Interim Results for the Six Months Ended 30 June 2020
Safe Return to Work, Positioned for Return to Significant Growth

Dublin / London, 10 September 2020: Cairn Homes Plc ("Cairn", "the Company" or "the Group"), the leading Irish homebuilding company, announces its interim results for the six months ended 30 June 2020.

Financial Highlights **€'m**	**6 months ended June 2020**	**6 months ended June 2019**
Revenue	**80.9**	192.4
Gross profit	**13.0**	35.7
Gross margin	**16.1%**	18.6%
Operating profit	**5.8**	27.3
Operating margin	**7.1%**	14.2%
Earnings per share	**0.16c**	2.37c

	As at 30 June 2020	**As at 31 December 2019**
Total equity	740.4	**763.7**
Net debt	186.8	**91.2**

Highlights

- €5.8 million operating profit realised in spite of Covid-19 related site closures and costs.
- Construction productivity now back to c. 85% of pre-pandemic levels.
- Primary focus on operating safe environments across 15 sites.
- Summer sales momentum has carried through to key Autumn selling season.
- 1,030 closed and forward sales and current value of forward sales pipeline is €237 million.
- Despite disruption, guiding modestly in excess of 700 closed sales, a gross margin of c. 16.3% and an operating profit of c. €20 million for FY20.
- Company ambitious for future prospects.

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

"I'm proud of the resilience and extraordinary professionalism that my colleagues and all of the people working across our sites have demonstrated in spades during the first half of the year. The fact that Cairn was profitable in the first half, when our sites were closed for two months due to Covid-19, is testament to their flexibility and commitment to getting the job done to a continually high standard in a safe working environment."

"As we look forward, I am not surprised by our sales momentum over the summer months which has carried through into the autumn selling season, with our current forward sales pipeline valued at €237 million. The underlying pent-up demand for home ownership in Ireland has increased as a consequence of the lockdown. This experience has definitely changed people's priorities and owning their own space in a well-designed, energy efficient A-rated new home has become paramount to many."

"I'm pleased to see the Government's commitment to put home building at the heart of its policy programme, particularly their emphasis on affordable housing and supporting aspiring home owners more generally."

"Despite the lingering uncertainty surrounding Covid-19, we look forward with confidence given the scale and responsiveness of our platform, the quality of our new homes and the sustained interest of buyers."

Operational

- Our primary focus has been on operating and maintaining safe environments for our employees, subcontractors, suppliers, customers and the communities in which we live and work. All site based staff have been fully remobilised. Despite qualifying for funding support, the Company decided not to avail of Government pandemic-related support during the period.
- At half year, we are active on 15 sites, including three new 2020 site commencements supporting over 2,000 full-time jobs. All residential construction sites, which closed on 27 March 2020 in line with Irish Government guidelines, reopened on 18 May 2020. Two new site commencements are scheduled to commence in Q4 2020.
- We are now achieving c. 85% of pre-pandemic productivity levels and driving further efficiencies as capacity levels have increased in response to the level of demand for our new homes and growth plans.
- Closed 207 new homes sales and generated total revenues of €80.9 million in the first half of the year. Sales have gathered momentum over the summer months and our year to date closed sales and current forward sales pipeline is now 1,030 new homes as at 09 September 2020, of which 350 are expected to close in 2021.
- We enter the second half of the year with a platform and increased construction work in progress ("WIP") investment to be able to respond to all demand this year and into 2021. This is illustrated by our current forward sales pipeline which has a sales value of €237.0 million, despite three months of very limited sales activity due to the shutdown. International institutional capital is still viewing Ireland as a good investment location for multifamily private rental sector ("PRS") investment.
- Approach to customer-focused product innovation has intensified through continually advancing and improving design and construction methodologies as customers now view their family home as a place to both live and work in close proximity to recreational and other amenity facilities.

Financial

- Revenue of €80.9 million (H1 2019: €192.4 million), including €69.7 million revenue from new homes sold (H1 2019: €175.3 million). 207 closed sales in the half year at an average selling price ("ASP") of €337,000[1] (H1 2019: 390 closed sales at an ASP of €449,000). Our starter home ASP in the period was €322,000 (H1 2019: €321,000).
- Gross profit of €13.0 million (H1 2019: €35.7 million) delivering a gross margin of 16.1% (H1 2019: 18.6%). Reduced gross margin includes additional costs associated with the pandemic with residential construction sites closed for two months, increased site management and preliminary costs from extended construction programmes and product mix impacts.
- Operating profit of €5.8 million (H1 2019: €27.3 million) and an operating margin of 7.1% (H1 2019: 14.2%) after operating expenses of €7.3 million (H1 2019: €8.4 million). With a disciplined approach to cost and cash management, we maintained profitability despite production and sales constraints faced during and after two-month site closures in H1 2020.
- Strong, well-capitalised balance sheet with inventories of €957.7 million. Our continued investment in WIP in H1, which increased by €56.8 million in the period, underpins management's confidence and ambitions for the future of the business.
- Net debt of €186.8 million (31 December 2019: €91.2 million), reflecting investment in our growth strategy. During the period, we also allocated €23.8 million to the share repurchase programme (which was suspended in March) and made a €20.0 million land investment in the adjoining Clonburris site acquisition announced on 28 November 2019.
- Our business also maintains an advantageous liquidity position with gross cash at 30 June 2020 of €155.6 million (31 December 2019: €56.8 million) to fund the expansion of the business into 2021 and beyond. A number of cashflow mitigation measures were implemented during H1 2020, including the suspension of ordinary dividends and our €60.0 million share buyback programme, while Executive Directors will forgo any cash bonuses which may have been payable in respect of our performance in 2020.
- While remaining focused on managing our cash and liquidity position, the Company is also investing in growth as evidenced by our H1 WIP investment and the announcement released separately today in relation to the proposed acquisition of the Esmonde Motors site which adjoins our existing Blakes site in Stillorgan (Dublin).

Outlook

- The supply of new homes into the Irish housing market is likely to be impacted in 2020 and into 2021 as the broader industry reacts to the pandemic, exacerbating the housing crisis. Cairn has reopened all 15 active residential construction sites and continues to invest in site commencements which will deliver growth into 2021 and beyond. The robust level of demand

[1] All ASPs exclude VAT

witnessed since lockdown was expected, particularly from first time buyers for our competitively priced starter homes, and our forward sales pipeline will be enhanced by the ongoing Autumn selling season, including three new sales launches scheduled in September and October 2020.

- Despite the significant disruption to our construction and marketing activities in H1, Cairn is guiding modestly in excess of 700 closed sales, a gross margin of c. 16.3% and an operating profit of c. €20 million for the full year. This guidance is presented on the assumption that our construction and sales activities can continue to operate in a safe manner for the remainder of the financial year. While there remains some uncertainty given Covid-19 and the economic backdrop, we have a healthy level of contracted forward sales into 2021.
- We remain positive for the future prospects of our business and determined to successfully navigate any uncertainty and to deliver growth and increasing sustainable returns over the medium term. This is supported by our agile business model, mature operating platform across low and high density new homes, strong balance sheet, established subcontractor relationships and the strengthening of our talented team and workforce with a number of key appointments since the start of 2020. Cairn has the relative advantage of a strong liquidity position to continue to invest in our growing construction activities and leverage the opportunities which our scale and strategic positioning will present in the coming years. This will ensure we return to being a significantly cash generative business with growing profitability and a clear focus on a sustainable, long-term future.

For further information, contact:

Cairn Homes plc **+353 1 696 4600**
Michael Stanley, Co-Founder and CEO
Shane Doherty, Chief Financial Officer
Ian Cahill, Head of Finance
Declan Murray, Head of Investor Relations

Drury Communications **+353 1 260 5000**
Billy Murphy
Louise Walsh

Finsbury **+44 207 251 3801**
Gordon Simpson
Charles O'Brien

An analyst and investor call will be hosted by Michael Stanley, Co-Founder and CEO, and Shane Doherty, Chief Financial Officer, today 10 September 2020 at 8.30am (BST). Please use the numbers below, quoting the following PIN: 67756805#:

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 Homes plc ("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 15 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 OF STRATEGY

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 to capitalise on the pent-up demand which exists in the Irish new homes residential property market. 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:

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

As a homebuilder of scale, in the year to date Cairn has demonstrated the resilience of our operations in maintaining functionality during and after our residential construction site closures. During this time we:

- Continued to expand our team in line with our growth plans pivoting our efforts during this period to progress our continuous learning and innovation agenda;
- Maintained capacity through remote working and established a Business Continuity Group which focuses on the health and safety of our people and ensured a safe and incident-free return to all operational sites; and
- Strengthened our supply chain relationships and partners through continuous engagement and supportive financial and strategic initiatives.

The combination of our operating model and supporting culture has enabled the Company to become the leading homebuilder in Ireland in the short period since our IPO in 2015. Our "Better Ways to Build" initiative has been established to ensure this competitive advantage continues into the future. This initiative is focused on driving further operational excellence and efficiencies; our innovation agenda; and fostering deeper partnerships across our stakeholder groups.

Cairn's approach to capital allocation, through a timely and well executed acquisition strategy in 2015 and 2016, a period representing a low point in land values in the last few decades, together with the successful scaling of our business has resulted in over 3,500 customers choosing a new Cairn home to date. Our landbank comprises of 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. 8,400 starter home units at an average historic site cost of €22,000 per unit) and city centre, suburban and commuter belt high-density apartment sites (c. 5,000 units at an average historic site cost of c. €60,000 per unit).

The Company is committed to building homes and creating places that contribute positively to communities and society and minimise our impact on the environment. As we move to a more long-term Sustainability Agenda, we are transitioning our four CSR pillars – community, environment, people and industry – to align with ESG criteria as our central standards in measuring our environmental and societal impact. Cairn is dedicated to providing considered, well-designed and healthy spaces that improve quality of life through an enduring commitment to responsible and sustainable development and the environment in which we operate. This commitment was acknowledged through the recent award of the London Stock Exchange Green Economy Mark accreditation which recognises issuers who generate over 50% of their total revenue from environmentally positive goods, products and services.

With our approach to sustainability and our focus on innovation informing both our construction activities and our design-led approach, the foundations are laid for Cairn to be the leading homebuilder in Ireland into the long-term:

- Starter Homes: ideally positioned to capitalise on demand from first time buyers for competitively priced starter homes. First time buyers are our core market with over 50% (8,300 units) of our landbank priced between €250,000 and €350,000 (incl. VAT). Only 16% of all new homes in Ireland are owned by people under the age of 39, while this same cohort accounts for 58% of all homes rented;
- Multifamily PRS: now an established asset class in Ireland. The Company has secured over €345 million (incl. VAT) in multifamily PRS completed and forward sales to date, and in doing so has demonstrated our agility and operational capability in responding to a broadening buyer pool. Demand from domestic and international institutional investors, who are seeking a long term exposure to the Irish residential sector, for well located, well-designed and quality built multifamily PRS new homes persists. A number of high profile transactions have been reported over the last six months

in city centre, suburban and commuter belt locations. Cairn's industry leading track record in this asset class highlights the potential opportunities available to the Company across all of our sites in this asset class over the coming years; and

- Affordable Housing: the new Government has committed to putting affordability at the heart of the housing system and in doing so will prioritise the increased supply of public, social and affordable homes. It also recognises the important role the private sector will play in the delivery of much needed social and affordable housing. With the price points within our landbank, our market leading track record and scalable operating model, we look forward to being able to partner with Government and being an integral part of the solution.

Our strategy is to capitalise on the underlying potential in the Irish residential property market by building in great locations and creating places and high quality competitively priced homes where people love to live. Our performance in the year to date has demonstrated that, notwithstanding the uncertain near-term outlook, we are continuing to execute our strategy and have strategically positioned our business to leverage the ongoing opportunities which exist in the Irish new homes residential property market.

FINANCIAL REVIEW

Revenues in H1 2020 were €80.9 million (H1 2019: €192.4 million), including €69.7 million revenue from new homes sold (H1 2019: €175.3 million) and €11.0 million from other development site sales (H1 2019: €16.2 million). 207 closed sales in the half year at an average selling price ("ASP") of €337,000 (H1 2019: 390 closed sales at an ASP of €449,000). Our starter home ASP in the period was €322,000 (H1 2019: €321,000).

Gross profit in H1 2020 of €13.0 million (H1 2019: €35.7 million) delivering a gross margin of 16.1% (H1 2019: 18.6%). Reduced gross margin includes additional costs associated with the pandemic with residential construction sites closed for two months, increased site management and preliminary costs from extended construction programmes and product mix impacts.

Operating profit in H1 2020 of €5.8 million (H1 2019: €27.3 million) and an operating margin of 7.1% (H1 2019: 14.2%) after operating expenses of €7.3 million (H1 2019: €8.4 million). With a disciplined approach to cost and cash management, we maintained profitability despite production and sales constraints faced during and after two month site closures in H1 2020.

Finance costs for the period reduced to €4.5 million (H1 2019: €5.5 million), reflecting both a lower average cost of funds and higher drawings under committed debt facilities compared to the same period last year.

Profit after tax for the period was €1.2 million (H1 2019: €18.7 million), resulting in earnings per share of 0.16 cent (H1 2019: 2.37 cent).

Inventories as at 30 June 2020 of €957.7 million (31 December 2019: €897.3 million) comprising land held for development of €696.4 million (31 December 2019: €692.8 million) and WIP of €261.3 million (31 December 2019: €204.5 million). The small increase in land held for development is primarily as a result of the completion of the acquisition of a site at Clonburris in January 2020, the disposal of a site at Parkside in April 2020 and the release of land held relating to the 207 unit sales in the period. Our continued investment in WIP in H1, which increased by €56.8 million in the period, underpins management's confidence and ambitions for the future growth of the business. This will begin to unwind in H2 2020.

Net debt of €186.8 million as at 30 June 2020 (31 December 2019: €91.2 million) comprised of drawn debt of €342.4 million (net of unamortised arrangement fees and issue costs) (31 December 2019: €148.0 million) and available cash of €155.6 million (31 December 2019: €56.8 million). Total spend on construction work in progress for the six-month period amounted to €105.0 million (H1 2019: €147.7 million), reflecting the two-month site shut down.

The €95.6 million increase in net debt in H1 was predominantly driven by reduced sales volumes, which are expected to increase considerably in future trading periods, and therefore we would not expect that run rate movement to occur in future periods as sale volumes and WIP production delta levels even out. Our continued investment in WIP in H1, which increased by €56.8m, will serve the business well in H2 and 2021 with a pipeline of completed product to service the ongoing housing supply shortage more broadly in Ireland. Other H1 movements included €23.8 million share repurchases and the €20.0 million balancing payment on the Clonburris site acquisition.

Cairn maintains an advantageous liquidity position in the sector. In addition, a number of cashflow mitigation measures were implemented during H1 2020, including the suspension of ordinary dividends and our €60 million share buyback programme, and Executive Directors will forgo any cash bonuses which may have been payable in respect of the Company's performance in FY20.

On 25 March 2020, the Board withdrew its intention to pay a final 2019 dividend of 2.75 cent per share. As a result, no dividend was paid during the period. On the same date, the Company also announced the suspension of its €60 million share buyback programme which commenced on 13 September 2019. The programme remains suspended. As at 25 March 2020, the Company had repurchased 39,449,108 shares at an average purchase price of €1.17. All repurchased shares have been cancelled.

OUR CUSTOMERS

Cairn delivered 207 closed sales in H1 2020 across 11 developments at an ASP of €337,000 comprising 206 houses at an ASP of €337,000 and 1 apartment at an ASP of €348,000 (H1 2019: 390 closed sales across seven developments at an ASP of €449,000 comprising 228 houses at an ASP of €337,000 and 162 apartments at an ASP of €608,000). The ASP in H1 2020 across our starter home sites was €322,000 (H1 2019: €321,000) starting at very competitive entry level price points from €275,000.

Starter homes are our core product offering and this is the largest of our addressable markets in Ireland where c. 168,000 couples and c. 80,000 individuals who can afford to buy a new home priced between €250,000 and €375,000 (source: Revenue.ie). Our strategy in recent years has been to focus on lowering starter home scheme entry price points by introducing more duplex units, which accounted for c. 30% of our H1 completions, and to price our starter homes to sell at volume and at price points where first time buyers can access mortgages.

Sales have gathered momentum over the summer months and our year to date closed sales and current forward sales pipeline is now 1,030 new homes as at 09 September 2020. We had a positive start to the 2020 spring selling season as the strong momentum from our exceptional performance in 2019 continued, prior to the closure of our show homes on 27 March in line with Irish Government guidelines. A number of scheduled spring sales launches were postponed until late summer and early autumn, and while the level of sales activity fell significantly, our online sales platforms, including virtual reality tours, ensured reservations remained marginally ahead of cancellations in advance of the reopening of our show homes, by appointment only, on 8 June 2020. Viewings of our show homes remain by appointment only and the timing of a return to normal functioning marketing activities, with open viewings for new sales launches, remains uncertain.

The entire sales process from initial viewing to final snagging is currently managed through new viewing, snagging, valuation and closing procedures by our sales consultants and customer care team, all overseen by a health and safety adviser, throughout each step of the viewing and closing process, observing social distancing and hygiene protocols. After each visit by a customer, their surveyor or valuer, our new homes are deep cleaned and sanitised by professional cleaners. Cairn continues to provide our market leading after-sales service through our dedicated customer care line and team of maintenance operatives. Our customer care line functionality was expanded in May 2020 to include a "Cairn Covid-19 Helpline", supported by our health and safety team, providing additional guidance and support to all of our customers.

The robust level of underlying demand and our sales performance since our show homes reopened in June was expected, including new sales launches at Parkside (Malahide Road), Graydon (Newcastle) and Shackleton Park (Lucan). Our focus on competitively priced, high quality new homes for first time buyers has meant that recent selling prices are broadly in line our pre-Covid-19 levels. Our forward sales pipeline will be enhanced by the ongoing Autumn selling season and a number of scheduled sales launches in September and October 2020.

The Company continued the phased delivery of contracted multifamily PRS units to Carysfort Capital / Angelo Gordon at Shackleton Park and Gandon Park (Lucan - contracted to sell 229 apartments, duplexes and houses for €78.8 million, incl. VAT, with a phased delivery from December 2019) and to Urbeo / Starwood at Mariavilla (Maynooth - contracted to sell 150 apartments, duplexes and houses for €53.5 million, incl. VAT, with a phased delivery from December 2019). The phased delivery of 282 apartments at The Quarter in Citywest (Dublin 24) to Urbeo / Starwood Capital for €94 million, incl. VAT, will commence in late 2020.

Transactional activity in the PRS multifamily sector was impacted somewhat by the pandemic, and more particularly site closures across the industry, in H1 2020, however a number of significant new build transactions were contracted in the market in Q2 2020, totalling c. €90 million, with three large transactions reported in Q3 2020 to date for in excess of €380 million. Institutional demand continues to be driven by strong demographics, the lack of suitable rental accommodation in the Greater Dublin Area and a growing supply demand imbalance with the supply of new homes likely to fall to c. 14,000 new homes in 2020 from 21,133 new homes delivered in 2019. With a long-term land bank containing c. 17,000 housing, duplex and apartment units and strong ongoing demand from domestic and international institutional investors for new, well-designed apartment and duplex 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

All of our residential construction sites closed on 27 March 2020 in line with Irish Government guidelines. As these restrictions were eased, our 15 active sites reopened on 18 May 2020 on a phased basis managed through a detailed return to work strategy initiative, with all site and construction personnel remobilised on a staggered basis ensuring that social distancing and all new necessary protocols, procedures and work practices were implemented in accordance with our return to work strategy. These health and safety measures, which will remain in place as long as social distancing has to be respected, have led to a new way of working and operating our residential construction sites. From an efficiency perspective, construction programmes have been extended and productivity levels have been impacted, resulting in increased site management and preliminary costs. When our sites reopened, our productivity levels were c. 60% of pre-Covid rates, however through the efficiency of our operations, the dedication of our site teams and in collaboration with our supply chain, Cairn is now achieving c. 85% of pre-pandemic productivity levels and driving further efficiencies to improve productivity while continuing to adhere to social distancing practices.

One of the Company's primary objectives during the period our residential construction sites were temporarily closed was to maintain the financial and operational integrity and resilience of our established and loyal subcontractor and supplier base. Having invested heavily in our supply chain since our IPO, we immediately engaged with all of our subcontractors and suppliers and assisted in critical cash flow management (by accelerating the payment of €23 million in March payments), maintaining regular communication to ensure all were as prepared as possible to recommence construction activities and committing to reopen all closed residential sites, in addition to providing clarity on future work pipelines and planned site commencements. Additionally, Cairn launched a €5 million support scheme in early April 2020 for self-employed individuals working for our subcontractors and suppliers to forward pay, through its subcontractors and suppliers, €250 per week to each self-employed worker availing of the new scheme to supplement their existing arrangements for a period of up to 12 weeks. The Company's response to the crisis has further promoted our partnership approach and strategy to be a long-term sustainable business which clearly demonstrates the security and benefits which our business model provides now and into the future for our subcontractors and supply chain.

Cairn is today active on 15 sites which will deliver c. 6,750 new homes. The Company is supporting over 2,000 full-time jobs across our active sites, including direct employees, subcontractors and other sector professionals. Cairn commenced construction on four sites in H1 2020, including three new site commencements: starter home housing sites at Graydon (Newcastle), Whitethorn (Naas) and Parkside (Malahide Road) and a trade-up/down housing site at Archers Wood (Delgany). One new site commencement and a new phase of an existing site are scheduled to commence in Q4 2020. The Company also completed the construction of our starter home development at Edenbrook (Dublin 24) during H1 2020.

Cairn has a current committed procurement order book of €350 million on active sites (orders placed and prices fixed on labour and materials) and our top 20 subcontractors account for 65% of all procurement since IPO (an average of €26 million each), working across an average of ten developments each. The Company has fixed price contracts in place across all of our active construction sites – 97% of our 2020 and 78% of our 2021 construction costs on these active sites are fixed.

The Company obtained full planning permission for 1,595 units in H1 2020 (H1 2019: 841 units) from six separate successful grants of planning. In addition, Cairn currently has seven planning applications, comprising c. 2,600 residential units, in the single-step Strategic Housing Development ("SHD") planning process with more applications which are currently at the design and masterplanning stage due to be submitted through this process over the coming months.

The Company's site acquisition strategy remains opportunistic, including acquiring land adjoining existing sites and exploring further joint venture and partnership opportunities. Expenditure on site acquisitions amounted to €21.9 million in H1 2020 (H1 2019: €9.0 million), principally relating to the completion of the acquisition of the additional 97 acres of development land within Clonburris SDZ, as announced on 28 November 2019. Cairn also acquired NAMA's minority interest in the 14.5 acre site adjoining Parkside (Malahide Road) in July 2020.

PRODUCT INNOVATION

The Company's focus on customer-focused product innovation has intensified following Covid-19 as we believe the experiences of our existing and prospective customers have placed a greater emphasis on the importance of delivering high quality residential accommodation. Our customers now expect much more from their new homes as many people will view the family home as a place to both live and work in close proximity to recreational and other amenity facilities.

Cairn is currently looking at ways to continue to innovate for this new reality. This includes design changes to our internal housing layouts for optionality of dedicated working areas both on ground floor and first floor levels. It includes allowance for future proofing infrastructure for garden office pods. It considers improved amenity space and the addition of dedicated business accommodation in our apartment complexes. We are also engaging with technology companies to look at ways to improve the experience of working at home and enhancing connectivity and broadband resilience. Our belief is that the current crisis will, in the medium term, increase both our customers' expectations and their desire to own a well-designed, multi-functional, and quality built family home.

Cairn also continues to seek more efficient ways to build our new homes through the adoption of further off-site manufactured ("OSM") methodologies, including the recent introduction of garden office pods to complement existing OSM practices including timber-frame construction used in all of our new housing and duplex developments and bathroom pods in our apartment developments, in addition to other efficient and modern methods of construction such as steel frame structures and pre-cast construction elements. The Company is also investing in our broader procurement strategy, focusing on category and supplier relationship management within our supply chain as key areas to deliver further resilience, improved collaboration and innovation within our dedicated procurement function.

ECONOMY

There has been a very significant impact on all businesses in Ireland following the Covid-19 outbreak and it remains difficult to predict how the Irish economy will perform overall in 2020. Recent data demonstrates that the Irish economy has started to recover from the significant shock of the April and May 2020 lockdown with current forecasts estimating GDP will contract by up to 10.5% in 2020 (source: Department of Finance) following average annual GDP growth of 9% in the 6 years to 2019 (source: CSO). GDP is forecast to grow by 6.0% in 2021 (source: Department of Finance). Unemployment remains high, with the COVID-19 Adjusted Measure of Unemployment at 15.4% in August 2020 if all claimants of the Pandemic Unemployment Payment were classified as unemployed, down from a peak of 28.8% in April 2020 (source: CSO).

Residential property prices increased 0.1% in the year to June 2020 (source: CSO) – prices in Dublin declined 0.7% in the same period, with house prices falling 0.9% and apartment prices increasing by 2.4%. Dublin property prices remain 22.7% below their previous peak in February 2007. Rents increased 1.0% in the year to July 2020 (source: Daft.ie) and the difference in the cost of owning a Cairn starter home in Dublin compared to the cost of renting the same home remains stark - it is 41% cheaper to own than rent.

While mortgage applications and drawdowns declined significantly during and immediately after lockdown, recent mortgage data suggests activity and access to mortgages is improving from the low points of the lockdown. First time buyer mortgage approvals (by volume) increased 78% month on month in July following a 24% increase in June, while there were 50% (July) and 20% (June) increases recorded for the market overall (source: BPFI). There were 1,883 mortgage approvals for first time buyers in July 2020, which is down 29% on July 2019. First time buyer drawdowns for new homes in H1 2020 were down 12% in volume and 9% in value compared with H1 2019. With consensus estimates for total mortgage drawdowns of c. €7 billion in 2020 (source: Goodbody, Davy), some 27% below 2019 levels, it appears that to date first time buyers have not been as impacted by the pandemic as other participants in the mortgage market. Strengthening July 2020 first time buyer approval statistics suggest more resilience in the first time buyer market.

GOVERNMENT INITIATIVES

The new Irish coalition Government was formed on 27 June 2020 and their Programme for Government ("PFG") seeks to urgently tackle the housing crisis with an emphasis on new builds and to "put affordability at the heart of the housing system".

As part of the Government's €7.4 billion July Stimulus package of measures implemented to stimulate Ireland's economy, the existing Help to Buy scheme was expanded with the maximum claim amount increased to €30,000 (previously €20,000) to fund up to 10% (previously 5%) of the purchase price of new homes only up to a maximum purchase price of €500,000. The enhanced Help to Buy scheme means that for new homes priced at €300,000 or below, the need to save for a deposit has effectively been removed subject to qualification for the Help to Buy income tax rebate. The enhanced scheme will run until 31 December 2020 and the Government has committed in the PFG to retain and expand the Help to Buy scheme for new homes for the lifetime of the Government.

The Government will also bring forward a target for the delivery of affordable homes over the lifetime of the Government as a priority, most likely through the Land Development Agency, in a policy initiative which will be widely welcomed.

Cairn is disappointed that the PFG does not propose to extend the SHD planning process beyond its legislative expiry on 31 December 2021, having secured planning for over 4,300 new homes through this fast-track process, of which in excess of 3,000 new homes are built or under construction. The SHD planning process is one of the most impactful measures introduced by the last Government and one of drivers behind Cairn's growth in the 2017-2019 period. The many benefits brought to the planning regime by the SHD process should be considered as part of any future solution. With our successful track record and current planning pipeline, we expect all of our relevant landbank sites will have been through the process by the end of 2021.

PRINCIPAL RISKS & UNCERTAINTIES

Details of the principal risks and uncertainties facing the Company can be found in the Risk Report which was included in the 2019 Annual Report. These risks, in particular pandemic risk, economic conditions, mortgage availability and affordability, government policy and health and safety remain the most likely to affect Cairn in the second half of the current year. The Company actively identifies, assesses, monitors and manages these and all other risks through its control and risk management processes. Our risk agenda and outlook has been significantly tested in recent months and the Company's processes and business model has withstood these uncertainties well. We will continue to actively assess changes in the external environment on events which could change our risk assessment and profile throughout the remainder of the financial year.

OUTLOOK

Cairn remains positive for the future prospects of our business and determined to successfully navigate any uncertainty and to deliver growth and increasing sustainable returns over the medium term. This is supported by our agile business model, mature operating platform across low and high density new homes, strong balance sheet, established subcontractor relationships and the strengthening of our talented team and workforce with a number of key appointments since the start of 2020. Cairn has the relative advantage of a strong liquidity position to continue to invest in our growing construction activities and leverage the opportunities which our scale and strategic positioning will present in the coming years. This will ensure we return to being a significantly cash generative business with growing profitability and a clear focus on a sustainable, long-term future.

CAIRN HOMES PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT
For the six month period ended 30 June 2020

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

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

- prepare and present the condensed set of financial statements in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency Directive, and the Transparency Rules of the Central Bank of Ireland;
- ensure the condensed set of financial statements has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.

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

We confirm that to the best of our knowledge:

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

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

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

On behalf of the board

Michael Stanley	John Reynolds
Chief Executive Officer	Chairman

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the six month period ended 30 June 2020

	Note	For six month period ended 30 June 2020	For six month period ended 30 June 2019
		€'000	€'000
Continuing operations			
Revenue	2	**80,940**	**192,355**
Cost of sales		**(67,915)**	**(156,651)**
Gross profit		**13,025**	**35,704**
Administrative expenses		**(7,256)**	**(8,372)**
Operating profit		**5,769**	**27,332**
Finance costs	3	**(4,531)**	**(5,548)**
Profit before taxation		**1,238**	**21,784**
Tax charge	4	**(39)**	**(3,115)**
Profit for the period		**1,199**	**18,669**
Other comprehensive income		**-**	**-**
Total comprehensive income for the period		**1,199**	**18,669**
Profit attributable to:			
Owners of the Company		1,199	18,672
Non-controlling interests		-	(3)
Profit for the period		**1,199**	**18,669**
Basic earnings per share	12	**0.16 cent**	**2.37 cent**
Diluted earnings per share	12	**0.16 cent**	**2.37 cent**

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2020

		30 June 2020	31 Dec 2019
		Unaudited	**Audited**
Assets	**Note**	**€'000**	**€'000**
Non-current assets			
Property, plant and equipment		1,707	1,976
Right of use assets		902	1,083
Intangible assets		601	673
		3,210	**3,732**
Current assets			
Inventories	5	957,650	897,259
Trade and other receivables	6	11,350	11,701
Current taxation		2,113	655
Cash and cash equivalents	7	155,637	56,810
		1,126,750	**966,425**
Total assets		**1,129,960**	**970,157**
Equity			
Share capital	8	788	810
Share premium	8	199,616	199,616
Other undenominated capital		40	18
Share-based payment reserve		6,778	8,002
Retained earnings		530,650	552,796
Equity attributable to owners of the Company		**737,872**	**761,242**
Non-controlling interests	10	2,496	2,496
Total equity		**740,368**	**763,738**
Liabilities			
Non-current liabilities			
Loans and borrowings	9	342,420	148,041
Lease liabilities		647	804
Deferred taxation	4	4,571	5,084
		347,638	**153,929**
Current liabilities			
Lease liabilities		334	334
Trade and other payables	11	41,620	52,156
		41,954	**52,490**
Total liabilities		**389,592**	**206,419**
Total equity and liabilities		**1,129,960**	**970,157**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six month period ended 30 June 2020

	Attributable to owners of the Company							
	Share Capital	**Share Premium**	**Other Undenominated Capital**	**Share-Based Payment Reserve**	**Retained Earnings**	**Total**	**Non-Controlling Interests**	**Total Equity**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2020	**810**	**199,616**	**18**	**8,002**	**552,796**	**761,242**	**2,496**	**763,738**
Total comprehensive income for the period								
Profit for the period	**-**	**-**	**-**	**-**	1,199	**1,199**	-	**1,199**
	-	**-**	**-**	**-**	**1,199**	**1,199**	-	**1,199**
Transactions with owners of the Company								
Purchase of own shares (note 8)	(22)	-	22	-	(23,345)	**(23,345)**	-	**(23,345)**
Equity-settled share-based payments (note 8)	-	-	-	(1,224)	-	**(1,224)**	-	**(1,224)**
	(22)	**-**	**22**	**(1,224)**	**(23,345)**	**(24,569)**	**-**	**(24,569)**
As at 30 June 2020	**788**	**199,616**	**40**	**6,778**	**530,650**	**737,872**	**2,496**	**740,368**

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six month period ended 30 June 2019

	Attributable to owners of the Company						
	Share Capital	**Share Premium**	**Share-Based Payment Reserve**	**Retained Earnings**	**Total**	**Non-Controlling Interests**	**Total Equity**
	€'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 period							
Profit for the period	**-**	**-**	**-**	18,672	18,672	(3)	**18,669**
	-	**-**	**-**	**18,672**	**18,672**	**(3)**	**18,669**
Transactions with owners of the Company							
Equity-settled share-based payments	-	-	350	-	**350**	-	**350**
Dividend paid to non-controlling shareholder	-	-	-	-	**-**	(350)	**(350)**
Capital reorganisation - reduction of share premium and transfer to distributable reserves	-	(550,000)	-	550,000	**-**	-	**-**
	-	**(550,000)**	**350**	**550,000**	**350**	**(350)**	**-**
As at 30 June 2019	**828**	**199,616**	**8,132**	**562,584**	**771,160**	**4,065**	**775,225**

CAIRN HOMES PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six month period ended 30 June 2020

	For the six month period ended 30 June 2020 €'000	For the six month period ended 30 June 2019 €'000
Cash flows from operating activities		
Profit for the period	1,199	18,669
Adjustments for:		
Share-based payments (credit)/expense	(1,224)	350
Finance costs	4,531	5,548
Depreciation and amortisation	355	389
Taxation	39	3,115
	4,900	**28,071**
Increase in inventories	(60,139)	(3,446)
Decrease in trade and other receivables	351	3,273
(Decrease)/increase in trade and other payables	(9,910)	20,051
Tax paid	(2,009)	(3,200)
Net cash (used in)/from operating activities	**(66,807)**	**44,749**
Cash flows from investing activities		
Purchases of property, plant and equipment	(85)	(729)
Net cash used in investing activities	**(85)**	**(729)**
Cash flows from financing activities		
Purchase of own shares	(23,751)	-
Proceeds from borrowings	194,000	45,000
Dividend paid to non-controlling shareholder	-	(350)
Repayment of lease liabilities	(157)	(172)
Interest paid	(4,373)	(4,508)
Net cash from financing activities	**165,719**	**39,970**
Net increase in cash and cash equivalents in the period	**98,827**	**83,990**
Cash and cash equivalents at beginning of period	56,810	62,232
Cash and cash equivalents at end of period	**155,637**	**146,222**

CAIRN HOMES PLC
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. Accounting Policies

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.

These unaudited condensed interim consolidated financial statements and the information set out in this report cover the six month period ended 30 June 2020 and have been prepared in accordance with IAS 34 *"Interim Financial Reporting"* as adopted by the European Union.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements prepared in accordance with 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 2019. 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 2019. Those statutory financial statements have been filed with the Registrar of Companies 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 new IFRS standards, amendments to standards or interpretations that are effective for the first time in the financial year ending 31 December 2020 have not had a material impact on the Group's reported profit or net assets in these interim financial statements.

The Group's other accounting policies, presentation and method of computations adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2019.

The preparation of consolidated financial statements 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 these interim financial statements are the carrying value of inventories and allocations from inventories to cost of sales (note 5). Estimates of profitability over the expected duration of the Group's developments, which drive the gross margins recognised in the period, have been updated to fully reflect the estimated impact of the Covid-19 pandemic.

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

Going Concern

The Covid-19 pandemic has had a material impact on the Group during the period ended 30 June 2020, resulting in a material reduction in revenue, profitability and interruption in development activity. The Group entered this challenging time from a position of strength. Its vision and long term-strategy, which focuses on minimising financial risk and maintaining financial flexibility, has equipped the business with strong liquidity, a robust balance sheet and sustainable, lowly leveraged debt facilities. The Group reacted responsibly and swiftly to the challenges of the Covid-19 pandemic during the period, taking the prudent step of fully drawing down the unutilised element of the €200 million revolving credit facility and implementing a number of measures to protect the business from any downside risks which may arise.

Despite its strong cash position, additional cashflow mitigation measures were implemented, including:

- Suspension of ordinary dividends and the remainder of the €60 million share buyback programme;

1. Accounting Policies *(continued)*

Going Concern *(continued)*

- Executive Directors will forego any cash bonuses which may have been payable in respect of Company's performance in 2020; and
- Prudent cash management ensuring the production activities in the near term are focused towards forward sold inventories, inventories which will continue to be attractive to PRS buyers and directing housing production pipeline towards new family homes which are at the lower end of the price band.

The Group did not avail of any wage subsidy support from the Irish Government.

The Group held €155.6 million of cash at 30 June 2020 (31 December 2019: €56.8 million) and has strong liquidity with the Group's loan facilities being repayable between 31 December 2022 and 31 July 2026.

At the initial onset of the pandemic on 27 March 2020 the Group announced a controlled and orderly shutdown of its construction sites and sales showhouses. During the seven-week shutdown period, the Group successfully maintained operational momentum, making detailed preparations for a safe return to work, which allowed build programmes to restart efficiently on a phased basis on 18 May 2020. 15 residential sites were successfully reopened, including 3 new 2020 site commencements, under strict compliance to new operating procedures adhering to social distancing requirements. Obviously, Covid-19 is having the impact of reduced gross and operating margins as the business incurs additional costs associated with lockdown and adhering to social distancing protocols, impacting site preliminary and management costs, reducing operating efficiency and extending construction programmes, however, the business has recovered well and we are encouraged by the level of underlying demand and sales since our showhouses reopened by appointment on 8 June 2020.

Looking ahead, uncertainty remains in relation to the future impact of Covid-19 on the Irish economy and the potential impact on customer confidence. Against this backdrop, the Directors have carried out a robust assessment of the principal risks facing the Group and have considered the impact of these risks on the going concern of the business. In making this assessment, consideration has been given to the uncertainty inherent in future financial forecasts and where applicable, severe but plausible sensitivities have been applied to the key factors affecting the financial performance of the Group.

Having considered the Group's forecasts, sensitivity analysis and the Group's significant liquidity, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these condensed consolidated half year financial statements and there are no material uncertainties in that regard which are required to be disclosed.

2. Revenue

	For six month period ended 30 June 2020 €'000	For six month period ended 30 June 2019 €'000
Residential property sales	69,734	175,341
Site sales	11,000	16,191
Income from property rental	206	823
	80,940	**192,355**

	For six month period ended 30 June 2020 €'000	For six month period ended 30 June 2019 €'000
Residential property sales		
Houses	69,386	76,811
Apartments	348	98,530
	69,734	**175,341**

3. Finance costs

	For six month period ended 30 June 2020 €'000	For six month period ended 30 June 2019 €'000
Interest expense on financial liabilities measured at amortised cost	4,137	4,890
Other finance costs	379	640
Interest on lease liabilities	15	18
	4,531	**5,548**

Interest expense for the period to 30 June 2020 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 for the period it was undrawn.

4. Taxation

	For six month period ended 30 June 2020 €'000	For six month period ended 30 June 2019 €'000
Current tax charge for the period	552	3,658
Deferred tax credit for the period	(513)	(543)
Total tax charge	**39**	**3,115**

Deferred tax

The deferred tax liability is comprised of the following:

	For six month period ended 30 June 2020 €'000	For year ended 31 December 2019 €'000
Opening balance	5,084	5,856
Credited to profit or loss	(513)	(772)
Closing balance	**4,571**	**5,084**

5. Inventories

	30 June 2020 €'000	31 Dec 2019 €'000
Land held for development	696,384	692,756
Construction work in progress	261,266	204,503
	957,650	**897,259**

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. Estimates of profitability over the expected duration of the Group's developments, which drive the gross margins recognised in the period, have been updated to fully reflect the estimated impact of the Covid-19 pandemic. 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.

6. Trade and other receivables

	30 June 2020 €'000	31 Dec 2019 €'000
Construction bonds	7,449	5,884
Other receivables	3,901	5,817
	11,350	**11,701**

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

7. Cash and cash equivalents

	30 June 2020 €'000	31 Dec 2019 €'000
Current		
Cash and cash equivalents	155,637	56,810

Cash deposits are made for varying short-term periods depending on the immediate cash requirements of the Group. All deposits can be withdrawn without significant changes in value and accordingly the fair value of current cash and cash equivalents is identical to the carrying value.

The Group fully drew down its revolving credit facility during the period ended 30 June 2020 (note 9).

8. Share capital and share premium

	30 June 2020 Number	30 June 2020 €'000	31 Dec 2019 Number	31 Dec 2019 €'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 30 June 2020	Number	Share Capital €'000	Share Premium €'000	Total €'000
Issued and fully paid				
Ordinary shares of €0.001 each	749,334,063	749	199,597	200,346
Founder shares of €0.001 each	19,182,149	19	19	38
Deferred shares of €0.001 each	19,980,000	20	-	20
A Ordinary shares of €1.00 each	-	-	-	-
		788	**199,616**	**200,404**

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
A Ordinary shares of €1.00 each	-	-	-	-
		810	**199,616**	**200,426**

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. That 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. This programme was suspended on 24 March 2020, when the total number of shares repurchased under the buyback programme was 39,449,108 at a total cost of €46.0 million. The total number of shares purchased in the period from 1 January 2020 to 24 March 2020 was 21,321,025 at a total cost of €23.3 million.

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 3,409,361 (31 December 2019: 3,889,750) shares have been made to senior executives. 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 ("EPS") performance and 20% will be based on Total Shareholder Return ("TSR") over a 3 year period. Based on revised vesting expectations of the EPS targets, the Group recognised a credit of €1.2 million (period ended 30 June 2019: €0.35 million charge) related to the LTIP during the period ended 30 June 2020, of which €1.0 million was credited to administrative expenses in profit and loss (period ended 30 June 2019: €0.35 million charge) and €0.2 million was credited to construction work in progress within inventories (period ended 30 June 2019: €nil). No awards were made under the LTIP in the period ended 30 June 2020.

9. Loans and borrowings

	30 June 2020 €'000	31 Dec 2019 €'000
Non-current liabilities		
Bank and other loans		
Repayable as follows:		
Between one and two years	-	-
Between two and five years	285,024	75,704
Greater than five years	57,396	72,337
Total borrowings	**342,420**	**148,041**

The Group has loan facilities which total €350 million, currently comprising a term loan of €77.5 million, a loan note of €72.5 million and a revolving credit facility of €200 million, of which €6 million is carved out in respect of a construction bond facility (note 16). The Group drew down €194 million in cash from the revolving credit facility during the period which is fully drawn as at 30 June 2020. There are no undrawn loan facilities as at 30 June 2020.

The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs.

10. Non-controlling interest

The non-controlling interest at 30 June 2020 of €2.5 million (31 December 2019: €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. Subsequent to the period end, on 3 July 2020, Cairn Homes plc acquired NAMA's 25% share for €2.5m which increased its holding to 100% of the equity share capital of Balgriffin Investment No. 2 HoldCo DAC from that date (note 17).

11. Trade and other payables

	30 June 2020 €'000	31 Dec 2019 €'000
Trade payables	22,305	13,102
Accruals	16,915	19,094
VAT liability	1,742	17,768
Other creditors	658	2,192
	41,620	**52,156**

Other creditors represent amounts due for payroll taxes and Relevant Contracts Tax.

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

12. Earnings per share

The basic EPS for the period ended 30 June 2020 is based on the earnings attributable to ordinary shareholders of €1.2 million and the weighted average number of ordinary shares outstanding for the period.

	For six month period ended 30 June 2020	For six month period ended 30 June 2019
Profit attributable to owners of the Company (€'000)	1,199	18,672
Numerator for basic and diluted earnings per share	**1,199**	**18,672**
Weighted average number of ordinary shares for period (basic)	754,704,063	788,783,171
Dilutive effect of options	-	113,015
Denominator for diluted earnings per share	754,704,063	788,896,186
Earnings per share		
- Basic	0.16 cent	2.37 cent
- Diluted	0.16 cent	2.37 cent

There is no dilution in respect of founder shares (note 8) as the performance condition for conversion of founder shares to ordinary shares was not met at the period end. 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 (note 8) as the performance conditions are not met as at 30 June 2020.

The diluted earnings per share calculation in the prior period reflected the dilutive impact of 500,000 share options which are not dilutive in the period ending 30 June 2020.

13. Dividends

There were no dividends paid by the Company during the reporting period.

14. Related party transactions

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

15. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

(a) Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

15. Financial risk management (continued)

(b) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Exposure to credit risk
The Group's principal financial assets comprise cash and cash equivalents. Group management in conjunction with the Board manage risk associated with cash and short term deposits by depositing funds with a number of Irish financial institutions and AAA rated international institutions. At 30 June 2020, the Group's cash and cash equivalents were held in two Irish financial institutions with a minimum credit rating of BBB-.

	30 June 2020 €'000	31 Dec 2019 €'000
Carrying amount – amortised cost		
Construction bonds and other receivables	11,350	11,701
Cash and cash equivalents	155,637	56,810
	166,987	**68,511**

Construction bonds and other receivables of €11.4 million at 30 June 2020 were not past due. The construction bonds and other receivables have been reviewed and considering the nature of the counterparties no credit losses are expected. As a result, no credit loss provision has been recognised.

(c) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash inflows from trade and other receivables together with expected cash outflows on trade and other payables and commitments. All trade and other payables (€41.6 million) at 30 June 2020 are considered current with the expected cash outflow equivalent to their carrying value.

Management monitors the adequacy of the Group's liquidity reserves (comprising cash and cash equivalents as detailed in note 7) against rolling cash flow forecasts. In addition, the Group's liquidity risk management policy involves monitoring short term and long term cash flow forecasts.

Against the backdrop of Covid-19, the Group reacted responsibly and swiftly to the challenges of the pandemic, fully drawing its revolving credit facility in March 2020. Despite its strong cash position, additional cashflow mitigation measures have been implemented to protect the business from any downside risks which may arise. These measures are set out in note 1.

(d) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk
The Group is not exposed to significant currency risk. The Group operates only in the Republic of Ireland.

15. Financial risk management (continued)

(d) Market risk *(continued)*

(ii) Interest rate risk
At 30 June 2020, the Group had the following facilities:

(a) term loan and revolving credit facilities with Allied Irish Bank plc, Ulster Bank Ireland DAC and Barclays Bank Ireland plc that had a principal drawn balance of €271.5 million at a variable interest rate of 3-month Euribor (with a 0% floor), plus a margin of 2.6%. The Group has an exposure to cash flow interest rate risk where there are changes in Euribor rates; and
(b) a €72.5 million private placement of loan notes with Pricoa Capital which have a fixed coupon of 3.36%.

(e) Fair value of financial assets and financial liabilities
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

The following table shows the Group's financial assets and liabilities and the methods used to calculate fair value.

Asset/ Liability	**Carrying value**	**Level**	**Method**	**Assumptions**
Borrowings	Amortised cost	2	Discounted cash flow	Valuation based on future repayment and interest cash flows discounted at period end market interest rates.

The following table shows the carrying values of financial assets and liabilities including their values in the fair value hierarchy. The table does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

15. Financial risk management (continued)

(e) Fair value of financial assets and financial liabilities *(continued)*

	30 June 2020	Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Financial assets measured at amortised cost				
Construction bonds and other receivables	11,350			
Cash and cash equivalents	155,637			
	166,987			
Financial liabilities measured at amortised cost				
Trade payables and accruals	39,220			
Borrowings	342,420		342,420	
	381,640			

	31 Dec 2019	Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Financial assets measured at amortised cost				
Construction bonds and other receivables	11,701			
Cash and cash equivalents	56,810			
	68,511			
Financial liabilities measured at amortised cost				
Trade payables and accruals	32,196			
Borrowings	148,041		148,041	
	180,237			

16. Commitments and contingent liabilities

The Group has a bank facility of up to €6 million in relation to construction bonds (note 9). At 30 June 2020, 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 in these financial statements.

17. Events after the reporting period

On 3 July 2020, Cairn Homes plc acquired NAMA's 25% share of the net assets of a subsidiary entity, Balgriffin Investment No. 2 HoldCo DAC, for €2.5m which increased its holding to 100% of the equity share capital of this subsidiary from that date (note 10).

18. Approval of financial statements

These financial statements were approved by the Board on 9 September 2020.

Independent Review Report to Cairn Homes plc

Introduction

We have been engaged by Cairn Homes plc ("the Company") to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's ("FRC's") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*.

Conclusion

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

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the EU. The Directors are responsible for ensuring that the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

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

Scope of review

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

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

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

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

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green, Dublin 2

9 September 2020

CAIRN HOMES PLC
COMPANY INFORMATION

Directors
John Reynolds (Non-Executive Chairman)
Michael Stanley (Chief Executive Officer)
Shane Doherty (Chief Financial Officer)
Alan McIntosh (Non-Executive)
Andrew Bernhardt (Non-Executive)
Gary Britton (Non-Executive)
Giles Davies (Non-Executive)
David O'Beirne (Non-Executive)
Jayne McGivern (Non-Executive)
Linda Hickey (Non-Executive)

Secretary and Registered Office
Tara Grimley
7 Grand Canal
Grand Canal Street Lower
Dublin 2

Registrars
Computershare Investor Services (Ireland) Limited
3100 Lake Drive
Citywest Business Campus
Dublin 24

Auditors
KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Website
www.cairnhomes.com

Solicitors
A&L Goodbody
IFSC
25-28 North Wall Quay
Dublin 1

Eversheds-Sutherland
One Earlsfort Centre
Earlsfort Terrace
Dublin 2

Pinsent Masons LLP
30 Crown Place
Earl Street
London EC2A 4ES

Beauchamps
Riverside Two
Sir John Rogerson's Quay
Dublin 2

Principal Bankers/Lenders
Allied Irish Banks plc
Bankcentre
Ballsbridge
Dublin 4

Ulster Bank Ireland DAC
33 College Green
Dublin 2

Barclays Bank Ireland plc
One Molesworth Street
Dublin 2

Pricoa Private Capital
One London Bridge
8th Floor
London
SE1 9BG