

**CAIRN**

DESIGNED FOR LIVING  
BUILT FOR LIFE.

Cairn Homes plc  
2019 Preliminary Results Presentation

**WHERE PEOPLE  
LOVE TO LIVE**



Oak Park, Naas

# 2019 Preliminary Results Presentation

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## Table of Contents

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*Page*



**Michael Stanley**

Co-Founder & CEO



**Ian Cahill**

Head of Finance



**Declan Murray**

Head of Investor Relations

<b>1</b>	Highlights	2
<b>2</b>	Sustainability & Innovation	11
<b>3</b>	Financial	15
<b>4</b>	Market & Landbank	20
<b>5</b>	Guidance, Capital Returns & Outlook	26
<b>6</b>	Appendices	30



**CAIRN**

DESIGNED FOR LIVING  
BUILT FOR LIFE.



Our 2,000<sup>th</sup> Customers

# 01 Highlights

## Highlights

### Exceptional Sales Performance in 2019

**1,080**

Closed sales in 2019

**853\***

Year to date closed and forward sales  
(701 expected to close in 2020)

### Strong Revenue and Operating Profit

**€435m (+29%)**

Revenue

**€68m (+28%)**

Operating profit

### Robust Underlying Gross and Operating Margin

**19.6%**

Gross margin

**15.6%**

Operating margin

### Cash Generation

**€99.2m**

Free cash generation in 2019

**c. €400m**

Free cash generation in 2020-22

### Capital Returns

**5.25 cent**

Dividend per ordinary share

**€100m**

Shareholder returns (including  
ongoing €60m share buyback) to date

### Updated Guidance

**1,250 – 1,300**

Sales completions in 2020

**1,700 – 1,800**

Increased guidance for 2022  
expected sales completions

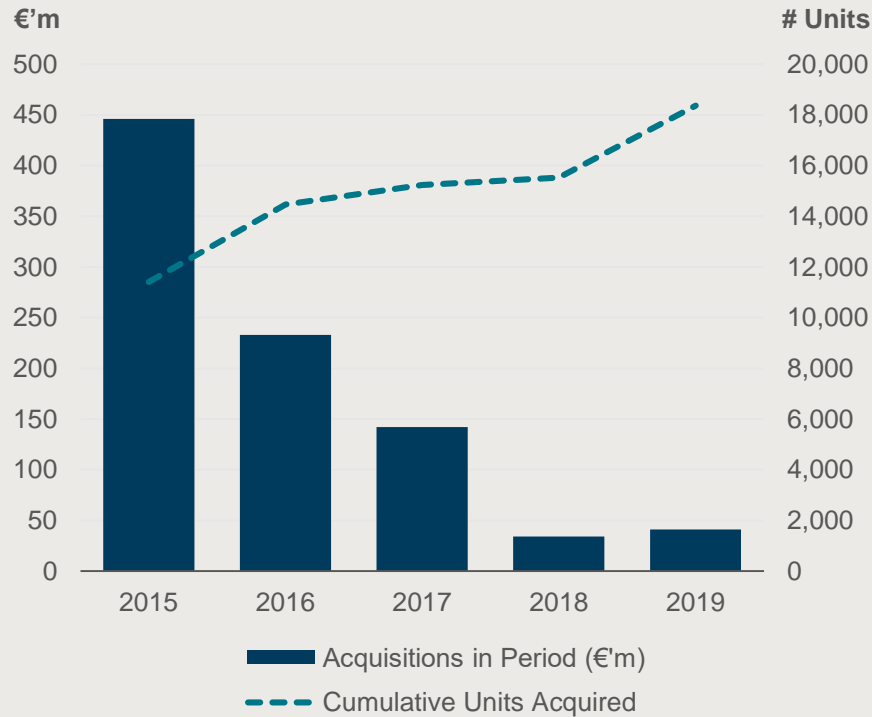
# Building the Best in Class Irish Homebuilder

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# 1. We Acquire Our Land Well

**c. €900 million deployed on a  
c. 17,000 unit landbank**



**79%**  
Of landbank units acquired  
**76%**  
Capital deployed  
within 1 year of IPO

**95%**  
Of capital allocated in the Greater Dublin Area

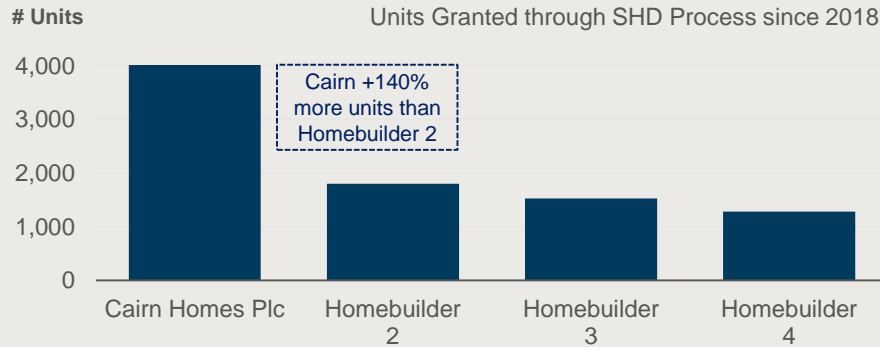
**€32,000**  
Average housing site cost  
**€63,000**  
Average apartment site cost

**11.5%**  
Land as a % of NDV (IPO target: 20%)  
Will support margin growth  
**545**  
Average unit size of our 35 sites

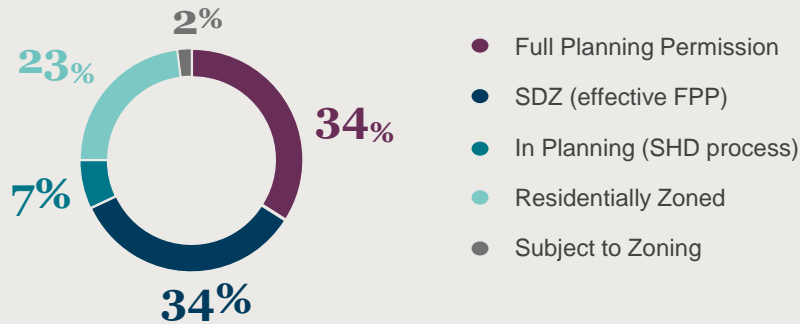
First mover advantage in acquiring a long-term, historically low cost land bank driving long-term shareholder value

## 2. We have a Strong Track Record in Enhancing Land Value

### Level of SHD Planning Grants Underpin our Forecasts



### No Planning Risk in c. 17,000 Unit Landbank



**100%**

Of forecast 2020 sales completions have FPP\*

**83%**

Of forecast 2021 sales completions have FPP\*

**6,695**

Units granted planning permission since IPO, including 2,230 units since September 2019

**7**

New site commencements in 2020 (c. 5,000 units)

**3,500**

Incremental unit gains through planning  
Accretive to future gross margin

**13**

Industry leading SHD grants of planning and no refusals

We own the best sites in the best locations, in areas of proven demand with excellent public transport links and close to areas of high employment

\* Including SDZ effective FPP



### 3. We Win Awards for Design and Placemaking



8 acre park at Oak Park, Naas – designed to create a semi-natural landscape

**12,000**

New trees planted across our developments to date

**55km**

Of new roads built

**13**

New playgrounds and outdoor gyms opened

**50%**

Carbon pledge reduction by 2030

**€125m**

Spent and committed on public realm and infrastructure projects

**34 acres**

Of parks and green areas delivered



Irish Independent

PROPERTY INDUSTRY EXCELLENCE AWARDS

Excellence in Planning **2019**

**Oak Park**

2019 Excellence in Planning Award



Building and Architect of the Year Awards 2019

**WINNER**

Housing Project of the Year

**Six Hanover Quay**

2019 Housing Project of the Year



Irish Independent

PROPERTY INDUSTRY EXCELLENCE AWARDS

Excellence in Planning **2017**

**Marianella**

2017 Excellence in Planning Award



Allianz Business to Arts Awards

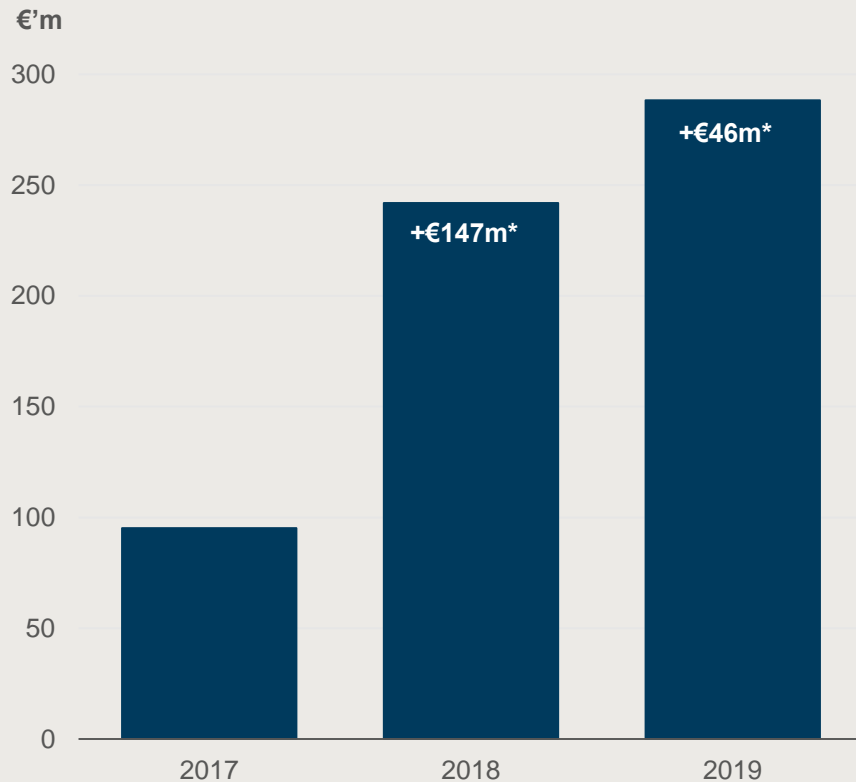
**Parkside**

Arts Programme Commendation



## 4. We Drive Operational Efficiencies Through Our Established Scale

### Industry's Largest Procurer of Labour and Materials



**2.5%**

Build cost inflation in 2019  
from €288m procurement

**€325m**

Current Committed  
Order Book

**€700m**

Procured since IPO  
Top 20 subcontractors - 66% of total, average €23m  
each and working across an average of 8 sites

**20**

Active sites by the end of  
2020 (c. 11,500 units)

**2,500**

Working full-time across  
Cairn active sites

**86%**

Fixed construction costs  
on active construction  
sites in 2020

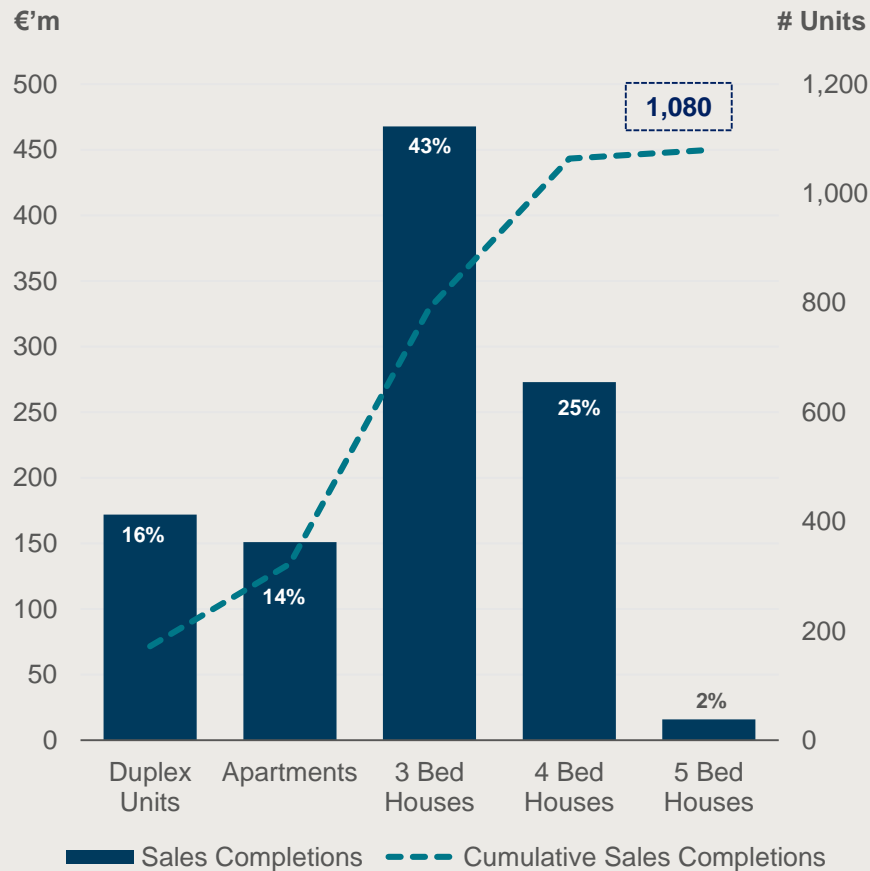
**60%**

Fixed construction costs  
on active construction  
sites in 2021

As the largest homebuilder in Ireland, scale brings cost advantages

# 5. We Deliver a Diverse Range of New Homes to a Deep Buyer Pool

## 2019 Sales by New Home Type



**3,250**  
Customers who have chosen a Cairn home, with over 2,500 of these customers already living in their new home

**1,850**  
New Homes Sold to First Time Buyers in our starter homes schemes

**53**  
Net Promoter Score reflecting our commitment to a positive customer experience

**3.33 units\***  
Weekly housing sales absorption rates per active sales outlet in 2019

**830**  
Completed and forward sold PRS units

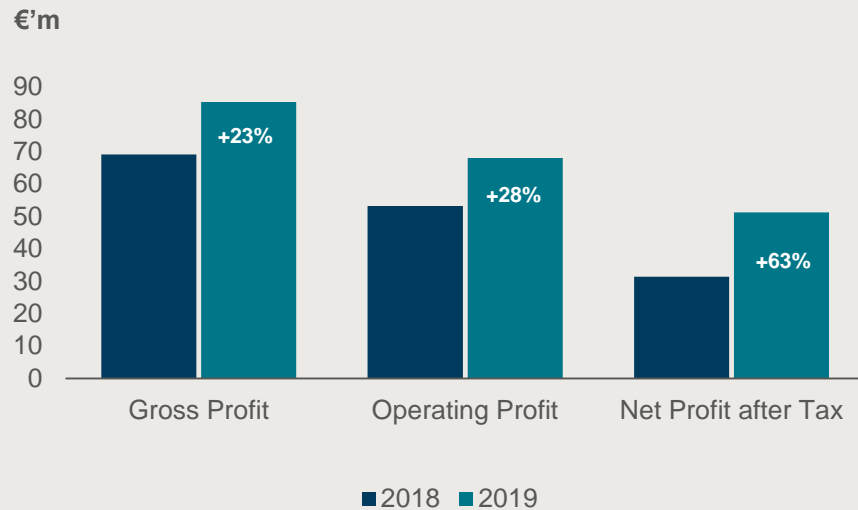
**2019 Starter Home ASP for our Customers**  
**€356,000** (incl. VAT) on **907** closed and forward sale starter homes in 2019. Focus on affordability and selling at volume and at price points where first time buyers can access mortgages

**€345m**  
Revenue from five completed and forward sold PRS transactions in city centre, suburban and commuter belt locations

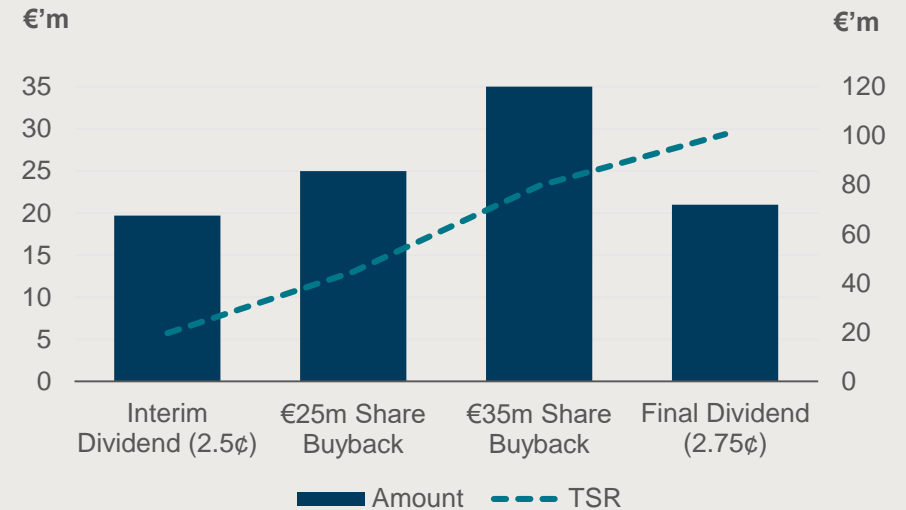
\* Includes PRS sales. 2.47 excluding PRS sales

## 6. We Generate Strong Profits and Shareholder Returns

### Profitability Growing Significantly



### And Committed to Shareholder Returns



2019 Operating Cashflow

**€99.2 million**

Dividend Per  
Ordinary Share

**5.25 cent**

Total Shareholder Return  
Per Ordinary Share \*

**12.7 cent**

Significant surplus capital generated as we reduce our landbank to a normalised level beyond 2022



Gandon Park, Lucan

# 02

## Sustainability & Innovation



## Our CSR Pillars

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### Community

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Working with all stakeholders, especially our customers, to create successful places and spaces. Placemaking that strengthens the social fabric



### Environment

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Reducing our Carbon footprint. Making a positive contribution to the environmental quality of the communities in which we work and the environment as a whole



### People

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People come first. Valuing our teams, customers and partners and providing resources and opportunities to grow and develop together



### Industry

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Leading from the front. Developing strong industry relationships, a well-trained workforce and sustainable future for the sector

## CSR Strategy & Activities



### Community

Community events at our new developments

Arts programme using local artists and sculptors

Significant public realm and infrastructure investment



### Environment

Low carbon pledge – reduce our carbon emissions across all developments by 50% by 2030

Biodiversity policy

Approach to “climate change ready” in our planning and design



### People

Health and wellbeing initiatives

Workplace diversity and inclusion

Employee engagement

Enhanced customer aftercare



### Industry

Increased subcontractor engagement and support

Sustainable innovation and sourcing

Ongoing external safety and certification audits

Transitioning from a CSR to a sustainability agenda

# Innovation in Our Business



## Off Site Manufacturing

Precast superstructural elements yielding programme gains and consistent quality



## Timber Frame Construction

Economical and efficient method of construction



## Bathroom Pods

Manufactured off-site and delivered ready to fit into place once the internal trades are progressed



## SFS Inner Leaf

Makes the building watertight at the earliest possible date allowing internal finishes to be progressed faster



## Building Information Modelling

Transitioning to BIM technologies for current and future high density projects



## Balcony Design

Schoeck Isokorb connectors reduces the amount of trades needed to construct a balcony



## nZEB

Designing towards near Zero Energy Buildings and A2 levels of energy efficient homes



## Electric Vehicle Charging Points

At all of our developments to proactively encourage our residents to make the switch to EVs



## Green Walls

An eco-friendly engineering solution with aesthetic value and biodiversity gains



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Shackleton Park, Lucan

# 03

## Financial



## 2019 Financial Highlights

**€435.3m (+29%)**

### Revenue

(2018: €337.0m)

Sales	Units	ASPs			Revenue
		Houses	Apartments	Overall	
2019	1,080	€321k	€648k	€372k	€401.8m
2018	804	€323k	€505k	€366k	€294.2m
2020 – closed and forward sales*					
	701	€331k	€298k	€317k	€222.5m
2021 – forward sales**					
	152	€234k	€293k	€287k	€43.6m

**€85.3m (+23%)**

### Gross profit

(2018: €69.1m)

### Gross margin 19.6%

(2018: 20.5%)

**€68.0m (+28%)**

### Operating profit

(2018: €53.2m)

**6.5cent (+63%)**

### EPS

(2018: 4.0 cent)

**€897.3m**

### Inventories

(2018: €933.4m)

**€99.2m**

### Operating Cash Flow

(2018: €40.1m)

**€91.2m**

### Net Debt

(2018: €134.4m)

Solid, structured and well defined business now generating significant cash flow

# Income Statement for the Year Ended 31 December 2019

	December 2019 Unaudited	December 2018 Audited
	<b>Total</b>	<b>Total</b>
	<b>€m</b>	<b>€m</b>
<b>Revenue</b>	<b>435.3</b>	<b>337.0</b>
Cost of sales	(350.0)	(267.9)
<b>Gross profit</b>	<b>85.3</b>	<b>69.1</b>
<i>% margin</i>	19.6%	20.5%
Administrative expenses	(17.3)	(15.9)
<b>Operating profit</b>	<b>68.0</b>	<b>53.2</b>
Net finance costs	(9.5)	(11.7)
Exceptional finance costs	-	(3.9)
<b>Profit before tax</b>	<b>58.6</b>	<b>37.6</b>
Tax charge	(7.4)	(6.2)
<b>Profit for the year</b>	<b>51.2</b>	<b>31.4</b>
Basic earnings per share	6.5 cent	4.0 cent

## Commentary

- Revenue of €435.3m (+29%) including the sale of 1,080 units (€401.8m) and site sales (€32.2m)
- Gross profit of €85.3m (+23%). Gross margin of 19.6%
- Administrative expenses of €17.3m (2018: €15.9m)
- Operating profit of €68.0m (+28%) (2018: €53.2m)
- Earnings per share 6.5 cent (2018: 4.0 cent)
- Dividend per share 5.25 cent (2018: nil)

## Balance Sheet at 31 December 2019

	December 2019 Unaudited	December 2018 Audited
	€m	€m
PP&E and intangibles	2.6	2.2
Right of use asset	1.1	-
<b>Non-current assets</b>	<b>3.7</b>	<b>2.2</b>
Inventories	897.3	933.4
Other receivables and current taxation	12.4	8.0
Cash	56.8	62.2
<b>Current assets</b>	<b>966.5</b>	<b>1003.6</b>
<b>Total assets</b>	<b>970.2</b>	<b>1005.8</b>
Share capital and share premium	200.4	750.4
Share-based payment reserve	8.0	7.8
Retained earnings	552.8	(6.1)
Non-controlling interest	2.5	4.4
<b>Total equity</b>	<b>763.7</b>	<b>756.6</b>
Loans and borrowings	148.0	147.3
Lease liabilities	0.8	-
Deferred taxation	5.1	5.9
<b>Non-current liabilities</b>	<b>153.9</b>	<b>153.2</b>
Loans and borrowings	0.0	49.3
Lease liabilities	0.3	-
Trade and other payables	52.2	46.8
<b>Current liabilities</b>	<b>52.5</b>	<b>96.1</b>
<b>Total equity and liabilities</b>	<b>970.2</b>	<b>1005.8</b>

## Commentary

- Total assets of €970.2m (2018: €1,005.8m)
- Total equity of €763.7m (2018: €756.6m)
- Inventories of €897.3m, including construction work in progress (€204.5m)
- Net debt €91.2m (2018: €134.4m) includes €56.8m cash. Net debt to inventories of 10.2% (2018: 14.4%)
- Undrawn facilities at year end of €196.0m
- Retained earnings €552.8m (2018: retained losses €6.1m) following the €550m capital reorganisation and profits generated in the period

# Cash Flow Statement for the Year Ended 31 December 2019

	December 2019 Unaudited €m	December 2018 Audited €m
<b>EBITDA</b>	<b>69.0</b>	<b>54.7</b>
Decrease / (Increase) in inventories	36.6	(21.4)
Other working capital movements	(6.4)	6.7
<b>Net cash from / (used in) operating activities</b>	<b>99.2</b>	<b>40.1</b>
Purchases of PP&E and intangibles	(1.3)	(0.6)
Transfer from restricted cash	-	17.0
<b>Net cash from investing activities</b>	<b>(1.3)</b>	<b>16.4</b>
Purchase of own shares	(22.2)	-
Proceeds from borrowings, net of debt issue costs	-	94.2
Repayment of loans	(50.0)	(145.6)
Investment in subsidiary by minority interest shareholder	-	2.5
Settlement of contingent consideration for Argentum acquisition	-	(3.3)
Dividends paid	(19.7)	-
Dividend paid to minority interest	(1.9)	(0.5)
Payment of lease liabilities	(0.3)	-
Interest and other finance costs paid	(9.2)	(10.4)
<b>Net cash (used in) / from financing activities</b>	<b>(103.3)</b>	<b>(63.1)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(5.4)</b>	<b>(6.6)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>62.2</b>	<b>68.8</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>56.8</b>	<b>62.2</b>

## Commentary

- EBITDA of €69.0m (2018: €54.7m)
- Net cash from operating activities €99.2m (2018: €40.1m)
- €36.6m decrease in inventories reflective of a reduced level of site acquisitions and greater sales releases and site sales. Total spend on construction work in progress €288.7m (2018: €241.9m)
- Cash and cash equivalents of €56.8m at 30 June 2019 (2018: €62.2m)



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Mariavilla, Maynooth

# 04

## Market & Land Bank

# Characteristics of Housing and Apartments

## Key Metrics and Characteristics \*



## Housing

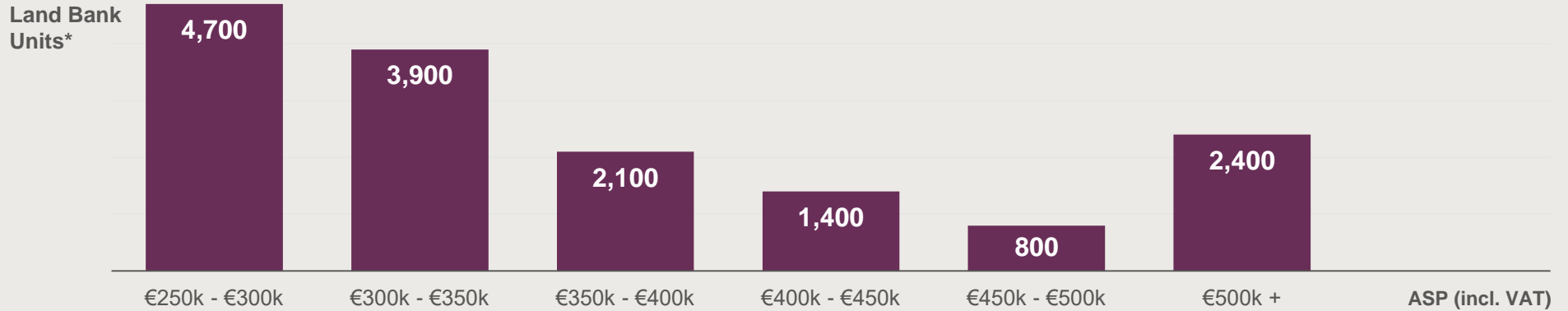


## Apartments \*\*

## Total Land Bank

Capital Allocation	55%	45%	100%
Total Units	12,000	5,000	17,000
Average Site Cost per Unit	€32k	€63k	€45k
Average Selling Price (estimated) (ex. VAT) (no HPI)	€299k	€509k	€361k
Net Development Value ("NDV") (no HPI)	€3.6bn	€2.5bn	€6.1bn
<b>Land (at historical cost) as a % of NDV</b>	<b>10.7%</b>	<b>12.5%</b>	<b>11.5%</b>
Average Site Size (units)	550	310	
Typical Purchaser Income	c. €80 – €90k (single or joint)	€150k +	
Purchaser Profile	Mortgage Backed (incl. Help to Buy), Local Authorities, Investors, Multifamily	Mortgage Backed, Cash Purchasers, Institutional / Multifamily PRS Investors	

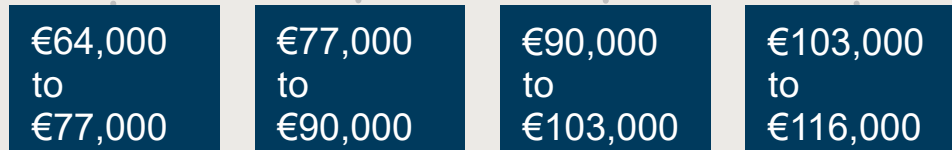
# Our Land Bank and Addressable Market



## Cumulative % of our land bank\* addressing these price points



### Single or Joint Income Required for 90% LTV Mortgage



**90%**

Of our First Time Buyers are couples or families

**425,000**

Couples in Ireland earning between €75,000 and €120,000

**16%**

Of all houses in Ireland owned by people aged < 39

## Owning versus Renting

### Cairn 3 Bed Starter Home Private Sales in 2019

# €360,000

**Average selling price**  
(including VAT) in 2019 on  
216 three bed new home  
completions across our  
four starter home  
developments in Dublin:

**Shackleton Park (Lucan)**  
**Gandon Park (Lucan)**  
**Edenbrook (Dublin 24)**  
**Parkside (Dublin 13)**

### FTB Monthly Mortgage Cost

Purchase price	€360,000
Mortgage - 90% LTV	€324,000
Mortgage interest rate	2.30%
Monthly Mortgage Repayment (30 year C&I)	€1,279

### Monthly Rental Cost

#### Daft.ie Q4 2019 Rental Report

Average three bed house  
monthly rent:

Lucan	€1,801
Lucan	€1,801
Dublin 24	€1,834
Dublin 13	€2,000
<b>Average</b>	<b>€1,859</b>

# €580

 a month

**Cheaper to own** than rent a Cairn  
starter home in Dublin

# 45%

 a month

**More expensive to rent** than own a Cairn  
starter home in Dublin

# 58%

**Of all houses rented** in Ireland are  
by people aged < 39

# Sales Absorption Rates

## Housing Site Sales

- Average 2019 weekly sales rate of **3.33 units per active housing sales outlet\*** (2018: 2.78 units; 2017: 2.38 units)
- We witnessed HPI of c. **1.0%** in 2019

Site	Average Weekly Sales since Formal Sales Launch
Parkside	2.4
Churchfields	2.5
Shackleton Park	4.7
Oak Park	3.8
Elsmore	1.9
Edenbrook	4.1
Gandon Park	6.0
Mariavilla	6.0
Glenheron	2.4

Starter homes: Parkside, Churchfields, Shackleton Park, Oak Park, Elsmore, Edenbrook, Gandon Park

Trade-up/down: Mariavilla, Glenheron

## Spring selling season

- Positive start to season. Eight site reopenings with continuing strong demand for our competitively priced starter homes
- Late spring and early summer initial launches planned for starter homes schemes at Graydon (Newcastle) and Elsmore Phase 2 (Naas), trade-up/down schemes at Cherrywood (South Dublin) and Farrankelly (Delgany) and our premium apartment development at Donnybrook Gardens (Dublin 4)
- Broad product range being offered across all schemes



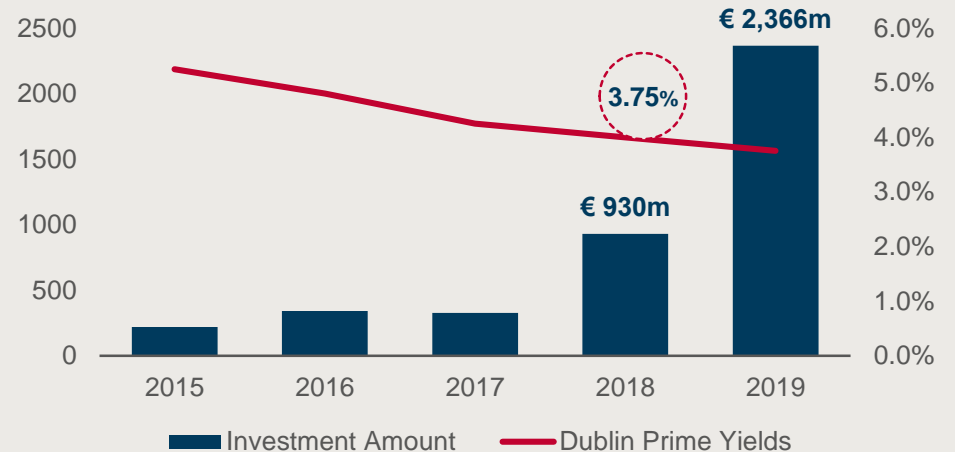
\* Includes PRS sale. 2.47 excluding PRS sales



## The Irish Multifamily PRS Market – 2019

### Exceptional Growth in Multifamily PRS Investment in 2019

- 44% of all real estate investment (2018: 31%; 2017: 17%)
- PRS Investment increased by €1.436bn (+154%)
- 18 new build PRS transactions completed or sale agreed valued at €1.6bn
- Current residential yields 3.75% and rental inflation 4.1%



### Cairn – Most Credible Counterparty Positioned to Leverage PRS Opportunity

**5**

Active apartment sites  
(1,100 units)

**11**

Apartment sites suitable for PRS

**c. 4,000**

Units as an average site cost of €31k

**€345m**

PRS sales delivered

Ongoing engagement on other developments

**24%**

Cairn share of 2019 new build PRS market – rank #1

**€419k**

Cairn PRS ASP (rest of market - €510k)





Donnybrook Gardens, Dublin 4

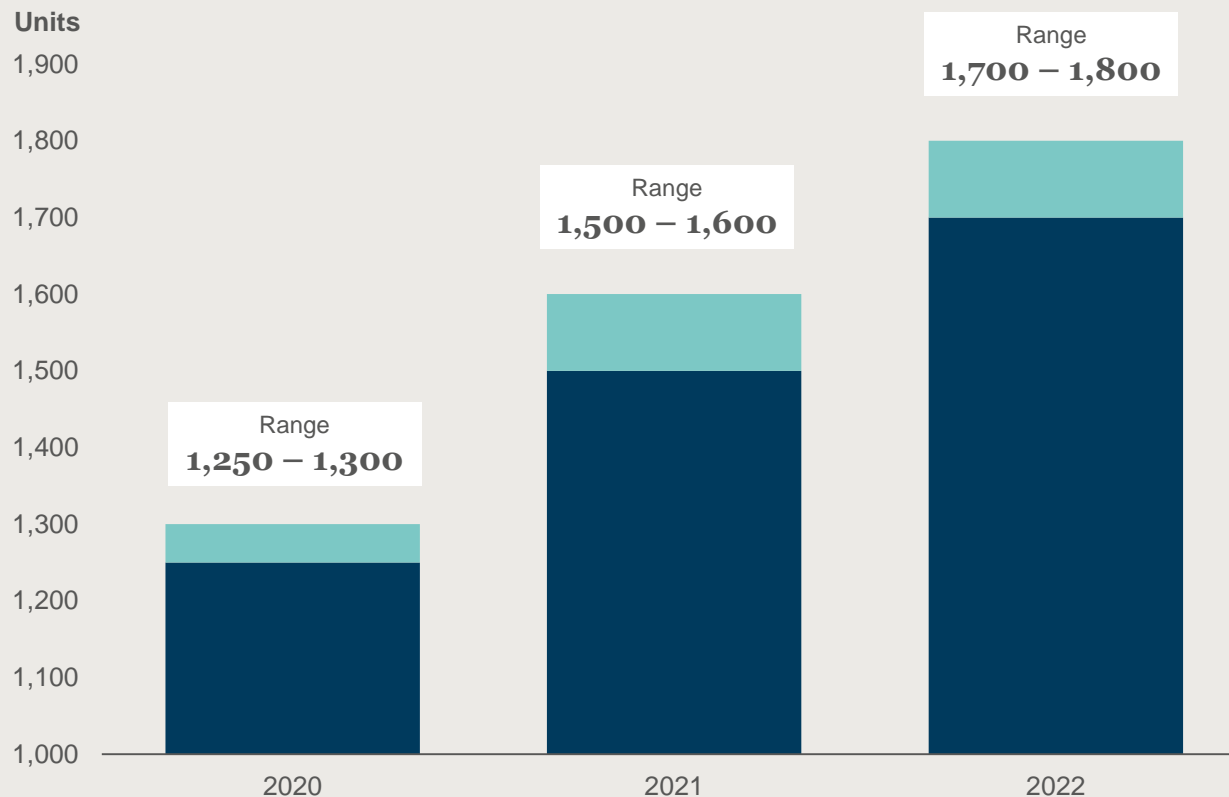
# 05

## Guidance, Capital Returns & Outlook

## 2020 – 2022 Guidance

### Continued Volume Growth into the Medium-Term

- For the full year, we expect 1,250 to 1,300 sales completions and are targeting a gross margin of c. 20.0%. As in previous years and reflecting our continuing growth, both revenues and gross margin will be heavily weighted towards the second half of the year



**Our current weekly sales absorption rate is 3.33 units per active housing sales outlet. Our target range for the next three years assumes c. 2 units per week per active housing sales outlet**

We will commence up to 15 new sites in the three year period, including up to 7 in 2020

Increased medium term run rate to cater for demand from our deep pool of buyers

## Capital Returns 2020 - 2022

### Free cash flow

**c. €400m**

Expected free cash generation 2020 to 2022

### Converting to Capital Returns

**c. €150m**

Progressive biannual ordinary dividend

**c. €250m**

Available for share buybacks or special dividends

The Board continue to review the capital structure and requirements of the Company and intends to distribute surplus capital above ordinary dividends through share buybacks or special dividends

### Land Bank Duration in 2022 Expected to be

**7 Years**

Annual homes sold. We expect this to reduce to **c. 5 years** by 2024

### Homes to be Built without Replenishing Land Bank

**c. 8,000**

With further additions to our land bank in the short to medium-term likely to be balanced by disposals

## Outlook

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Up to 7 new site  
commencements in 2020 and  
strong forward  
sales pipeline

Bring new homes to the market  
at price points where first  
buyers can get access to  
mortgage finance and continue  
to meet the demand from  
multifamily PRS institutional  
investors

Talented team, balance sheet  
capacity and unique optionality  
of scaled platform to leverage  
current market conditions and  
new opportunities as they arise

c. €400m cash generation  
by the end of 2022 converting  
to capital returns

1,250 – 1,300 closed sales  
expected in 2020 and a gross  
margin in excess of 20%

Increased medium-term  
run rate:

- 1,500 to 1,600 sale  
completions in 2021
- 1,700 to 1,800 sale  
completions in 2022

Operating in a strong economy with an extreme new homes supply / demand imbalance

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# 06

## Appendices



# Our Vision, Mission and Values

## Our vision

Be the most trusted and safest homebuilder in Ireland

## Our mission

Building in great locations to create places and homes where people love to live

## Our values



**Agile & Innovative**



**Honest & Straight Talking**



**Collaborative**



**Commercially minded**



**Committed & Engaged**

## Strategic pillars:

### People

Attract and retain the best people and external resources



### Homes

Design and build high quality, sustainable and market appropriate homes



### Customers

Deliver the best customer experience and gain their trust



### Places

Create places for communities to prosper



### Operational excellence

Create a commercial and profitable operating platform to turn land into great places to live



# People

## Expanding the Depth and Talent of our Senior Management Team in 2019 and 2020



**Maura  
Winston**  
Chief People  
Officer

Maura drives our people and organisation effectiveness agenda. She is focused on implementing our new operating model, improved processes and technologies while developing even greater capacity and capabilities across all our employees and engaging with our subcontractor base to ensure they can do their best work

Formerly Director of Innovation and Change at Federal Court of Australia, Maura spent 10 years with Accenture specialising in Organisational Development



**Mike  
Grice**  
Group  
Development  
Advisor

Mike joins us with extensive industry experience across the breadth of our operating model, using this to accelerate learnings and enhance performance in all areas of our business. Mike will initially focus on our construction capability, driving delivering across our high density developments

Formerly Director of Construction at Caulwell Connection, Construction Director at Battersea Power Station and Construction Director at Capco responsible for residential delivery at Earls Court



**Sarah  
Murray**  
Director of  
Customer

Sarah's role is to drive excellence across the customer journey, building out our customer care capability to ensure consistent brand trust across our increased buyer pool. She is focused on delivering the best customer experience at each stage of the buying process, while consistently challenging our product offering

Formerly Director of Sherry FitzGerald New Homes with specialist experience in the sales and marketing of large-scale residential developments with some of Ireland leading developers



**Kevin  
Cleary**  
Technical  
Director

Kevin is tasked with ensuring our consistent approach to quality placemaking and building communities within existing communities as we continue to scale. His focus is on ensuring research, innovation and continuous learning is applied across acquisition, planning and through to our detailed design

Formerly Development Director at Multi Ireland, Group Head Capital Programme at the DAA Group and Chief Operating Officer at Landmark Developments



**Shane  
Doherty**  
Incoming Chief  
Finance Officer

Shane will be joining us in April to oversee the Finance and Investor Relations functions. A critical aspect of that role will involve working very closely with the leadership team in driving financial performance and growth over the short and medium term. Shane will be a strong partner to the business as we continue to execute our growth plan positioning Cairn for sustainable, long-term value creation.

Currently CFO at Morgan McKinley. Formerly CFO at Gaelectric Holdings Ltd and European Finance Director at Paddy Power Group plc. Shane is expected to join Cairn in April 2020.



**Fergus  
McMahon**  
Commercial  
Director

Fergus leads our commercial function with responsibility for ensuring a commercial and profitable platform to turn great land into great places. His focus is to drive commercial decisions across operations while working closely with our supply chain implementing our procurement strategy and supporting product development

Previously Cairn Group Managing Surveyor responsible for our team of quantity surveyors. Formerly an Associate Director of McInerney Homes Ltd

# Macroeconomic Drivers for Cairn

## Population

**+1.3% (+ 64,500)**  
in the year to April 2019  
(3x EU average)



## Supply

**21.2k** new homes  
in 2019 – only  
**16.2k** in multi unit  
developments of which  
**10.7k** are in the GDA  
GDA annual demand –  
**c. 20k**

**Annual Housing  
Demand**  
CBI Estimate  
**34,000**

## Employment & Wage Inflation

Employment  
**+498k** since 2012  
Wage inflation  
**+3.8%** in 2019

## Multifamily PRS

**€2.366bn** in 2019 or  
**44%** of all property  
investment

## Government Initiatives

Rebuilding Ireland  
Project Ireland 2040  
LIHAF  
Fast-track Planning  
Help to Buy  
Apartment Design  
Guidelines  
Building Height Guidelines



## Owning versus Renting

**45%** more expensive to  
rent than own a 3-bed  
home in Dublin

## Competitive Mortgage Market

Competition  
intensifying on headline  
mortgage rates  
FTB Drawdowns in 2019:  
Value **+20.6%**  
Volume **+13.2%**

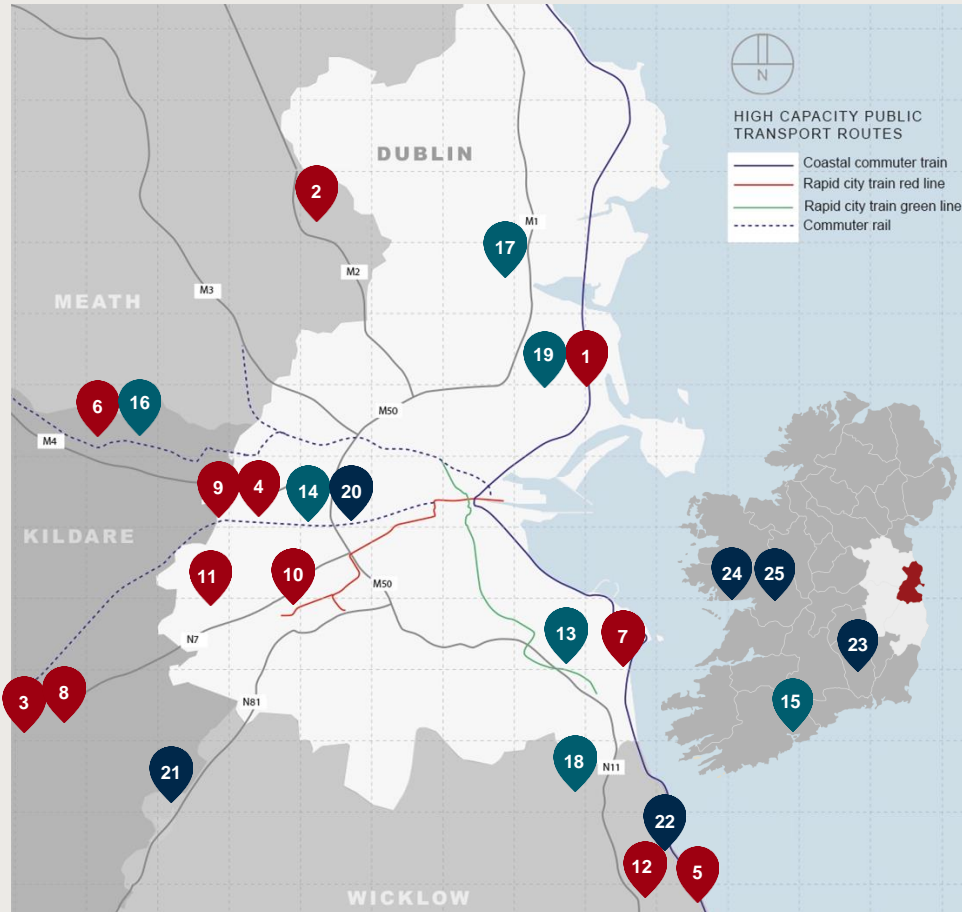
## Dublin Rents and House Prices

Rents **42%** higher  
than previous peak  
House prices **22.1%**  
below previous peak



# Well Located Housing Sites

**c. 12,000 units with excellent public transport links and no planning risk**



Active		Units
1	Parkside, Malahide Road	395
2	Churchfields, Ashbourne, Co. Meath	397
3	Elsmore, Naas, Co. Kildare	506
4	Shackleton Park, Lucan	756
5	Glenheron, Greystones, Co. Wicklow	426
6	Mariavilla, Maynooth, Co. Kildare	635
7	Albany, Killiney	20
8	Oak Park, Naas, Co. Kildare	248
9	Gandon Park, Lucan	237
10	Edenbrook, Citywest, Dublin 24	115
11	Graydon, Newcastle	696
12	Farrankelly, Delgany	426

### 2020 / 21 Commencements

13	Cherrywood, South Co. Dublin
14	Clonburris, Dublin 22
15	Douglas, Cork
16	Dunboyne Road, Maynooth
17	Holybanks, Swords, Co. Dublin
18	Enniskerry, Co. Wicklow
19	Parkside, Malahide Road (NAMA JV)

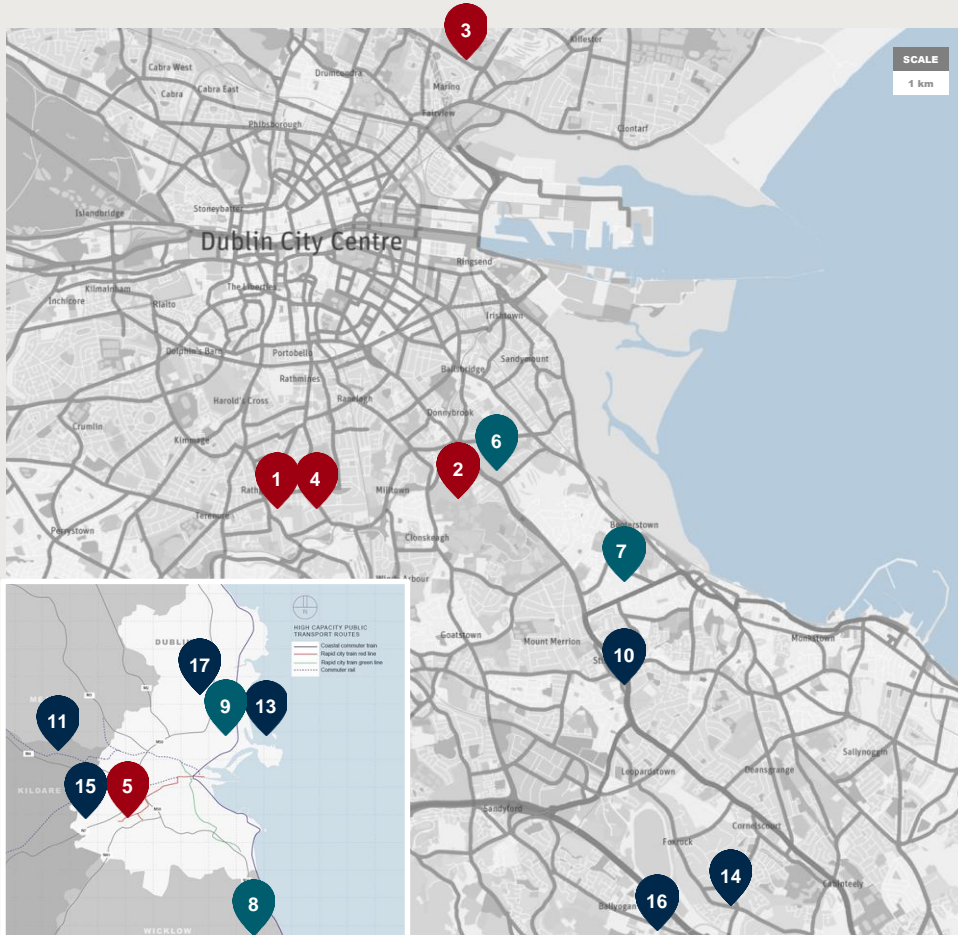
### Future

20	Clonburris (NAMA / O'Callaghan Lands)
21	Blessington, Co. Wicklow
22	Coolagad, Greystones, Co. Wicklow
23	Callan Road, Kilkenny
24	Rahoon, Galway
25	Ballymoneen Road, Galway



# Prime Apartment Sites

## c. 5,000 units in and near Dublin City



### Active

### PRS Opportunity

### Units

1	Marianella, Rathgar, Dublin 6W		209
2	Donnybrook Gardens, Donnybrook, Dublin 4		85
3	Griffith Wood, Griffith Avenue, Dublin 9	✓	385
4	Rostrevor Place, Marianella, Rathgar, Dublin 6W	✓	107
5	The Quarter at Citywest, Dublin 24	✓	316

### 2020 / 21 Commencements

6	Montrose, Dublin 4	
7	Cross Avenue, Blackrock, Co. Dublin	
8	Glenheron, Greystones, Co. Wicklow	✓
9	Parkside, Malahide Road (NAMA JV)	✓

### Future

10	Stillorgan, Co. Dublin (incl. PBSA)	✓
11	Mariavilla, Maynooth, Co. Kildare	✓
12	Swords, Co. Dublin	✓
13	Parkside, Malahide Road	✓
14	Barrington Tower, Carrickmines, Dublin 18	✓
15	Citywest, Dublin 24	✓
16	Glenamuck Road, Carrickmines, Dublin 17	✓
17	Holybanks, Swords, Co. Dublin	✓



## 2019 National Supply – Just 9,000 New Homes for Owner Occupiers

	2019	
	Units	%
New Home Completions	21,241	100%
Less: One-Off New Homes	(5,068)	25%
<b>New Homes - Multi Unit Developments</b>	<b>16,173</b>	<b>75%</b>
Part V Social Housing (10%)	(1,617)	7%
Local Authority / AHB Purchases (Additional Social Housing)	(3,000)	17%
Acquired by Institutions / PRS	(2,500)	12%
<b>New Homes Available to Owner Occupiers</b>	<b>9,056</b>	<b>38%</b>

- Market dynamics are reducing the number of new homes available to the owner occupier market, and in particular first time buyers
- 2019 new home mortgage drawdowns:
  - First time buyers 7,063
  - Second time buyers 14,423

### Dublin – 2019

6,991 new home completions (+1% YoY):

- 301 one off houses;
- 4,036 new homes in multi-unit developments (-17% YoY);
- 2,654 apartments (+52% YoY).

PRS Purchases - c. 80% of all apartments and c. 20% of all multi-unit development new homes

### GDA (excluding Dublin) – 2019

4,655 new home completions (+13.9% YoY):

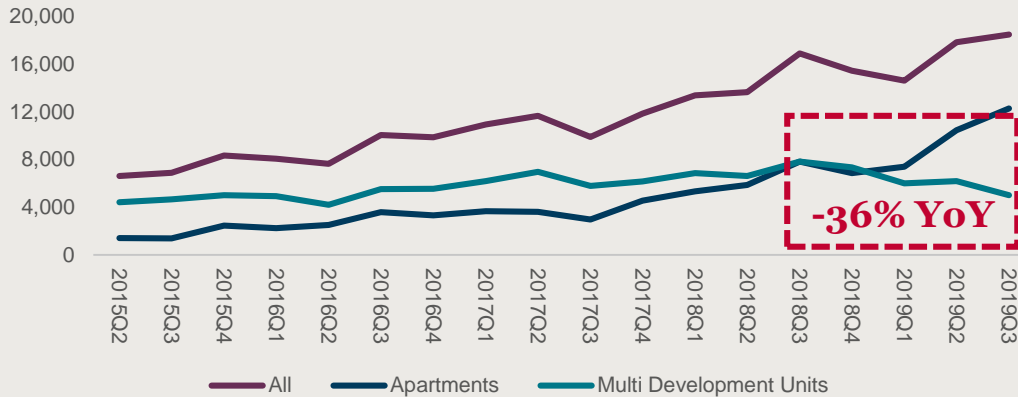
- 631 one off houses;
- 3,768 new homes in multi-unit developments (+39% YoY);
- 256 apartments.

### Estimate of New Homes Available for Owner Occupiers in Dublin

- Multi-unit developments: c. 3,750
- Apartments: c. 530

# Planning Grants & Commencements to Lead to Static Supply?

## Total GDA Planning Grants



## Dublin – Multi Unit Developments

1,321 new homes granted planning permission in multi-unit developments in the year to September 2019 (-65% YoY)

## GDA (excl. Dublin) – Multi Unit Developments

3,691 new homes granted planning permission in multi-unit developments in the year to September 2019 (-9% YoY)

## Total GDA Commencement Analysis

	Dublin		GDA ( excl. Dublin)		Total GDA	
	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019
One Off House	503	361	704	706	1,207	1,067
Multi-Development Houses	4,405	4,053	3,856	4,902	8,261	8,955
Apartments	2,199	4,300	-	118	2,199	4,418
<b>Total</b>	<b>7,107</b>	<b>8,714</b>	<b>4,560</b>	<b>5,726</b>	<b>11,667</b>	<b>14,440</b>
Less PRS – Apartments	(1,644)	(2,587)	-	-	(1,644)	(2,587)
Less PRS – Housing	(99)	(328)	-	(150)	(99)	(478)
<b>Total – Net of PRS</b>	<b>5,364</b>	<b>5,799</b>	<b>4,560</b>	<b>5,576</b>	<b>9,924</b>	<b>11,375</b>

## GDA Commencement Geared Towards Apartments

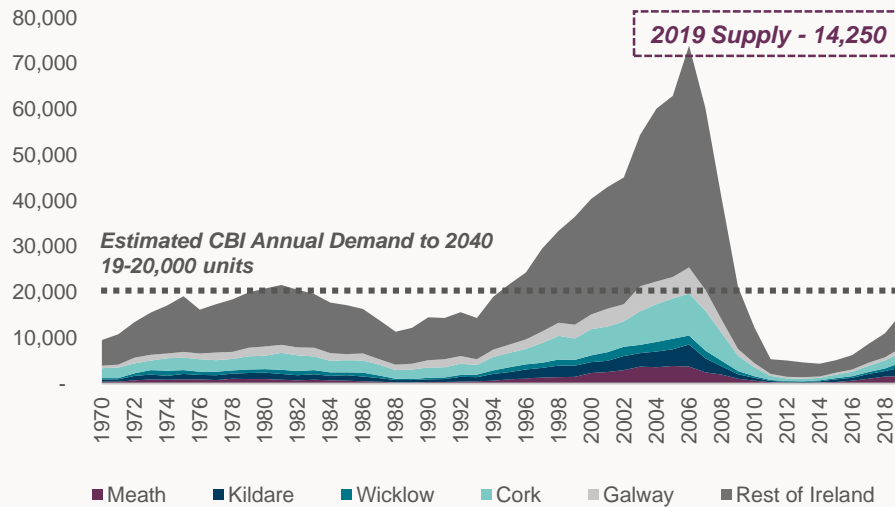
- Apartment commencement +100% YoY with multi-unit development commencements +8% YoY
- Lead time to construct apartments is c. 2 years
- This analysis infers that GDA supply in 2020 may be static

# Supply Response Still Muted

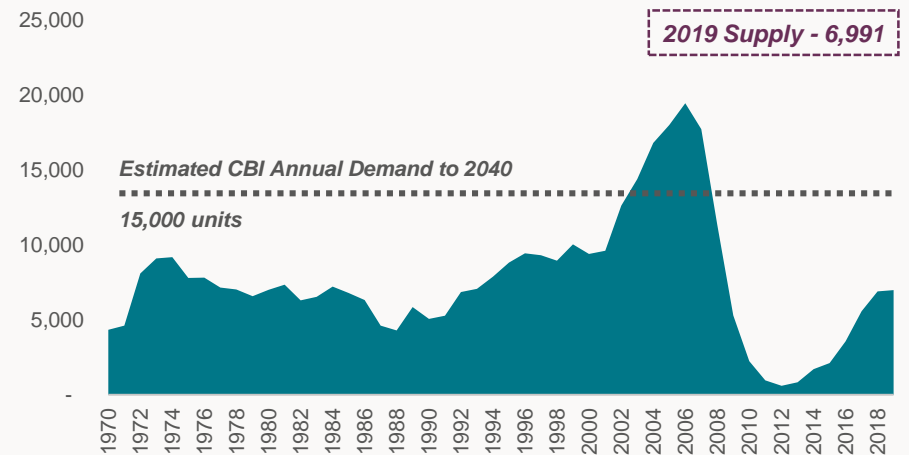
While national output increased 18% in 2019 to 21,241 new home completions remain significantly below medium term demand in Dublin and the Rest of Ireland

	1972	2019	Change
New Home Completions	21,572	21,241	-2%
Population	3,024,400	4,921,500	+63%
Employment ('000)	1,084,000	2,361,200	+118%
Interest Rates	11.33%	2.88%	-8.45%
GNP (Real - €bn)	€44bn	€336bn	+664%

## Rest of Ireland



## Dublin



## Depth of FTB Market

### What would a couple have to earn to afford a new home:

Joint Income (€)	Number of Couples	Maximum Mortgage (3.5x Income) (€)	Can Afford a House at this Price (€)
75,000	221,000	262,500	292,000
97,000	133,000	339,500	377,000
119,000	83,000	416,500	463,000
141,000	47,000	493,500	547,000

### What would an individual have to earn to afford a new home:

Income (€)	Number of Individuals	Maximum Mortgage (3.5x Income) (€)	Can Afford a House at this Price (€)
71,000	94,000	248,500	276,000
81,000	57,000	283,500	315,000
93,000	36,000	325,500	362,000
103,000	23,000	360,500	401,000

Irish Revenue statistics indicate that there are:

**484k**  
couples who can afford to buy a house priced between **€292k** and **€547k**

**210k**  
individuals who can afford to buy a house priced between **€276k** and **€401k**.

% of Cairn FTBs that are couples

**90%**

2019 wage inflation

**3.8%**

Cairn ASP on closed and forward sale starter homes in 2019

**€356,000 on 907 new homes**

## Depth of FTB Market (continued)

If we assume that **25% of these couples and individuals own their own homes** (less than 15% of all people aged under 49 own their own home), our addressable market (those who can afford to buy a new Cairn home, subject to having a deposit and mortgage approval) is:

Purchaser	House Price Bands (€'000)	Cairn Land Bank Units
FTB	250 – 300	4,700
	300 – 350	3,900
Trade up/Mover	350 – 400	2,100
	400 – 450	1,400

For our  
**8,600 Starter Homes**  
=  
**265k couples and 69k individuals**  
(**100k couples / 45k individuals in the GDA**)

For our  
**3,500 Trade-Up / Down Homes**  
=  
**98k couples and 55k individuals**  
(**28k couples / 38k individuals in the GDA**)

2017 – 2019 Employment Growth

**+197,700 (+9.1%)**

Number of Cairn FTB homes  
(sub €350,000)

**8,600**

2019 Property Price Register

**66%** of all new homes in Dublin sold for  
in excess of **€356,000**



## 2019 Multifamily PRS Transactions – New Builds

#	Property	No. of Units	Buyer	Status	Reported Price (€'m)
1	Spencer Place, North Docklands, Dublin 1	471	International institutional investor	Sale Agreed	€250.0
2	Dublin Landings, Dublin 1	268	International institutional investor	Completed	€175.5
3	East Village, Clay Farm, Leopardstown, Dublin 18	295	Domestic institutional investor	Sale Agreed	€130.0
4	Off-Market - South Dublin	265	Private	Completed	€127.0
5	Fairway, Cualanor, Dun Laoghaire	214	International institutional investor	Completed	€108.0
6	<b>Six Hanover Quay, Dublin 2</b>	<b>CAIRN</b> 120	<b>Domestic institutional investor</b>	<b>Completed</b>	<b>€101.0</b>
7	<b>The Quarter at Citywest</b>	<b>CAIRN</b> 282	<b>Domestic institutional investor</b>	<b>Sale Agreed</b>	<b>€94.0</b>
8	Mount Argus, Harolds Cross, Dublin 6W	166	International institutional investor	Completed	€93.0
9	Glencairn Gate, Leopardstown, Dublin 18	160	Domestic institutional investor	Completed	€85.0
10	<b>Shackleton Park &amp; Gandon Park, Lucan, Dublin 24</b>	<b>CAIRN</b> 229	<b>Domestic institutional investor</b>	<b>Completion Ongoing</b>	<b>€79.0</b>
11	Herbert Hill, Dundrum, Dublin 14	90	International institutional investor	Completed	€55.0
12	<b>Mariavilla, Maynooth, Co. Kildare</b>	<b>CAIRN</b> 150	<b>Domestic institutional investor</b>	<b>Completion Ongoing</b>	<b>€53.5</b>
13	The Benson Building, Grand Canal Dock, Dublin 2	72	International institutional investor	Completed	€52.5
14	Ropemaker Place, Cardiff Lane, Dublin 2	56	International institutional investor	Completed	€46.0
15	Citywest Village, Dublin 24	129	Domestic institutional investor	Completed	€46.0
16	Taylor Hill, Balbriggan & Semple Woods, Donabate	118	REIT	Completed	€38.0
17	Hampton Wood, Finglas, Dublin 11	92	Affordable housing body	Completed	€35.0
18	Off-Market - Hansfield Wood, Dublin 15	95	Private	Completed	€30.0
<b>Total</b>		<b>3,272</b>			<b>€1,598.5</b>

Value of 2019 Multifamily PRS Transactions  
(€1.6bn New Build & €0.8bn Existing Stock)

**€2.366bn**

Value of Cairn 2019 Transactions  
(Completed & Sale Agreed)

**€327m**

Cairn Market Share (New Build)

**24% (units) & 20% (value)**

## 2019 Land Market Transactions

Seller	Seller	Buyer	Acres (estimate)	Units (estimate)	PRS	Reported Price
DIT Kevin Street, Dublin 2	TUD	Private Homebuilder	3.6	Unknown	Mixed Use	€140m
Cherrywood SDZ, South Co. Dublin	Private Equity	Private Homebuilder	118	2,600	Yes	€120m
John Player Site, Dublin 8	NAMA	Institutional Buyer	10.7	754	Yes	€105m
Drumcondra, Dublin 9	GAA (sporting body)	Institutional Buyer	19	1200	Yes	€105m
Milltown Park, Ranelagh, Dublin 6	Religious Order	Private Homebuilder	10.5	300	Yes	€65m
South Docklands, Cork	Plc	Private Homebuilder	31	Unknown	Mixed Use	€47.5m
Baldoyle, Dublin 13	NAMA	Private Homebuilder	125	1,592	Yes	€42m
Sandyford, Dublin 18	NAMA	Private Homebuilder	3.8	539	Yes	€38m
Gort Muire, Ballinteer	Religious Order	Private Homebuilder	8	400	Yes	€35m
Cabra, Dublin 7	Private Homebuilder	Private Homebuilder	9.6	420	Yes	€34.5m
Barnhall, Leixlip, Co. Kildare	Private Homebuilder	Plc	47	450	No	€28.4m
Blackthorn Road, Sandyford, Dublin 18	Private Equity	Institutional Buyer	1.8	270	No	€23m
Rathborne, Ashtown, Dublin 15	NAMA	Private Homebuilder	12.3	700	Yes	€22m
Kilbelin, Newbridge, Co. Kildare	Private Homebuilder	Plc	27	343	No	€21.6m
<b>Clonburris, Dublin 22</b>	<b>CAIRN</b> NAMA / Private Homebuilder	<b>Cairn Homes plc</b>	<b>97</b>	<b>2,000</b>	<b>No</b>	<b>€20m</b>
Sandyford, Dublin 18	Private Homebuilder	Private Homebuilder	7.2	243	Yes	€20m
Ballyboden, Dublin 16	Religious Order	Private Homebuilder	8.6	436	Yes	€20m
Howth Castle, Howth	Private Equity	Plc	2.7	175	No	€15m
Naas Road, Dublin 12	Private Homebuilder	Unknown	6.5	371	Yes	€12m
Douglas, Cork	Private Homebuilder	Private Homebuilder	7	150	No	€10m
<b>Mooney Lands, Dunboyne Road, Maynooth</b>	<b>CAIRN</b> NAMA	<b>Cairn Homes Plc</b>	<b>26</b>	<b>194</b>	<b>Yes</b>	<b>€9m</b>
Killruddery, Bray, Co. Wicklow	Private Family	Plc	8	200	No	€9m

Value of Residential Land Market in 2018

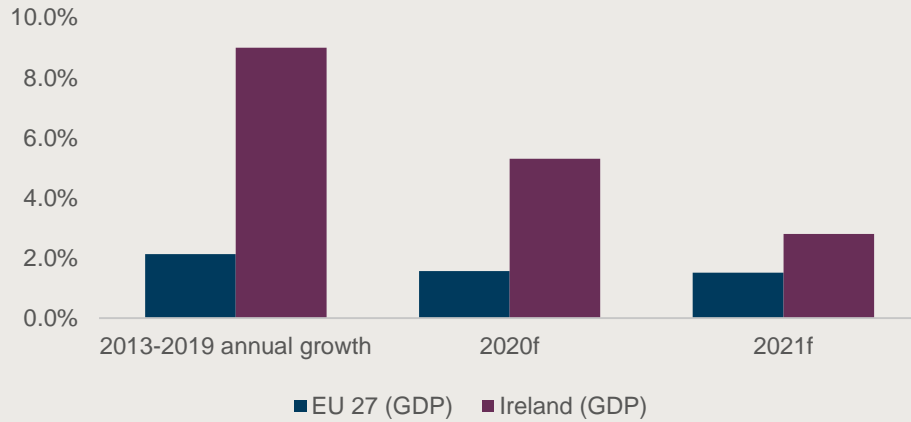
**€1,550m**

Value of Residential Land Market in 2019

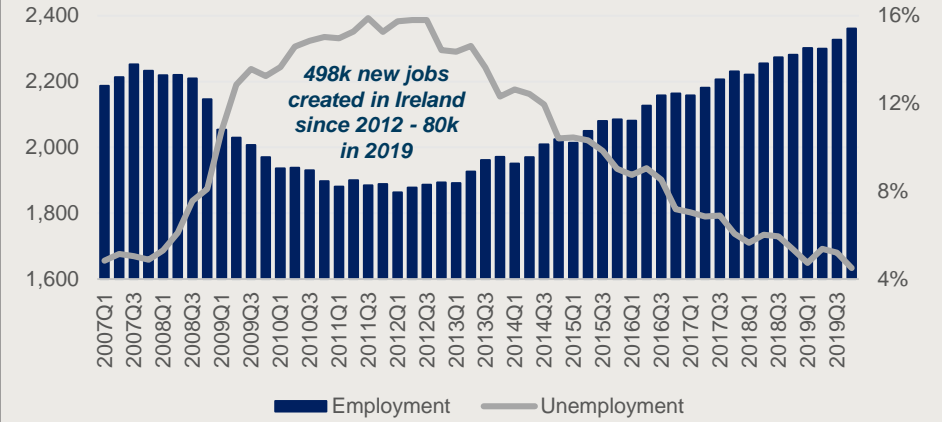
**€1,200m**

# Positive Affordability Indicators

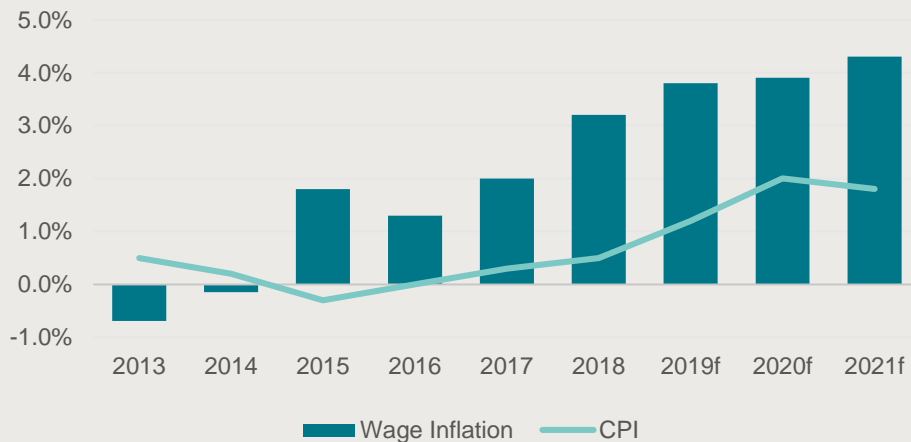
## Best performing economy in Europe



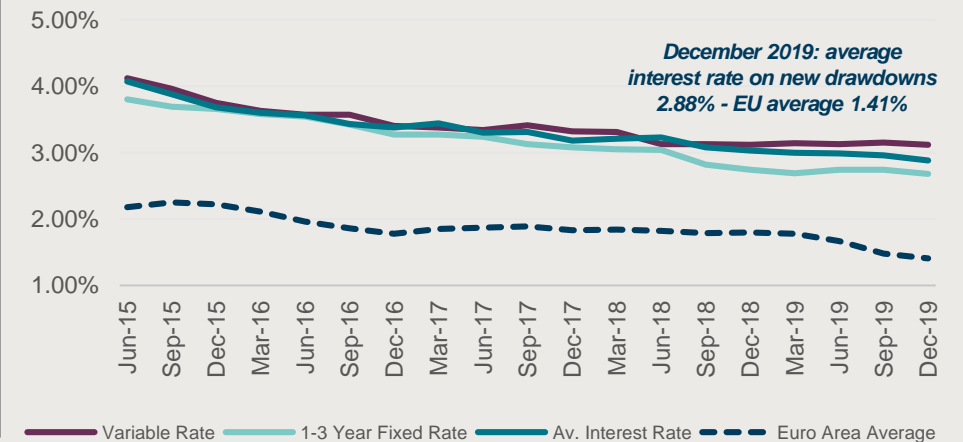
## With a booming labour market



## Driving wage inflation



## And mortgage rates continuing to fall

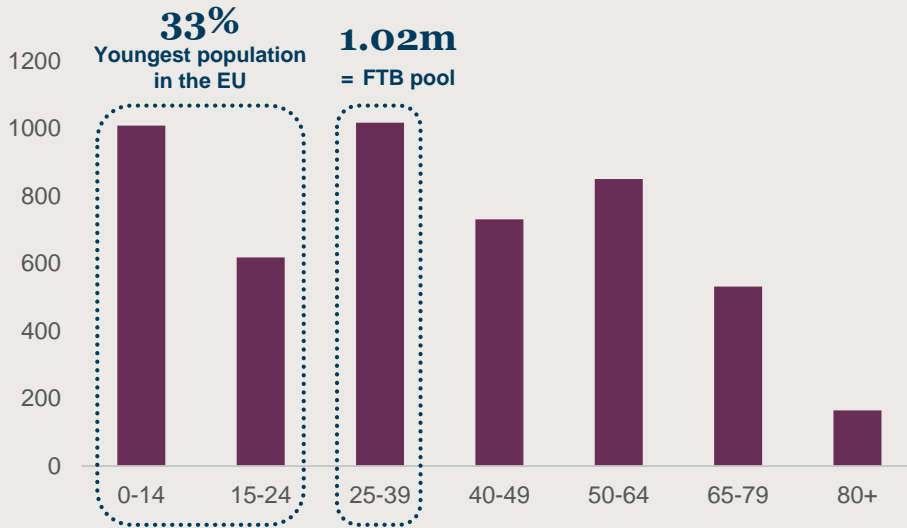


# Demographics Support Demand

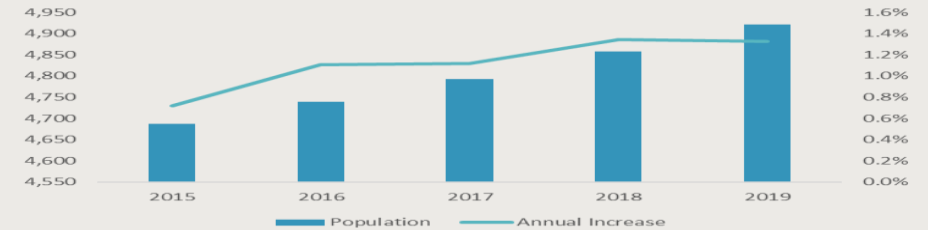
Strong population growth is being driven by the **highest birth rate in Europe** (13.5 births for every 1,000 of population), one of the highest household formation sizes in Europe (2.8x compared to 2.3x average) and inward migration (+35k in year to April 2019)

Our population will reach **5m in 2020** (4.92m in April 2019) and is forecast to grow to c. **5.6m by 2040**. The population of Dublin and the GDA is currently 2.12m and this is forecast to grow to 2.58m by 2040.

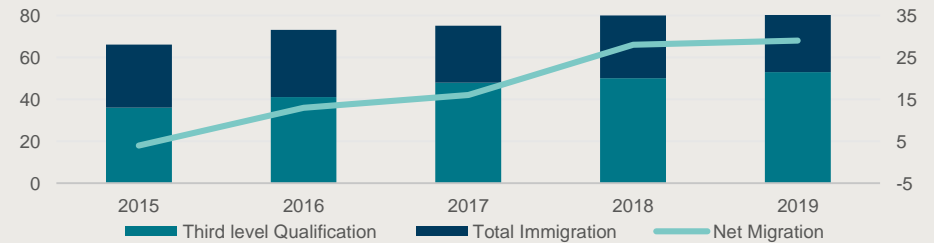
## Irish population by age category



## Average 1.1% annual population growth since 2015



## 62% of all immigrants have a third level qualification since 2015



Indebtedness of 25-34 age category  
**Amongst lowest in the EU**

Ireland Population Growth  
**3x EU average**

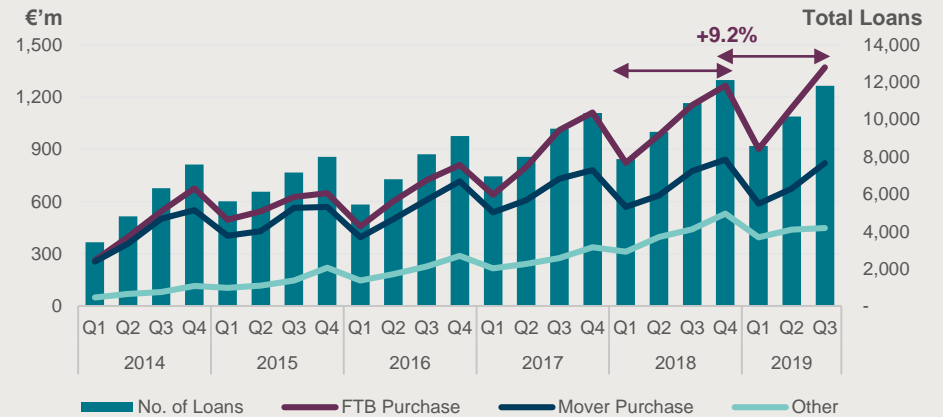
Highest Birth Rate  
**13.5 births for every 1,000 of population**

# Mortgage Market Conditions

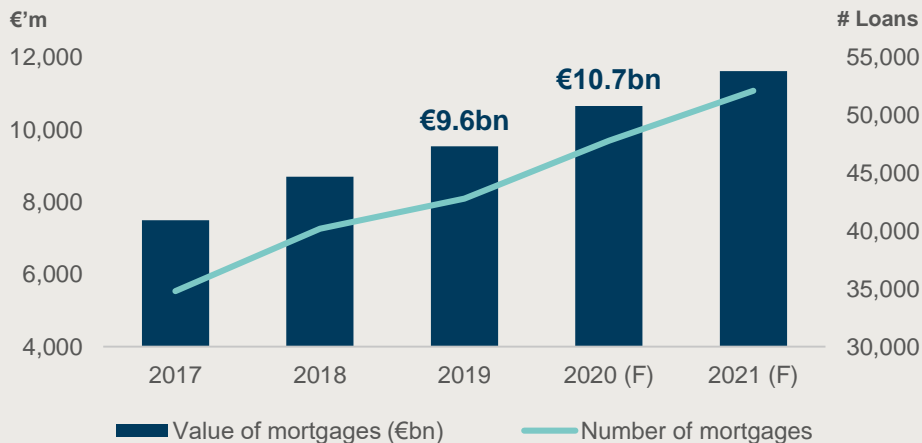
## Two entrants to a more competitive market



## Drawdowns by value growing



## Size of mortgage market expected to grow significantly



## Key facts

Since the introduction of Help to Buy in July 2016, 70% of FTB mortgage drawdowns have been for second hand homes

**2019:**  
**25,067 mortgages approved for FTB's (+ 13.7%)**  
**7,063 mortgage drawdowns for FTB's for new homes (+ 13.2%)**

Competition amongst mortgage providers is targeted at fixed rate customers – fixed rates as low as 2.2% available compared to EU average 1.41% in December 2019

Average FTB age is 34 and LTV is 80%

2019: Average FTB mortgage €262,000 (2018: €249,000)



# Cairn Brands

## FTB, Trade Up



Oak Park



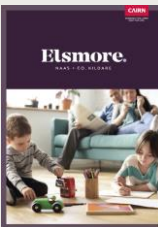
Churchfields



Edenbrook



Gandon Park



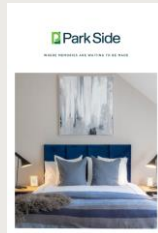
Elsmore



Graydon



Shackleton

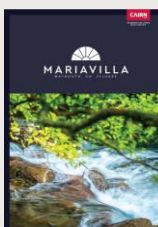


Parkside

## Trade Up/Down



Glenheron



Mariavilla



Archers Wood

## Prime



Marianella



Donnybrook Gardens



Albany

## PRS



Hanover Quay



Shackleton



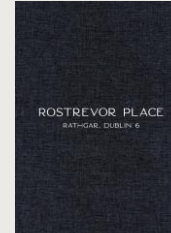
The Quarter



Mariavilla



Griffith Wood



Rostrevor Place

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**CAIRN**

DESIGNED FOR LIVING  
BUILT FOR LIFE.

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Glenheron, Greystones