CAIRN PLC

Results for the Year Ended 31 December 2021
Strong 2021 Performance, Upgraded FY22 Guidance and Medium Term Targets

Dublin / London, 03 March 2022: Cairn Homes plc ("Cairn", "the Company" or "the Group") announces its results for the year ended 31 December 2021.

Financial Highlights **€'m**	**2021**	**2020**	**Change**
Revenue	**424.0**	**261.9**	+62%
Gross margin	**19.8%**	**16.3%**	+350bps
Operating profit	**58.4**	**24.4**	+139%
Operating margin	**13.8%**	**9.3%**	+450bps
Operating cashflow[1]	**132.3**	**(5.9)**	+€138.2m
Earnings per share (cent)	**5.8c**	**1.7c**	+4.1c
Dividend per share (cent)[2]	**5.5c**	**-**	+5.5c
Total equity	**778.8**	**750.6**	+€28.2m
Net debt	**109.5**	**168.3**	(€58.8m)

Strong Performance in 2021

- Closed 1,120 new home sales (2020: 743) delivering total revenue of €424.0 million, a 62% increase on the previous year (€261.9 million).
- The second half of 2021 represented Cairn's strongest ever performance, with 717 sales completions, total revenue of €293.4 million, a gross margin of 20.3% and €108.7 million operating cashflow[1] generated.
- Despite build cost inflation, the pricing of our first time buyer homes remained very competitive. Our 2021 average selling price for starter homes was €350,000 including VAT (2020: €348,000).
- Operating margins increased by 450bps to 13.8%, driven by improving gross margins, business efficiencies and our well located low-cost land bank. This delivered an operating profit of €58.4 million (2020: €24.4 million).
- Significantly increased operating cashflow[1] of €132.3 million led to a reduction in net debt, the resumption of progressive ordinary dividends and the commencement of a €75 million share buyback programme post period end.
- The Board is proposing a final dividend of 2.8 cent per ordinary share for a full year dividend of 5.5 cent per ordinary share[2], subject to shareholder approval at our AGM to be held on 12 May 2022, bringing the total dividend for 2021 to approximately €40 million.
- The Company has added 150 new people to our talented team over the last 18 months and we are proud to be back supporting close to 3,000 full-time positions across our 21 active developments.
- The Company made significant progress on our commitment to implement a sustainability framework during 2021. Our disclosures to measure our sustainability progress will be announced when we release our 2021 Sustainability Report on 4 April 2022.

Upgraded FY22 Guidance

- Exceptionally strong start to 2022 and the Company has a current closed and forward sales pipeline of 1,218 new homes with a net sales value of €463 million, which supports our upgraded guidance.
- Turnover for 2022 is expected to be in excess of €600 million from 1,500 closed new homes sales, with over 70% of these forecast sales already closed or sale agreed.
- Core housebuilding gross margin of 21.5%, having absorbed c. €15,000 of build cost inflation (c. 6%) per new home during 2021.

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[1] Before any capital allocation considerations, including reductions of debt, dividends or accretive strategic acquisitions, JVs or investments (see page 5 for further details)

[2] 2.66 cent interim dividend per ordinary share paid in October 2021 and 2.8 cent proposed final dividend per ordinary share

- We are continuing to experience build cost inflation in 2022 and currently expect this to be an average of c. €10,000 per new home built, which is incorporated into our current gross margin guidance.
- €100 million operating profit at the top of our previously guided range of €95 - €100 million, delivering an operating margin of c. 16.5%.
- Cairn expects to generate a significant increase in operating cashflow[1] to c. €175 million in 2022 from a combination of improving operational efficiencies and the inherent value of our low-cost land bank. As a result, the Company expects to deliver c. €300 million operating cashflow[1] for the two-year period to 2022 from the previously guided c. €265 million.
- Shareholder returns of €115 million from a combination of a minimum €40 million dividend and the €75 million share buyback programme announced on 12 January 2022, of which 18.3 million shares have been bought to date at a cost of €23.1 million.

Medium Term Targets

- Cairn expects to deliver between 5,000 and 5,500 new homes in the three years to the end of 2024. Our ambitious growth will be underpinned by an efficient, sustainable self-delivery model across all new home and building types and our ability to provide competitively priced new homes for all segments of our market, including for customers who wish to own, rent or for those receiving much needed support from the State.
- While the Company expects to remain the most active homebuilder in the Greater Dublin Area, we will also be bringing high-quality, energy efficient homes to new customers in Cork, Galway, Kilkenny and Limerick during this three-year period as we continue to expand our regional footprint.
- The Company now expects to generate in excess of €500 million in operating cashflow[1] to invest in further growth and increase capital returns to shareholders in the three-year period to the end of 2024.
- Strong return on equity[3] ("ROE") growth momentum will continue over the next three years. The Company expects ROE to be c. 11% in 2022 growing to 15% by the end of 2024. ROE is now included as a financial metric for long-term Executive Management remuneration.

Michael Stanley, CEO of Cairn Homes, commented:

"Cairn has a team of very talented people who design and build great homes in sought after locations for every segment of the market. We have long established partnerships with large, quality subcontractors and a mature integrated supply chain. We have brought multiple new developments through a difficult planning system and we are poised to significantly increase our output over the coming years.

We sold our 5,000th home during 2021 in our seventh year in business and we expect to build at least the same number again in the coming three years. Our financial performance enables us to reinvest strongly in our business to drive this significant growth in delivery and to underpin our contribution to addressing the housing needs of our society."

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An analyst and investor call will be hosted by Michael Stanley, CEO, and Shane Doherty, CFO, today 3 March 2022 at 8.30am (GMT). Please use the numbers below, quoting the following access code: 835682:

Ireland
- Toll: 01 536 9584

UK
- Toll: 020 3936 2999

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- Toll: 1 646 664 1960

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[3] Defined as Profit after Tax divided by Total Equity at Year End

Notes to Editors

Cairn Homes plc ("Cairn") is a 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. 17,700 unit land bank across 37 residential development sites, over 90% of which are located in the Greater Dublin Area ("GDA") with excellent public transport and infrastructure links.

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 is a leading Irish homebuilder committed to building homes and creating places where people love to live. Leveraging our scalable operating platform, established supply chain partnerships and a historic low-cost c. 17,700 unit landbank, Cairn will continue to play a leading role in providing greater access to new homes in Ireland across all tenures and price points through increasing our annual volumes into the medium to long-term.

Cairn's historic 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 5,500 customers choosing a new Cairn home to date. These new homes are delivered on our 37 site landbank which comprises suburban and commuter belt low-density housing sites (c. 13,000 units at an average historic site cost of c. €29,000 per unit) and city centre, suburban and commuter belt high-density apartment sites (c. 4,700 units at an average historic site cost of c. €53,000 per unit).

Cairn is investing in the capacity and capability of our business to support our growth strategy, set us up for scale and optimise our product delivery, all of which will be delivered through a combination of:

- Regional Expansion: we have extended our development footprint beyond the Greater Dublin Area with a site commencement in Cork during 2021 which will be followed by further site commencements in Galway and Kilkenny in the next 12 months.
- The Strength of our Team: we are investing in our people and extending our capacity and capability. Our team grew by over 25% in 2021 across all areas of our business, including key management appointments.
- "Better Ways to Build": an initiative established to ensure our competitive and market advantage continues into the future, focused on: lean and efficient processes and ways of working; uptake of new technologies, products and systems; and improved productivity, including onsite logistics. and
- Increasing Annual Volumes: with a target of 1,500 closed sales in 2022 (a 34% increase on 2021 closed sales), we will be active on up to 22 sites during the year.

This growth strategy will allow us to respond to demand quicker and more importantly across all tenures of the market. The Company has a broad and widening customer base and our future growth will be underpinned by partnerships with the State, Local Authorities and Approved Housing Bodies ("AHB") for social and affordable homes, high quality apartments to rent or own, trade up/down homes and most importantly, our core product offering of starter homes at competitive price points where first time buyers can access mortgage finance. We continue to identify and influence market opportunities in meeting the strong demand for new homes in Ireland, in what remains an under-supplied market.

The Company's strategic objectives are fully aligned to the Government's "Housing For All" strategy, launched in September 2021 with a target of delivering 300,000 new homes in Ireland by 2030, including 54,000 affordable homes. The plan recognises the important role the private sector will play in the delivery of this much needed social and affordable housing for the 375,000 households in Ireland earning between €50,000 and €80,000 who cannot access social housing and have limited access to mortgage finance. With Cairn's scale, capability and low cost landbank, we continue to explore innovative initiatives in this area. We are confident that we can deliver high quality new homes at great value for money with the State and relevant affordable housing partners across our sites, all of which are located in our main urban centres where the greatest demand exists in areas of high employment.

Our innovative approach to customer-focused product evolution is now more important than ever 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 and this is informing our approach to design. With our approach to sustainability and this focus on innovation informing both our construction activities and our design-led approach, the foundations are laid for Cairn to be a leading homebuilder in Ireland into the long-term. Our two key private market segments are competitively priced, well located, A-rated starter homes on multimodal transport links in areas of proven demand and appropriately designed multifamily homes, where strong demand remains from domestic and international institutional investors who are seeking a stable, long-term exposure to the Irish residential sector.

SUSTAINABILITY AGENDA AND DISCLOSURES

The Company is committed to building homes and creating places that contribute positively to communities and society to minimise our impact on the environment. This is a key area of focus for our business, and we have made significant progress in formalising our Sustainability Agenda in recent times which we are continuously building on. Having completed our materiality assessment in 2020, we are currently implementing our sustainability framework which our non-financial disclosures, on which we will report annually, will be aligned to. A strong governance structure exists with Sustainability featuring as a standing item on every Board Agenda, our Executive Team driving progress operationally and our new ESG functional team coordinating collaboration across the business and ensuring complete and accurate reporting of our non-financial disclosures. We will announce these non-financial disclosures when we release our 2021 Sustainability Report on 4 April 2022. Our entire business is fully committed to a sustainable future, and we are embedding this into both our day-to-day activities and the overall culture of Cairn.

FINANCIAL REVIEW

2021 saw a return to significant growth for our business, despite the impact of public health restrictions early in the year. Revenues of €424.0 million (2020: €261.9 million) included €419.4 million from 1,120 closed sales (2020: €246.9 million from 743 closed sales) and €4.2 million from development site and other sales (2020: €14.7 million).

Gross profit of €83.9 million (2020: €42.7 million) delivering a gross margin of 19.8% (2020: 16.3%), a 350bps increase on 2020. Our gross margin in the second half of 2021 of 20.3% was significantly higher than the 18.5% achieved in the first half of the year. Margin expansion was driven by a number of factors including improved mix with more apartments sold, embedded supply chain efficiencies and improved pricing in middle and upper end apartments and houses, partially offset by the impact of build cost inflation.

After operating expenses of €25.5 million (2020: €18.3 million), Cairn generated an operating profit of €58.4 million (2020: €24.4 million). Our return to top-line growth enabled an expansion in operating leverage, with a resulting operating margin of 13.8% (2020: 9.3%). The Company incurred €0.3 million of unproductive labour costs in 2021, owing to 13-week site closures early in the year.

Finance costs for the period of €8.1 million (2020: €9.7 million) reflect both a lower average cost of funds and lower average drawings on committed debt facilities compared to the previous year.

Profit after tax for the period of €43.2 million (2020: €12.7 million) was heavily weighted towards the second half of the year, and equates to earnings per share of 5.8 cent (2020: 1.7 cent).

Our balance sheet is very well capitalised with inventories at 31 December 2021 of €940.0 million (31 December 2020: €968.2 million) comprised of land held for development of €671.7 million (31 December 2020: €690.3 million) and construction work in progress ("WIP") of €268.3 million (31 December 2020: €277.8 million).

Operating cashflow of €132.3 million (defined as €88.5 million net cash from operating activities plus €43.8 million invested in accretive strategic land acquisitions) (2020: operating cash outflow of €5.9 million, defined as €40.6 million net cash used in operating activities plus €34.7 million invested in accretive strategic land acquisitions), includes €108.7 million of operating cashflow in H2 2021 (H2 2020: €39.0 million).

Net debt of €109.5 million as at 31 December 2021 (31 December 2020: €168.3 million) comprised of drawn debt of €149.5 million (net of unamortised arrangement fees and issue costs) (31 December 2020: €202.8 million) and available cash of €40.0 million (31 December 2020: €34.5 million). The Company had available liquidity (cash and undrawn facilities) of €234 million (31 December 2020: €174.5 million) which leaves us very well placed to focus on the continued growth of our business. The €58.8 million reduction in net debt was due to a number of factors, including profitability, land release associated with unit sales closings and some net WIP unwind over the period, after allowing for WIP investment of €266.5 million (2020: €249.0 million).

The Board outlined our capital allocation policy and reimplemented our long-term annual dividend programme during 2021. The Board are proposing a final dividend of 2.8 cent per ordinary share which, when combined with the interim dividend of 2.66 cent per ordinary share, will represent a total dividend for the year of 5.46 cent per ordinary share. Subject to shareholder approval at the Company's Annual General Meeting on 12 May 2022, the proposed final dividend of 2.8 cent per ordinary share will be paid on 17 May 2022 to ordinary shareholders on the Company's register at 5.00 p.m. on 22 April 2022. Additionally, we announced a €75 million share buyback programme on 12 January 2022 supported by the significant levels of cash being generated and our current share price. As at 2 March 2020, the €75 million share buyback programme is 30.8% complete with 18,331,032 shares repurchased at an average purchase price of €1.26. All repurchased shares have been cancelled.

DELIVERING TO OUR CUSTOMERS

Cairn delivered 1,120 closed sales in 2021 across 16 developments at an average selling price, excluding VAT ("ASP") of €377,000 including 619 houses and duplexes at an ASP of €356,000 and 496 apartments at an ASP of €401,000 (2020: 743 closed sales across 15 developments at an ASP of €332,000 comprising 636 houses at an ASP of €333,000 and 107 apartments at an ASP of €330,000). Competitive starter home prices remain a key objective for our business and our 2021 average selling price was €350,000 (2020: €348,000), in prime, sought-after suburban locations. Our product mix in 2021 was more heavily weighted towards high density apartments, including closing the final 182 apartments at The Quarter at Citywest (Dublin 24), the first two blocks of 88 apartments at Griffith Wood (Dublin 9) and 107 apartments at Rostrevor Place (Rathgar). The Company also closed the sale of a greater volume of higher ASP trade-up/down homes in the year (197 compared to 122 in 2020) which impacted housing ASPs.

Cairn agreed the sale of over 1,400 new homes in 2021. The demand we are witnessing from private purchasers, across all price points from entry level starter homes to trade-up/down, remains exceptionally strong and has continued into the early months of 2022. Enquiry lists across all our active selling sites remain at historic highs, with particularly strong interest in our starter home and trade-up/down commuter locations. As at 2 March 2022 we had 1,218 new homes in our closed and forward sales pipeline with a net sales value of €463 million.

The Company completed a number of contracted multifamily sales during 2021, including The Quarter at Citywest, Shackleton Park and Gandon Park (both Lucan) and Rostrevor Place. Cairn has two other multifamily transactions contracted at Griffith Wood and Shackleton Park with phased delivery dates during 2022.

The multifamily investment market again dominated the Irish investment market in 2021 with investment volumes of €2.1 billion, accounting for 39% of all investment. Demand for purpose built, well-located multifamily apartment developments of scale remains strong from domestic and international institutional investors, particularly in the Greater Dublin Area where there remains a lack of suitably built rental accommodation. The stock of homes available to rent in Ireland was at a historic 15-year low of just 1,397 homes on 1 February 2022, some 85% below the 15-year average of 9,300 homes and national rental inflation in the full year 2021 was 10.3%. This is reflective of the acute shortage of homes across all tenures in Ireland. Prime yields remain at c. 3.75% (source: Daft.ie Q4 2021 Rental Report, RTB, Savills).

Cairn's track record as a self-build apartment developer is unrivalled in the Irish market with eight apartment developments completed to date (social, private and multifamily), one large apartment development nearing completion, one development recently started and a pipeline of two more apartment site commencements during 2022. With a long-term landbank containing c. 4,700 apartment units Cairn is the counterparty of choice for institutional investors. With the location and price points of our apartment developments in established residential areas, demand for this product from the more traditional trade-down market has also picked up considerably, while a number of our apartment developments are likely to be attractive as potential affordable rental opportunities.

EXPANDING OUR PRODUCTION CAPABILITY

Following the second construction lockdown (8 January 2021 – 12 April 2021), we were able to get back to near full production capacity within a short space of time. Cairn averaged in excess of 2,000 people (including direct employees, subcontractors and other sector professionals) working across our active sites during the year. We leveraged our initial 2020 reactive response to the pandemic throughout 2021 to a more forward-looking proactive approach - transforming the daily operations of site teams, working under familiar new protocols and practices in full compliance with structured work practices, hygiene and cleaning requirements. Additional resources were deployed to all sites to undertake compliance supervision, supported by an investment of over €1 million in both supervisory personnel and additional personal protective equipment.

Cairn commenced construction on new sites in 2021 including a new trade-up/down site at Mercer Vale (South Dublin) and our first regional site at Castletreasure, Douglas (Cork) in addition to new phases at Whitethorn Village (Naas), Archers Wood (Delgany), Graydon (Newcastle) and the final phase of our successful starter home development at Shackleton Park (Lucan). In the year to date, we have also commenced a number of new sites including starter home developments at Leixlip Gate (Kildare) and Navan (Co. Meath), a trade-up/down development at Dunboyne Road (Maynooth) and a new apartment development at Citywest (Dublin 24). Our pre-construction development team continues to progress design team appointments, construction programmes and phasing plans across our future sites, with enabling works commencing on a number of these ahead of 2022 site commencements.

The Company again demonstrated our commitment and partnership approach to our subcontractor and supply chain during 2021. The depth, capacity and capability of our supply chain is of vital importance to Cairn and through the different and innovative manner in which we interact with our supply chain partners, we are further strengthening the breadth and resilience of these relationships and partnerships through continual engagement, supportive financial and strategic initiatives and visibility over a pipeline of committed future work. We have invested heavily in our supply chain strategy which is framed around three pillars: securing our current supply chain (utilising multiple procurement strategies); supplementing suppliers by expanding our supply chain; and substituting delivery methods (through innovation, more efficient and secure delivery methodologies). These pillars are underpinned by our proactive approach to supplier relationship management and category management activity (informing future spend and indicative resource levels). Our collaborative approach and the value which our business model offers has strengthened our capacity and flexibility during 2021 to support future growth.

As the largest procurer of labour and materials in the market, we also continue to leverage the opportunities which this scale presents with nearly €270 million procured in 2021. Cairn has a current committed procurement order book of in excess of €400 million on active sites and our top 20 subcontractors account for 63% of all procurement since IPO (an average of €36 million each), working across an average of 13 developments each. We have witnessed overall build cost inflation of c. 6%, or c. €15,000 per new home built, in the past 12 months.

We obtained six grants of planning permission in 2021 comprising 1,065 new homes. In addition, Cairn currently has a number of planning applications in the single-step Strategic Housing Development ("SHD") planning process and the fast-track Strategic Development Zone ("SDZ") planning processes. The SHD process is now closed for new applications, however Cairn has submitted all remaining applications which qualified for this process (i.e. greater than 100 new homes) in advance of its legislative cessation. The new Large-Scale Residential Development ("LRD") planning process will replace the SHD process during 2022.

ENABLING SUCCESSFUL DELIVERY

Having successfully incorporated the Cairn Integrated Delivery Platform in 2021 across our low and high density development activities, enhanced both our pre-construction and construction programming capability and created a dedicated Innovation Team, our focus on enabling successful product delivery is informed by a blended approach to three key areas, each of which are central to our ongoing Innovation Agenda:

1. Ways of Working: Lean and efficient processes and ways of working, programme management and standardisation;
2. Technology: New alternative systems, products and technologies, adopting a digital approach and leveraging both off-site manufactured ("OSM") methodologies and modern methods of construction ("MMC"); and
3. Productivity: improvements using lean principles, enhanced onsite logistics and an emphasis on manufacturing and assembly methods.

As a business, our future success will also be defined by the quality of the homes we build and the long-term impact of our actions on our customers and the communities in which we operate. Two material areas from a construction perspective are climate change and biodiversity, and a number of innovative construction methods have been implemented to specifically address our carbon footprint and habitat creation under our biodiversity strategy.

An ongoing key focus area for our business is standardisation of delivery efficiency in procurement and operations. Key new home components such as bathrooms, utility rooms, kitchens, service routing, ventilation systems, heating systems and balcony systems are all refined to be consistent across our projects. Separately, our innovative use of MMC improves both programme and site efficiency including panelised light gauge steel structures (in the delivery of smaller multi-unit blocks such as duplex units and apartments blocks of 3-4 storeys in height), the use of more precast walls and columns in apartment developments and soil stabilisation (we reused approximately 115,000m^3 of soil and stone on active developments which we will increase this on an annual basis, fully aligned to the Cairn Environmental Management System). Cairn has a detailed and time lined "Innovation and Ways of Working" implementation strategy over the coming years which will enhance our delivery platform and complement our Sustainability Agenda. We believe that regulators and relevant local authorities, as key stakeholders in our industry, should help create a regulatory framework that promotes more environmentally friendly construction methods and innovations.

With hybrid working models (in the workplace and remotely) likely to become more of a feature of the labour market, our customers are looking for homes where they can both live and work. This informs our approach to customer-focused product innovation with a greater emphasis on the importance of delivering high quality residential accommodation with playgrounds, parks, greenways and other amenities in our developments.

GOVERNMENT INITIATIVES

The Government launched its flagship housing strategy "Housing for All" on 2 September 2021, a 10 year plan to increase new housing supply, support home ownership and improve affordability. Total capital funding of €20 billion (€4 billion a year) is committed until 2025 to finance the implementation of this plan.

The First Homes Shared Equity scheme is one of a number of key initiatives within the plan and is scheduled to commence during 2022, specifically targeted at our core first time buyer market for new homes only. An equity stake of up to 20% plus an additional 10% Help-to-Buy rebate will be available to eligible purchasers who will then require a 70% loan to value mortgage.

The Help to Buy income tax rebate scheme is continuing for the remainder of 2022 at its current enhanced level (maximum rebate of €30,000 or 10% of the purchase price, whichever is lower) after which it is expected to revert back to its original €20,000 cap or 5% of the purchase price, whichever is lower.

HEALTH AND SAFETY

As a business, our number one priority is operating and maintaining safe environments for our employees, subcontractors, suppliers, customers and the communities in which we live and work. This was evidenced by our response to the pandemic and the significant investment made in the critical area of health and safety by the Company during 2021 and into 2022 (see "Production" above).

From a construction perspective and as a scaled homebuilder with ambitious growth targets, 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. Specific and measurable KPIs within health and safety inform and guide our health and safety strategy. 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 ensuring the regular review, oversight, assessment and monitoring of health and safety practices. The Company undertakes regular internal audits of health and safety practices which are supplemented by targeted external audits, with all relevant recommendations adopted across all sites. During 2021, Cairn obtained a Grade A Safe-T rating for the first time, a demonstration of the importance, effort and continued focus Cairn places on our health and safety agenda. Cairn also undertakes periodic reviews of our reconfigured Safety Management System to ensure that this is updated for any changing regulations and legislation and supports our continued growth.

INVESTING IN OUR TEAM

The Company's direct headcount at 31 December 2021 was 270 (31 December 2020: 212). Our investment in our people continued throughout 2021 as we grew our experienced team by over 25% across both our construction and central support functions. Cairn is committed to driving employee engagement to continue to deliver a high-performance culture, in a rewarding working environment where we harness insights and knowledge from our talented team. This commitment is evidenced by our recent best in class scores and "Great Place to Work" certification for 2021. This accreditation validates the initiatives and work which the Company is implementing around our culture, employee offering and benefits.

ENGAGING WITH OUR INVESTORS

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 2021, with over 150 investor meetings attended by Executive Management and the Head of Investor Relations, the majority of which were staged virtually. The Company looks forward to re-engaging personally with our investors as permitted over the coming months.

ECONOMY

Ireland's economic performance in 2021 was exceptionally strong. With GDP growth of 11.4% in the year to Q3 2021, Ireland was amongst the best performing economies in the EU 27 (average 4.1%) with GDP well-above 2019 levels. Ireland's two-year GDP growth to Q3 2021 of 23.8% was significantly ahead of the EU 27 average (0.0%), the US (1.9%) and the UK (-1.3%) (source all: CSO, OECD).

Government tax receipts surged to a record €68.4 billion in 2021 (2020: €57.2 billion) with economic growth driven by consumer spending and a strong employment rebound from the pandemic at a sharper-than-expected rate. Income tax €26.7 billion (+17.4%) and VAT €15.4 billion (+24.3%) receipts were particularly strong, illustrative of increased consumer demand and confidence as households began to unwind the increase of over €23 billion in household pandemic-related savings between April 2020 and December 2021. Irish household savings increased to €136 billion at the end of 2021 and the drawdown of these will be one of the key drivers of the Irish economy's forecasted growth in 2022 and beyond (source all: Department of Finance, CSO).

2021 also saw the highest number of mortgage drawdowns since 2009 with 43,494 mortgages (value €10.5 billion) drawn down, an increase of 22% over 2020 volumes. Our core first time buyer market drove this growth accounting for 22,901 (52.7%) of mortgage drawdowns, of which 7,289 were for new homes (+14.8% on 2020). The average value of first time buyer mortgage drawdowns for new homes was down 7.4% to €254,356 in 2021 (2020: €274,646). First time buyer mortgage approvals increased by 25% to 28,954 approvals in 2021, from 23,155 approvals in 2020 (source: all BPFI).

Annual housing demand of 33,000 new homes is forecast to 2040 in a high international migration scenario that would see our population growing to 6 million by 2040 from 5.01 million today (source: ESRI - Regional Demographics and Structural Housing Demand, December 2020). There were 20,433 new homes built in Ireland in 2021 (-0.5% YoY). Cairn estimates that less than 35%

of these homes were purchased by owner occupiers. House price inflation is running at 5.1% for new homes and 16.7% for second-hand homes in the year to December 2021 (source all: CSO).

BOARD CHANGES

On 3 September 2021, the Company announced that Ms. Jayne McGivern had informed the Board of her decision to step down with immediate effect to pursue a new executive opportunity. On 17 September 2021, the Company announced the appointment of Ms. Julie Sinnamon to the Board as an independent non-executive Director. The retirement of Mr. Andrew Bernhardt was also announced at this time and he stepped down on 31 December 2021. On 10 November 2021, the Company also announced the appointment of Ms. Orla O'Gorman as an independent non-executive Director to the Board with immediate effect. Several changes to the composition of each of the Board Committees were also announced. Further details on this and the recruitment process will be detailed in the Nomination Committee Report within the 2021 Annual Report which will be published on 4 April 2022.

In addition to the Board changes that occurred during the year, Mr. David O'Beirne has signalled his intention to step down from the Board of Directors at this year's Annual General Meeting. He will accordingly also be stepping down from the Nomination and Remuneration Committees. Mr. O'Beirne joined the Board in 2019 and brought a wealth of experience and insight into our deliberations, and the Board would like to thank him for his contribution to Cairn during this period.

Following his departure, Ms. Orla O'Gorman will take on the important role of Workforce Engagement Director, which has been carried out by Mr. O'Beirne to date. Since joining the Nomination Committee, Ms. O'Gorman has been part of the discussions around our workforce engagement efforts and stands in a good position to successfully carry out this role.

CAIRN HOMES PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 Unaudited Total €'000	2020 Audited Total €'000
Continuing operations			
Revenue	2	**423,983**	**261,883**
Cost of sales		**(340,112)**	**(219,180)**
Gross profit		**83,871**	**42,703**
Administrative expenses		**(25,489)**	**(18,257)**
Operating profit		**58,382**	**24,446**
Finance costs	3	**(8,147)**	**(9,660)**
Profit before taxation		**50,235**	**14,786**
Tax charge	4	**(6,994)**	**(2,077)**
Profit for the year attributable to owners of the Company		**43,241**	**12,709**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year attributable to owners of the Company		**43,241**	**12,709**
Basic earnings per share	12	**5.8 cent**	**1.7 cent**
Diluted earnings per share	12	**5.8 cent**	**1.7 cent**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

		2021	2020
		Unaudited	**Audited**
Assets	**Note**	**€'000**	**€'000**
Non-current assets			
Property, plant and equipment		1,165	1,447
Right of use assets		490	722
Intangible assets		1,434	552
		3,089	**2,721**
Current assets			
Inventories	5	940,000	968,184
Trade and other receivables	6	28,482	11,388
Current taxation		1,379	2,028
Cash and cash equivalents	7	40,028	34,526
		1,009,889	**1,016,126**
Total assets		**1,012,978**	**1,018,847**
Equity			
Share capital	8	789	788
Share premium	8	199,616	199,616
Other undenominated capital		40	40
Share-based payment reserve		11,795	7,572
Retained earnings		566,537	542,556
Total equity		**778,777**	**750,572**
Liabilities			
Non-current liabilities			
Loans and borrowings	10	72,461	202,793
Lease liabilities		74	490
Deferred taxation	4	3,808	4,562
		76,343	**207,845**
Current liabilities			
Loans and borrowings	10	77,094	-
Lease liabilities		558	334
Trade and other payables	11	80,206	60,096
		157,858	**60,430**
Total liabilities		**234,201**	**268,275**
Total equity and liabilities		**1,012,978**	**1,018,847**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Unaudited Attributable to owners of the Company					
	Share Capital	**Share Premium**	**Other Undenominated Capital**	**Share-Based Payment Reserve**	**Retained Earnings**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2021	**788**	**199,616**	**40**	**7,572**	**542,556**	**750,572**
Total comprehensive income for the year						
Profit for the year	-	-	-	-	43,241	**43,241**
	-	-	-	-	**43,241**	**43,241**
Transactions with owners of the Company						
Equity-settled share-based payments (note 9)	-	-	-	4,911	-	**4,911**
Shares issued on vesting of share awards	1	-	-	-	-	**1**
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards	-	-	-	(688)	688	**-**
Dividends paid to shareholders (note 13)	-	-	-	-	(19,948)	**(19,948)**
	1	**-**	**-**	**4,223**	**(19,260)**	**(15,036)**
As at 31 December 2021	**789**	**199,616**	**40**	**11,795**	**566,537**	**778,777**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Audited							
	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 year								
Profit for the year	**-**	**-**	**-**	**-**	12,709	**12,709**	-	**12,709**
	-	**-**	**-**	**-**	**12,709**	**12,709**	-	**12,709**
Transactions with owners of the Company								
Purchase of own shares	(22)	-	22	-	(23,346)	**(23,346)**	-	**(23,346)**
Equity-settled share-based payments	-	-	-	(33)	-	**(33)**	-	**(33)**
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards	-	-	-	(397)	397	**-**	-	**-**
Acquisition of shares in subsidiary from non-controlling shareholder	-	-	-	-	-	**-**	(2,496)	**(2,496)**
	(22)	**-**	**22**	**(430)**	**(22,949)**	**(23,379)**	**(2,496)**	**(25,875)**
As at 31 December 2020	**788**	**199,616**	**40**	**7,572**	**542,556**	**750,572**	**-**	**750,572**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	2021 Unaudited €'000	2020 Audited €'000
Cash flows from operating activities		
Profit for the year	43,241	12,709
Adjustments for:		
Share-based payments expense/(credit)	3,499	(277)
Finance costs	8,147	9,660
Depreciation and amortisation	809	699
Taxation	6,994	2,077
	62,690	**24,868**
Decrease/(increase) in inventories	30,081	(70,176)
(Increase)/ decrease in trade and other receivables	(17,094)	313
Increase in trade and other payables	19,938	8,410
Tax paid	(7,098)	(3,973)
Net cash from/(used in) operating activities	**88,517**	**(40,558)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(410)	(182)
Purchases of intangible assets	(1,082)	(14)
Net cash used in investing activities	**(1,492)**	**(196)**
Cash flows from financing activities		
Purchase of own shares	-	(23,751)
Proceeds from loans and borrowings	170,000	194,000
Repayment of loans and borrowings	(224,000)	(140,000)
Acquisition of shares in subsidiary from non-controlling shareholder	-	(2,496)
Dividends paid	(19,948)	-
Repayment of lease liabilities	(364)	(314)
Interest and other finance costs paid	(7,211)	(8,969)
Net cash (used in)/from financing activities	**(81,523)**	**18,470**
Net increase/(decrease) in cash and cash equivalents in the year	**5,502**	**(22,284)**
Cash and cash equivalents at beginning of year	**34,526**	**56,810**
Cash and cash equivalents at end of year	**40,028**	**34,526**

CAIRN HOMES PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

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 2021.

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 2020. 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 2020, and the interim results for the six month period ended 30 June 2021, issued on 09 September 2021. The statutory financial statements for the year ended 31 December 2020 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 2021 will be published in April 2022 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 2021 have not had a material impact on the Group’s reported profit or net assets in this consolidated financial information.

The Group’s other accounting policies, presentation and method of computations adopted in the preparation of this consolidated financial information are consistent with those followed in the preparation of the Group’s financial statements for the year ended 31 December 2020.

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 significant accounting judgement impacting this consolidated financial information is:

- scale and mix of each development and the achievement of associated planning permissions.

This may involve assumptions on new or amended planning permission applications. This judgement then feeds into the process of forecasting expected profitability by development which is used to determine the profit that the Group is able to recognise on its developments in each reporting period and the net realisable value of inventories.

The key sources of estimation uncertainty impacting this consolidated financial information are:

- forecast selling prices; and
- carrying value of inventories and allocations from inventories to cost of sales (note 5).

Due to the nature of the Group’s activities and, in particular the scale of its development costs and the length of the development cycle, the Group has to allocate site-wide development costs between units completed in the current year and those in future years. It also has to forecast the costs to complete on such developments and make estimates relating to future sales prices. Forecast selling prices are inherently uncertain due to changes in market conditions. These estimates impact management’s assessment of the net realisable value of the Group’s inventories and also determine the extent of profit or loss that should be recognised in respect of each development in each reporting period. Note 5 includes disclosures on the impact of COVID-19 on judgements and estimates in relation to profit margins and carrying values of inventories. In making such assessments and allocations, there is a degree of inherent estimation uncertainty.

1. Accounting Policies *(continued)*

Basis of preparation *(continued)*

The Group has developed internal controls designed to effectively assess and review carrying values and profit recognition and the appropriateness of estimates made. The Group recognises its gross profit on each sale, based on the particular unit sold and the total cost attaching to that unit. As the build cost on a site can take place over a number of reporting periods the determination of the cost of sale to release on each individual unit sale is dependent on up-to-date cost forecasting and expected profit margins across the scheme.

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.

Going Concern

The COVID-19 pandemic has had an impact on the Group during the year ended 31 December 2021, resulting in an interruption in development activity in the earlier part of the year. The Group entered the COVID-19 pandemic from a position of strength and continues to operate from that position with a long-term strategy that focuses on minimising financial risk and maintaining financial flexibility. The business has strong liquidity, a robust balance sheet and sustainable, lowly leveraged debt facilities.

To mitigate any risk the Group applies a prudent cash management policy ensuring the production activities in the near term are focused towards forward sold inventories, inventories which will continue to be attractive to buyers, and directing housing production pipeline towards new family homes which are at the lower end of the price band. The Group has also expanded its regional footprint during 2021 with further expansion planned in 2022 and continues to have a broad and widening customer base.

The Group did not avail of any wage subsidy support from the Irish Government during 2021 or 2020.

The Group held €40 million of cash at 31 December 2021 (31 December 2020: €34.5 million) and has strong liquidity with the Group's loan facilities being repayable between 31 December 2022 and 31 July 2026. While some of the Group's loan facilities are repayable on 31 December 2022, a refinancing process is underway. This is considered to be a routine matter with no foreseeable issues given the Group's financial position and strong outlook. The Group had undrawn revolving credit facilities of €194 million as at 31 December 2021 (€140 million as at 31 December 2020).

During the thirteen-week shutdown period at the beginning of the year during which the majority of the Group's construction sites were closed or operating at significantly reduced capacity (some construction activity continued on new homes contracted to close by 31 January 2021, social homes contracted to close by 31 March 2021 and utility connections during this 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 from 12 April 2021. All residential sites were successfully reopened, under strict compliance with operating procedures adhering to social distancing requirements. The Group also commenced construction on two new sites in the second half of the year and five new sites since the start of 2022. While COVID-19 has had an impact on gross and operating margins, the business has recovered well and has seen an improvement in gross margins, a strong recovery in sales and an increase in profitability when compared the prior year. The Group is also encouraged by the level of underlying demand in the market as evidenced by the strength of our forward sales pipeline. This level of demand continued into the early months of 2022 with our enquiry lists across all our active selling sites remaining at historic highs and particularly strong interest in our starter home and trade-up/down commuter locations.

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 financial forecasting including future market conditions for construction costs and sales prices. Where appropriate, severe but plausible downside-sensitivities have been applied to the key factors affecting the future financial performance of the Group.

Going Concern *(continued)*

Having considered the Group's forecasts and 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 this consolidated financial information and there are no material uncertainties in that regard which are required to be disclosed.

2. Revenue

	2021 €'000	2020 €'000
Residential property sales	419,406	246,881
Residential site and other sales	4,217	14,651
Income from property rental	360	351
	423,983	**261,883**
Residential property sales		
Houses	220,306	211,522
Apartments	199,100	35,359
	419,406	**246,881**

3. Finance costs

	2021 €'000	2020 €'000
Interest expense on financial liabilities measured at amortised cost	6,671	9,073
Other finance costs	1,451	557
Interest on lease liabilities	25	30
	8,147	**9,660**

Interest expense 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.

4. Taxation

	2021 €'000	2020 €'000
Current tax charge for the year	7,748	2,599
Deferred tax credit for the year	(754)	(522)
Total tax charge	**6,994**	**2,077**

Deferred tax liabilities

	2021 €'000	2020 €'000
Opening balance	4,562	5,084
Credited to profit or loss	(754)	(522)
Closing balance	**3,808**	**4,562**

5. Inventories

	2021 €'000	2020 €'000
Land held for development	671,652	690,347
Construction work in progress	268,348	277,837
	940,000	**968,184**

The Directors consider that all inventories are essentially current in nature although the Group's normal 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.

The cost of inventories includes direct labour costs and other direct wages and salaries as well as the cost of land, raw materials, and other direct costs. In the thirteen-week shutdown period during which sites were closed in 2021 due to the pandemic, the Group continued to capitalise direct labour costs in inventories in relation to direct labour costs which continued on permitted works on social and affordable housing, other units with sales contracted to close by 31 January 2021 and utility connections. During the year ended 31 December 2021 €0.3 million (31 December 2020: €nil) of other direct wages and salaries for employees in construction related roles were estimated to be non-productive and were expensed and included in administrative expenses. All other direct wages and salaries for employees in construction related roles incurred during this period were included in the cost of inventories, as the Group's operational activities did continue in the areas of site planning, scheduling, and design activities.

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. The directors review forecasting and profit margins on a regular basis and have incorporated any additional forecasted costs arising from the extension of development timetables and changes to work practices arising from the ongoing COVID-19 pandemic. Nearer term costs are largely fixed as they are in most cases fully procured, and others are variable and particular focus has been given to these items to ensure they are accurately reflected in forecasts and profit margins. 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 inventories 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 year, 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 inventories.

6. Trade and other receivables

	2021 €'000	2020 €'000
Trade receivables	15,269	1,265
Prepayments	845	860
Construction bonds	10,864	8,332
Other receivables	1,504	931
	28,482	**11,388**

Trade receivables relate to remaining amounts due in relation to residential property sales to institutional investors.

The Directors consider that all construction bonds are current assets as they will be realised in the Group's normal operating cycle, which is such that a proportion of construction bonds will not be recovered within 12 months. It is estimated that

6. Trade and other receivables *(continued)*

€5.5 million of the construction bond balance at 31 December 2021 will be recovered after more than 12 months from that date.

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

7. Cash and cash equivalents

	2021 €'000	2020 €'000
Current		
Cash and cash equivalents	**40,028**	34,526

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.

8. Share capital and share premium

	Number	2021 €'000	Number	2020 €'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 2021	Number	Share Capital €'000	Share Premium €'000	Total €'000
Issued and fully paid				
Ordinary shares of €0.001 each	749,932,223	750	199,597	200,347
Founder shares of €0.001 each	19,182,149	19	19	38
Deferred shares of €0.001 each	19,980,000	20	-	20
		789	**199,616**	**200,405**

As at 31 December 2020	Number	Share Capital €'000	Share Premium €'000	Total €'000
Issued and fully paid				
Ordinary shares of €0.001 each	749,450,129	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
		788	**199,616**	**200,404**

9. Share based payments

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 10,717,995 shares made to employees remain outstanding as at 31 December 2021 (2020: 7,659,629). The shares will vest on satisfaction of service and performance conditions attaching to the LTIP, to include earnings per share performance and other stakeholder metrics over a 3 year period.

The Group recognised a charge related to the LTIP during the year ended 31 December 2021 of €3.296 million (2020: €0.561 million credit) of which €2.407 million (2020: €0.598 million credit) was charged to administrative expenses in profit or loss and a charge of €0.889 million (2020: €0.037 million) was included in construction work in progress within inventories. Conditional awards of 5,312,091 shares were made to employees under the LTIP in the year ended 31 December 2021.

Cairn engaged extensively with shareholders during 2020 with respect to the Chief Executive Officer, Michael Stanley, participating in the Company's LTIP from 2021 onwards. One of the conditions of participation was an agreement that the Chief Executive Officer would surrender any future entitlements, pursuant to the Founder Share Agreement, from the remaining 6,713,752 Founder Shares held by him at the time. The Chief Executive Officer signed a Deed of Surrender on 17 May 2021 relinquishing any future entitlements from those Founder Shares. All rights, title and interest in those 6,713,752 Founder Shares were surrendered to the Company for nil consideration.

Dividend equivalents

The Group operates a dividend equivalent scheme linked to its equity settled LTIP. Under this scheme employees are entitled to shares or cash (the choice of settlement is as determined by the Group) to the value of dividends declared over the LTIP's vesting period based on the number of shares that vest. The Group recognised a charge related to dividend equivalents during the year ended 31 December 2021 of €0.285 million (2020: €nil) of which €0.206 million (2020: €nil) was charged to administrative expenses in profit or loss and a charge of €0.079 million (2020: €nil) was included in construction work in progress within inventories.

Restricted share unit plan

The Group operates a restricted share unit plan, which was approved at the Annual General Meeting on 20 May 2020, under which conditional awards of 1,175,267 shares made during the year to employees remain outstanding as at 31 December 2021 (2020: 482,095). The shares will vest on satisfaction of service over a 1 year period. The Group recognised a charge related to these restricted share units during the year ended 31 December 2021 of €1.040 million (2020: €0.348 million) of which €0.782 million (2020: €0.266 million) was charged to profit or loss and €0.258 million (2020: €0.082 million) was included in construction work in progress within inventories. During the year, the Group issued 482,094 shares at a nominal value €0.001 per share due to the vesting of awards granted in May 2020 under the terms of the 2020 restricted share unit plan.

Save as you earn scheme

The Group operates a Revenue approved savings related share option scheme ("save as you earn scheme"), which was approved at the May 2019 Annual General Meeting, under which the Group recognised a charge during the year ended 31 December 2021 of €0.290 million (2020: €0.179 million) of which €0.104 million (2020: €0.055 million) was charged to profit or loss and €0.186 million (2020: €0.124 million) was included in construction work in progress within inventories.

10. Loans and borrowings

	2021 €'000	2020 €'000
Non-current liabilities		
Bank and other loans		
Repayable as follows:		
Between one and two years	-	130,399
Between two and five years	72,461	29,956
Greater than five years	-	42,438
Total non-current liabilities	**72,461**	**202,793**
Current liabilities		
Repayable within one year	77,094	-
Total current liabilities	**77,094**	**-**
Total borrowings	**149,555**	**202,793**

The Group has a €77.5 million term loan (fully drawn at 31 December 2021 and 31 December 2020) and €200 million revolving credit facility with Allied Irish Banks plc, Ulster Bank Ireland DAC and Barclays Bank Ireland plc, which are repayable by 31 December 2022. €6 million of the revolving credit facility is represented by a construction bond facility (these are development bonds that can be put in place with local authorities until sites are fully completed and conditions of planning have been met). The undrawn revolving credit facility at 31 December 2021 was €194 million (31 December 2020: €140 million). Please refer to note 1 for further information on the Group's refinancing process.

Additionally, the Group has €72.5 million of loan notes with Pricoa Private Capital, repayable on 31 July 2024 (€15 million), 31 July 2025 (€15 million) and 31 July 2026 (€42.5 million).

These debt facilities are secured by a debenture incorporating fixed and floating charges and assignments over all the assets of the Group. The carrying value of inventories as at 31 December 2021 pledged as security was €940 million (31 December 2020: €968.2 million). The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs.

11. Trade and other payables

	2021 €'000	2020 €'000
Trade payables	21,060	15,285
Amounts owed to related party (note 14)	-	7,000
Deferred consideration	10,000	-
Accruals	28,277	22,166
VAT liability	19,726	14,522
Other creditors	1,143	1,123
	80,206	**60,096**

On 27 October 2020, the Group acquired a 1.35 acre site in Stillorgan, Co. Dublin known as "the Esmonde Motors site" which adjoins its existing Blakes development site for a total consideration of €14 million, €7 million of which was paid on completion in October 2020 with the remaining €7 million paid in July 2021. The seller of the Esmonde Motors site was The Emerald Fund ICAV (acting on behalf of the Emerald Opportunity Investment Fund) ("Emerald"). Alan McIntosh, co-founder and non-executive Director of Cairn, and his spouse are the beneficiaries of a discretionary trust that is the ultimate owner of Emerald and as such Alan McIntosh is considered a related party.

11. Trade and other payables *(continued)*

Deferred consideration relates to development land purchased during the year.

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 earnings per share for the year ended 31 December 2021 is based on the earnings attributable to ordinary shareholders of €43.2 million and the weighted average number of ordinary shares outstanding for the period.

	2021	**2020**
Profit attributable to owners of the Company (€'000)	43,241	12,709
Numerator for basic and diluted earnings per share	**43,241**	**12,709**
Weighted average number of ordinary shares for period (basic)	749,771,525	752,029,760
Dilutive effect of restricted share unit awards and options	1,215,267	-
Denominator for diluted earnings per share	**750,986,792**	752,029,760
Earnings per share		
- Basic	**5.8 cent**	1.7 cent
- Diluted	**5.8 cent**	1.7 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 9) as the performance conditions are not met as at 31 December 2021.

13. Dividends

On 8 September 2021 the Board declared an interim dividend of 2.66 cent per ordinary share. This interim dividend was paid on 8 October 2021 to shareholders on the register on the record date of 17 September 2021. Based on the ordinary shares in issue, the amount of dividends paid was €19.9 million (2020: €nil).

14. Related party transactions

On 1 July 2021, the Group paid the remaining €7 million consideration due in relation to its site in Stillorgan, Co. Dublin known as "the Esmonde Motors site" (Note 11). There were no other related party transactions during the year other than director's remuneration.

15. Commitments and contingent liabilities

Pursuant to the provisions of Section 357, Companies Act 2014, the Company has guaranteed the liabilities and commitments of its subsidiary undertakings for their financial years ending 31 December 2021 and as a result such subsidiary undertakings have been exempted from the filing provisions of Companies Act 2014.

As at 31 December 2021 Cairn Homes Properties Limited had contracted as follows:

- To sell 150 apartments at Shackleton Park, Lucan, Co. Dublin to Carysfort Capital for €48.6 million (incl. VAT). These apartments are currently under construction with a phased delivery across 2022.

- To sell 342 apartments at Griffith Wood, Griffith Avenue, Dublin 9 to Greystar for €176.5 million (incl. VAT). 88 of these units were completed and sold in 2021 for €45.4 million (incl. VAT), with the remaining 254 apartments under construction with a phased delivery in 2022 for €131.1 million (incl. VAT).

At 31 December 2021, the Group had a contingent liability in respect of construction bonds in the amount of €3.4 million.

On 23 December 2021 the Group entered into a 10 year lease agreement for a new office with a lease commencement date of 01 January 2022 with an initial annual rent of €0.8 million.

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

16. Events after the year end

On 13 January 2022, the Company commenced a €75 million share buyback programme. In total, in the period from 13 January 2022 to 02 March 2022, the Company repurchased 18,331,032 shares at a total cost of €23.1 million.

On 03 March 2022, the Company proposed a final 2021 dividend of 2.8 cent per share subject to shareholder approval at the 2022 AGM on 12 May.

CAIRN HOMES PLC
COMPANY INFORMATION

Directors
John Reynolds (Non-Executive Chairman)
Michael Stanley (Chief Executive Officer)
Shane Doherty (Chief Financial Officer)
Gary Britton (Non-Executive)
Giles Davies (Non-Executive, British)
Linda Hickey (Non-Executive)
Alan McIntosh (Non-Executive, British)
David O'Beirne (Non-Executive)
Orla O' Gorman (Non-Executive)
Julie Sinnamon (Non-Executive)

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