our sites to help all staff and sub-contractors adapt to a new way of working.

People
The expertise, experience and energy of our people is at the heart of our success. As we continue to scale our operations we will retain, attract, and develop the best talent. We will

bring the brightest and best minds to the challenge of innovating how we develop, build and market new homes in Ireland.

With over 18 different nationalities working at Glenveagh we encourage diversity and inclusion in the organisation. We provide ongoing awareness training and as part of an overall drive in Construction for diversity and inclusion we have signed up to the CIF Diversity Charter and hope to gain accreditation this year.

To ensure our employees' health & wellness in the workplace, each year we put together a wellness calendar which includes a range of health initiatives and programmes that are rolled out throughout the year. This includes Mental Wellbeing initiatives, Health Checks and Awareness programmes, training to support Wellbeing and Guest Speakers on relevant issues. Glenveagh also provide a 24-hour Employee Assistance Programme service to all employees.

Customer
We build for our customers and their families— the people who call our developments 'home'. To do this well, we need to know and understand them, their lives, and their everchanging needs. Only by putting our customers at the centre of how we plan, design, build and market can we create homes that will have lasting value in their eyes.

During the period of Covid-19 we have continued to support our customers by offering them a safe environment in which to view, reserve and complete their home purchase with Glenveagh.

Sustainable Communities
Contributing to sustainable communities is a key feature of our approach to planning and design. In 2021 the Group will deliver it's first brownfield regeneration in Bray, Co. Wicklow and commence works on our brownfield regeneration projects in Dublin's Docklands. These projects form part of a portfolio of over 2,000 urban brownfield units which will be delivered by the Group from our existing portfolio.

Environmental and Quality
We will continue to plan, design, build and market high-quality homes at scale across Ireland. As we do so we must constantly be evolving to meet the diverse and changing needs of our customers. We will continue to refine our standards to take advantage of emerging technologies, more efficient production processes and sustainable materials. Our portfolio of home types must set the standard for affordability, energy-efficiency, and good design – demonstrating our position as a champion of access to quality homes in Ireland.

All houses and apartments delivered by the Group in H1 2020 had a BER rating of A3 or better and our efforts in providing sustainable energy efficient homes are replicated in reducing the environmental footprint of our operations. Initiatives to date have included the introduction of electric vehicles, the use of recycled materials on site and a minimisation of waste across the business. Glenveagh has also commenced the implementation of ISO 14001:2015 Environmental Management System.

As part of our enhanced approach to disclosure the Group recently participated in CDP (Climate Disclosure Project) 2020 and will shortly launch a new sustainability section on the Groups website to facilitate a more transparent review of our commitments and performance by our stakeholders.

Supply Chain

Working with local labour is a priority for the Group as it helps to embed Glenveagh in our local communities. It is also more efficient as it avoids large numbers of people travelling long distances to work.

We were very conscious of the pressures that our supply chain partners were under during the period of lockdown, but more so as we have begun to ramp-up construction works again.

2. FINANCIAL REVIEW

i. Group performance

Total revenue for the period was €37.0 million (H1 2019: €45.5 million), which predominantly relates to the completion of 123 units (H1 2019: 158 units). The Group's revenue and unit completions have decreased 19% and 22% respectively versus the same period last year solely due to the Covid-19 restrictions. The Average Selling Price ("ASP") for the period was €300k (H1 2019: €287k) with the increase largely driven by development mix. ASP for the full year is expected to be broadly in line with the first half of the year, with completions expected to be approximately 650 core units.

The Group's gross loss of €15.2m (H1 2019: Gross profit of €7.5m) includes an asset impairment of €20.3m relating to our non-core and high-end developments. Having adjusted for that impairment, the Group's underlying gross profit[7] amounted to €5.1 million (H1 2019: €7.5 million) with a corresponding margin of 13.8% (H1 2019 16.5%). The underlying gross margin for H1 reflects both the costs associated with ensuring compliance with the Covid-19 operating protocols and negative mix effects as units at the Group's new higher margin sites were delayed due to Covid-19. A significant portion of the mix effect and the impact of increased Covid-19 costs are expected to abate from 2021.

Management have taken several actions to reduce the Group's overhead costs through the first half of the year resulting in a reduction of €2.4 million versus budget. These actions included temporary salary and pension reductions for all employees between May and August, with executive director basic salaries being reduced by approximately 20 per cent. Fees paid to non-executive directors were also temporarily reduced by 25 per cent. These measures have now ended but will be kept under review for the remainder of the year.

The Group's underlying operating loss[7] for the period was €5.1 million (H1 2019: €2.8 million) which includes central costs of €9.8 million (H1 2019: €9.7 million), and €0.9 million of depreciation and amortisation giving total administrative costs of €10.7 million.

ii. Non-core Disposal Strategy

Glenveagh continues to prioritise cash flow to both insulate the Group from the risk of further Covid-19 restrictions later in the year, and to ensure that we have the maximum amount of internal financial resources available to capitalise on attractive future WIP and land investment opportunities in line with our business plan.

We have accelerated sales of the remaining non-core, high-end private customer developments and sites to maximise cash generation while maintaining our focus on starter homes. Non-core unit sales will be achieved through a combination of sales to private buyers and institutional PRS investors.

This approach is already working effectively, resulting in significant new reservations and we anticipate it will facilitate a substantial exit from non-core units and sites within 12 months (versus more than 48 months at historic private sales rates), delivering net cash inflow of more than €100 million.

The decision to accelerate sales of these non-core, high-end developments and sites, has resulted in an asset impairment charge in respect of land and WIP during the period of €20.3 million.

iii. Balance Sheet

Considering the Covid-19 restrictions, the Group's focus for the period was to balance delivering units in line with the revised operating protocols while also managing cash flow. On that basis we focused construction on units which were signed or reserved at the time our sites resumed construction in May and not incurring significant expenditure on sites/units which would not deliver in 2020. In addition, management suspended land acquisitions in March having already completed one acquisition for €7.3m.

Our WIP at 30 June is €225 million (December 2019: €173 million). Two sites (Marina Village and Shrewsbury Road) have contributed significantly to this WIP balance, as these developments are very close to completion. Excluding these two sites, the average WIP per active site is approximately €9 million which is in line with expectation for 30 June. Our work in progress per site is expected to unwind materially in H2 as signed and reserved units complete.

The Group's focus on cash management in the period resulted in gross cash of €63 million and borrowings of €110 million at 30 June. Our actions to limit the increase in our net debt were successful; our net debt position of €49[10] million is only €6 million ahead of the corresponding net debt figure at 30 June 2019 despite the Covid-19 restrictions, with the Group now entering the significantly more cash generative half of the year. This strong position is further enhanced by available committed facilities of €15 million (plus a further €125 million of uncommitted facilities), significant net assets (€843 million), no outstanding land payments and strong covenant headroom.

The Balance Sheet now reflects, the approval by the Irish High Court of the Group's application to re-designate €700 million of Share Premium to Retained Earnings to allow for future distributions under section 117 of the Companies Act 2014.

The Group's short-term objective continues to be maximising liquidity and maintaining a strong balance sheet and therefore no current proposal exists to make any distribution of, or otherwise deploy any distributable reserves to shareholders.

Principal risks and uncertainties

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

Risk or uncertainty and potential impact	Key Mitigating Considerations
COVID-19 pandemic The recent outbreak of Covid-19 and restrictions imposed by Government including a shutdown of construction activity for a six-week period have adversely impacted performance in 2020 to date. While many of the more restrictive measures have been lifted in most parts of the country, certain measures remain in place which include social distancing and movement restrictions in	The Group has increased the frequency of Executive Committee and Board meetings to respond to the pandemic with COVID-19 being a standing agenda point at all meetings. We have also increased the frequency of cashflow and sales reporting to the facilitate accurate business continuity planning. The Group continues to maintain a strong balance sheet, along with access to undrawn

[10] Includes lease liabilities of €1.8m at 30 June 2020 (June 2019: €0.9m)

certain regions which are impacting efficiency and performance on our sites. The risk remains that more significant measures could be re-introduced by Government in the event of increased case numbers which would further disrupt both activity levels and potentially our ability to close contracted sales transactions.	bank facilities, with a focus on cash generation from work in progress in the short term. This should provide the Group with the appropriate level of operational and financial flexibility should further restrictions be imposed at national or regional level. The Group introduced several cost reduction measures during the six-week period of construction activity shutdown and these measures can be re-introduced for any future restrictions.
Adverse Macroeconomic Conditions Glenveagh operates in a property market that is cyclical by nature which can lead to volatility of property values and market conditions. The exact impact of COVID-19 on the Irish and global economies remains uncertain but it is likely to adversely impact key indicators to a significant degree in both the short and medium term. Geopolitical uncertainty (including Brexit) could lead to a potential adverse impact on the Group's asset valuation and financial performance due to factors such as slowdown in economic growth, increased interest rates and decline in consumer confidence.	The Group aims to maintain a reasonable but limited stock of land (c.5 years at scale). The Group has a robust acquisition policy and approval process in place to ensure the best value is achieved on assets and that they are aligned to the strategic objectives of the Group. The Urban and Partnerships segments will assist in reducing the cyclical nature of the business through the delivery of apartments and houses for the rental market as well as schemes with local authorities or other government bodies. Furthermore, the Group adheres to a conservative leverage policy (max. 25% of net assets) which limits the financial risk of changes to property values. Management and the Board actively monitor the geopolitical risks and seeks expert industry advice where required.
Adverse changes to government policy and regulations A change in the domestic political environment and/or government policy (including tax legislation, support of the housebuilding sector, Part V allowance and first-time buyer assistance) could adversely affect the Group's financial performance.	The Group's management and Board monitor government policy on an ongoing basis. Group management's site by site forecasts are conservative by nature and allow for expected negative changes in government policy and regulation. The Group has the capability to redesign developments as appropriate should it be required. The Group will consider alternative sales strategies where required to align to any changes in the domestic political environment.

Mortgage Availability and Affordability Glenveagh understands that affordable mortgage finance is a crucial funding source for buyers in the residential property market in Ireland. Constraints on the availability and cost of mortgage financing including any impact on this as a result of COVID-19) may have an adverse impact on sales of the Group's homes due to a potential decline in customer demand and ultimately the profitability of the Group.	Management and the Board continuously monitor Central Bank of Ireland policy around mortgage availability. The Group regularly engages with mortgage advisors to gain valuable insights into the market and the impact of regulatory changes impacting mortgage lending. The Group's strategy can facilitate the adjustment of delivery velocity if required.
Availability and increased cost of materials and labour Shortages or increased costs of materials and labour could lead to an increase in construction costs and delays in the completion of homes. COVID-19 has posed significant challenges for many of our subcontractor partners as well as our material suppliers which could re-emerge should further restrictions be re-imposed by Government. If the Group is unable to control its costs or pass on any increase in costs to the purchasers of the Group's homes, source the requisite labour, and / or renegotiate improved terms with suppliers and contractors, the Group's margins may reduce which could have an adverse impact on the Group's business operations and financial condition.	The Group has fixed cost contracts in place with sub- contractors and suppliers where possible. The Group has implemented the Black Hats initiative on site which requires a formally appointed Glenveagh representative for all subcontractors on site to allow for better oversight and an open line of communication with our subcontractors. This has been particularly useful from a communication and compliance perspective during the pandemic while it also helps provide subcontractors with appropriate visibility on our demand led construction pipeline. The Group has the potential to expand its purchasing network should it be required and maintains flexibility by not having an overreliance on any one supplier. The Group engages in financial planning and continuously monitors and reviews the budget versus actual costings.
Inadequate Project Management Inadequate oversight of the cost and delivery of development projects adversely affects expected return on investment.	The Group has fixed cost contracts in place with sub-contractors and suppliers where possible. The Group has a strong organisational structure within the Commercial department to ensure oversight of all costs is maintained in line with the business plan. The Group has an integrated ERP system which provides commercial reporting, automated payment, and sub-contractor accrual functions. The system eliminates manual processes and provides for real time reporting for more accurate decision making relevant to projects at a cost object, element, and sub-project level.

	The Group has implemented the Black Hats initiative on site which requires a formally appointed Glenveagh representative for all subcontractors on site to allow for better oversight and an open line of communication with our subcontractors while it also helps to provide subcontractors with appropriate visibility on our demand led construction pipeline. The Group employs highly experienced and qualified commercial and finance teams who oversee a robust financial planning process for each development and continuously monitor and review the budget versus actual costings. This includes regular updates to the Executive Committee and Board of Directors.
Insufficient Environmental, Health and Safety procedures Glenveagh is focused on the wellbeing of its employees, contractors / sub-contractors, and the general public. COVID-19 has introduced a new additional layer of protocols, procedures and guidelines which require constant monitoring and compliance to minimise the risk of an outbreak on our sites. The Group understands that failure to implement and adhere to the highest standard of Health & Safety practices can lead to a significant risk to health, safety, and welfare of staff and other parties resulting in increased costs and negatively impact the timely and safe delivery of a project. Additionally, any failure in health or safety performance or compliance, including delays in responding to changes in health & safety regulations may result in financial and / or other penalties. The Group is also focussed on the increased importance of environmental and climate related issues and our responsibilities in these regards while ensuring sustainable placemaking is at the centre of all the Group's activities. Deficiencies in any of these areas could have a significant impact on the Group's reputation and consequently on our ability to achieve our strategic objectives.	A dedicated Health & Safety Officer is appointed for every site with COVID-19 compliance officers providing advice and compliance assistance to complement the personal responsibility being taken by our direct staff and subcontractor partners. The Group has a wealth of experience, adopts best practice and regulations, and has developed and implemented formal best practice policies and procedures to support and promote a robust Health & Safety environment. The Group ensures all staff are appropriately and adequately trained. The Group has a Grade A Safe-T certificate which is the industry Health & Safety auditing standard. There is adequate insurance cover in place to deal with any claims that may arise from claims due to injury. The Group has implemented the Black Hats initiative on site which requires a formally appointed Glenveagh representative for all sub-contractors on site to allow for better oversight and an open line of communication with our subcontractors. This has been particularly useful from a communication and compliance perspective during the pandemic with respect to the new health and safety protocols.

	The Board has approved the Group's Climate Change Policy in the period which categorises specific climate related risks and the Group's response to these risks. These risks have been reflected in the Group's overall risk register where appropriate in accordance with the Group's risk management policy. The Group continues to focus on building sustainable and energy efficient homes with a focus currently on "Beyond NZEB (Nearly Zero Energy Building)" in the product we are delivering.
Employee development and retention The success of the Group is dependent on recruiting, retaining, and developing highly skilled, competent people. The Group is aware that loss of key personnel and / or the inability to attract / retain adequately skilled and qualified people could lead to: • Poor operational and financial performance • Inadequate staff knowledge and understanding of policies & procedures; • Reduced control environment; • Insufficient transfer of knowledge amongst ○ staff to allow for succession planning; • Demotivated staff; and • Failure to achieve/ deliver on the Group's strategic objectives.	The Group offers competitive and attractive remuneration packages and where appropriate long-term interest alignment. The Group offers the opportunity for advancement through creating a positive working environment. The Group has implemented a performance management and appraisal process which includes open channels of communication and feedback and development plans for employees. The Group has introduced a Graduate Programme across all departments to develop and ensure progression within the business for all employees. The Group is developing a succession plan to ensure continuity of quality service and knowledge retention. The Group ensures that all staff have access to relevant internal and external training.
Data protection and cyber security The Group uses information technology to perform operational and marketing activities and to maintain its business records. A cyber-attack could lead to potential data breaches or disruption to the Group's systems and operations which in turn could lead to damage to the Group's reputation and potential loss of customers and revenue. Any security or privacy breach of the information technology systems may also expose the Group to liability and regulatory scrutiny.	The Group's Head of IT leads the Group's initiatives in mitigating the risk of cyber and data security breaches further. The Group uses internal and external back-up systems under the supervision of a third-party service provider pursuant to agreements that specify certain security and service level standards. The Group has implemented sensitive data password protection and all such information is stored in secure locations.

Decline in Product Quality Delivery of the highest quality homes is central to the success of Glenveagh. The Group continues to focus on ensuring our products meet the desired standards and is aware that significant negative incidents including construction defects, material environmental liabilities (including hazardous or toxic substances), quality deficiencies or perceptions thereof could adversely impact the Group’s sales and possibly result in litigation cases against the Group with a potentially negative impact on the Group’s brand and customer satisfaction which are crucial to the Group’s performance.	The Group has implemented robust quality control procedures and strictly adheres to Building Control (Amendment) Regulations requiring (among other stipulations) the appointment of suitably qualified engineers and architects The Group has an experienced and professional support team in place. The Group has a dedicated customer service after-sales team.

ENDS

Glenveagh Properties PLC

Statement of Directors' responsibilities in respect of the condensed consolidated interim financial statements

The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

In preparing the condensed set of financial statements included within the half-yearly financial report, the directors are required to:

— prepare and present the condensed set of financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, the Transparency Directive and the Transparency Rules of the Central Bank of Ireland;

— ensure the condensed set of financial statements has adequate disclosures;

— select and apply appropriate accounting policies; and

— make accounting estimates that are reasonable in the circumstances.

The directors are responsible for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of the condensed set of financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

(1) the condensed set of consolidated financial statements included within the half-yearly financial report of Glenveagh Properties PLC for the six months ended 30 June 2020 ("the interim financial information") which comprises condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and the related explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, the Transparency Directive and Transparency Rules of the Central Bank of Ireland.

(2) The interim financial information presented, as required by the Transparency Directive, includes:

   a. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of consolidated financial statements;
   b. a description of the principal risks and uncertainties for the remaining 6 months of the financial year
   c. related parties' transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
   d. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

On behalf of the Board

Stephen Garvey
Director

Michael Rice
Director

8 September 2020

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's review report on the condensed consolidated interim financial statements to the members of Glenveagh Properties PLC

Introduction

We have been engaged by Glenveagh Properties PLC ("the company") to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June which comprises condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared in accordance with IAS 34 '*Interim Financial Reporting'* as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for ensuring that the condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Independent auditor's review report on the condensed consolidated interim financial statements to the members of Glenveagh Properties PLC *(continued)*

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

KPMG

KPMG 8 September 2020
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2, Ireland

Glenveagh Properties PLC

Condensed consolidated statement of profit or loss and other comprehensive income

for the six months ended 30 June 2020

	Note	**2020 €'000**	**2019 €'000**
Revenue	*8*	**37,014**	45,468
Cost of sales		**(31,915)**	(37,947)
Impairment of inventories	*12*	**(20,291)**	-
Gross (loss) / profit		**(15,192)**	7,521
Administrative expenses		**(10,748)**	(10,271)
Operating loss		**(25,940)**	(2,750)
Finance expense		**(1,363)**	(999)
Loss before tax		**(27,303)**	(3,749)
Income tax credit	*11*	**3,267**	279
Loss after tax		**(24,036)**	(3,470)
Other comprehensive income		**-**	-
Total comprehensive loss for the period attributable of the owners of the Company		**(24,036)**	(3,470)
Basic loss per share (cents)		**(2.76)**	(0.40)
Diluted loss per share (cents)		**(2.76)**	(0.40)

Glenveagh Properties PLC
Condensed consolidated balance sheet
as at 30 June 2020

	Note	30 June 2020 €'000	31 December 2019 €'000
Assets			
Non-current assets			
Property, plant and equipment	*13*	**21,481**	18,142
Intangible assets	*14*	**851**	944
Deferred tax asset	*11*	**1,133**	128
Restricted cash	*20*	**1,500**	1,500
		24,965	20,714
Current assets			
Inventory	*12*	**884,249**	840,487
Trade and other receivables	*15*	**16,486**	12,241
Cash and cash equivalents	*16*	**62,879**	93,224
		963,614	945,952
Total assets		**988,579**	966,666
Equity			
Share capital	*17*	**1,052**	1,052
Share premium	*17*	**179,281**	879,281
Retained earnings		**618,143**	(57,821)
Share-based payment reserve		**44,574**	44,035
Total equity		**843,050**	866,547
Liabilities			
Non-current liabilities			
Lease liabilities		**930**	319
		930	319
Current liabilities			
Trade and other payables	*18*	**33,070**	56,218
Income tax payable	*11*	**874**	3,737
Loans and borrowings	*19*	**109,778**	39,569
Lease liabilities		**877**	276
		144,599	99,800
Total liabilities		**145,529**	100,119
Total liabilities and equity		**988,579**	966,666

Glenveagh Properties PLC

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2020

	Share Capital			Share-based		
	Ordinary shares €'000	**Founder shares €'000**	**Share premium €'000**	**payment reserve €'000**	**Retained earnings €'000**	**Total equity €'000**
Balance as at 1 January 2020	**871**	**181**	**879,281**	**44,035**	**(57,821)**	**866,547**
Total comprehensive loss for the period						
Loss for the period	-	-	-	-	**(24,036)**	**(24,036)**
Other comprehensive income	-	-	-	-	-	-
	-	**-**	**-**	**-**	**(24,036)**	**(24,036)**
Transactions with owners of the Company						
Equity-settled share-based payments	**-**	**-**	**-**	**539**	**-**	**539**
Share premium reduction and transfer to distributable reserves	**-**	**-**	**(700,000)**	**-**	**700,000**	**-**
	-	**-**	**(700,000)**	**539**	**700,000**	**539**
Balance as at 30 June 2020	**871**	**181**	**179,281**	**44,574**	**618,143**	**843,050**

Glenveagh Properties PLC

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2019

	Share capital			Share-based		
	Ordinary shares €'000	**Founder shares €'000**	**Share premium €'000**	**payment reserve €'000**	**Retained earnings €'000**	**Total equity €'000**
Balance as at 1 January 2019	871	181	879,281	43,443	(80,661)	843,115
Total comprehensive loss for the period						
Loss for the period	-	-	-	-	(3,470)	(3,470)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(3,470)	(3,470)
Transactions with owners of the Company						
Equity-settled share-based payments	-	-	-	243	-	243
	-	-	-	243	-	243
Balance as at 30 June 2019	871	181	879,281	43,686	(84,131)	839,888

Glenveagh Properties PLC
Condensed consolidated statement of cash flows
for the six months ended 30 June 2020

	Note	30 June 2020 €'000	30 June 2019 €'000
Cash flows from operating activities			
Loss for the period		**(24,036)**	(3,470)
Adjustments for:			
Depreciation and amortisation	*10*	**898**	605
Impairment of inventories	*12*	**20,291**	-
Finance costs		**1,363**	999
Loss / (profit) on sale of property, plant and equipment		**3**	(434)
Equity-settled share-based payment expense	*9*	**539**	243
Tax credit	*11*	**(3,267)**	(279)
		(4,209)	(2,336)
Changes in:			
Inventories		**(63,532)**	(181,562)
Trade and other receivables		**(4,245)**	(4,063)
Trade and other payables		**(23,243)**	15,504
Cash used in operating activities		**(95,229)**	(172,457)
Interest paid		**(1,141)**	(884)
Tax (paid)/refund received		**(600)**	308
Net cash used in operating activities		**(96,970)**	(173,033)
Cash flows from investing activities			
Acquisition of property, plant and equipment	*13*	**(2,750)**	(911)
Acquisition of intangible assets	*14*	**(92)**	(155)
Proceeds from the sale of property, plant and equipment		**12**	1,160
Net cash (used in)/from investing activities		**(2,830)**	94
Cash flows from financing activities			
Proceeds from borrowings	*19*	**70,000**	80,000
Payment of lease liabilities		**(545)**	(391)
Net cash from financing activities		**69,455**	79,609
Net decrease in cash and cash equivalents in the period		**(30,345)**	(93,330)
Cash and cash equivalents at the beginning of the period		**93,224**	130,701
Cash and cash equivalents at the end of the period		**62,879**	37,371

Glenveagh Properties PLC

Notes to the condensed consolidated interim financial statements

1 Reporting entity

Glenveagh Properties PLC ("the Company") is domiciled in the Republic of Ireland. The Company's registered office is 15 Merrion Square North, Dublin 2. These condensed consolidated interim financial statements comprise the Company and its subsidiaries (together referred to as "the Group") and cover the six month period ended 30 June 2020 ("the period"). The Group's principal activities are the construction and sale of residential houses and apartments for the private buyer, local authorities and institutional investors. The financial information for the six months ended 30 June 2020 does not constitute statutory financial statements as defined in the Companies Act 2014. A copy of the financial statements for the financial year ended 31 December 2019 are available on the Company's website (https://glenveagh.ie/). The auditor's report accompanying those financial statements was unqualified.

2 Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the financial year ended 31 December 2019 ("last annual financial statements") which have been prepared in accordance with IFRS as adopted by the EU. The interim financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The accounting policies adopted are consistent with those of the previous accounting period.

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

In preparing these interim financial statements, management has made judgements and estimates that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. No individual judgment is deemed to have a significant impact upon the financial statements apart from those supporting the assessment of the carrying value of the Group's inventories as described 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.

4 Use of judgements and estimates (*continued*)

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

COVID-19 was declared a global pandemic by the World Health Organisation during the period and the impact of the pandemic has been considered in the Group's assessment of the carrying value of its inventories at 30 June 2020, particularly with regard to the potential implications for future selling prices, development expenditure and construction programming. While the exact impact of COVID-19 remains uncertain, management has considered a number of scenarios on each of its active developments and the consequential impact on future profitability based on current facts and circumstances together with any implications for future projects in undertaking its net realisable value calculations.

As part of the assessment, 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 required an impairment charge on two of our higher Average Selling Price ("ASP") active sites and a small number of other higher ASP sites in the portfolio where construction has not commenced. Further detail in respect of the impairment charge for the period is included in Note 12.

5 New significant accounting policies

Accounting for Government Grants and Disclosure of Government Assistance

The Group initially adopted IAS 20 '*Accounting for Government Grants and Disclosure of Government Assistance'* from 1 January 2020. This new accounting standard is also expected to be reflected in the Group's consolidated financial statements for the year ending 31 December 2020.

Grants that compensate the Group for expenses incurred are recognised in the condensed consolidated statement of profit or loss and other comprehensive income on a systematic basis in the periods in which the expenses are recognised and offset against the expenses incurred.

There have been no other changes to significant accounting policies during the period to 30 June 2020.

6 Going concern

The Group has recorded a loss before tax of €27.3 million *(2019: €3.8 million)* which included a non-cash impairment charge of €20.3 million relating to the Group's inventory balance. The Group has a cash balance of €62.9 million *(31 December 2019: €93.2 million)* and under the terms of its debt facility, the Group is required to maintain a minimum cash balance of €25.0 million. It has committed undrawn funds available of €15 million *(31 December 2019: €85.0 million)* with a further uncommitted facility of €125.0 million *(31 December 2019: €125.0 million)*.

Management has prepared a detailed cash flow forecast in order to assess the Group's ability to continue as a going concern for at least a period of twelve months from the signing of these interim financial statements. The preparation of this forecast considered the potential and likely implications of the COVID-19 pandemic on the Group's financial performance and position over the forecast period including but not limited to the impact on selling prices and strategies, development costs and construction programs.

The Group's forecast assumes it will successfully secure a new debt facility in advance of the expiration of the current facility in April 2021 to complement the Group's future operating cash flow in financing its working capital requirement over the forecast period.

6 Going concern *(continued)*

The Group is forecasting compliance with all covenant requirements under the current facility including the interest cover covenant which is based on earnings before interest, tax, depreciation and amortisation (EBITDA) excluding the non-cash impairment charge. Other assumptions within the forecast include the Group's expected selling prices and sales strategies as well as its investment in work in progress which reflect updated development programs as a result of the ongoing impact of COVID-19.

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

7 Segmental information

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

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

As noted in the Groups 2019 annual report, the Group's operating segments have changed in line with our refined strategy and are set out below. As a result of the change in the Group's reportable segments, the Group has restated the previously reported segment information for the six months ended 30 June 2019 and as at 31 December 2019.

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

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

Suburban
The Suburban segment is focussed primarily on high quality housing (with some low rise apartments) with demand coming from private buyers and institutions. Our core Suburban product is affordable (€325,000 or below) and located in well serviced communities predominantly in the Greater Dublin Area and Cork.

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

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

Notes to the condensed consolidated interim financial statements

7 Segmental information *(continued)*

Segmental financial results

	30 June 2020 €'000	**Restated 30 June 2019 €'000**
Revenue		
Suburban	**36,510**	45,433
Urban	**504**	35
Partnerships	**-**	-
Revenue for reportable segments	**37,014**	45,468

	30 June 2020 €'000	**Restated 30 June 2019 €'000**
Operating (loss) / profit		
Suburban	**(7,871)**	3,909
Urban	**(12,233)**	(1,185)
Partnerships	**(268)**	(159)
Operating (loss) / profit for reportable segments	**(20,372)**	2,565
Reconciliation to results for the period		
Segment results – operating (loss) / profit	**(20,372)**	2,565
Finance expense	**(1,363)**	(999)
Directors' remuneration	**(1,035)**	(1,224)
Corporate function payroll costs	**(1,328)**	(1,816)
Depreciation	**(898)**	(254)
Professional fees	**(273)**	(624)
Share-based payment expense	**(539)**	(243)
(Loss) / gain on sale of property, plant and equipment	**(3)**	441
Other corporate costs	**(1,492)**	(1,595)
Loss before tax	**(27,303)**	(3,749)

7 Segmental information *(continued)*

Segment assets and liabilities

	30 June 2020				Restated 31 December 2019			
	Suburban	**Urban €'000**	**Partnerships €'000**	**Total €'000**	**Suburban €'000**	**Urban €'000**	**Partnerships €'000**	**Total €'000**
Segment assets	**596,388**	**287,861**	**919**	**885,168**	567,607	272,880	675	841,162
Reconciliation to Consolidated Balance Sheet								
Deferred tax asset				**1,133**				128
Trade and other receivables				**15,567**				11,566
Cash and cash equivalents				**62,879**				93,224
Restricted cash				**1,500**				1,500
Property, plant and equipment				**21,481**				18,142
Intangible assets				**851**				944
				988,579				966,666
Segment liabilities	**-**	**-**	**-**	**-**	-	-	-	-
Reconciliation to Consolidated Balance Sheet								
Trade and other payables				**33,070**				56,218
Loans and Borrowings				**109,778**				39,569
Lease liabilities				**1,807**				595
Income tax payable				**874**				3,737
				145,529				100,119

8 Revenue

	30 June 2020 €'000	30 June 2019 €'000
Suburban		
Residential property sales	**36,470**	45,297
Property rental	**40**	136
Urban		
Residential property sales	**405**	-
Property rental	**99**	35
	37,014	45,468

As in the prior year, the Group expects significantly more closing activity (and consequently increased revenue) in the second half of the financial year as a result of both the COVID-19 restrictions that were in place during the first half of the year and the seasonality that currently exists within the Group's development cycle.

9 Share-based payment arrangements

(a) Description and reconciliation of options outstanding

The Group operates three equity-settled share-based payment arrangements being the Founder Share scheme, the Long-Term Incentive Plan ("LTIP") and the Savings Related Share Option Scheme (known as the Save As You Earn or "SAYE" scheme). As described below, options were granted under the terms of the LTIP in the six months ended 30 June 2020 while there were no grants in the SAYE scheme during the period.

LTIP Grant in the period and reconciliation of options outstanding

On 28 February 2020, the Remuneration and Nomination Committee approved the grant of 5,185,560 options to certain members of the management team (which do not include the Founders) in accordance with the terms of the Company's LTIP. These options will vest on completion of a three-year service period from grant date subject to the achievement of certain performance condition hurdles based on the Company's Total Shareholder Return (TSR) and Earnings per Share (EPS) across the vesting period. 50% of the awards will vest based on the Company's TSR with 50% based on EPS targets. The EPS based options will vest based on the Group's Adjusted EPS* for the financial year ended 31 December 2022. 25% of the options will vest should the Group achieve 9.5 cents per share with 100% vesting at 12.5 cents per share. Options will vest on a pro rata basis for performance between 9.5 cents and 12 cents per share. The TSR targets are in line with all previous grants under the scheme with 25% of the award will vest once the 3-year annualised TSR reaches 6.25% per annum with the remaining options vesting on a pro rata basis up to 100% if TSR of 12.5% is achieved. The entire grant of options remain outstanding at 30 June 2020. In line with the Group's remuneration policy LTIP awards granted to Executive Directors from 2020 onwards include a holding period of at least two years post exercise.

9 Share-based payment arrangements *(continued)*

(a) Description and reconciliation of options outstanding *(continued)*

	Number of Options 2020	**Number of Options 2019**
LTIP options in issue at 1 January	**4,685,800**	2,351,743
Granted during the period	**5,185,560**	2,698,210
Forfeited during the period	**-**	(230,172)
LTIP options in issue at 30 June	**9,871,360**	4,819,781

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

SAYE – reconciliation of options outstanding

	Number of Options 2020	**Number of Options 2019**
SAYE in issue at 1 January	**1,008,340**	491,640
Granted during the period	**-**	-
Forfeited during the period	**(148,600)**	(87,000)
SAYE options in issue at 30 June	**859,740**	404,640

9 Share-based payment arrangements *(continued)*

(b) Measurement of fair values

The EPS related performance condition is a non-market condition and does not impact the fair value of the EPS based awards at grant date which is equivalent to the share price at grant date.

The fair value of the TSR-based LTIP options granted in the period was measured using a Monte Carlo simulation. Service and non-market conditions attached to the arrangements were not taken into account when measuring fair value.

The inputs used in measuring fair value of the TSR based awards at grant date were as follows:

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

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

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

(c) Expense recognised in profit or loss

The Group recognised an expense of €0.5 million (*2019: €0.2* million) in the consolidated statement of profit or loss in respect of options granted under the LTIP and SAYE arrangements.

10 Other information

	30 June 2020 €'000	**30 June 2019 €'000**
Amortisation of intangible assets	**198**	80
Depreciation of property, plant and equipment	**1,222**	909
Employment costs	**7,484**	7,268
Loss / (profit) on sale of property, plant and equipment	**3**	(434)

Included within depreciation is €0.5m *(six-month period 30 June 2019: €0.4m)* which was capitalised in inventory in the period.

11 Income tax

	30 June 2020 €'000	30 June 2019 €'000
Current tax for the period	**(2,262)**	-
Deferred tax credit for the period	**(1,005)**	(279)
Total income tax credit	**(3,267)**	(279)

	30 June 2020 €'000	30 June 2019 €'000
Loss before tax for the period	**(27,303)**	(3,749)
Tax credit at standard Irish income tax rate of 12.5%	**(3,413)**	(469)
Tax effect of:		
Income taxed/expenses deductible at the higher rate of corporation tax	**13**	157
Non-deductible expenses	**131**	21
Other adjustments	**2**	12
Total income tax credit	**(3,267)**	(279)

Movement in deferred tax balances	**Balance at 1 January 2020 €'000**	**Recognised in the period €'000**	**Balance at 30 June 2020 €'000**
Tax losses carried forward	**128**	**1,005**	**1,133**

The tax losses arise in Ireland and have no expiry date. Management has considered it probable that future profits will be available against which the above losses can be recovered and, therefore, the related deferred tax asset can be realised.

12 Inventory

	30 June 2020 €'000	31 December 2019 €'000
Land	**639,425**	647,513
Development expenditure work in progress	**225,023**	172,683
Development rights	**19,801**	20,291
	884,249	840,487

(i) Impairment of inventories

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

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

(ii) Cluain Mhuire site acquisition

In February 2020, the Group acquired a development site located in Blackrock, Co. Dublin for total consideration of approximately €8.0 million.

(iii) Employment cost capitalised

€5.8 million of employment costs (net of Temporary Wage Subsidy Scheme Payments received which have been accounted for in accordance with IAS 20 '*Accounting for Government Grants and Disclosure of Government Assistance*') incurred in the period have been capitalised in inventory *(June 2019: €5.8 million.*

13 Property, plant and equipment

During the period, the Group recognised total additions to property, plant and equipment of €2.8 million *(six months ended 30 June 2019: €1.4 million)* which included expenditure on land and buildings of €0.6 million *(six months ended 30 June 2019: €Nil)*, with €2.2 million *(six months ended 30 June 2019: €1.4 million)* invested in plant and machinery, fixtures and fittings and computer equipment. Depreciation recognised in the period was €1.2 million *(six months ended 30 June 2019: €0.9 million)*.

During the period, the Group entered into new lease agreements for the use of motor vehicles (€0.3m) and land and buildings for its office facility in Maynooth, Co. Kildare (€1.5m). The land and buildings lease commenced in June 2020 for a duration of two years. On lease commencement, the Group recognised €1.8 million *(six months ended 30 June 2019: €0.1 million)* of right-of-use assets and lease liabilities.

14 Intangible assets

During the period, the Group recognised total additions to intangible assets of €0.1 million *(six months ended 30 June 2019: €0.2 million)* relating to computer software. Amortisation recognised in the period was €0.2 million *(six months ended 30 June 2019: €0.1 million)*.

15 Trade and other receivables

	30 June 2020 €'000	31 December 2019 €'000
Trade receivables	**7,720**	3,412
Other receivables	**1,888**	2,482
Prepayments	**672**	393
Construction bonds	**5,702**	4,401
Deposits for sites	**504**	1,553
	16,486	12,241

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

16 Cash and cash equivalents

	30 June 2020 €'000	31 December 2019 €'000
Cash at bank	**62,879**	93,224

17 Share capital and share premium

(a) Authorised share capital

As at 30 June 2020 and 31 December 2019	Number of shares	€'000
Ordinary shares of €0.001 each	1,000,000,000	1,000
Founder shares of €0.001 each	200,000,000	200
Deferred shares of €0.001 each	200,000,000	200
	1,400,000,000	**1,400**

17 Share capital and share premium *(continued)*

(b) Issued share capital

As at 30 June 2020	**Number of shares**	**Share capital €'000**	**Share premium €'000**
Ordinary shares of €0.001 each	871,333,550	871	179,281
Founder shares of €0.001 each	181,006,838	181	-
	1,052,340,388	**1,052**	**179,281**

As at 31 December 2019	**Number of shares**	**Share capital €'000**	**Share premium €'000**
Ordinary shares of €0.001 each	871,333,550	871	879,281
Founder shares of €0.001 each	181,006,838	181	-
	1,052,340,388	**1,052**	**879,281**

During the period, further to resolutions passed by shareholders of the Company on 17 December 2019, the High Court approved the Group's application on 16 March 2020 to reduce its share premium account such that €700 million of this amount shall be treated as profits available for distribution. The amount has been reclassified to retained earnings.

18 Trade and other payables	**30 June 2020 €'000**	**31 December 2019 €'000**
Trade payables	**5,934**	7,455
Payroll and other taxes	**649**	2,755
Inventory accruals	**20,358**	22,017
Other accruals	**4,944**	5,709
VAT payable	**1,185**	18,282
	33,070	56,218
Non-current	**-**	-
Current	**33,070**	56,218
	33,070	56,218

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

19 Loans and Borrowings

(a) Loans and borrowings

The Group is party to a Revolving Credit Facility (*"RCF"*) for a total of €250 million (of which €125 million is committed) with a syndicate of domestic and international banks for a term of 3 years at an interest rate of one-month EURIBOR (subject to a floor of 0 per cent) plus a margin of 2.5%. At June 2020, €110.0 million *(31 December 2019: €40.0 million)* had been drawn on the facility. Pursuant to the RCF agreement, there is a fixed and floating charge in place over all assets of the Group as continuing security for the discharge of any amounts drawn down.

	30 June 2020 €'000	**31 December 2019 €'000**
Revolving Credit Facility	**110,000**	40,000
Unamortised transaction costs	**(275)**	(446)
Interest accrued	**53**	15
Total loans and borrowings	**109,778**	39,569

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

- A maximum net debt to net assets ratio;
- The Group is required to maintain a minimum cash balance of €25.0 million throughout the term of the facility; and
- A minimum EBITDA to net interest coverage ratio calculated on a trailing twelve month basis.

19 Loans and Borrowings *(continued)*

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

		Cash flows			Non-cash changes				
	Opening 1 Jan 2020	**Credit facility drawdown**	**Payment of lease liability**	**Interest paid**	**Amortisation of transaction costs**	**Interest on RCF**	**Interest on lease liability**	**New leases**	**Closing 30 June 2020**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Liabilities									
Loans and borrowings	**40,000**	70,000	-	-	-	-	-	-	**110,000**
Unamortised transaction costs	**(446)**	-	-	-	171	-	-	-	**(275)**
Lease liability	**595**	-	(545)	-	-	-	10	1,747	**1,807**
Interest accrual	**15**	-	-	(1,141)	-	1,179	-	-	**53**
	40,164	**70,000**	**(545)**	**(1,141)**	**171**	**1,179**	**10**	**1,747**	**111,585**

19 Loans and Borrowings *(continued)*

(c) Net (debt) / funds reconciliation

	30 June 2020 €'000	31 December 2019 €'000
Cash and cash equivalents	**62,879**	93,224
Loans and borrowings	**(109,778)**	(39,569)
Lease liabilities	**(1,807)**	(595)
Total net (debt) / funds	**(48,706)**	53,060

(d) Lease Liabilities

Lease liabilities are payable as follows:

	30 June 2020		
	Present value of minimum lease payments €'000	Interest €'000	Future value of minimum lease payments €'000
Less than one year	877	22	899
Between one and two years	692	17	709
More than two years	238	6	244
	1,807	**45**	**1,852**

20 Restricted cash

The restricted cash balance relates to €1.5 million held in escrow until the completion of certain infrastructural works relating to the Group's residential development at Balbriggan, Co. Dublin. The estimated fair value of restricted cash as at 30 June 2020 is its carrying value.

21 Financial instruments and financial risk management

(a) Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

	Carrying Amount Financial assets at amortised cost	
	30 June 2020 €'000	31 December 2019 €'000
Financial assets not measured at fair value		
Trade receivables	**7,720**	3,412
Other receivables	**1,888**	2,482
Construction bonds	**5,702**	4,401
Deposits for sites	**504**	1,553
Cash and cash equivalents	**62,879**	93,224
Restricted cash (non-current)	**1,500**	1,500
Total financial assets	**80,193**	106,572

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

	Carrying amount Other financial liabilities	
	30 June 2020 €'000	31 December 2019 €'000
Financial liabilities not measured at fair value		
Trade payables	**5,934**	7,455
Lease liabilities	**1,807**	595
Inventory accrual	**20,358**	22,017
Other accruals	**4,944**	5,709
Loans and borrowings	**109,778**	39,569
Total financial liabilities	**148,821**	75,345

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

Loans and borrowings and lease liabilities detailed above are categorised as level 2 in the fair value hierarchy.

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

(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 risk is primarily:

– liquidity risk – the risk that suitable funding for the Group's activities may not be available;

This note presents information and quantitative disclosures about the Group's exposure to liquidity risk, its objectives, policies and processes for measuring and managing risk.

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 as outlined to in Note 6.

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. The Group's approach to liquidity risk during COVID 19 was to focus on completing units under construction and not commencing new developments with a view to maximising cash flow from work in progress and this is likely to continue in the second half of the year. The Group drew down €70.0 million from its revolving credit facility in the period *(2019: €40.0 million).* Set out below are details of the Group's available undrawn committed debt facilities and cash on hand at the balance sheet date.

Funds available	**30 June 2020 €'000**	**31 December 2019 €'000**
Revolving credit facility (undrawn committed)*	**15,000**	85,000
Cash and cash equivalents	**62,879**	93,224
	77,879	178,224

**The Group's RCF contains a mechanism through which the committed amount can be increased up to €250.0 million. Under the terms of the Group's RCF, the Group is required to maintain a minimum cash balance of €25.0 million in cash and cash equivalents throughout the term of the facility.*

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

- A maximum net debt to net assets ratio;
- The Group is required to maintain a minimum cash balance of €25.0 million throughout the term of the facility; and
- A minimum EBITDA to net interest coverage ratio calculated on a trailing twelve month basis.

22 Related Party Transactions

There were no related party transactions other than Directors' remuneration incurred in the six-month period ended 30 June 2020.

23 Commitments and contingent liabilities

Land acquisition subject to re-zoning

During 2018, the Group contracted to acquire 66 acres of currently unzoned land in the Greater Dublin Area subject to appropriate residential zoning being awarded in the next local authority development plan on at least 30 acres of the site. Once this minimum threshold is achieved, the Group has committed to acquiring the entire site at a fixed price per acre on land zoned for residential development with the remaining land to be acquired at market value.

Hollystown Golf and Leisure Limited ("HGL")

During 2018, the Group acquired 100 per cent of the share capital of HGL. Under the terms of an overage covenant signed in connection with the acquisition, the Group has committed to paying the vendor an amount equal to an agreed percentage of the uplift in market value of the property should any lands owned by HGL, that are not currently zoned for residential development be awarded a residential zoning. This commitment has been treated as contingent consideration and the fair value of the contingent consideration at the acquisition date was initially recognised at €nil. At the reporting date, the fair value of this contingent consideration was considered insignificant.

Maryborough Ridge, Cork

The Group also entered into a licence agreement to develop a further 18.65 acres at the Maryborough Ridge site. At 31 December 2019 an amount of €9 million was recognised in inventory reflecting the initial licence fee paid to date and related stamp duty and acquisition costs. The remaining €4 million of the licence fee is payable in equal instalments in line with milestones outlined in the licence agreement which will bring the total consideration to approximately €13.0 million. During the period ended 30 June 2020, milestones were achieved resulting in the payment of €1.2 million of the residual licence fee 2020.

Under the terms of the licence agreement, the Group has committed to paying the vendor further variable amounts dependent on the number of units developed and unit sale prices achieved in excess of those contemplated in the licence agreement. As these commitments are based on uncertain future events, the Group has treated them as contingent liabilities. The Group will reassess these commitments at each reporting date.

24 Subsequent events

Other than the information provided in note 6, no other events have occurred subsequent to the reporting date that require disclosure in these financial statements.

25 Approved financial statements

The Directors approved the condensed consolidated interim financial statements on 8 September 2020.