Results for the Year Ended 31 December 2020
Cairn Will Deliver 2,500 Homes Over The Next Two Years

Dublin / London, 04 March 2021: Cairn Homes Plc ("Cairn", "the Company" or "the Group"), the leading Irish homebuilding company, announces its results for the year ended 31 December 2020.

Financial Highlights €'m	**2020**	**2019**
Revenue	**261.9**	435.3
Gross profit	**42.7**	85.3
Gross margin	**16.3%**	19.6%
Operating profit	**24.4**	68.0
Operating margin	**9.3%**	15.6%
Earnings per share (cent)	**1.7c**	6.5c
Land held for development	**690.3**	692.8
Construction work in progress ("WIP")	**277.8**	204.5
Net WIP investment	**73.3**	23.7
Total equity	**750.6**	763.7
Net debt	**168.3**	91.2

Cairn Excellently Positioned For Growth

- Housing market in Ireland remains characterised by continuing structural undersupply and strong, mortgage-backed demand boosted by increased savings over the last 12 months.
- Continued investment in our business throughout 2020 which will support the next phase of our growth.
- Growth ambitions underpinned by a c. 16,800 unit landbank across 36 residential development sites, over 90% of which are located in the Greater Dublin Area ("GDA").
- 2,500 closed sales target by the end of 2022, including c. 950 - 1,050 closed sales in 2021 assuming no further Covid-related site closures after 6 April 2021.
- Current closed and forward order book of new homes underpins growth for 2021 with an underlying margin comfortably higher than our reported margin in 2020.
- H2 2020 private starter homes average weekly sales rate was 2.8 sales per active outlet, increasing to 3.9 sales for newly launched schemes.
- Significant opportunities in the multifamily private rental sector ("PRS") market with Cairn uniquely well invested to deliver completed product to market.
- 2,000 people across our supply chain will return to work with the anticipated reopening of our active sites on 6 April 2021.
- Focus on driving margin improvement and return on capital employed ("ROCE") as the business scales.
- Intentions and timings on reinstatement of capital distributions will be outlined when we announce our 2021 interim results.
- c. €350 - €400 million free cash generation between 2021 and 2023 as our landbank unwinds. Approach to capital allocation will underpin the long-term sustainability of our business and ensure we can work towards building an efficient balance sheet, while at the same time returning capital to shareholders.
- 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.

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

"Our housing crisis has now further deteriorated. As an appropriate response to any crisis, key stakeholders, whether in the private or public sector, urgently need to respond and be encouraged and supported to deliver homes for the over 500,000 people in Ireland today who have little or no prospect of affordable home ownership.

All delivery platforms working in parallel can resolve this problem."

Outlook

- Our scaled business and operating platform is prepared for growth, supported by our strong balance sheet and significant available liquidity. Mortgage-backed demand, particularly from first time buyers for our competitively priced starter homes, has been resilient and we expect the PRS market to continue to remain a significant investment asset class in 2021 and beyond. Government initiatives around shared-equity loans and affordable housing will give much needed support to the c. 575,000 people in Ireland who earn between €50,000 and €80,000 annually and cannot access social housing. With Cairn's scale, capability and low cost landbank, we are working on a number of very innovative initiatives in this area. We are confident that we can deliver high quality new homes at great value for money with relevant affordable housing partners and stakeholders. Overall, we remain very positive and ambitious for our future growth prospects.
- Our year to date closed sales and current forward sales pipeline is 925 new homes as at 3 March 2021 with a net sales value of €307 million, notwithstanding five months of limited sales activity since March 2020 during two separate lockdowns. With this strong sales momentum, and having invested heavily in our business throughout 2020, our focus is firmly set on growing our business and our annual sales run-rate in the medium-term.
- Cairn anticipates that construction sites will fully reopen in Ireland on 6 April 2021 and is planning to commence construction on up to seven new sites this year. Our construction sites have been closed since the start of the year and assuming they fully reopen on 6 April 2021, Cairn's construction activities will be limited to just over 8 months in the current year. This will have an impact on the number of new homes which we will be able to build and sell in 2021.
- At the start of the year and before the current lockdown, the Company anticipated delivering 2,500 closed sales between 2021 and 2022. Cairn remains confident that over this timeframe to the end of 2022, our two year target of 2,500 closed sales is achievable in a c. 20 month production cycle. Assuming sites reopen therefore on 6 April 2021, we expect to deliver c. 950 – 1,050 closed sales this year and despite ongoing pandemic related costs in the current calendar year, a c. 18% gross margin in 2021. Within the balance of the 2,500 closed sales which will be delivered in 2022, we expect that gross margin to be c. 19% next year.
- The Company estimates it will generate c. €350 - €400 million of free cash between 2021 and 2023. This estimated free cash generation is after significantly increasing WIP spend to support our growth and is before any capital allocation considerations, including reductions of current debt, future dividends or strategic land acquisitions. Balancing investing for strategic growth in our business with the importance of supporting a progressive distribution policy, the Board will consider the reinstatement of capital distributions later this year. Further details will be provided when we announce our 2021 interim results.

For further information, contact:

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An analyst and investor call will be hosted by Michael Stanley, Co-Founder and CEO, and Shane Doherty, Chief Financial Officer, today 4 March 2021 at 8.30am (GMT). Please use the numbers below, quoting the following access code: 684867:

Ireland
- Toll free: 1800 94 8271

UK
- Toll free: 0800 640 6441

US
- Toll free: 1855 9796 654

International
- Toll: +44 20 3936 2999

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. 16,800 unit land bank across 36 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's objective is to be the leading Irish homebuilder by building homes and creating places where people love to live. By using our low-cost land bank across our 36 housing and apartment sites as the foundation for a long-term homebuilding business, Cairn continues to maximise the significant opportunities to capitalise on the pent-up demand across all tenures 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:

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

Notwithstanding the disruption caused to our business since March 2020, Cairn is now firmly back on our growth agenda and our operational focus is firmly set on scaling our business. The Company will expand regionally and extend our development footprint beyond the GDA with new site commencements in Cork and Galway in the next year. Our focus is firmly set on growing our business and our annual sales run-rate in the medium-term. With a target of 2,500 closed sales by the end of 2022, we will be active on an average of 20 sites during this period. Our growth strategy will allow to us to respond to demand quicker and importantly across all tenures of the market.

Cairn made a strategic decision in May 2020 to invest in sites which would deliver sales and profits into 2021 and beyond. Additionally, Executive Directors waived any cash bonuses which may have been payable in respect of the Company's performance in 2020. The Company has not availed of any available financial supports from the Government since the start of the pandemic.

With a significant net investment of €73.3 million in construction work in progress ("WIP") during 2020, including five new site commencements which will deliver over 1,600 new homes, our business is ideally positioned to continue to grow and respond to market demand for well located, competitively priced, energy efficient A-rated new homes. As a homebuilder of scale, Cairn demonstrated the resilience of our operations during 2020 in maintaining momentum during and after residential construction site closures and we look forward to the anticipated reopening of our sites on 6 April 2021. The Company took the opportunity during this downturn in 2020 to invest in and strengthen our operating platform and created new and stronger capabilities which will support this next phase of our growth, including:

- Expanding our team, including key senior management appointments, and pivoting our efforts to progress our continuous learning and innovation agenda through continual and impactful initiatives and ongoing employee engagement;
- Maintaining capacity through remote working and established a Business Continuity Group which focuses on the health and safety of our people and ensured a safe, incident-free and progressive return to all operational sites with the business achieving 85 – 90% of pre-pandemic productivity levels at year-end;
- Further strengthening the depth and resilience of our supply chain relationships and partnerships through continuous engagement and offered supportive financial and strategic initiatives, in tandem with leveraging our scale across our supply chain; and
- Significant investment in our IT infrastructure and operational capabilities, with a specific focus on our on-site project management and quality assurance tools, and business effectiveness projects, including standardisation of systems and processes, to create a more unified product delivery platform to underpin our future scale.

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 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 more than 4,000 customers choosing a new Cairn home to date. Our landbank comprises suburban and commuter belt low-density housing sites (c. 11,700 units at an average historic site cost of c. €32,000 per unit, including c. 8,000 starter home units at an average historic site cost of €21,000 per unit) and city centre, suburban and commuter belt high-density apartment sites (c. 5,100 units at an average historic site cost of c. €63,000 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. The slowdown in 2020 provided the Company with an ideal opportunity to focus on and make significant progress in formalising our Sustainability Agenda. We recently concluded our materiality assessment which identified the material themes that are most relevant to Cairn and all of our stakeholders. We will finalise and announce our targets for the most material issues during 2021, defining a set of appropriate non-financial disclosures and KPIs to report annually. We build considered, well-designed and healthy places that improve quality of life through an enduring commitment to responsible and sustainable development and the environment in which we operate. Our entire business is fully committed to our Sustainability Agenda and this was acknowledged through the award of the London Stock Exchange Green Economy Mark accreditation during 2020, which recognises issuers who generate over 50% of their total revenue from environmentally positive goods, products and services, and our participation in the Climate Disclosure Project 2020 on climate change and the environment.

Our approach to customer-focused product innovation 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 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 50% (8,400 units) of our private landbank are expected to be priced between €250,000 and €350,000 (incl. VAT). Realisable, mortgage-backed demand from this cohort has been supported by the €14.2 billion increase in Irish household savings in 2020 (+ 12.8% YoY, source: CSO) and the Government's enhanced help to buy scheme (increased income tax rebate of up to €30,000 supporting up to 10% of the purchase price). The c. 575,000 people in Ireland who earn between €50,000 and €80,000 annually cannot access social housing and have limited financial capacity to secure mortgages. The imminent launch of the Government's new €150 million shared equity loan scheme, where the State will take equity stakes of up to 30% in new homes, will broaden our addressable market further as this cohort was not previously able to access the new homes market. 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 (source: CSO);
- Multifamily PRS: we have secured over €400 million (incl. VAT) in multifamily PRS completed and forward sales to date, and in doing so have 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 and we expect this market to grow significantly during 2021 as the Irish economy reopens. Recent market research indicated that PRS accounted for 48% of the Irish investment market in 2020 and 53% of the overall investment in H2 2020 when over €1 billion was invested. Occupancy rates remain high, rents are stable and prime yields at c. 3.75% remain very attractive from an international perspective. The vast majority of multifamily PRS projects which are under construction and due for completion in the next 12-18 months are forward sold to institutional investors. While there are a significant number of planning granted multifamily schemes in the pipeline, the majority of these need to be forward sold or funded before commencement. The Company will take advantage of our position during 2021 and beyond, of being able to bring schemes to the market which are nearing completion and offering product which is available to rent in the short-term , having significantly increased our WIP investment in the last year.
- Affordable Housing: the Government is committed to putting affordability at the heart of the housing system and in doing so will prioritise the increased supply of social and affordable homes. It also recognises the important role the private sector will play in the delivery of this much needed social and affordable housing. With Cairn's scale, capability and low cost landbank, we are working on a number of very innovative initiatives in this area. We are confident that we can deliver high quality new homes at great value for money with relevant affordable housing partners and stakeholders.

Our strategy is to capitalise on the underlying potential in the Irish new homes residential property market by building in great locations and creating places and high quality, competitively priced homes where people love to live. Through the resilience which our business demonstrated in 2020 and the capacity and capability which we have developed to underpin our future growth, the Company has continued to successfully execute this strategy through the economic cycle. Our business remains strategically positioned to leverage the opportunities which exist in the Irish housing market into the long-term.

FINANCIAL REVIEW

Our 2020 financial performance highlights our strong, well-capitalised balance sheet and the resilience of our business model in what was a challenging year for our industry. We achieved revenues of €261.9 million (2019: €435.3 million), including €246.9 million from 743 closed sales (2019: €401.8 million from 1,080 closed sales) and €14.7 million from development site sales (2019: €32.2 million). Our closed sales had an average selling price ("ASP") of €332,000 (2019: €372,000). Our sales mix in 2020 was heavily biased towards lower ASP housing and our starter home ASP in the period was €314,000 (2019: €314,000). All ASPs exclude VAT.

Gross profit was €42.7 million (2019: €85.3 million) delivering a gross margin of 16.3% (2019: 19.6%). A slightly higher gross margin of 16.4% was delivered in H2 2020 compared to 16.1% in H1. Additional costs associated with the pandemic, including a two-month residential construction site closure, increased site management and preliminary costs from extended construction programmes as the business continues to operate under new work protocols and operating procedures that adhere to social distancing requirements, and product mix impacts contributed to the overall reduction in gross margin.

Operating profit of €24.4 million (2019: €68.0 million) equated to an operating margin of 9.3% (2019: 15.6%) and included operating expenses of €18.3 million (2019: €17.3 million). Our focus on cost and cash management somewhat mitigated the impact of site closures and sales constraints on our business during the year. Cairn generated a meaningful operating profit despite the challenges faced in 2020.

Finance costs for the year were €9.7 million (2019: €9.5 million), reflecting our decision to maximise our liquidity and use our committed revolving credit facilities for a significant portion of the year to safeguard the business against the effects of the pandemic.

Profit after tax of €12.7 million (2019: €51.2 million), resulting in earnings per share of 1.7 cent (2019: 6.5 cent).

Strong, well-capitalised balance sheet with inventories as at 31 December 2020 of €968.2 million (31 December 2019: €897.3 million) comprised of land held for development of €690.3 million (31 December 2019: €692.8 million) and WIP of €277.8 million (31 December 2019: €204.5 million). The increased investment in WIP over the course of the year, a net investment of €73.3 million, is fully supported by our strong forward order book and reflective of management's future growth aspirations.

Cash used in operations of €40.6 million (2019: cash generated from operations €99.2 million), including €26.2 million cash generated from operations in H2. Net debt of €168.3 million as at 31 December 2020 (31 December 2019: €91.2 million) comprised of drawn debt of €202.8 million (net of unamortised arrangement fees and issue costs) (31 December 2019: €148.0 million) and available cash of €34.5 million (31 December 2019: €56.8 million).

The €77.1 million increase in net debt was due to a number of factors, and predominantly as a result of lower sales volumes. We expect a considerable increase in sales volumes into 2021 and beyond which will reduce our net debt position, even when factoring in continued considerable WIP investment. Our total WIP investment in 2020 was €249.0 million (2019: €288.7 million) reflecting our strategic focus on continuing to invest in sites which will deliver volumes and revenue into 2021 and beyond when our sites reopened in May 2020. The Company also invested heavily in our future business across recruitment, health and safety and IT. Additionally, share repurchases of €23.8 million, the €20.0 million balancing payment on the Clonburris site acquisition and the acquisition of Esmonde Motors, Stillorgan for €14.0 million (with 50% of the consideration deferred until 2021) also occurred in the period.

We continue to maintain a very strong liquidity position with available liquidity (cash and undrawn facilities) of €174.5 million as at 31 December 2020. A number of cashflow measures were implemented during 2020 to maintain available liquidity, including the decision to suspend the payment of ordinary dividends and the share buyback programme.

OUR CUSTOMERS

Cairn delivered 743 closed sales in 2020 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 (2019: 1,080 closed sales across 12 developments at an ASP of €372,000 comprising 911 houses at an ASP of €321,000 and 169 apartments at an ASP of €648,000). Our 2020 ASP across our starter home schemes was €315,000 (2019: €314,000), starting at very competitive entry level price points from €270,000. Our product mix on our low density housing schemes continued to broaden during 2020 in response to market demand with duplex/apartment units accounting for 25% of all closed sales (2019: 18%), while we also closed a higher proportion of three bedroom houses in the period.

Following a positive start to the 2020 spring selling season, our show homes were closed between 27 March 2020 and 8 June 2020 in line with Irish Government and public health guidelines. Our show homes reopened on 8 June 2020 with viewings on an appointment only basis. The Company's sales agents facilitated viewings on this basis by prospective purchasers until our show homes closed for the holiday season at the end of 2020. Following the implementation of further Government guidelines on 6 January 2021, our construction sites are anticipated to reopen on 6 April 2021 with our show homes expected to reopen shortly thereafter. Show home viewings will again be on an appointment only basis.

The timing of a return to normal functioning marketing activities, with open viewings for new sales launches, remains uncertain, and the Company is operating on the assumption that viewings will likely remain on an appointment only basis for the remainder of 2021. Sales activity was maintained during both construction site lockdowns through our online sales platforms, including virtual reality tours, which have facilitated strong sales rates across a number of virtual releases since the start of 2021.

We are managing our new homes sales process, from initial viewing to final snagging, through viewing, snagging, valuation and closing procedures implemented in June 2020 by our sales consultants and customer care team, all overseen by a health and safety adviser. These procedures cover 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 customer care team which oversees a dedicated customer care line and team of maintenance operatives. The Company invested further in this area during 2020 as part of our commitment to deliver the best customer service experience in the market.

Starter homes are our core product offering and this is the largest of our addressable markets in Ireland where c. 415,000 people 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. 25% of our 2020 completions, and to price our starter homes to sell at volume and at price points where first time buyers can access mortgages. The Company also looks forward to the launch of the Government's new €150 million shared equity loan scheme, where the State will take equity stakes of up to 30% in new homes. There are currently c. 575,000 people in Ireland earning between €50,000 and €80,000 annually who cannot access social housing and have limited financial capacity to secure mortgages. This new Government initiative will broaden our starter home addressable market further as this cohort previously had limited, if any, access to the new homes market.

Our year to date closed sales and current forward sales pipeline is 925 new homes as at 03 March 2021 with a net sales value of €307 million, of which 150 new homes will close in 2022. The 775 new homes which have or are expected to close in 2021 equate to c. 74 - 82% of our guided 2021 sales completions. As expected, we witnessed a very healthy and robust level of underlying demand from private purchasers for both our starter homes and trade-up/down homes throughout the second half of 2020 after we emerged from the first lockdown. Notwithstanding the economic backdrop, the resolution of the Brexit trade deal has also brought an element of certainty back into the new homes market, in particular at higher price points where "discretionary" trade-up/down decisions had previously been put on hold. We launched new starter home schemes for sale during the second half of 2020 at Parkside (Malahide Road), Graydon (Newcastle), Shackleton Park (Lucan) and Whitethorn Village (Naas), with all releases fully sold out. Sales prices at each scheme were broadly at or slightly above our pre-Covid-19 levels. Our H2 private starter homes average weekly sales rate was 2.8 sales per active outlet, increasing to 3.9 sales for newly launched schemes. This positive sales momentum continued into the early months of 2021 with four virtual sales launches at Parkside, Graydon, Whitethorn Village and Mariavilla (Maynooth) in January and February 2021 all selling out of new homes released.

The Company continued the phased delivery of contracted multifamily PRS units to Carysfort Capital and 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 first two blocks of apartments at the €94 million, incl. VAT, forward sold 282 apartment scheme at The Quarter in Citywest (Dublin 24) were also handed over to Urbeo / Starwood Capital in Q4 2020 with the remaining units to be completed during 2021. Cairn also announced a new PRS multifamily forward sale of 150 residential units comprising apartments and duplexes at Shackleton Park, Lucan, Co. Dublin to Carysfort Capital and Angelo Gordon for a total cash consideration of €48.6 million on 13 January 2021. These new homes will be delivered on a phased basis during 2022.

Transactional activity in the PRS multifamily sector was impacted somewhat by the pandemic, and more particularly site closures across the industry, in H1 2020. Activity levels picked up considerably in H2 2020 with the market reporting transactions totalling more than €1 billion concluded in this six month period. Accounting for c. 48% of the Irish investment market in 2020, the PRS multifamily asset class is now recognised as a mainstream investment category providing long-term, stable income with low vacancy rates and voids. Rental levels remained stable throughout the period and prime and secondary yields remain very attractive from an international perspective. 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. Transactional activity in the PRS multifamily market was undoubtedly impacted by the inability of international institutional investors to physically inspect product under construction during 2020, and we expect activity levels to pick up again once international travel routes reopen. With a long-term land bank containing c. 16,800 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

The Company's detailed return to work strategy initiative, which was implemented in May 2020 when our residential sites reopened after the first construction sector lockdown, remains in place and will support the anticipated reopening of our residential sites on 6 April 2021. Our primary priority since this time has been on operating and maintaining safe environments for our employees, subcontractors, suppliers, customers and the communities in which we live and work. This initiative incorporates new safety protocols, procedures and work practices in adherence to social distancing requirements. From an efficiency perspective, this new way of working means that construction programmes have been extended and productivity levels have been impacted, resulting in increased site management and preliminary costs. We have spent over €1 million on personal protective equipment and on our site work practices and facilities which were successfully reconfigured to operate within these social distancing guidelines. From productivity at c. 60% of pre-Covid levels in late May 2020, due to the efficiency of our operations, the dedication of our site teams and in collaboration with our supply chain, we were achieving 85% - 90% of pre-pandemic productivity levels by year-end. The Government announced the second construction sector lockdown on 6 January 2021, with derogations extended to facilitate the construction of social housing due for practical completion by 30 April 2021 and completing private residential homes contracted to close by 31 January 2021. With the anticipated full reopening of our residential sites on 6 April 2021, we expect to return to these productivity levels in the short-term.

Cairn averaged in excess of 2,000 people working across our active sites on a daily basis while fully operational since May 2020 and we had less than 10 positive Covid-19 cases. This provides comfort that the residential construction is a very low risk sector and also on the effectiveness of our extensive and thorough new work practices.

2020 was a year where we demonstrated our enduring commitment to our subcontractors and supply chain through tangible and impactful initiatives to assist in maintaining their financial and operational integrity and resilience. This was achieved through constant engagement, providing assistance in critical cash flow management (by accelerating payment runs) and maintaining regular communication and committing to 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. This collaborative approach and the value which our business model, growth agenda and long-term sustainable business offers has strengthened these critical relationships with our supply chain partners. All of these initiatives continued through the second lockdown in early 2021.

Cairn anticipates the reopening all of our active sites on 6 April 2021 and continuing to support over 2,000 full-time jobs across these developments, including direct employees, subcontractors and other sector professionals. Cairn commenced construction on six sites in 2020, including four new site commencements: starter home housing sites at Graydon (Newcastle) and Whitethorn Village (Naas) and trade-up/down housing sites at Archers Wood (Delgany) and Hawkins Wood (Greystones). Two new phases on existing sites also commenced at Parkside (Malahide Road) and Shackleton Park (Lucan). The Company also completed the construction of our starter home developments at Elsmore (Naas) and Edenbrook (Dublin 24) in addition to Phase 2 Shackleton Park (Lucan) and Phase 1 Mariavilla (Maynooth) during the period. Cairn expects to commence the construction of up to seven new developments by the end of 2021.

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 64% of all procurement since IPO (an average of €30 million each), working across an average of twelve developments each. Build cost inflation has averaged c. 3% for the last 12 months, however this is currently running at a higher level on certain commodities at 5%+. It is too premature to forecast whether some of the recent commodity price increases will be permanent and the extent to which our scale and economies can help to mitigate against some of these increases.

2020 was another year of significant progress in delivering planning grants across our landbank as the Company obtained full planning permission for 1,616 new homes (2019: 1,830 new homes) from eight separate successful grants of planning. In addition, Cairn currently has seven planning applications, comprising c. 3,200 residential units, in the single-step Strategic Housing Development ("SHD") planning process and one application in the fast-track Strategic Development Zone ("SDZ") planning process. A number of other applications are currently at the design and masterplanning stage and are due to be submitted through the SHD process in advance of the legislative expiry of this process in February 2022.

The Company's site acquisition strategy remains opportunistic, including acquiring land adjoining existing sites and exploring joint venture and partnership opportunities. Expenditure on site acquisitions amounted to €34.7 million in 2020 (2019: €11.5 million), principally relating to the Clonburris and Esmonde Motors, Stillorgan acquisitions of land adjoining existing sites. Cairn's total site acquisition expenditure in 2019 and 2020 was €46.2 million. In the same period, site disposals totalling €46.8 million were concluded.

PRODUCT INNOVATION

Two of the key pillars of our "Better Ways to Build" initiative are driving further operational excellence and efficiencies and our innovation agenda. There has been a fundamental shift in customer expectations and requirements since the outbreak of the pandemic, many of whom now expect more functionality from their new homes as the family home has evolved into a place to both live and work in close proximity to recreational and other amenity facilities. Cairn believes that this new way of working, a hybrid model of workplace and remote working, will continue into the longer-term. Our focus on customer-focused product innovation has intensified as the experiences of our existing and prospective customers have placed a greater emphasis on the importance of delivering high quality residential accommodation.

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 rapid impact compaction, light gauge 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.

The Company invested heavily in our business transformation agenda during 2020, and IT capability in particular, to enhance our operational efficiencies. Our new Zutec on-site quality assurance platform consists of mobile construction software which empowers clear and efficient collaboration and enables greater productivity within project teams across our entire business. Zutec is fully integrated with our new project management tool Asta, which is a consolidated construction management template in use across all of our low and high density sites. Together with our ongoing business effectiveness projects, including standardisation of systems and processes, we are investing in the creation of a more unified product delivery platform to underpin our future scale.

HEALTH AND SAFETY

Cairn is fully committed to the highest standards of health and safety on our sites. The health and safety of employees, subcontractors, residents, customers and the communities in which we build is our number one priority, as evidenced by our response to the pandemic and the significant investment made by the Company during 2020 and into 2021 to safeguard the health and safety of all of our stakeholders. Our construction sites now operate under new work protocols, procedures and work practices in full compliance with all social distancing (including access and circulation management), hygiene and cleaning requirements. Site compounds, including welfare facilities, have been reconfigured to facilitate these new requirements. In excess of €1 million has been spent on these activities and personal protective equipment. Additional resources have also been deployed to all of our sites to undertake compliance supervision.

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. Each active site has a dedicated health and safety officer, ensuring that our health and safety policies are implemented. Health and safety is a standing agenda item at all Board and Audit & Risk Committee meetings and the Company retains an independent external auditor to undertake a monthly audit of health and safety practices and management across all active sites. Cairn also undertakes periodic reviews of our Safety Management System to ensure that this is updated for any changing regulations and legislation and supporting our continued growth.

TEAM

The Company's direct headcount at 31 December 2020 was 212 (31 December 2019: 195). The Company continued to invest in our people throughout 2020 and has assembled a talented team across our active development sites and central support functions with all the necessary skills, experience and expertise to deliver our strategic objectives and support this next phase of our growth.

INVESTOR RELATIONS

Cairn recognises the importance of regular communication and interaction with shareholders, potential investors and the international financial and investment community. This ensures a full understanding of our strategic objectives, our plans for the future and the measurement of performance against these plans. We conducted a comprehensive programme of investor engagement throughout 2020, the majority of which was staged virtually.

ECONOMY

The Irish economy demonstrated its resilience during 2020, notwithstanding the broader economic challenges presented by the pandemic, with economic commentators forecasting GDP growth of c. 3%. Following an average annual GDP growth rate of 9.8% in the 6 years to 2019 (source: CSO), Ireland remained the best performing economy in Europe in 2020. GDP is forecast to grow by 4.9% in 2021 (source: ESRI). The Irish Exchequer returned a deficit of €12.3 billion for 2020 and positively, corporation tax receipts increased by 8.7% to €11.8 billion while income tax returns held up exceptionally well, down just 1% to €22.7 billion (source: Department of Finance).

The COVID-19 Adjusted Measure of Unemployment was 25.0% in January 2021 if all claimants of the Pandemic Unemployment Payment ("PUP") were classified as unemployed. The core unemployment rate is 5.3%, meaning c. 465,000 individuals are availing of the PUP, of which 23.8% are aged 24 or younger (source all: CSO).

The ESRI forecasts annual housing demand at 34,000 new homes until 2040 in its high international scenario which would see our population growing to 6 million by 2040 (currently 4.9 million) (source: Regional Demographics and Structural Housing Demand, December 2020). Positively, 20,676 new homes were built in Ireland in 2020 (-2% YoY), including 7,400 new homes in Q4 2020 (+ 15.9% YoY). However, commencements for new homes in multi-unit developments and apartments were down 18.3% in 2020 to just 17,271 new homes. Commencements are the leading indicator for future supply and this highlights the challenges facing the sector in scaling up to meet the level of underlying demand.

Residential property prices increased 2.2% in 2020, with prices in Dublin up 1.2% (house prices increased by 0.2% and apartment prices increased by 5.1%). Dublin property prices remain 21.8% below their previous peak in February 2007 (source: CSO). Rents increased 0.9% in 2020 (source: Daft.ie Q4 2020 Rental Price Report) 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 72% more expensive to rent than own.

Buoyed by the significant level of underlying pent-up demand from first time buyers and a record €14.2 billion (+12.8%, source: CSO) increase in Irish household savings in 2020, the mortgage market performed strongly in H2 2020 with first time buyer mortgage approvals (by volume) up 15.4% on H2 2019. While first time buyer drawdowns in the same period (by volume) were down 8.7%, the strength of approvals highlights the significantly greater number of first time buyers who can now access the mortgage market. Supported by the enhanced Help to Buy scheme and with more savings discipline apparent, first time buyers have not been as impacted by the pandemic as other participants in the mortgage market. First time buyer mortgage approvals hit a record high in October 2020 (data goes back to 2011) and with first time buyer approvals (by volume) up 34.1% year on year in Q4 2020, the impressive rebound from the lockdown period continued through to year-end. This strong performance continued in January 2021 with first time buyer mortgage approvals (by volume) up 11.6% on January 2020 levels (source all: BPFI).

GOVERNMENT INITIATIVES

The new Irish coalition Government announced a record €5.2 billion housing budget for 2021, representing an increase in available funding of over €730 million when compared to Budget 2020. The key areas of spending include social housing, affordability measures, homelessness provisions and rental measures.

The enhanced Help to Buy scheme, originally announced in July 2020, was extended until 31 December 2021 and first time buyers can claim up to €30,000 (previously €20,000) to fund up to 10% (previously 5%) of the purchase price of new homes up to a maximum purchase price of €500,000. Under this enhanced and extended scheme, no saved deposit is required for new homes priced at €300,000 or below subject to qualification for the Help to Buy income tax rebate. The Government has committed to the Help to Buy scheme for the lifetime of the administration within its Programme for Government.

A new equity loan scheme will become available from mid-2021, with €75 million Government funding to be matched by funding from financial institutions. It is expected that equity stakes of up to 30% will be taken by the Government, no arbitrary salary caps will apply and the scheme will be directed at new homes only. Unlike the Help to Buy scheme, it is expected that second time buyers will be eligible. This scheme is central to the Government's commitment to put affordability at the "heart of the housing system". The equity loans will have a similar structure to the that in place in the UK and will be provided interest-free for the initial five years. This positive initiative will be very impactful for the c. 575,000 people in Ireland earning between €50,000 and €80,000 annually who cannot access social housing and have limited financial capacity to secure mortgages.

The Government has yet to announce a target for the delivery of affordable homes over its lifetime. We expect this target to be delivered through the Land Development Agency ("LDA"). The LDA will be formally incorporated as a statutory body through the "LDA Bill 2021" and this draft legislation was published in January 2021. It is expected that it will be passed into legislation in Q1 2021. The LDA has approved capital funding of €1.2 billion and with the capacity to raise additional debt, this will enable them to deliver affordable housing at scale. We believe that partnering with the private sector will be one of the LDA's key priorities as they seek to establish a scaled delivery platform.

The fast track SHD planning process will not be extended beyond its amended legislative expiry on 28 February 2022. Having secured planning for nearly 4,500 new homes through this fast-track process to date, of which in excess of 3,000 new homes are built or under construction, Cairn has been the leading industry proponent of one of the most impactful measures introduced by the last Government. This certainty around planning timelines and decision making was one of drivers behind Cairn's growth in the 2017-2019 period. Cairn advocates for the many benefits brought to the planning regime by the SHD process, including consistent and timely decision making, which should be considered as part of any future solution. The Company welcomes the Government's early engagement with key industry stakeholders as it seeks to implement a suitable new planning framework to replace the SHD process. With our successful track record in obtaining positive planning decisions through the SHD process, we intend to progress all relevant remaining landbank sites through the fast track route before its expiry in February 2022.

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	2020 Unaudited Total €'000	2019 Audited Total €'000
Continuing operations			
Revenue	2	**261,883**	**435,331**
Cost of sales		**(219,180)**	**(350,030)**
Gross profit		**42,703**	**85,301**
Other income		**-**	**119**
Administrative expenses		**(18,257)**	**(17,371)**
Operating profit		**24,446**	**68,049**
Finance costs	3	**(9,660)**	**(9,461)**
Profit before taxation		**14,786**	**58,588**
Tax charge	4	**(2,077)**	**(7,372)**
Profit for the year		**12,709**	**51,216**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**12,709**	**51,216**
Profit attributable to:			
Owners of the Company		**12,709**	**51,224**
Non-controlling interests		**-**	**(8)**
Profit for the year		**12,709**	**51,216**
Basic earnings per share	11	**1.7 cent**	**6.5 cent**
Diluted earnings per share	11	**1.7 cent**	**6.5 cent**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

		2020	2019
		Unaudited	Audited
Assets	**Note**	**€'000**	**€'000**
Non-current assets			
Property, plant and equipment		1,447	1,976
Right of use assets		722	1,083
Intangible assets		552	673
		2,721	**3,732**
Current assets			
Inventories	5	968,184	897,259
Trade and other receivables	6	11,388	11,701
Current taxation		2,028	655
Cash and cash equivalents		34,526	56,810
		1,016,126	**966,425**
Total assets		**1,018,847**	**970,157**
Equity			
Share capital	7	788	810
Share premium	7	199,616	199,616
Other undenominated capital		40	18
Share-based payment reserve		7,572	8,002
Retained earnings		542,556	552,796
Equity attributable to owners of the Company		**750,572**	**761,242**
Non-controlling interest	9	-	2,496
Total equity		**750,572**	**763,738**
Liabilities			
Non-current liabilities			
Loans and borrowings	8	202,793	148,041
Lease liabilities		490	804
Deferred taxation	4	4,562	5,084
		207,845	**153,929**
Current liabilities			
Lease liabilities		334	334
Trade and other payables	10	60,096	52,156
		60,430	**52,490**
Total liabilities		**268,275**	**206,419**
Total equity and liabilities		**1,018,847**	**970,157**

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

	Share Capital	Share Premium	Other Undenominated Capital	Share-Based Payment Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Unaudited Attributable to owners of the Company							
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
As at 1 January 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 (note 7)	(22)	-	22	-	(23,346)	**(23,346)**	-	**(23,346)**
Equity-settled share-based payments (note 7)	-	-	-	(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 (note 9)	-	-	-	-	-	**-**	(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 CHANGES IN EQUITY
For the year ended 31 December 2019

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

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	2020 Unaudited €'000	2019 Audited €'000
Cash flows from operating activities		
Profit for the year	12,709	51,216
Adjustments for:		
Share-based payments (credit)/expense	(277)	220
Finance costs	9,660	9,461
Depreciation and amortisation	699	743
Taxation	2,077	7,372
	24,868	**69,012**
(Increase)/decrease in inventories	(70,176)	36,587
Decrease/(increase) in trade and other receivables	313	(3,668)
Increase in trade and other payables	8,410	11,993
Tax paid	(3,973)	(14,736)
Net cash (used in)/from operating activities	**(40,558)**	**99,188**
Cash flows from investing activities		
Purchases of property, plant and equipment	(182)	(1,309)
Purchases of intangible assets	(14)	-
Net cash used in investing activities	**(196)**	**(1,309)**
Cash flows from financing activities		
Purchase of own shares	(23,751)	(22,241)
Proceeds from borrowings	194,000	-
Repayment of loans	(140,000)	(50,000)
Acquisition of shares in subsidiary from non-controlling shareholder	(2,496)	-
Dividends paid	-	(19,693)
Dividends and capital distribution paid by subsidiary to non-controlling shareholder	-	(1,914)
Repayment of lease liabilities	(314)	(305)
Interest and other finance costs paid	(8,969)	(9,148)
Net cash from/(used in) financing activities	**18,470**	**(103,301)**
Net decrease in cash and cash equivalents in the year	**(22,284)**	**(5,422)**
Cash and cash equivalents at beginning of year	**56,810**	**62,232**
Cash and cash equivalents at end of year	**34,526**	**56,810**

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 2020.

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 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, and the interim results for the six month period ended 30 June 2020, issued on 10 September 2020. The statutory financial statements for the year ended 31 December 2019 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 2020 will be published in April 2021 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 year ending 31 December 2020 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 the consolidated financial information 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 information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results could differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

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

Going Concern

The Covid-19 pandemic has had a material impact on the Group during the year ended 31 December 2020, resulting in a material reduction in revenue, profitability and interruption in development and sales activity. This dynamic has continued into early 2021. The Group entered this challenging time 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.

Notwithstanding its strong liquidity position, the Group has taken a number of steps over the course of the pandemic to protect the business from any downside risks which might arise, including:

- Utilisation of undrawn credit facilities to manage the working capital cycle as needed during 2020;
- Suspension of ordinary dividends and the remainder of the €60 million share buyback programme;
- Waiver of cash bonuses by the Executive Directors which may have been payable in respect of the Group's performance in 2020; and

1. Basis of preparation *(continued)*

Going Concern *(continued)*

- Investing in construction activities focused on forward sold new homes, schemes which continue to be attractive to Multifamily PRS institutional buyers and new family homes at lower average selling prices.

The Group has not availed of any wage subsidy support from the Irish Government since the start of the pandemic.

The Group held €34.5 million of cash at 31 December 2020 (31 December 2019: €56.8 million) and has substantial committed, undrawn facilities of €140.0 million at 31 December 2020, repayable between 31 December 2022 and 31 July 2026.

At the initial onset of the pandemic in March 2020, the Group announced a controlled and orderly shutdown of its construction sites and sales show houses. During that 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 in May 2020. Fifteen residential sites were successfully reopened, including three new 2020 site commencements, under strict compliance with new operating procedures adhering to social distancing requirements. Covid-19 adversely impacted gross and operating margins as the business incurred additional costs associated with lockdowns and adherence to social distancing protocols. These protective measures impacted site preliminary and management costs, reduced operating efficiency and extended construction programmes. However, the business recovered well throughout the remainder of 2020 in a market that continued to experience strong underlying demand. The government announced a second construction lockdown on 6 January 2021. All [15] of our sites are expected to reopen on 6 April 2021.

Looking ahead, uncertainty remains in relation to the future impact of Covid-19 on the Irish economy and the potential impact on customer confidence notwithstanding robust exchequer returns in 2020 and the existing mortgage-backed demand for new homes as evidenced in our forward order book. 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 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.

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 the financial statements and there are no material uncertainties in that regard which are required to be disclosed. Note 5 includes disclosures on the impact of Covid-19 on judgements and estimates in relation to profit margins and carrying values of inventories.

2. Revenue

	2020 €'000	2019 €'000
Residential property sales	246,881	401,808
Residential site sales	14,651	32,152
Income from property rental	351	1,371
	261,883	**435,331**
Residential property sales		
Houses	211,522	292,331
Apartments	35,359	109,477
	246,881	**401,808**

3. Finance costs

	2020	2019
	€'000	€'000
Interest expense on financial liabilities measured at amortised cost	9,073	8,049
Other finance costs	557	1,374
Interest on lease liabilities	30	38
	9,660	**9,461**

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

	2020	2019
	€'000	€'000
Current tax charge for the year	2,599	8,144
Deferred tax credit for the year	(522)	(772)
Total tax charge	**2,077**	**7,372**

Deferred tax
The deferred tax liability is comprised of the following:

	2020	2019
	€'000	€'000
Opening balance	5,084	5,856
Credited to profit or loss	(522)	(772)
Closing balance	**4,562**	**5,084**

5. Inventories

	2020	2019
	€'000	€'000
Land held for development	690,347	692,756
Construction work in progress	277,837	204,503
	968,184	**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, the timing of planning permissions and the impact of Covid-19 on programming schedules.

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 the closure of sites 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.

5. Inventories *(continued)*

There is a risk that one or all of the assumptions may require revision as more information becomes available, with a resulting impact on the carrying value of inventory or the amount of profit recognised. The risk is managed through ongoing site profitability reforecasting with any necessary adjustments being accounted for in the relevant reporting period. The Directors considered the evidence from impairment reviews and profit forecasting models across the various active and not yet in development sites. These sites costs and profit margins have been reviewed at year end and judgments and estimates carefully considered to ensure they have incorporated any anticipated impact of the ongoing Covid-19 pandemic and the second construction lockdown. Based on the review performed there were no indications that any sites were impaired. As a result of the detailed review undertaken, the directors are satisfied with the carrying values of inventories (development land and construction 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

	2020 €'000	2019 €'000
Construction bonds	8,332	5,884
Other receivables	3,056	5,817
	11,388	**11,701**

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

7. Share capital and share premium

	2020 Number	2020 €'000	2019 Number	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 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**

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

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

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

Share buyback programme
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. This programme completed on 13 January 2020. On 16 January 2020, the Company announced the extension of this share buyback programme to repurchase ordinary shares up to a maximum additional consideration of €35 million, thereby increasing the size of the overall share buyback programme to €60 million. 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 repurchased under the buyback programme in the period from 1 January 2020 to 24 March 2020 was 21,321,025 shares at a total cost of €23.3 million.

Other undenominated capital	2020 €'000	2019 €'000
At 1 January	18	-
Nominal value of own shares purchased	22	18
At 31 December	**40**	18

On 12 October 2020, the Company issued 116,066 Ordinary Shares in respect of restricted share units to selected employees.

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 7,659,629 shares made to employees remain outstanding as at 31 December 2020 (2019: 3,889,750). The shares will vest on satisfaction of service and performance conditions attaching to the LTIP, to include earnings per share performance, total shareholder return and other stakeholder metrics over a 3 year period. The Group recognised a credit related to the LTIP during the year ended 31 December 2020 of €0.561 million (2019: €0.220 million) of which €0.598 million (2019: €0.070 million) was credited to profit or loss and a charge of €0.037 million (2019: €0.150 million) was included in construction work in progress within inventories. The net credit recognised during the year ended 31 December 2020 arose due to the charge in respect of the 2020 LTIP net of a credit in relation to the non-vesting of the 2018 LTIP EPS- based awards and the expected non-vesting of the 2019 LTIP EPS-based awards.

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

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 482,095 shares made to employees remain outstanding as at 31 December 2020 (2019: nil). 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 2020 of €0.348 million (2019: €nil) of which €0.266 million (2019: €nil) was charged to profit or loss and €0.082 million (2019: €nil) was included in construction work in progress within inventories.

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 2020 of €0.179 million (2019: €nil) of which €0.055 million (2019: €nil) was charged to profit or loss and €0.124 million (2019: €nil) was included in construction work in progress within inventories.

8. Loans and borrowings

	2020 €'000	2019 €'000
Non-current liabilities		
Bank and other loans		
Repayable as follows:		
Between one and two years	130,399	-
Between two and five years	29,956	90,704
Greater than five years	42,438	57,337
Total borrowings	**202,793**	**148,041**

The Group has loan facilities which total €350 million, comprising a term loan of €77.5 million, a revolving credit facility of €200 million, of which €6 million is represented by a construction bond facility, (these are bonds that have been put in place with local authorities until sites are fully completed and terms of planning conditions have been met) and a loan note of €72.5 million. The amounts shown above as repayable between one and two years are repayable on 31 December 2022. The Group had an undrawn revolving credit facility of €140 million as at 31 December 2020 (€194 million as at 31 December 2019). The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs.

9. Non-controlling interest

The non-controlling interest at 31 December 2019 of €2.5 million related to the 25% share of the net assets of a subsidiary entity, Balgriffin Investment No. 2 HoldCo DAC, which was held by National Asset Management Agency ("NAMA"). Cairn Homes plc held the remaining 75% of the equity share capital in this subsidiary which is involved in the development of residential property. On 3 July 2020, Cairn Homes plc acquired NAMA's 25% share for €2.5 million which increased its holding to 100% of the equity share capital of Balgriffin Investment No. 2 HoldCo DAC from that date.

10. Trade and other payables

	2020 €'000	2019 €'000
Trade payables	15,285	13,102
Amounts owed to related party (note 13)	7,000	-
Accruals	22,166	19,094
VAT liability	14,522	17,768
Other creditors	1,123	2,192
	60,096	**52,156**

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

11. Earnings per share

The basic earnings per share for the year ended 31 December 2020 is based on the earnings attributable to ordinary shareholders of €12.7 million and the weighted average number of ordinary shares outstanding for the period.

	2020	2019
Profit attributable to owners of the Company (€'000)	12,709	51,224
Numerator for basic and diluted earnings per share	**12,709**	**51,224**
Weighted average number of ordinary shares for period (basic)	752,029,760	785,864,442
Dilutive effect of options	-	89,471
Denominator for diluted earnings per share	752,029,760	785,953,913
Earnings per share		
- Basic	1.7 cent	6.5 cent
- Diluted	1.7 cent	6.5 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 31 December 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 ended 31 December 2020.

12. Dividends

No dividends were paid by the Company during the year (2019: €19.7m).

Due to the ongoing COVID-19 pandemic, the Board has decided not to propose an ordinary dividend in the period**.**

13. Related party transactions

On 27 October 2020, the Group acquired a 1.35 acre site in Stillorgan adjoining 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 payable in July 2021 (note 10). The seller was The Emerald Fund ICAV (acting on behalf of the Emerald Opportunity Investment Fund) ("Emerald"). Alan McIntosh, a co-founder, non-executive Director and shareholder 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.

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

14. 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 2020 and as a result such subsidiary undertakings have been exempted from the filing provisions of Companies Act 2014.

As at 31 December 2020 Cairn Homes Properties Limited had contracted as follows:

- to sell 282 apartments at The Quarter in Citywest, Dublin 24 to Urbeo for €94 million (incl. VAT). 100 of these units were completed and sold pre year end for €33.9 million (incl VAT) with the remaining 182 apartments currently under construction with a phased delivery in 2021.

- to sell 150 residential units in Mariavilla, Maynooth to Urbeo for €53.5 million (incl. VAT). 64 of these units were completed and sold in 2019 for €24.2 million (incl. VAT). An additional 40 of these units were completed and sold in 2020 for €14.9 million (incl. VAT) with the remaining 46 apartments currently under construction with delivery scheduled for H1 2021.

- to sell 229 residential units in Lucan to Carysfort Capital for €78.75 million (incl. VAT). 15 of these units were completed in 2019 for €5.2 million (incl. VAT). An additional 156 of these units were completed and sold in 2020 for €53.8 million (incl. VAT) with the remaining 58 apartments currently under construction with a phased delivery in 2021.

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

15. Events after the year end

On 11 January 2021, Cairn Homes Properties Limited contracted with Carysfort Capital to sell 150 apartments at Shackleton Park, Lucan, Co. Dublin for €48.6 million (incl. VAT). These apartments are currently under construction with a phased delivery across 2021 and 2022.

The government announced a second construction lockdown on 6 January 2021. All [15] of our sites are expected to reopen on 6 April 2021.

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, British)
Andrew Bernhardt (Non-Executive, British)
Gary Britton (Non-Executive)
Giles Davies (Non-Executive, British)
Linda Hickey (Non-Executive)
Jayne McGivern (Non-Executive, British)
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