INTERIM RESULTS

Michael Stanley
Chief Executive
& Co-Founder

Tim Kenny
Chief Financial Officer

Declan Murray
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CONSIDERABLE PROGRESS
Highlights

FINANCIAL

+157%  
Revenues increased by €25.2 million to €41.2 million, including 94 completions, up from 39 completions in H1 2016.

+191%  
Gross profit up €5.1 million from €2.6 million to €7.7 million.

18.7%  
Continued progression in gross profit margin, up to 18.7%, from 16.5% in H1 2016.

€887m  
Investment in land (as at 05 September 2017) since IPO in June 2015 on:
(i) a core land bank of 33 separate sites, inclusive of €32 million deferred payments, on which the Company will develop c.12,700 units, with over 90% located in the Greater Dublin Area (GDA); and
(ii) €71 million of non-core assets, the remainder of which will be disposed of within 12-18 months.

OPERATIONAL

9 active/ 7 selling sites  
Active on nine developments compared to five developments at the end of 2016, which will deliver in excess of 3,250 new homes. Selling off seven of these developments.

Enhancing value  
Core competency in value creation through innovative design and planning gains. We anticipate that a number of sites will achieve enhanced planning grants before the end of the year.

Joint venture  
Joint Venture arrangement at Parkside with NAMA, announced earlier this year, continues to progress well with completions to start later this year. Anticipate further opportunities.

Montrose  
 Acquisition of the RTÉ Montrose site in July 2017 for €107.5 million. This 8.64 acre prime residentially zoned site in Donnybrook, Dublin 4 is in a unique location and has strong potential for a premium apartment development. Recent acquisition strategy has served to improve the overall land bank mix.

ISE listing  
Listed on Irish Stock Exchange in July 2017 – increased retail and institutional reach. Added to the FTSE Global Small Cap Index, effective 18 September 2017, also increasing retail and institutional reach.

1,200 people  
Over 1,200 people are working directly and indirectly on our active sites today and we expect this to increase to 2,000 people in the next 12 months.

474 units  
Forward sales pipeline of 474 units (sales value €188 million, incl. VAT) in place for the remainder of 2017 and into H1 2018.

100m  
Equity placing concluded in May 2017 and a site specific debt facility put in place in July 2017, raising combined gross proceeds of in excess of €100 million.

Recent acquisition strategy has served to improve the overall land bank mix.

Continuing to invest in people, systems and agile but disciplined processes, all adding to our operational strength and supporting the scaling of the business.
### Income Statement

#### INCOME STATEMENT FOR 6 MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED)

<table>
<thead>
<tr>
<th></th>
<th>Before Exceptional Items €'000</th>
<th>Exceptional Items €'000</th>
<th>Total €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>41,178</td>
<td>-</td>
<td>41,178</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(33,475)</td>
<td>-</td>
<td>(33,475)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>7,703</td>
<td>-</td>
<td>7,703</td>
</tr>
<tr>
<td><strong>% margin</strong></td>
<td>18.7%</td>
<td>-</td>
<td>18.7%</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>523</td>
<td>-</td>
<td>523</td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td>(5,192)</td>
<td>(500)</td>
<td>(5,692)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>3,034</td>
<td>(500)</td>
<td>2,534</td>
</tr>
<tr>
<td><strong>Net finance costs</strong></td>
<td>(2,926)</td>
<td>-</td>
<td>(2,926)</td>
</tr>
<tr>
<td><strong>(Loss)/profit before tax</strong></td>
<td>108</td>
<td>(500)</td>
<td>(392)</td>
</tr>
<tr>
<td><strong>Income tax credit</strong></td>
<td></td>
<td></td>
<td>120</td>
</tr>
<tr>
<td><strong>Loss for the period</strong></td>
<td></td>
<td></td>
<td>(272)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Before Exceptional Items €'000</th>
<th>Exceptional Items €'000</th>
<th>Total €'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>16,003</td>
<td>-</td>
<td>16,003</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(13,360)</td>
<td>-</td>
<td>(13,360)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>2,643</td>
<td>-</td>
<td>2,643</td>
</tr>
<tr>
<td><strong>% margin</strong></td>
<td>16.5%</td>
<td>-</td>
<td>16.5%</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>3,531</td>
<td>-</td>
<td>3,531</td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td>(3,331)</td>
<td>(1,212)</td>
<td>(4,543)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>2,843</td>
<td>(1,212)</td>
<td>1,631</td>
</tr>
<tr>
<td><strong>Net finance costs</strong></td>
<td>(2,332)</td>
<td>-</td>
<td>(2,332)</td>
</tr>
<tr>
<td><strong>(Loss)/profit before tax</strong></td>
<td>511</td>
<td>(1,212)</td>
<td>(701)</td>
</tr>
<tr>
<td><strong>Income tax credit</strong></td>
<td></td>
<td></td>
<td>122</td>
</tr>
<tr>
<td><strong>Loss for the period</strong></td>
<td></td>
<td></td>
<td>(579)</td>
</tr>
</tbody>
</table>

- Revenue of €41.2m predominantly from the sale of 94 houses (€26.3m) and site sales (€14.1m).
- Gross profit margin of 18.7%, with a gross profit of €7.7m.
- Other income of €0.5m mainly comprised of loan related income.
- Administrative expenses of €5.2m.
- Operating profit of €2.5m.
- Exceptional administrative costs of €0.5m in respect of Irish Stock Exchange listing.
- Finance costs mainly represent the interest on the Company’s €200m Senior Debt Facilities.
## BALANCE SHEET AS AT 30 JUNE 2017

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 30 June 2017 €’000</th>
<th>Audited 31 December 2016 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>PP&amp;E and intangibles</td>
<td>2,021</td>
<td>1,379</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>27,000</td>
<td>27,000</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>29,021</td>
<td>28,379</td>
</tr>
<tr>
<td>Loan assets</td>
<td>16,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Inventories</td>
<td>766,418</td>
<td>727,223</td>
</tr>
<tr>
<td>Deposits paid</td>
<td>10,750</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>22,624</td>
<td>17,015</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td>75,127</td>
<td>45,645</td>
</tr>
<tr>
<td>Current assets</td>
<td>890,919</td>
<td>805,883</td>
</tr>
<tr>
<td>Total assets</td>
<td>919,940</td>
<td>834,262</td>
</tr>
<tr>
<td>Share capital</td>
<td>828</td>
<td>794</td>
</tr>
<tr>
<td>Share premium</td>
<td>749,616</td>
<td>697,733</td>
</tr>
<tr>
<td>Share-based payment reserve</td>
<td>24,900</td>
<td>24,779</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(60,489)</td>
<td>(58,935)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>1,268</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>716,123</td>
<td>664,371</td>
</tr>
<tr>
<td><strong>Loans and borrowings</strong></td>
<td>171,178</td>
<td>148,631</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>5,370</td>
<td>5,490</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>176,548</td>
<td>154,121</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>27,269</td>
<td>15,770</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>27,269</td>
<td>15,770</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>919,940</td>
<td>834,262</td>
</tr>
</tbody>
</table>

### COMMENTARY

- Inventories represents all owned sites, work in progress spend to date and development land collateral (including a transfer from loan assets in 2017 totaling €43.9m).
- Trade and other receivables mainly includes VAT recoverable (on acquired sites), construction bonds and sundry debtors.
- Loans and borrowings represents amounts drawn under the Senior Debt Facilities of €170m plus €2.3m drawn on the Revolving Credit Facility on joint development with National Asset Management Agency – net of debt issue costs.
- Total cash of €102.1m (including restricted cash of €27m).
- €30m undrawn Senior Debt Facilities and €7.8m undrawn Revolving Credit Facility as at 30 June 2017.
- Trade and other payables is principally comprised of trade payables.
## CASH FLOW STATEMENT FOR 6 MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED)

<table>
<thead>
<tr>
<th></th>
<th>6 months ended 30 June 2017 €’000</th>
<th>6 months ended 30 June 2016 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>2,833</td>
<td>1,684</td>
</tr>
<tr>
<td><strong>Increase in inventories</strong></td>
<td>(39,195)</td>
<td>(77,660)</td>
</tr>
<tr>
<td>Decrease in loan assets</td>
<td>-</td>
<td>26,768</td>
</tr>
<tr>
<td>Increase in deposits paid</td>
<td>(10,750)</td>
<td>(625)</td>
</tr>
<tr>
<td>Increase in receivables</td>
<td>(5,609)</td>
<td>(2,344)</td>
</tr>
<tr>
<td>Increase/(decrease) in payables</td>
<td>11,465</td>
<td>(1,469)</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(41,256)</td>
<td>(53,646)</td>
</tr>
<tr>
<td>Acquisition of Argentum</td>
<td>-</td>
<td>(86,074)</td>
</tr>
<tr>
<td>Cash acquired on acquisition of Argentum</td>
<td>-</td>
<td>818</td>
</tr>
<tr>
<td>Purchases of PP&amp;E and intangibles</td>
<td>(820)</td>
<td>(478)</td>
</tr>
<tr>
<td>Interest received</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(808)</td>
<td>(85,734)</td>
</tr>
<tr>
<td><strong>Proceeds from issue of share capital, net of issue costs paid</strong></td>
<td>50,635</td>
<td>168,018</td>
</tr>
<tr>
<td>Proceeds from borrowings, net of debt issue costs</td>
<td>22,312</td>
<td>99,527</td>
</tr>
<tr>
<td>Repayment of loans</td>
<td>-</td>
<td>(15,500)</td>
</tr>
<tr>
<td>Investment in subsidiary by non-controlling interest</td>
<td>1,268</td>
<td>-</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(2,669)</td>
<td>(2,134)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>71,546</td>
<td>249,911</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>29,482</td>
<td>110,531</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the period</td>
<td>45,645</td>
<td>6,551</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of the period</strong></td>
<td>75,127</td>
<td>117,082</td>
</tr>
</tbody>
</table>

### COMMENTARY

- Increase in inventories represents 2017 acquisitions plus spend on active developments, less sales releases and site sales.
- Deposit paid relates to RTÉ Montrose site acquisition.
- May 2017 share placing raised gross proceeds of €51.9m – total share issue costs of €1.3m.
- €20m was drawn down under Group’s Revolving Credit Facility with a further €2.3m drawn down under the Revolving Credit Facility on the joint development with NAMA.
- Interest paid of €2.7m represents interest and commitment fees on the Senior Debt Facilities.
Financial Highlights

2016 & 2017 MONTHLY & CUMULATIVE FORWARD SALES

COMMENTARY

- Strong sales trajectory with 468 units agreed for sale in the year to date, reflecting an average weekly sales run rate of 13 units.

- As of today, in excess of 200 of these units will give a strong start to 2018 sales.
Financial Highlights

CONSIDERABLE PROGRESS TO ACHIEVE LONG-TERM OBJECTIVES

Sales completions and forward sales by unit numbers and revenue

Future revenue and ASP outlook

- **Sales completions and forward sales by unit numbers and revenue**
  - **H1 2016**
  - **H2 2016**
  - **H1 2017**
  - **H2 2017**
  - **Sales completions**
  - **Forward Sales**

- **Future revenue and ASP outlook**
  - **Revenue €’s**
  - **ASP (Ex. VAT) €**
  - **Turnover Range: €450m - €500m**
  - **Turnover Range: €275m - €325m**

Forward sales support 2017 guidance and creates momentum for H1 2018.
ENHANCING VALUE IN OUR LAND BANK
The Brands of our Current Developments
Core Land Bank Analysis

INVESTMENT IN OUR CORE LAND BANK – CAPITAL ALLOCATIONS TIMELINE AND GEOGRAPHICAL SPLIT

Core land bank acquisition dates

Capital allocation by geographical location

- 19.1% REST OF DUBLIN
- 49.5% DUBLIN WITHIN M50
- 26.9% GREATER DUBLIN AREA
- 4.5% REGIONAL

79% of core land bank acquired within 1 year of IPO
Core Land Bank Composition

**COMPOSITION OF 12,700 UNITS**

### UNIT TYPE
- Houses: 69%
- Apartments: 31%

### PLANNING STATUS
- Full Planning Permission: 36%
- SDZ Effective FPP: 32%
- Zoned Residential: 28%
- Subject to Zoning: 4%

### BUYER PROFILE
- FTB (from €250k): 54%
- Trade Up / Mover (up to €600k): 19%
- Premium (from €600k): 17%
- Social: 10%

- Average Unit Land Cost: €63k
- Land as a % of NDV: 19.2%
- Land bank NDV (no HPI): €4.25bn
Core Land Bank Analysis - Housing

WELL LOCATED HOUSING SITES WITH EXCELLENT PUBLIC TRANSPORT AND INFRASTRUCTURE LINKS

Active

<table>
<thead>
<tr>
<th>No.</th>
<th>Site</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Parkside, Malahide Road</td>
<td>433</td>
</tr>
<tr>
<td>2.</td>
<td>Churchfields, Ashbourne, Co. Meath</td>
<td>397</td>
</tr>
<tr>
<td>3.</td>
<td>Elsmore, Naas, Co. Kildare</td>
<td>415</td>
</tr>
<tr>
<td>4.</td>
<td>Shackleton Park, Lucan</td>
<td>1,097</td>
</tr>
<tr>
<td>5.</td>
<td>Glenheron, Greystones, Co. Wicklow</td>
<td>490</td>
</tr>
<tr>
<td>6.</td>
<td>Parkside NAMA JV</td>
<td>71</td>
</tr>
<tr>
<td>7.</td>
<td>Albany, Killiney</td>
<td>20</td>
</tr>
</tbody>
</table>

Future

<table>
<thead>
<tr>
<th>No.</th>
<th>Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td>Craddockstown, Naas, Co. Kildare</td>
</tr>
<tr>
<td>9.</td>
<td>Coolagad, Greystones, Co. Wicklow</td>
</tr>
<tr>
<td>10.</td>
<td>Mariavilla, Maynooth, Co. Kildare</td>
</tr>
<tr>
<td>11.</td>
<td>Clonburns, Dublin 22</td>
</tr>
<tr>
<td>12.</td>
<td>Cherrywood, South Co. Dublin</td>
</tr>
<tr>
<td>13.</td>
<td>Newcastle, Co. Dublin</td>
</tr>
<tr>
<td>14.</td>
<td>Citywest, Dublin 24</td>
</tr>
<tr>
<td>15.</td>
<td>Blessington, Co. Wicklow</td>
</tr>
<tr>
<td>16.</td>
<td>Swords, Co. Dublin</td>
</tr>
<tr>
<td>17.</td>
<td>Farrankelly, Delgany, Co. Wicklow</td>
</tr>
<tr>
<td>18.</td>
<td>Enniskerry, Co. Wicklow</td>
</tr>
<tr>
<td>19.</td>
<td>Douglas, Cork</td>
</tr>
<tr>
<td>20.</td>
<td>Kilkenny</td>
</tr>
<tr>
<td>21.</td>
<td>Rahoon, Galway</td>
</tr>
<tr>
<td>22.</td>
<td>Ballymoneen, Galway</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Metric</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Allocation</td>
<td>59.1%</td>
</tr>
<tr>
<td>Total Units</td>
<td>10,639</td>
</tr>
<tr>
<td>Average Selling Price</td>
<td>€327k</td>
</tr>
<tr>
<td>Net Development Value (NDV)</td>
<td>€2.95bn</td>
</tr>
<tr>
<td>Average Plot Cost per Unit</td>
<td>€42k</td>
</tr>
<tr>
<td>Land Cost as a % of NDV</td>
<td>16.3%</td>
</tr>
</tbody>
</table>
Core Land Bank Analysis – Apartments

PRIME APARTMENT SITES IN AND NEAR DUBLIN CITY CENTRE

Active

1. Marianella, Rathgar, Dublin 6W 231
2. Hanover Quay, Dublin 2 122

Future

3. Montrose, Dublin 4
4. Donnybrook, Dublin 4
5. Barrington Tower, Carrickmines, Dublin 18
6. Griffith Avenue, Dublin 9
7. Stillorgan, Co. Dublin
8. Glenamuck Road, Carrickmines, Dublin 18
9. Cross Avenue, Blackrock, Co. Dublin
10. Cork Street, Dublin 8
11. Blackhall Place, Dublin 7

Capital Allocation | 40.9%
Total Units | 2,294
Average Selling Price | €563k
Net Development Value (NDV) | €1.3bn
Average Plot Cost per Unit | €145k
Land Cost as a % of NDV | 25.7%
1. Highlights
2. Land Bank
3. Operations
4. Outlook
5. Appendix

PEOPLE, PROCESS, AGILITY, DISCIPLINE

1,200 Employees & Subcontractors
The Steps we Take to Ensure our Future Success

1. LAND
- Land cost to NDV – 21%
- Agility of 33 core sites
- Unit mix across the price spectrum
- Wholly owned, majority acquired within one year of IPO in 2015
- Average site size 370 units
- Amortise fixed preliminary costs over longer term construction programme

2. PEOPLE
- High calibre, talented team assembled
- Support functions and site management teams fully resourced
- Focus on developing talent and building careers
- Sponsorship of apprenticeship programmes
- 96% of land bank has no planning risk
- Design driven by creating communities
- Amend existing planning consents to maximise land efficiency and enhance value

3. PLANNING & DESIGN
- Understanding our market and customer needs and designing homes accordingly

5. CUSTOMER EXPERIENCE
- Connect with customers when they start the journey of buying a new home
- Investment in customer service operations with full after-sales operations support across all selling sites
- Fully integrated CRM system streamlined across sales and customer management process
- Provide information, advice and support during every step of the home buying journey

4. THE HOUSES WE BUILD
- Uniform starter home product across multiple sites
- Own contractor - site management teams supported by central support functions
- Manage strong and established subcontractor relationships
- Large scale sites drive construction cost economies of scale
- Energy efficient homes with high energy ratings

A defined business model to deliver on our long-term objectives

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>€26m</td>
</tr>
<tr>
<td>2019</td>
<td>€450m</td>
</tr>
</tbody>
</table>
Selling Sites

PARKSIDE, MALAHIDE ROAD  433 UNITS

UPDATE: Phase 1 (166 units) sold out. Phase 2 construction (141 units) nearing completion with sales and closings progressing well.

PARKSIDE NAMA JV  71 UNITS

Selling Sites

CHURCHFIELDS, ASHBOURNE (GDA) 397 UNITS

UPDATE: Phase 1 construction nearing completion. Completions and sales continuing at a strong pace with Phase 2 construction due to commence early in 2018.

MARIANELLA, RATHGAR 231 UNITS

UPDATE: Strong sales (in excess of 110 units) with completions imminent. Planning permission for final 21 units granted in Q2 2017 and ASPs ahead of target.
## Selling Sites

<table>
<thead>
<tr>
<th>Location</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shackleton Park, Lucan</td>
<td>1,097</td>
</tr>
<tr>
<td>Glenheron, Greystones (GDA)</td>
<td>490</td>
</tr>
</tbody>
</table>

**Update:** Construction of 199 houses and 68 apartments in Phase 1 progressing well. Successful off-plan sales launch in May 2017 with further units to be released at the end of September.

**Update:** Construction of Phase 1 progressing well and successful off-plan sales launch of a number of units earlier in the summer. Remaining units to be launched at the end of September.
Sites Under Construction

ELSMORE, NAAS (GDA)  415 UNITS

UPDATE: Construction progressing well with new link road and site preliminary works advancing.

HANOVER QUAY, DUBLIN 2  122 UNITS

UPDATE: Project progressing well with construction at fourth floor level (eight floors in total). Expected sales launch mid-2018.
**Future Sites**

**MONTROSE, DUBLIN 4**

**UPDATE:** Detailed pre-planning and design phase underway in order to deliver an optimum scheme at this prime and unique site.

**CHERRYWOOD, SOUTH CO. DUBLIN**

**UPDATE:** Infrastructure works and completion of public parks progressing. Fast-track SDZ planning application to be submitted during 2018.
Future Sites

**DONNYBROOK, DUBLIN 4**

**UPDATE:** Ready to go apartment development with full planning permission. Expected to be our next site commencement.

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**CLONBURRIS, DUBLIN 22**

**UPDATE:** Draft plan for enlarged, 280 hectare (Cairn - 72 hectares) SDZ to be published by South Dublin County Council in late 2017.
**Future Sites**

**GRIFFITH AVENUE, DUBLIN 9**

**UPDATE:** In detailed pre-planning and design with a planning application to be submitted in Q4 2017.
1. Highlights
2. Land Bank
3. Operations
4. Outlook
5. Appendix

DRIVING SHAREHOLDER VALUE
OUTLOOK

- Strong and growing forward sales pipeline
- Overall, the Group looks forward to further progress throughout the remainder of 2017 and beyond

Supply / demand imbalance growing
- Talented team in place
- Clearly defined strategy
- Exceptional land bank
- Business scaling on track
- Strengthening economic fundamentals

- Clearly defined strategy
- Exceptional land bank
- Business scaling on track
- Strong and growing forward sales pipeline
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EVERY DETAIL
Key Drivers Boosting Affordability

WAGE INFLATION OUTSTRIPping CONSUMER PRICE INDEX

STRENGTHENING IRISH LABOUR MARKET

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STRENGTHENING IRISH LABOUR MARKET

MORTGAGE RATES FALLING

FISCAL SPACE INCREASING AFTER-TAX INCOME

End of Austerity - Impact on Couple earning €80k per annum

Source: CSO, Goodbody, CBI, TaxCalc.ie
National Residential Price Recovery vs Rental Price Recovery

RENTS 15% ABOVE PEAK, HOUSE PRICES STILL 28% BELOW PEAK

- Dublin average house price €326,249 as at June 2017, 28% below €453,638 peak in February 2007.

- The National Rental Index reached 129.3 in June 2017, 15% above April 2008 peak.

- The Daft.ie Q2 2017 Rental Price Report identifies that rents in Dublin are now 18.1% above their previous peak.

Av. House Price
€k

National Rental Index

Jan-06
May-06
Sep-06
Jan-07
May-07
Sep-07
Jan-08
May-08
Sep-08
Jan-09
May-09
Sep-09
Jan-10
May-10
Sep-10
Jan-11
May-11
Sep-11
Jan-12
May-12
Sep-12
Jan-13
May-13
Sep-13
Jan-14
May-14
Sep-14
Jan-15
May-15
Sep-15
Jan-16
May-16
Sep-16
Jan-17
May-17

Av. Dublin House Price
CSO National Rental Index

Source: CSO
## Renting v’s Owning

### AFFORDABILITY IN REAL TERMS – NOW 32.5% DEARER TO RENT A STARTER HOME THEN OWN AND FINANCE

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>€80,000</td>
<td>€84,147</td>
</tr>
<tr>
<td>Annual After-Tax Income</td>
<td>€60,138</td>
<td>€64,454</td>
</tr>
<tr>
<td>Monthly After-Tax Income</td>
<td>€5,012</td>
<td>€5,371</td>
</tr>
<tr>
<td>Standard Variable Rate (per CBI)</td>
<td>4.20%</td>
<td>3.35%</td>
</tr>
<tr>
<td>Monthly Mortgage Repayments</td>
<td>€1,344</td>
<td>€1,290</td>
</tr>
<tr>
<td>Monthly Pay after Tax &amp; Mortgage</td>
<td>€3,668</td>
<td>€4,081</td>
</tr>
<tr>
<td>3 Bed Rental – Monthly Cost</td>
<td>€1,232</td>
<td>€1,709</td>
</tr>
<tr>
<td>Difference between renting &amp; owning</td>
<td>+ €112</td>
<td>- €419</td>
</tr>
</tbody>
</table>

### ASSUMPTIONS

- **2014**: Couple, both working, earning €40,000 each.

- First time buyers, purchased a three bedroom house for €295,000 in Dublin 13 (equivalent to Parkside launch price) and obtained a €271,000 mortgage (92% LTV – maximum LTV available at the time) on a 4.20% standard variable rate (SVR) with capital and interest repayments over 30 years.

- Balance of purchase price, €23,600, paid from personal resources.

- **2017**: Same couple benefitted from wage inflation of 1.8% in 2015, 1.1% in 2016 and 2.2% in 2017.

- Purchased similar three bedroom house for €325,000 (allowing for 10% HPI in period) in Dublin 13 and obtained a €293,000 (90% LTV) mortgage on a 3.35% SVR with capital and interest repayments over 30 years.

- As first time buyers, they are in receipt of the Help to Buy income tax rebate, reducing their contribution to the purchase price to 5% or €16,250.

**Renting vs Owning…**

- **2014**: 11.1% CHEAPER IN 2014
- **2017**: 32.5% DEARER IN 2017
The mortgage market continues its strong growth trend in terms of both drawdowns and approvals. In the year to June 2017:

- Mortgage drawdowns + 28% (18% increase in the number of mortgages and 9% increase in the average loan size);
- Mortgage approvals + 38% (28% increase in volume, FTBs +52% yoy).

The number of individual mortgage drawdowns loans has averaged 83% of the total number of individual mortgage approval loans since mid-2014, however in H1 2017, this has fallen to 70%.

In the 12 months to June 2017, there were 35,224 mortgage approvals for transaction purposes, compared to 27,124 mortgages that were drawn down. In percentage terms, this is the biggest gap since the data began in 2011. This suggests 23% of mortgage approved customers cannot source product with which to convert their approval into a house purchase.
Supply Still Lagging Demand

GOVERNMENT STATISTICS INDICATE UNDER-SUPPLY OF 73,078 UNITS SINCE THE START OF 2012

COMMENTARY

- The sustained slowdown in the provision of supply began in earnest in 2009, bottoming out in 2013, with the “recovery” commencing in 2014.

- The Department of Housing, Planning & Local Government completion statistics indicate that the level of under-supply, based on using the median Dublin and Rest of Ireland medium term housing estimates at 73,078 units since the start of 2012:
  - Dublin: 36,307 units
  - Rest of Ireland: 36,771 units

BUT THE PROPERTY PRICE REGISTER SUGGESTS UNDER-SUPPLY IS ACTUALLY 112,383 UNITS

- A reliable measure of new home sales is the Property Price Register, which records the sale of new homes based on stamp duty returns.

- The Property Price Register indicates that the actual level of under-supply is actually 112,383 units since the start of 2012:
  - Dublin: 41,633 units
  - Rest of Ireland: 70,750 units

Source: Department of Housing, Planning, Community and Local Government.

Note: Total house completions based on the number of new dwellings connected by ESB Networks to the electricity supply. Dublin includes Dun Laoghaire-Rathdown, Fingal and South Dublin County Councils and Dublin City Council. Cork and Galway include County and City councils. Data up to and including May 2017.

(1) Medium term housing demand 2016-2021 (estimated), Goodbody (Irish Property, September 2014).
HELP TO BUY:

In conjunction with the changes to the Central Bank of Ireland’s macroprudential mortgage lending rules, Help to Buy is supporting realisable mortgage backed demand for starter homes amongst first time buyers. The scheme is under review and recent media coverage suggests it will remain in place until 2019.

LOCAL INFRASTRUCTURE HOUSING ACTIVATION FUND (LIHAF):

Following the allocation of the €226 million LIHAF package, in which five of our core sites will benefit from funding (Parkside, Shackleton Park, Clonburris, Cherrywood and Glenamuck Road), we are finalising negotiations ahead of contracting with various local authorities to release funding. These local areas and residents will benefit from the provision of the necessary infrastructure, at an estimated value of €75 million, which will speed up the supply of new homes with a commitment from Cairn to deliver competitively priced new homes.

VACANT SITE LEVY:

A 3% vacant site levy will be imposed from January 2019 with the intention of freeing up the supply of development land. The levy will target investors sitting on sites, and should not be imposed on housebuilders who own sites on which they will build.

FAST TRACK PLANNING:

New legislation providing for a shortened, one step planning process for housing schemes delivering greater than 100 units was enacted in July 2017. With an average site size of 370 units, this should provide for a more efficient planning process for sites within our core land bank where we may seek new, amended or revised planning permissions.

Source: CSO