Cairn Homes plc
Results for the Year Ended 31 December 2019
Over 1,800 Units Closed and Forward Sold in the Full year

Dublin / London, 03 March 2020: Cairn Homes Plc ("Cairn", "the Company" or "the Group"), the leading Irish homebuilding company, announces its results for the year ended 31 December 2019.

Financial Highlights **€'m**	**2019**	**2018**	**Change**
Revenue	**435.3**	337.0	+29%
Gross profit	**85.3**	69.1	+23%
Gross margin	**19.6%**	20.5%	(90bps)
Operating profit	**68.0**	53.2	+28%
Operating margin	**15.6%**	15.8%	(20bps)
Earnings per share	**6.5c**	4.0c	+63%
Dividend per share	**5.25c**	-	+5.25c
Cash generated from operations	**99.2**	40.1	+€59.1m
Total equity	**763.7**	756.6	+€7.1m
Net debt	**91.2**	134.4	(€43.2m)

Commenting on the results, Michael Stanley, Co-Founder and CEO, said:

"As Ireland's most active homebuilder, 2019 has proved to be another very successful year for Cairn with strong growth in revenues. In just over four years, 3,250 customers have chosen a Cairn home reflecting the strong demand for high-quality, competitively priced new homes in places where communities can prosper."

"This momentum has carried through to 2020. We confidently expect to continue our growth trajectory and this is reflected in the increased medium term guidance indicated today."

HIGHLIGHTS

Financial

- Revenue increased by 29% to €435.3 million (2018: €337.0 million), including €401.8 million revenue from units sold (2018: €294.2 million). 1,080 closed sales in the full year with an average selling price ("ASP") of €372,000 (2018: 804 closed sales at an ASP of €366,000). Our first-time buyer starter home ASP was €314,000 (2018: €312,000). All ASPs exclude VAT.
- Gross profit increased by 23% to €85.3 million (2018: €69.1 million) delivering a gross margin of 19.6% (2018: 20.5%).
- Operating profit increased by 28% to €68.0 million (2018: €53.2 million) equating to an operating margin of 15.6% (2018: 15.8%). Earnings per share was 6.5 cent (2018: 4.0 cent).
- Cash generated from operations of €99.2 million (2018: €40.1 million) resulting in a reduction in net debt to €91.2 million (31 December 2018: €134.4 million) after delivering shareholder returns of €41.9 million during 2019 through an interim ordinary dividend and the share buyback programme.
- Proposed final dividend of 2.75 cent per share, subject to shareholder approval at our Annual General Meeting to be held on 20 May 2020, providing for a total dividend for the full year of 5.25 cent. The increased final dividend underpins the Board's commitment to progressive biannual ordinary dividends.
- €60 million share buyback programme continuing, following the increase of the programme by €35 million as announced on 16 January 2020. As at 2 March 2020, a total of 29,538,798 shares have been repurchased at an average purchase price of €1.21. All repurchased shares have been cancelled.

Operational

- More than 3,250 customers have chosen a Cairn new home since we started business over four years ago with nearly 2,500 of these customers already living in their new homes. Strong net promoter score ("NPS") of 53 achieved reflecting our commitment to a positive customer experience.
- Currently active on 16 sites (31 December 2018: 12 sites) which will deliver c. 6,750 new homes. The Company is currently selling from 13 sites (31 December 2018: nine sites) and the 2020 Spring selling season has just commenced. Two site commencements in the year to date with up to a further five new site commencements by year-end.
- The Company continues to see significant demand from institutional capital due to both the excellent location of our sites and our demonstrable delivery capability.
- Focus on innovation, sustainability and standardisation across our housing and apartment sites and introducing more efficient and cost-effective methods of construction. Annualised build cost inflation in the last 12 months has been c. 2.5%. 86% of 2020 build costs and 60% of 2021 build costs on active sites are fixed at current levels. House price inflation has averaged c. 1.0% in the same period.
- Announced the acquisition of 97 acres of development land at Clonburris Strategic Development Zone ("SDZ") for €21 million on 28 November 2019 with the potential to deliver c. 2,000 new affordable homes. The acquisition, which was completed in January 2020, was funded from proceeds of non-core site disposals and is consistent with our approach to portfolio management.

Outlook

- The Company has witnessed a positive start to the Spring 2020 selling season with strong levels of demand across our selling sites. The Company's year to date closed sales and current forward sales pipeline has a sales value of €266.1 million (853 units) as at 2 March 2020. This compares to €201.4 million (471 units) as at 6 March 2019.
- The Company expects 1,250 to 1,300 sales completions in 2020 and is 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. 2020 guidance is underpinned by the strength of our year to date closed sales and contracted forward order book. With our increased capacity and capability, Cairn expects to continue to increase annual production and is targeting 1,500 to 1,600 sales completions in 2021 and 1,700 to 1,800 sales completions in 2022.
- Including the final dividend of 2.75 cent per share proposed today and the expected completion of the €60 million share buyback programme in the coming months, the Company will have delivered capital returns in excess of €100 million, which is greater than our free cash generation in 2019. Cairn remains committed to a progressive capital returns policy underpinned by our expected c. €400 million free cash generation in the period 2020 to 2022.
- The Company is committed to a carbon pledge to reduce our carbon emissions across all developments by 50% by 2030 which, along with our approach to quality, innovation and sustainability, will continue to support our brand and our business into the long-term. The adoption of near zero energy buildings ("nZEB") standards across our business in 2020 will further improve the energy efficiency of the new homes we build and result in improved A2 energy ratings.

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An analyst and investor call will be hosted by Michael Stanley, Co-Founder and CEO, and Ian Cahill, Head of Finance, today 3 March 2020 at 8.30am (GMT). Please use the numbers below, quoting the following Conference ID: 301310349#:

Ireland
- Toll free: 1800 948 241

UK
- Toll free: 0800 358 9473

US
- Toll free: 1855 857 0686

International
- Toll: +353 (1) 431 1252

Notes to Editors
Cairn is the leading Irish homebuilder committed to building high-quality, competitively priced, sustainable new homes in great locations. At Cairn, the homeowner is at the very centre of the design process and we strive to provide an unparalleled customer service throughout each stage of the home-buying journey. A new Cairn home is thoughtfully designed and built to last with a focus on creating shared spaces and environments where communities prosper. Cairn owns a c. 17,000 unit land bank across 35 residential development sites, over 90% of which are located in the Greater Dublin Area ("GDA") with excellent public transport and infrastructure links. Cairn is today building on 16 sites in the GDA, which will deliver over 6,750 new homes.

Note regarding forward-looking statements
Some statements in this announcement are forward-looking. They represent our expectations for our business and involve risks and uncertainties. We have based these forward-looking statements on our current expectations and projections about future events. We believe that our expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond our control, our actual results or performance may differ materially from those expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and no obligation is undertaken, save as required by law, by the Listing Rules of Euronext Dublin or by the Listing Rules of the UK Listing Authority, to reflect new information, future events or otherwise.

CHIEF EXECUTIVE STATEMENT

IMPLEMENTATION

The Company's objective is to be the leading Irish homebuilder by building in great locations and creating places and homes where people love to live. By using our low-cost land bank across our 35 housing and apartment sites as the foundation for a long-term homebuilding business, Cairn is maximising the opportunities and broadening demand which exists in the Irish new homes residential property market and in doing so will deliver substantial shareholder returns. This strategy is supported by our vision to be the most trusted and safest homebuilder in Ireland and is being achieved by operating our business under five strategic pillars:

1. Customers – deliver the best customer experience and gain their trust;
2. Homes – design and build high-quality, sustainable and market appropriate homes;
3. Places – create places for communities to prosper;
4. People – attract and retain the best people and external resources and ensure they can do their best work; and
5. Operational – create a commercial and profitable operating platform to turn land into great places to live.

As a homebuilder of scale, Cairn continues to maximise efficiencies through our organisational effectiveness agenda which seeks to build increased capacity and capability to drive business results and returns in line with our strategic objectives, in addition to supporting our business into the long term under all economic conditions. 2019 was another year of significant operational progress as we:

- Enhanced and expanded our capabilities through our people (broadened our executive, senior management team and board membership) and partnerships; and
- Delivered capacity improvements through the use of more technology, better processes and strengthened our supply chain through strategic initiatives.

The Company has a clearly defined operating model which brings together our enabling and delivery functions based on efficient, mature and collaborative processes which are aligned to our people, structures and governance framework. Cairn is also committed to developing our strong culture as a source of competitive advantage and providing a challenging and rewarding working environment for our team. This focus has enabled us to achieve considerable growth in revenue, profitability and cash generation.

The Company's approach to capital allocation, through a timely and well executed acquisition strategy across suburban and commuter belt low-density housing sites (c. 12,000 units at an average historic site cost of €32,000 per unit, including c. 9,300 starter home units at an average historic site cost of €23,000 per unit) and city centre, suburban and commuter belt high-density apartment sites (c. 5,000 units at an average historic site cost of €63,000 per unit), and the successful scaling of our business resulted in Cairn delivering 1,080 sales completions in 2019. With our approach to sustainability and the ongoing adoption of innovative, off-site manufactured, construction methodologies, the foundations are laid for Cairn to be the leading homebuilder in Ireland into the long-term.

The breadth of our land bank, the strong location of our sites, our low land costs and the efficiency of our construction operations means that we deliver new homes across the price spectrum to a broad buyer pool, from our starter homes which are priced at levels where our core first time buyer market can get access to mortgages (at sales prices from €250,000) to competitively-priced premium homes for up-sizers and down-sizers and apartments for owner occupiers and multifamily PRS institutional investors.

The emergence of multifamily PRS as a distinct asset class continued in 2019 with transactions dominating the Irish property investment market and accounting for 44% of all property investment transactions in the year. The Company completed the sale of Six Hanover Quay (120 apartments and two commercial units) in June 2019 and contracted the forward sale of The Quarter at Citywest (282 apartments: €94 million, incl. VAT), Shackleton Park and Gandon Park (229 residential units: €78.8 million, incl. VAT) and Mariavilla (150 residential units: €53.5 million, incl. VAT) during H2 2019. In securing over €325 million in multifamily PRS completed and forward sales to date, we have demonstrated our agility and operational capability in responding to a broadening buyer pool. Cairn estimates that c. €5 billion in domestic and international institutional capital is seeking to invest in well located, well designed and quality built new homes with strong counterparties. Demand from institutional investors for multifamily PRS has spread to well-located suburban and commuter belt locations and our strong performance in 2019 highlights the options and significant opportunities available to Cairn across all of our sites in this asset class over the coming years.

The Company's strategy is to continue to integrate multifamily PRS into our apartment and housing delivery pipeline in a measured and balanced manner in meeting the demands of our multiple customer strands. Our agile operating model and our increased capability and capacity will facilitate us to continue to proactively respond to market conditions and provide us with the flexibility and option to accelerate our multifamily PRS delivery plans, which, coupled with the possibility of entering into alternative multifamily PRS funding structures, will have the potential to increase our expected c. €400 million free cash generation in the period 2020 to 2022 and maximise shareholder returns.

FINANCIAL REVIEW

Further scaling of the business in 2019 resulted in revenue of €435.3 million (2018: €337.0 million), a 29% increase over the previous year. It included €401.8 million from 1,080 unit sales (2018: €294.2 million from 804 unit sales) and €32.2 million from other development site sales (2018: €41.7 million).

Gross profit increased by 23% to €85.3 million (2018: €69.1 million), delivering a gross margin of 19.6% (2018: 20.5%).

Operating expenses for the year were €17.3 million (2018: €15.9 million), equating to 4.0% of net revenues.

Operating profit increased by 28% to €68.0 million (2018: €53.2 million), an increase of €14.8 million when compared to a year earlier, equating to an operating profit margin of 15.6% (2018: 15.8%).

Finance costs for the year were €9.5 million (2018: €15.6 million including exceptional costs, and €11.7 million excluding exceptional costs), reflecting the full year benefits from the lower average cost of funds arising from the H2 2018 debt refinancing. There were no exceptional items during the year.

Profit after tax for the period was €51.2 million (2018: €31.4 million, after exceptional items of €3.9 million), a 63% increase, reflecting strong top-line expansion and measured growth in operating expenses. This strong trading performance delivered earnings per share of 6.5 cent (2018: 4.0 cent).

Inventories as at 31 December 2019 of €897.3 million (31 December 2018: €933.4 million) comprise land held for development of €692.8 million (31 December 2018: €750.7 million) and construction work in progress of €204.5 million (31 December 2018: €180.8 million) which reflects a level of work in progress sufficient to support the continuing growth plans of the business. The incremental €23.7 million year-on-year net investment in work in progress was significantly lower compared to the prior period (€76.3 million). There was no development land collateral remaining at year end (31 December 2018: €1.9 million).

Net debt reduced to €91.2 million at 31 December 2019 (31 December 2018: €134.4 million) and comprised of drawn debt of €148.0 million (net of unamortised arrangement fees and issue costs) (31 December 2018: €196.7 million) and available cash of €56.8 million (31 December 2018: €62.2 million). In addition to the net debt reduction, Cairn delivered shareholder returns of €41.9 million (through a €19.7 million interim dividend and €22.2 million of share buybacks). The business also repaid the €50.0 million term loan facility with Activate Capital from cash reserves. Total spend on construction work in progress in the year amounted to €288.7 million (2018: €241.9 million).

The fourth founder share test period concluded on 30 June 2019. No ordinary shares were issued through conversion of Founder Shares resulting from the performance period (1 March 2019 – 30 June 2019). Under the approved terms of the Founder Share Scheme, the founders are entitled to 20% of total shareholder return generated each year up to and including 30 June 2022, subject to achieving a 12.5% annual compounding hurdle rate.

On 29 April 2019, the High Court approved a capital reorganisation to reduce the Company's share premium account by €550.0 million and the resulting reserves from this cancellation have been treated as realised profits. The capital reorganisation took effect on 1 May 2019 and resulted in retained earnings of €552.8 million as at 31 December 2019 (31 December 2018: retained losses of €6.1 million).

The Board has adopted a policy of progressive biannual ordinary dividends as evidenced by the payment of a 2.5 cent interim dividend per share on 20 October 2019 and the proposed final dividend of 2.75 cent per share announced today. 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. Cairn commenced a €25 million share buyback programme on 13 September 2019 which completed on 13 January 2020. The Company increased the size of the share buyback programme by further €35 million, for a total of €60 million, on 16 January 2020. As at 2 March 2020, the €60 million share buyback programme is 60% complete with 29,538,798 shares repurchased at an average purchase price of €1.21. All repurchased shares have been cancelled.

OUR CUSTOMERS

Cairn delivered 1,080 closed sales in 2019 across 12 developments at an ASP of €372,000 comprising 911 houses at an ASP of €321,000 and 169 apartments at an ASP of €648,000 (2018: 804 closed sales across nine developments at an ASP of €366,000 comprising 612 houses at an ASP of €323,000 and 192 apartments at an ASP of €505,000). The Company delivered 133 Part V homes across our various sites to local authorities in 2019 at an ASP of €224,000 (2018: 73 Part V homes at an ASP of €205,000). The ASP in 2019 across our starter home sites was €314,000 (2018: €312,000). In broadening our product mix and managing our entry level price points, Cairn closed more than 100 duplex unit sales across five of our starter homes sites during 2019 at an ASP of €267,000 (2018: 17 duplex unit closed sales at an ASP of €274,000 on one starter home site).

Starter homes are our core product offering and our strategy is to focus on lowering starter home scheme entry price points by introducing more duplex units and to price our starter homes to sell at volume and at price points where first time buyers can access mortgages. House price inflation has averaged c. 1.0% across our active sites in the last 12 months.

Cairn's year to date closed sales and current forward sales pipeline is strong with a sales value of €266.1 million (853 units) as at 2 March 2020, of which 152 units will close in 2021. The 701 units which have or are expected to close in 2020 equate to c. 56% of our guided 2020 sales completions. The forward sales pipeline will be enhanced by Spring 2020 sales launches with sales suites reopening on ten of our active sites during Q1 2020. Sales rates, enquiries and footfall across our sales suites have all been positive in the Spring 2020 selling season to date. Initial sales launches will also take place across a number of new selling sites during Q1 and Q2 2020 including Donnybrook Gardens (Dublin 4), Graydon (Newcastle), Farrankelly (Delgany) and Cherrywood (South County Dublin).

The Company continues to integrate multifamily PRS into our delivery pipeline with four transactions announced to date:

1. Completed the sale of 120 apartments at Six Hanover Quay (Dublin 2) to Carysfort Capital / Angelo Gordon in June 2019;
2. Contracted to sell 282 apartments at The Quarter in Citywest (Dublin 24) to Urbeo / Starwood Capital for €94 million (incl. VAT) with a phased delivery commencing in late 2020;
3. Contracted to sell 150 apartments, duplexes and houses at Mariavilla (Maynooth) to Urbeo / Starwood Capital for €53.5 million (incl. VAT) with a phased delivery from December 2019; and
4. Contracted to sell 229 apartments, duplexes and houses at Shackleton Park and Gandon Park (Lucan) to Carysfort Capital / Angelo Gordon for €78.8 million (incl. VAT) with a phased delivery from December 2019.

Cairn estimates that there were 18 new-build multifamily PRS transactions each with a sales price in excess of €30 million which contracted or completed in 2019, comprising c. 3,250 new units. With the exception of Mariavilla (Maynooth) sale, all of these transactions were in Dublin. The Company's four transactions listed above accounted for c. 24% of these units and c. 20% of this market by value. With a long-term land bank containing c. 17,000 housing, duplex and apartment units and strong demand from domestic and international institutional investors for new, well designed apartment blocks in city centre, suburban and commuter belt locations from established counterparties, the Company continues to see significant demand from the multifamily PRS sector for our well located apartment and housing sites.

PRODUCTION AND INNOVATION

Cairn is today active on 16 sites which will deliver c. 6,750 new homes. The Company is supporting over 2,500 jobs across our active sites, including direct employees, subcontractors and other sector professionals. Cairn commenced construction on three new sites in 2019: a starter home housing site at Edenbrook (Dublin 24) and apartment sites at The Quarter in Citywest (Dublin 24) and Griffith Woods (Dublin 9). In addition, the construction of new phases commenced at our Marianella (Rathgar), Mariavilla (Maynooth) and Shackleton Park (Lucan) sites. Two new sites have commenced in the year to date at Graydon (Newcastle) and Farrankelly (Delgany) with up to a further five new site commencements by year-end. The Company completed the construction of our premium apartment development at Six Hanover Quay (Dublin 2), in addition to Phase 1 at Shackleton Park (Lucan), Phase 1 at Elsmore (Naas), Phase 2 at Churchfields (Ashbourne) and Phase 2 at Glenheron (Greystones) during 2019.

Cairn has a current committed procurement order book of €325 million on active sites (orders placed and prices fixed on labour and materials) and our top 20 subcontractors account for 66% of all procurement since IPO (an average of €23 million each), working across an average of eight developments each. The Company has an established and loyal pool of subcontractor partners with whom we collaborate across our large scale, multi-phase, multi-year developments and the many advantages of partnering with Cairn ensures that we enjoy strong subcontractor retention rates. The Company has fixed price contracts in place across all of our active construction sites – 86% of our 2020 and 60% of our 2021 construction costs on these active sites are fixed.

The Company is focused on innovation in continually seeking more efficient ways to build our new homes. Off-site manufactured ("OSM") methodologies continue to evolve and we have adopted more OSM into our construction activities: all of our new homes are now built using timber-frame construction, we have introduced bathroom pods across our recently commenced apartment developments in addition to other efficient and modern methods of construction such as steel frame structures and pre-cast construction elements. Our experience of build cost inflation in the last 12 months is c. 2.5%.

Cairn's 35 sites have an average size of c. 545 units, all in great locations with proven demand. Nearly 80% of our c. 17,000 land bank units were acquired within 1 year of IPO at a low historic cost (average unit cost €42,000), and our total land cost as a percentage of net development value is 11.5% (IPO target 20%). Some 98% of these units have the benefit of full planning permission, are residentially zoned or are within a Strategic Development Zone ("SDZ"). Our internal planning expertise and the ongoing success which we have demonstrated in bringing sites through planning provides a constant conversion of sites into active development sites.

The Company obtained full planning permission for 1,830 units in 2019 (2018: 2,106 units) from nine separate successful grants of planning and in the year to date has secured an additional four grants of planning comprising 1,376 units. In addition, Cairn currently has three planning applications, comprising c. 1,400 residential units, in the single-step Strategic Housing Development ("SHD") planning process, and one application (179 units) in the SDZ fast-track process, with more applications which are currently at the design and masterplanning stage to follow through both planning processes during 2020.

Cairn continues to materially enhance the value of existing sites through the planning process and has delivered c. 3,500 incremental units on our existing sites which will be margin enhancing over the coming years.

The Company's site acquisition strategy has evolved following the acquisition of our land bank. Our focus remains on strategic opportunities, including acquiring land adjoining existing sites and exploring further joint development and investment opportunities. Expenditure on site acquisitions amounted to €11.5 million in 2019 (2018: €33.7 million), including our second investment venture development with NAMA, announced in January 2019, when we acquired a 14.5 acre site adjoining our successful Parkside development where we will build in excess of 550 new homes. Cairn completed the acquisition of the additional 97 acres of development land within Clonburris SDZ, as announced on 28 November 2019, for €21 million post year-end in January 2020.

ECONOMY

The fast-growing Irish economy performed strongly again in 2019 with GDP forecast at 6.1% in the period with continued growth forecast into 2020 (+ 4.8%) and 2021 (+ 4.2%) (source: Central Bank of Ireland Quarterly Bulletin No. 1 2020). GDP growth is being supported by ongoing strong foreign direct investment and strengthening consumer demand backed by positive wage inflation (forecast at c. 3.8% in 2019 – source: Goodbody). Employment in IDA (Ireland's investment agency) supported companies grew by c. 14,000 (+7%) in 2019 (source: IDA 2019 Annual Results) and now accounts for c. 10% of total employment.

Consumer sentiment has improved after the threat of a hard-Brexit receded and Cairn believes that the positive economic outlook underpins the medium-term annual demand for new homes in Ireland, estimated at 34,000 units until 2040 (source: CBI – Population Change and Housing Demand in Ireland, December 2019). The industry response to the housing crisis remains constrained by a number of factors with 21,241 new homes built nationally in 2019, of which only 16,173 new homes were built in multi-unit developments. In the GDA, 11,646 new homes were built, including 2,910 apartments and 932 one off homes (source all: CSO New Dwelling Completions Q4 2019). Cairn estimates the long-term demand for new homes in the GDA at c. 20,000 per annum.

The Irish mortgage market continues to expand and the value of mortgage drawdowns grew by 9.2% in 2019 to €9.5 billion (2018: €8.7 billion) and mortgage approval values increased by 9.9% to €11.1 billion in the same period (2018: €10.1 billion) (source: BPFI Mortgage Approvals December 2019 and BPFI Mortgage Drawdowns Q4 2019). First time buyers accounted for 51% of all loan drawdowns in 2019, although only 7,063 first time buyer mortgages were in respect of new homes (with 14,423 in relation to second-hand homes). Cairn welcomed the arrival of two new entrants to the owner occupier mortgage market during 2019 and believes that more competition will benefit mortgage holders. Competition amongst mortgage providers remains intense and more attractive headline mortgage interest rates, particularly fixed rates, are available.

HEALTH AND SAFETY

Cairn is fully committed to the highest standards of health and safety on our sites. The health and safety of employees, subcontractors, customers and the general public is our number one priority. Increased construction activity levels increase the risk of accidents on active sites and the Company continually promotes the importance of a safe working environment and ensures the highest industry health and safety standards are set. Each active site has a dedicated health and safety officer, ensuring that our health and safety policies are implemented. Health and safety is a standing agenda item at all Board and Audit & Risk Committee meetings and the Company retains an independent external auditor to undertake a monthly audit of health and safety practices and management across all active sites.

TEAM

The Company's direct headcount at 31 December 2018 was 195 (31 December 2018: 155). The Company has assembled a talented team across our active development sites and central support functions with all the skills, experience and expertise to deliver our strategic objectives and continue to grow our business.

INVESTOR RELATIONS

Cairn recognises the importance of regular communication and interaction with shareholders, potential investors and the international financial and investment community. This ensures a full understanding of our strategic objectives, our plans for the future and the measurement of performance against these plans. We conducted a comprehensive programme of investor engagement throughout 2019.

GOVERNMENT INITIATIVES

The Government has implemented a number of supportive initiatives in response to the housing crisis and the Company welcomed the recent extension of two of the most impactful measures, namely the SHD fast-track planning process for residential developments in excess of 100 units and the first time buyer Help to Buy income tax rebate scheme which were both extended until 31 December 2021.

Cairn has been the most active and successful proponent of the SHD process with 13 grants of planning, accounting for 13.5% of all units granted planning permission and 23% of all site commencements under this process since its introduction in 2017.

The Help to Buy scheme acts as an important counterbalance to the CBI's macroprudential mortgage lending rules in allowing first time buyers access mortgages. In Dublin, over 66% of all new homes sold in 2019 were sold above Cairn's starter home ASP of €314,000 excluding VAT (Source: Property Price Register). Increasing the supply of affordable starter homes in locations close to areas of high employment and key public transport links needs to be proactively encouraged. In particular, investment in key infrastructure projects, as outlined in Project Ireland 2040, needs to be accelerated to unlock the potential for more housing delivery.

Discussions remain ongoing regarding the formation of a new Government following the recent Irish general election. The exceptional shortage of affordable housing was a key election issue and it is inevitable that proposed solutions towards addressing this shortage will feature prominently in any new Programme for Government.

BOARD APPOINTMENTS

The Board was delighted to announce the appointment of Mr. Shane Doherty as Chief Financial Officer ("CFO") on 8 January 2020. Mr. Doherty will join Cairn in April 2020. Mr. Doherty has been Group CFO at Morgan McKinley Ltd, an international professional staffing and resourcing solutions business, since March 2018. Prior to that, he was Group CFO at green energy developer, Gaelectric Holdings Ltd, European Finance Director at Paddy Power Group plc and led PaddyPower.com. Prior to his time at Paddy Power, he worked in various senior finance leadership roles in Eircom Group plc.

Mr. Tim Kenny resigned from the Board on 8 January 2020 and the Board wishes to thank Mr. Kenny for his valuable contribution to the business during his time with Cairn.

OUTLOOK

With strong market demand for our product and delivery pipeline, the Company looks forward to the full year with confidence.

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	2019 Unaudited	2018 Audited		
		Total	Before Exceptional Items	Exceptional Items (Note 15)	Total
		€'000	€'000	€'000	€'000
Continuing operations					
Revenue	2	**435,331**	337,021	-	**337,021**
Cost of sales		**(350,030)**	(267,924)	-	**(267,924)**
Gross profit		**85,301**	69,097	**-**	**69,097**
Other income		**119**	-	-	**-**
Administrative expenses		**(17,371)**	(15,879)	-	**(15,879)**
Operating profit		**68,049**	53,218	-	**53,218**
Finance income		**-**	3	-	**3**
Finance costs	3	**(9,461)**	(11,708)	(3,930)	**(15,638)**
Profit before taxation		**58,588**	41,513	(3,930)	**37,583**
Tax charge	4	**(7,372)**			**(6,165)**
Profit for the year		**51,216**			**31,418**
Other comprehensive income		**-**			**-**
Total comprehensive income for the year		**51,216**			**31,418**
Profit attributable to:					
Owners of the Company		**51,224**			**30,764**
Non-controlling interests		**(8)**			**654**
Profit for the year		**51,216**			**31,418**
Basic earnings per share	13	**6.5 cent**			**4.0 cent**
Diluted earnings per share	13	**6.5 cent**			**4.0 cent**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

Assets	**Note**	**2019 Unaudited €'000**	**2018 Audited €'000**
Non-current assets			
Property, plant and equipment		1,980	1,358
Right of use assets	5	1,083	-
Intangible assets		669	855
		3,732	**2,213**
Current assets			
Inventories	6	897,259	933,355
Trade and other receivables	7	11,701	8,033
Current taxation		655	-
Cash and cash equivalents		56,810	62,232
		966,425	**1,003,620**
Total assets		**970,157**	**1,005,833**
Equity			
Share capital	8	810	828
Share premium	8	199,616	749,616
Other undenominated capital		18	-
Share-based payment reserve		8,002	7,782
Retained earnings		552,796	(6,088)
Equity attributable to owners of the Company		**761,242**	**752,138**
Non-controlling interest	11	2,496	4,418
Total equity		**763,738**	**756,556**
Liabilities			
Non-current liabilities			
Loans and borrowings	9	148,041	147,338
Lease liabilities	10	804	-
Deferred taxation	4	5,084	5,856
		153,929	**153,194**
Current liabilities			
Loans and borrowings	9	-	49,333
Lease liabilities	10	334	-
Trade and other payables	12	52,156	40,820
Current taxation		-	5,930
		52,490	**96,083**
Total liabilities		**206,419**	**249,277**
Total equity and liabilities		**970,157**	**1,005,833**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share Capital	Share Premium	Other Undenomin-ated Capital	Share-Based Payment Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Unaudited Attributable to owners of the Company							
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2019	**828**	**749,616**	**-**	**7,782**	**(6,088)**	**752,138**	**4,418**	**756,556**
Total comprehensive income for the year								
Profit for the year	**-**	**-**	**-**	**-**	51,224	**51,224**	(8)	**51,216**
	-	**-**	**-**	**-**	**51,224**	**51,224**	(8)	**51,216**
Transactions with owners of the Company								
Purchase of own shares (note 8)	(18)	-	18	-	(22,647)	**(22,647)**	-	**(22,647)**
Equity-settled share-based payments	-	-	-	220	-	**220**	-	**220**
Dividends paid to shareholders	-	-	-	-	(19,693)	**(19,693)**	-	**(19,693)**
Dividends and capital distribution paid by subsidiary to non-controlling shareholder	-	-	-	-	-	**-**	(1,914)	**(1,914)**
Capital reorganisation – reduction of share premium and transfer to distributable reserves (note 8)	-	(550,000)	-	-	550,000	**-**	-	**-**
	(18)	**(550,000)**	**18**	**220**	**507,660**	**(42,120)**	**(1,914)**	**(44,034)**
As at 31 December 2019	**810**	**199,616**	**18**	**8,002**	**552,796**	**761,242**	**2,496**	**763,738**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share Capital	Share Premium	Share-Based Payment Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Audited Attributable to owners of the Company						
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2018	**828**	**749,616**	**14,222**	**(44,741)**	**719,925**	**1,795**	**721,720**
Total comprehensive income for the year							
Profit for the year	**-**	**-**	**-**	30,764	**30,764**	654	**31,418**
	-	**-**	**-**	**30,764**	**30,764**	654	**31,418**
Transactions with owners of the Company							
Conversion of Founder Shares to ordinary shares	-	-	(7,889)	7,889	**-**	-	**-**
Equity-settled share-based payments	-	-	1,449	-	**1,449**	-	**1,449**
Dividend paid by subsidiary to non-controlling shareholder	-	-	-	-	**-**	(527)	**(527)**
	-	**-**	**(6,440)**	**7,889**	**1,449**	**(527)**	**922**
Changes in ownership interests							
Investment in subsidiary by non-controlling shareholder	-	-	-	-	-	2,496	**2,496**
	-	**-**	**-**	**-**	**-**	**2,496**	**2,496**
As at 31 December 2018	**828**	**749,616**	**7,782**	**(6,088)**	**752,138**	**4,418**	**756,556**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	2019 Unaudited €'000	2018 Audited €'000
Cash flows from operating activities		
Profit for the year	51,216	31,418
Adjustments for:		
Share-based payments expense	220	1,184
Finance costs	9,461	15,638
Finance income	-	(3)
Depreciation and amortisation	744	330
Taxation	7,372	6,165
	69,013	**54,732**
Decrease/(increase) in inventories	36,587	(21,351)
Increase in trade and other receivables	(3,668)	(2,493)
Increase in trade and other payables	11,992	10,083
Tax paid	(14,736)	(858)
Net cash from operating activities	**99,188**	**40,113**
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,309)	(424)
Purchases of intangible assets	-	(169)
Transfer from restricted cash	-	17,002
Net cash (used in)/from investing activities	**(1,309)**	**16,409**
Cash flows from financing activities		
Purchase of own shares	(22,241)	-
Proceeds from borrowings, net of debt issue costs	-	94,151
Repayment of loans	(50,000)	(145,559)
Investment in subsidiary by non-controlling shareholder	-	2,496
Settlement of contingent consideration for Argentum acquisition	-	(3,250)
Dividends paid	(19,693)	-
Dividends and capital distribution paid by subsidiary to non-controlling shareholder	(1,914)	(527)
Repayment of lease liabilities	(306)	-
Interest and other finance costs paid	(9,147)	(10,404)
Net cash used in financing activities	**(103,301)**	**(63,093)**
Net decrease in cash and cash equivalents in the year	**(5,422)**	**(6,571)**
Cash and cash equivalents at beginning of year	**62,232**	**68,803**
Cash and cash equivalents at end of year	**56,810**	**62,232**

1. Basis of preparation

Cairn Homes plc ("the Company") is a company domiciled in Ireland. The Company's registered office is 7 Grand Canal, Grand Canal Street Lower, Dublin 2. The Company and its subsidiaries (together referred to as "the Group") is predominantly involved in the development of residential property for sale.

The unaudited consolidated financial information covers the year ended 31 December 2019.

The Group unaudited consolidated financial information does not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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 31 December 2018. They should be read in conjunction with the statutory consolidated financial statements of the Group, which were prepared in accordance with IFRS as adopted by the European Union, as at and for the year ended 31 December 2018, and the interim results for the six month period ended 30 June 2019, issued on 12 September 2019. The statutory financial statements for the year ended 31 December 2018 have been filed with the Companies Registration Office and are available at www.cairnhomes.com. The audit opinion on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The statutory consolidated financial statements of the Group for the year ended 31 December 2019 will be published in April 2020 and will be available on www.cairnhomes.com.

The new IFRS standards, amendments to standards or interpretations that are effective for the first time in the financial year ending 31 December 2019 have not had a material impact on the Group's reported profit or net assets in this consolidated financial information. Details of the impact of IFRS 16 are set out below and in notes 3, 5 and 10.

IFRS 16, Leases, is effective for the first time in the financial year ended 31 December 2019. IFRS 16 has replaced IAS 17 Leases. The Group has initially adopted IFRS 16 Leases from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees under which the distinction between operating leases and finance leases is removed for lessees.

Under IFRS 16, all assets held by the Group under lease agreements which are greater than twelve months in duration are recognised as right-of-use assets within the statement of financial position representing its rights to use the underlying asset. The present value of future payments to be made under those lease agreements is recognised as a liability representing its obligation to make lease payments. Rental expenses are replaced in profit or loss with finance costs on the lease liability and depreciation of the right-of-use assets.

The Group has applied IFRS 16 using the modified retrospective approach, under which the right-of-use asset and related lease liability have been determined by discounting the lease payments over the expected term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate. Accordingly, the comparative information presented for 2018 has not been restated and it is presented, as previously reported, under IAS 17 and related interpretations.

The policy applicable up to 31 December 2018 under IAS 17 was that payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. The Group had no finance leases under IAS 17.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is subsequently increased by the interest costs on the lease lability and decreased by the lease payments made.

The right-of-use asset and lease liability recognised under IFRS 16 represents the Group's lease on the central support office, which is the only lease impacted by IFRS 16.

1. Basis of preparation *(continued)*

Impacts on transition
On transition to IFRS 16, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below.

	1 January 2019 **€'000**
Right-of-use assets	1,443
Lease liabilities	1,443

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate of 2.6% at 1 January 2019.

	1 January 2019 **€'000**
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	1,510
Discounted using the incremental borrowing rate at 1 January 2019	1,443
Lease liabilities recognised at 1 January 2019	**1,443**
Lease liabilities recognised at 31 December 2019	**1,138**

Impact for the year ended 31 December 2019
As a result of initially applying IFRS 16, the Group has recognised €1.1 million of right-of-use assets and €1.1 million of lease liabilities as at 31 December 2019. In addition, the Group has recognised depreciation and interest costs, instead of an operating lease expense. During the year ended 31 December 2019, the Group recognised €0.360 million of depreciation charge on right of use assets and €0.038 million of interest costs on lease liabilities.

The Group's other accounting policies, presentation and method of computations adopted in the preparation of the consolidated financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2018.

The preparation of consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results could differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key judgements and estimates impacting this consolidated financial information are the carrying value of inventories and allocations from inventories to cost of sales (note 6).

The consolidated financial information is presented in Euro, which is the functional currency of the Company and presentation currency of the Group, rounded to the nearest thousand.

2. Revenue

	2019 €'000	2018 €'000
Residential property sales	401,808	294,184
Residential site sales	32,152	41,657
Income from property rental	1,371	1,180
	435,331	**337,021**

3. Finance costs

	2019	2018
Interest expense on financial liabilities measured at amortised cost	8,049	11,085
Other finance costs	1,374	623
Settlement of contingent consideration – exceptional item	-	3,250
Interest on lease liabilities	38	-
Write-off of residual arrangement fees on refinancing – exceptional item	-	680
	9,461	**15,638**

Interest expense for the year ended 31 December 2019 includes interest and amortised arrangement fees and issue costs on the drawn term loans, revolving credit facility and loan notes. Other finance costs include commitment fees on the undrawn element of the revolving credit facility during the year.

In the prior year, in accordance with IFRS 3 *Business Combinations*, a contingent consideration settlement of €3.25 million was charged to profit or loss in the year ended 31 December 2018 in relation to the Swords site which was acquired as part of the Argentum acquisition in 2016. Separately, residual unamortised arrangement fees of €0.68 million at the time of refinancing in July 2018 relating to the previous term loan and revolving credit facility were charged to profit or loss in the prior year. These charges were non-routine transactions and were therefore classified as exceptional finance costs (note 15).

4. Taxation

	2019 €'000	2018 €'000
Current tax charge for the year	8,144	5,920
Deferred tax (credit)/charge for the year	(772)	245
Total tax charge	**7,372**	**6,165**

Deferred tax

The deferred tax liability is comprised of the following:

	2019 €'000	2018 €'000
Opening balance	5,856	5,611
(Credit)/charge to profit or loss	(772)	245
Closing balance	**5,084**	**5,856**

5. Right-of-use assets

	2019 €'000	2018 €'000
Cost		
At 1 January 2019 on initial application of IFRS 16	1,443	-
Additions	-	-
At 31 December 2019	**1,443**	**-**
Accumulated depreciation		
At 1 January 2019	-	-
Depreciation	(360)	-
At 31 December 2019	**(360)**	**-**
Net book value		
At 31 December 2019	**1,083**	**-**

Following the adoption of IFRS 16, the Group has recognised a right-of-use asset in respect of the lease of its central support office property. On initial application of IFRS 16, the asset and related lease liability were determined by discounting the lease payments over the expected remaining term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate.

6. Inventories

	2019 €'000	2018 €'000
Land held for development	692,756	750,653
Construction work in progress	204,503	180,833
Development land collateral (for loans in the foreclosure process)	-	1,869
	897,259	**933,355**

The Directors consider that all inventories are essentially current in nature although the Group's operational cycle is such that a considerable proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventories will be realised as this will be subject to a number of factors such as consumer demand and the timing of planning permissions.

As the build costs on each site can take place over a number of reporting periods the determination of the cost of sales to release on each sale is dependent on up to date cost forecasting and expected profit margins across the various developments. There is a risk that one or all of the assumptions may require revision as more information becomes available, with a resulting impact on the carrying value of inventory or the amount of profit recognised. The risk is managed through ongoing site profitability reforecasting with any necessary adjustments being accounted for in the relevant reporting period. The Directors considered the evidence from impairment reviews and profit forecasting models across the various sites and are satisfied with the carrying values of inventories (development land and work in progress), which are stated at the lower of cost and net realisable value, and with the methodology for the release of costs on the sale of inventory.

7. Trade and other receivables

	2019 €'000	2018 €'000
Construction bonds	5,884	3,963
Other receivables	5,817	4,070
	11,701	**8,033**

The carrying value of all trade and other receivables is approximate to their fair value.

8. Share capital and share premium

	Number	2019 €'000	Number	2018 €'000
Authorised				
Ordinary shares of €0.001 each	1,000,000,000	1,000	1,000,000,000	1,000
Founder shares of €0.001 each	100,000,000	100	100,000,000	100
Deferred shares of €0.001 each	120,000,000	120	120,000,000	120
A Ordinary shares of €1.00 each	20,000	20	20,000	20
Total authorised share capital		**1,240**		**1,240**

As at 31 December 2019	**Number**	**Share Capital €'000**	**Share Premium €'000**	**Total €'000**
Issued and fully paid				
Ordinary shares of €0.001 each	770,655,088	771	199,597	200,368
Founder shares of €0.001 each	19,182,149	19	19	38
Deferred shares of €0.001 each	19,980,000	20	-	20
		810	**199,616**	**200,426**

As at 31 December 2018	**Number**	**Share Capital €'000**	**Share Premium €'000**	**Total €'000**
Issued and fully paid				
Ordinary shares of €0.001 each	788,783,171	789	749,597	750,386
Founder shares of €0.001 each	19,182,149	19	19	38
Deferred shares of €0.001 each	19,980,000	20	-	20
		828	**749,616**	**750,444**

Capital reorganisation
On 29 April 2019, the High Court approved a capital reorganisation to reduce the Company's share premium account by €550 million and the resulting reserves from this cancellation have been treated as realised profits. The capital reorganisation took effect on 1 May 2019.

8. Share capital and share premium *(continued)*

Share buyback

Further to the authority granted at the Annual General Meeting on 22 May 2019, the Company commenced a €25 million share buyback programme on 13 September 2019. As at 31 December 2019, the total cost of shares repurchased under the buyback programme was €22,646,683. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled. This programme completed on 13 January 2020. On 16 January 2020, the Company announced the extension of this share buyback programme to repurchase ordinary shares up to a maximum additional consideration of €35 million, thereby increasing the size of the overall share buyback programme to €60 million (note 18).

	2019	2018
Other Undenominated Capital	**€'000**	**€'000**
At 1 January 2019	-	-
Nominal value of own shares purchased	18	-
At 31 December 2019	18	-

Long term incentive plan

The Group operates an equity settled Long Term Incentive Plan ("LTIP"), which was approved at the May 2017 Annual General Meeting, under which conditional awards of 3,889,750 shares made to employees remain outstanding as at 31 December 2019 (2018: 3,121,413). The shares will vest on satisfaction of service and performance conditions attaching to the LTIP. Vesting of 80% of the awards will be based on earnings per share performance and 20% will be based on total shareholder return over a 3 year period. The Group recognised costs related to the LTIP during the year ended 31 December 2019 of €0.220 million (2017: €1.449 million) of which €0.070 million (2018: €1.184 million) was charged to profit or loss and €0.150 million (2018: €0.265 million) was included in construction work in progress within inventories.

9. Loans and borrowings

	2019	2018
	€'000	**€'000**
Current liabilities		
Bank and other loans		
Repayable within one year	-	49,333
Total borrowings	**-**	**49,333**
Non-current liabilities		
Bank and other loans		
Repayable as follows:		
Between one and two years	-	-
Between two and five years	90,704	75,058
Greater than five years	57,337	72,280
Total borrowings	**148,041**	**147,338**

The Group has an undrawn revolving credit facility of €194 million as at 31 December 2019. The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs.

The €50 million term loan with Activate Capital, which the Group entered into on 5 July 2017, was repaid on 12 July 2019.

10. Lease liabilities

	2019 €'000	2018 €'000
Current liabilities		
Lease liabilities		
Repayable within one year	334	-
	334	**-**
Non-current liabilities		
Lease liabilities		
Repayable as follows:		
Between one and two years	334	-
Between two and five years	470	-
	804	**-**
Total lease liabilities	**1,138**	**-**

Following the adoption of IFRS 16, the Group has recognised a lease liability in respect of the lease of its central support office property. On initial application of IFRS 16 the lease liability and related right-of-use asset were determined by discounting the lease payments over the expected remaining term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate.

The undiscounted remaining contractual cash flows at 31 December 2019 are as follows:

	Contractual cash flows				
	Total	6 months of less	6-12 months	1-2 year	2-5 years
As at 31 December 2019	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Lease liability	**(1,201)**	(172)	(172)	(343)	(514)

11. Non-controlling interest

The non-controlling interest at 31 December 2019 of €2.5 million relates to the 25% share of the net assets of a subsidiary entity, Balgriffin Investment No. 2 HoldCo DAC, which is held by National Asset Management Agency ("NAMA"). Cairn Homes plc holds 75% of the equity share capital in this subsidiary which is involved in the development of residential property.

The non-controlling interest at 31 December 2018 of €4.4 million relates to the 25% share of Balgriffin Investment No. 2 HoldCo DAC referred to above and the 35% share of the net assets of a subsidiary entity, Balgriffin Cells P13-P15 DAC, which was also held by NAMA. Balgriffin Cells P13-P15 DAC was formerly involved in the development of residential property. It completed its development activities in 2018 and has since been voluntarily struck off.

12. Trade and other payables

	2019 €'000	2018 €'000
Trade payables	13,102	16,064
Accruals	19,094	15,662
VAT liability	17,768	7,828
Other creditors	2,192	1,266
	52,156	**40,820**

The carrying value of all trade and other payables is approximate to their fair value.

13. Earnings per share

The basic earnings per share for the year ended 31 December 2019 is based on the earnings attributable to ordinary shareholders of €51.2 million and the weighted average number of ordinary shares outstanding for the period.

	2019	2018
Profit attributable to owners of the Company (€'000)	51,224	30,764
Numerator for basic and diluted earnings per share	**51,224**	**30,764**
Weighted average number of ordinary shares for period (basic)	785,864,442	771,848,317
Dilutive effect of options	89,471	197,625
Denominator for diluted earnings per share	785,953,913	772,045,942
Earnings per share		
- Basic	6.5 cent	4.0 cent
- Diluted	6.5 cent	4.0 cent

The diluted earnings per share calculation reflects the impact of share options.

There is no dilution in respect of Founder Shares. It is assumed, as is required under IAS 33, that the test period for the Founder Share conversion calculation is from 1 September 2019 to 31 December 2019, however the actual test period for determining the Founder Share conversion in 2020 will be from 1 March 2020 to 30 June 2020. Based on the assumed test period, no ordinary shares would be issued through conversion of Founder Shares as the relevant performance condition was not met. Additional ordinary shares may be issued under the Founder Share scheme in future periods up to and including 2022 if the performance condition under the rules of the scheme is reached.

There is no dilution in respect of the LTIP as the performance conditions are not met as at 31 December 2019.

14. Dividends

Dividends of €19.7 million were paid by the Company during the year.

The Board has proposed a final dividend of 2.75 cent per ordinary share. This final dividend will be paid on 29 May 2020 to shareholders on the register on the record date of 1 May 2020. Based on the ordinary shares in issue at 2 March 2020, the amount of dividends proposed is €20.9 million. However, in view of the ongoing share buyback programme, it is not possible to precisely determine the total amount at this stage.

Dividends and a capital distribution totalling €1.9 million were paid during the year by the Company's subsidiary, Balgriffin Cells P13-P15 DAC (note 11), to NAMA in respect of its 35% shareholding.

15. Exceptional items

Year ended 31 December 2019
The were no exceptional items during 2019.

Year ended 31 December 2018
The terms of the agreements for the Argentum acquisition in 2016 included contingent consideration which could be payable in certain circumstances in relation to the Swords site. The exceptional finance cost of €3.25 million (note 3) in 2018 relates to the settlement of this contingent consideration which was agreed with the Argentum vendors during the year. This is required to be charged to profit or loss in the consolidated financial statements in accordance with IFRS 3 *Business Combinations*.

Residual unamortised arrangement fees at the date of the refinancing (note 3) of €0.68 million relating to the previous term loan and revolving credit facility were charged to profit or loss in 2018.

These charges arose from non-routine transactions and were therefore classified as exceptional items.

16. Related party transactions

There were no related party transactions during the year other than Directors' remuneration.

17. Commitments and contingent liabilities

As at 31 December 2019, Cairn Homes Properties Limited had contracted as follows:

- to sell 282 apartments at The Quarter in Citywest, Dublin 24 for €94 million (incl. VAT). These apartments are currently under construction with a phased delivery commencing in late 2020.

- to sell 150 Multifamily PRS residential units in Mariavilla, Maynooth to Urbeo for €53.5 million (incl. VAT). 64 of these units were completed and sold pre year end for €24.2 million (incl. VAT) with the remaining 86 apartments currently under construction with a phased delivery until the end of 2020.

- to sell 229 Multifamily PRS units in Lucan to Carysfort Capital for €78.75 million (incl. VAT). 15 of these units were completed and sold pre year end for €5.2 million (incl. VAT) with the remaining 214 apartments currently under construction with a phased delivery until the end of 2020.

- to acquire two sites, comprising 97 acres of development land within Clonburris SDZ, at a cost of €21 million (incl. VAT). Subsequent to the year end, the Group completed these transactions (note 18).

At 31 December 2019, the Group had a contingent liability in respect of construction bonds in the amount of €1.5 million.

The Group is not aware of any other commitments or contingent liabilities that should be disclosed.

18. Events after the year end

On 15 January and 16 January 2020, Cairn Homes Properties Limited completed the acquisition of two sites, comprising 97 acres of development land within Clonburris SDZ, at a cost of €21 million (incl. VAT).

On 16 January 2020, the Company announced the extension of its previous €25 million share buyback programme to repurchase ordinary shares up to a maximum additional consideration of €35 million, thereby increasing the size of the overall share buyback programme to €60 million (note 8). In total, in the period from 1 January 2020 to 2 March 2020, the Company repurchased 11,410,715 shares at a total cost of €14.4 million.

The Board has proposed a final dividend of 2.75 cent per ordinary share. This final dividend will be paid on 29 May 2020 to shareholders on the register on the record date of 1 May 2020. Based on the ordinary shares in issue at 2 March 2020, the amount of dividends proposed is €20.9 million. However, in view of the ongoing share buyback programme, it is not possible to precisely determine the total amount at this stage.

CAIRN HOMES PLC
COMPANY INFORMATION

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Michael Stanley (Chief Executive Officer)
Alan McIntosh (Non-Executive, British)
Andrew Bernhardt (Non-Executive, British)
Gary Britton (Non-Executive)
Giles Davies (Non-Executive, British)
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