Interim Results for the Six Months Ended 30 June 2021
Guidance Upgrade and Significant Increase in Order Book

Dublin / London, 09 September 2021: Cairn Homes plc ("Cairn", "the Company" or "the Group"), the leading Irish homebuilding company, announces its interim results for the six months ended 30 June 2021.

Financial Highlights €'m	6 months ended June 2021	6 months ended June 2020	Change
Revenue	**130.6**	80.9	+61%
Gross profit	**24.2**	13.0	+86%
Gross margin	**18.5%**	16.1%	+240bps
Operating profit	**11.7**	5.8	+102%
Operating margin	**8.9%**	7.1%	+180bps
Earnings per share (cent)	**0.85c**	0.16c	+0.69c
Cash generated from/(used in) operations	**23.4**	(66.8)	+90.2m

€'m	As at 30 June 2021	As at 31 December 2020	Change
Land held for development	**676.2**	690.3	(14.1)
Construction work in progress ("WIP")	**285.0**	277.8	+7.2
Total equity	**759.2**	750.6	+8.6
NAV per share[1]	**101 cents**	100 cents	+1 cent
Net debt	**149.4**	168.3	(18.9)

Commenting on the results, Michael Stanley, CEO, said:

"Cairn has never been better positioned to play a leading role in the recovery of the housing market in Ireland. We have grown our order book from €214 million in January to a current high for our business of €655 million and we will deliver 2,550 quality-built family homes between this year and next. We will continue to leverage our scale and capabilities to deliver competitively priced starter homes for first time buyers. As we report today, our average selling price for these starter homes has remained largely unchanged at €371,000, including VAT."

"We welcome the suite of plans and initiatives in the Government's Housing for All strategy. Cairn for its part will continue to provide a significant number of quality built new homes predominantly for prospective homeowners, but also for the rental market. In order for the Government's plan to have the best chance of success, it is essential that it is complemented by Central Bank rules on mortgage lending that are more appropriate to today's critical needs. A framework that remains prudent but gives thousands of prospective customers earning good salaries a greater opportunity to qualify for a mortgage is urgently needed for the tens of thousands of first-time buyers who remain trapped in the affordability gap."

H1 2021 Highlights

- Cairn had a very strong H1 2021. The strategic initiatives implemented over the last 18 months enabled us to continue to bring new product to the market during this challenging time for the sector and satisfy the very strong demand witnessed across all buyer profiles.
- We contracted to sell 832 new homes in the first half of this year in addition to our 403 sales completions (H1 2020: 207).
- Our closed and forward order book has now grown to 1,750 new homes as at 8 September 2021, a strong underpin for our target of 2,550 closed sales in the two years to 2022.

[1] Defined as net assets (total assets less total liabilities) divided by the number of ordinary shares in issuance

- Our starter home average selling price, excluding VAT, in the period was very competitive at €327,000 (H1 2020: €323,000).
- Cairn's gross margin has improved again to 18.5% (H1 2020: 16.1%). The impact of build cost inflation during the period was offset by sales pricing.
- Our construction sites reopened fully on 12 April 2021 and Cairn is now back active on 17 developments with three new site commencements planned before the end of the year. Productivity is improving and we are now again supporting over 2,000 full-time positions across our business and supply chain. Our WIP investment has increased to €285 million supporting our continued growth plans.
- The Board is recommencing our annual ordinary dividend programme and has declared an interim dividend of 2.66 cent per ordinary share to be paid on 8 October 2021.
- We are making significant progress on our commitment to implement a sustainability framework and selecting disclosures to measure our sustainability strategy progress by year-end.

Outlook and Guidance Upgrade

- 2021 operating profit is now expected to be c. €52 million, increasing to c. €85 million in 2022. Our cumulative operating profit guidance for the two-year period to 2022 has increased by €17 million to c. €137 million since March 2021.
- Our gross margin will continue to improve. We expect gross margin for the second half of 2021 to be c. 19.5% which would lead to a full year margin of c. 19.0% in 2021. The Company now expects our gross margin for 2022 to be just over 20.0%.
- Cairn's closed and forward pipeline has never been stronger and is now valued at €655 million. This comprises of 1,750 new homes as at 8 September 2021, an increase in value of €95 million since 30 June 2021.
- The Company is increasing our unit guidance for the two-year period to 2,550 new home completions. We now expect to close c. 1,100 new homes this year, increasing to 1,450 completions in 2022.
- In excess of €165 million of operating cashflow[2] is also expected to be generated between this year and next.

Capital Discipline and Allocation Policy

- Cairn will continue to invest in our future growth but still expects to generate €350 - €400 million in operating cashflow[2] between 2021 and 2023 which provides a strong platform for significant returns to shareholders through a combination of capital returns and accretive strategic investments. We expect to continue to generate significant free cash into the long-term.
- Any capital allocated to future investments will be subject to a 15% target hurdle rate return on capital employed.
- The Board is reimplementing our long-term annual dividend programme and we expect annual dividends for 2021 and 2022 will be at a minimum level of €40 million each year and thereafter will be at a pay-out ratio of 40 – 50% of distributable profits. Dividends will be paid by way of interim and final dividends, commencing with today's declared interim dividend.
- Surplus free cashflow after progressive ordinary dividends and investment opportunities is intended to be returned to shareholders through special dividends and/or share buybacks.

For further information, contact:

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[2] Before any capital allocation considerations, including reductions of debt, future dividends or strategic land acquisitions

An analyst and investor call will be hosted by Michael Stanley, CEO, and Shane Doherty, CFO, today 9 September 2021 at 8.30am (BST). Please use the numbers below, quoting the following access code: 090873:

Ireland
- Toll: 01 536 9584

UK
- Toll: 020 3936 2999

US
- Toll: 1 646 664 1960

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- 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. 16,500 unit land bank across 35 residential development sites, over 90% of which are located in the Greater Dublin Area ("GDA") with excellent public transport and infrastructure links.

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 landbank across our 35 housing and apartment sites as the foundation for a long-term homebuilding business, Cairn continues to maximise the significant opportunities which exist to capitalise on the pent-up demand across all tenures in the Irish new homes residential property market.

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 4,900 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. €30,000 per unit) and city centre, suburban and commuter belt high-density apartment sites (c. 4,800 units at an average historic site cost of c. €59,000 per unit).

The Government's recently announced "Housing For All" strategy has 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 mortgages. 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 across our sites, all of which are located in our main urban centres where the greatest demand exists in areas of high employment.

Following the disruption caused to our business since March 2020, Cairn's operational focus is firmly set on scaling our business. Our growth strategy will be delivered through a combination of:

- Regional Expansion: we have extended our development footprint beyond the Greater Dublin Area with a recent site commencement in Cork which will be followed by further site commencements in Galway and Kilkenny in the next year;
- The Strength of our Team: we are investing in our people and extending our capacity and capability. We have significantly expanded our team across all areas of our business, including key management appointments;
- "Better Ways to Build": an initiative established to ensure our 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; and
- Increasing Annual Volumes: with a target of 2,550 closed sales in the two year period to the end of 2022, we will be active on an average of 20 sites during this period.

This growth strategy will allow us to respond to demand quicker and importantly across all tenures of the market. Delivery of our strategy is supported by our established operating platform and the strong capabilities within our business. Our loyal and expanding supply chain is one of our main assets and we are further strengthening the depth and resilience of these relationships and partnerships through continual engagement and supportive financial and strategic initiatives, in tandem with leveraging our scale across our supply chain. Significant investment in our IT infrastructure and operational capabilities is also creating a more unified product delivery platform.

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 across our two key market segments: competitively priced, well located, A-rated starter homes on multi-modal transport links in areas of proven demand at prices where first time buyers can access mortgage finance; and well located, well-designed and quality built multifamily new homes where strong demand remains from domestic and international institutional investors who are seeking a stable, long-term exposure to the Irish residential sector.

The Company is committed to building homes and creating places that contribute positively to communities and society and 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. 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 framework exists from our Steering Group, comprising board members and senior management, through to our Implementation Group and Working Groups ensuring layered operational governance and sustainability management. We will announce these non-financial disclosures later this year. 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

Our H1 2021 financial performance is reflective of a business that is moving on from COVID-19 related disruptions. H1 2021 revenues were €130.6 million (H1 2020: €80.9 million), including €130.4 million from 403 closed sales (H1 2020: €69.7 million from 207 closed sales). Our closed sales had an average selling price ("ASP") of €324,000 (H1 2020: €337,000). All ASPs exclude VAT.

Gross profit for the period was €24.2 million (H1 2020: €13.0 million), equating to a gross margin of 18.5% (H1 2020: 16.1%). Despite a 13-week construction shutdown at the start of 2021, COVID-19 related costs have become less impactful as productivity and programme management becomes more efficient.

Operating profit of €11.7 million (H1 2020: €5.8 million) resulted in an operating margin of 8.9% (H1 2020: 7.1%), after operating expenses of €12.5 million (H1 2020: €7.3 million), including areas such as I.T., health & safety and business effectiveness as well as €0.3 million of unproductive labour in the period owing to site closures as a result of the COVID-19 pandemic. All of this reflects our disciplined approach to cost and cash management whilst investing in the future of the business.

Finance costs for the period reduced to €4.1 million (H1 2020: €4.5 million), reflected both a lower average cost of funds and lower drawings under committed debt facilities compared to the same period last year.

Profit after tax for the period was €6.4 million (H1 2020: €1.2 million), resulting in earnings per share of 0.85 cent (H1 2020: 0.16 cent).

Our well-capitalised balance sheet had inventories at 30 June 2021 of €961.2 million (31 December 2020: €968.2 million), comprised of land held for development of €676.2 million (31 December 2020: €690.3 million) and WIP of €285.0 million (31 December 2020: €277.8 million). Continued WIP investment underpins the construction of new homes predominantly relating to our strong forward order book, the continued evolution of our operational scale and is a continuation of the strategic decision taken in May 2020 to invest in our residential sites which would deliver sales volumes into 2022 and beyond. The reduction in land held for development represents the release of land held from our 403 sales completions and aligns with our ambition to monetise a significant portion of our landbank over time and reduce it to a more normalised level of c. 4 – 5 years' supply.

We generated €23.4 million of cash from operations in H1 2021 (H1 2020: cash used in operations of €66.8 million) as our landbank continues to unwind. Net debt of €149.4 million at 30 June 2021 (31 December 2020: €168.3 million) comprised of drawn debt of €183.2 million (net of unamortised arrangement fees and issue costs) (31 December 2020: €202.8 million) and available cash of €33.7 million (31 December 2020: €34.5 million).

The €18.9 million reduction in net debt was due to a number of factors, including land release associated with unit sales closings, and profitability for the period. Our total WIP spend in H1 2021 was €98.2 million (H1 2020: €105.0 million), reflecting the 13-week site shut down and our commitment to investing in sites which will deliver volumes and revenue into the future. We continued to invest heavily in the future of our business across recruitment, health and safety and IT.

Available liquidity (cash and undrawn facilities) of €193.7 million as at 30 June 2021 (31 December 2020: €174.5 million) leaves us very well placed to focus on the continued growth of our business.

OUR CUSTOMERS

Cairn delivered 403 closed sales in H1 2021 across 13 developments at an ASP of €324,000 comprising 167 houses at an ASP of €356,000 and 236 apartments at an ASP of €301,000 (H1 2020: 207 closed sales across 11 developments at an ASP of €337,000 comprising 206 houses at an ASP of €337,000 and 1 apartment at an ASP of €348,000). Our H1 2021 ASP across our starter home schemes was €327,000 (H1 2020: €323,000), starting at very competitive entry level price points from €285,000. Our product mix in H1 2021 was more heavily weighted towards high density apartments, including closing the final 182 apartments at The Quarter at Citywest (cumulative total of 282 apartments sold at an ASP of €294,000).

Our show homes reopened on 10 May 2021 in line with Irish Government and public health guidelines, with viewings on an appointment only basis. During the period our show homes were closed, we continued as scheduled with all planned launches through virtual sales launches to prospective purchasers.

The demand for new Cairn homes, across all price points from entry level starter homes to trade-up/down, has never been stronger. Enquiry lists across all our active selling sites remain at historic highs, with particularly strong interest in our commuter locations. Our virtual launches through our online sales platforms, including virtual reality tours, delivered some of the strongest sales rates ever recorded by our business. This momentum continued when we reverted to more traditional launches in mid-May and has continued into the early Autumn 2021 selling season.

Our year to date closed sales and current forward sales pipeline is 1,750 new homes as at 08 September 2021 with a net sales value of €655 million. The Company agreed or contracted to sell 832 new homes in the first six months of 2021 (in addition to 403 new homes completions), which is testament to the quality and price points of the new homes we are delivering across all buyer profiles and the level of demand which exists in the market for well-designed, high quality new homes.

The Company continued the phased delivery of contracted multifamily new homes at Shackleton Park and Gandon Park (Lucan - 229 new homes with the final 26 homes to be delivered in H2 2021) and completed the Quarter in Citywest (Dublin 24 – 282 apartments). Cairn has two other multifamily transactions contracted with phased delivery dates out to 2022.

The multifamily investment market recovered strongly in the first six months of 2021 with investment volumes of €1.5 billion some 25% higher than the full year output in 2020. Demand for purpose built, well-located multifamily developments remains strong from domestic and international institutional investors seeking long-term, stable income with low vacancy rates and voids in an economy driven by strong demographics and a lack of suitably built rental accommodation, particularly in the Greater Dublin Area. The stock of homes available to rent in Ireland was at a historic 15-year low of just 2,455 homes on 1 August 2021, some 74% below the 15-year average of 9,300 homes and national rental inflation in the year to June 2021 was 5.6% (source: Daft.ie Q2 Rental report, RTB). Prime yields remain at c. 3.75%.

With a long-term landbank containing c. 4,800 apartment units and strong ongoing demand from domestic and international institutional investors for new, well-designed apartment blocks in city centre, suburban and commuter belt locations from established counterparties with proven delivery capability, the Company continues to see significant demand as a partner of choice from the multifamily sector for our well located apartment sites. 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 also remains strong, while a number of our apartment developments are likely to be attractive as potential affordable rental opportunities.

PRODUCTION

Our residential construction sites reopened fully on 12 April 2021 in line with Irish Government and public health guidelines. For the duration of the second construction lockdown, which commenced on 8 January 2021, we were permitted to continue building out Part V units which were due for practical completion before 30 April 2021, completing new homes contracted to close before 31 January 2021 and proceed with utility connection works. This meant the majority of our sites remained partially operational during this period. As a business, our primary priority is operating and maintaining safe environments for our employees, subcontractors, suppliers, customers and the communities in which we live and work. We updated our "return to work" protocols when our sites reopened fully with safety protocols, procedures and work practices in adherence to social distancing requirements. As a business, we were able to get back to near full production capacity within a short space of time given the successful implementation of this new way of working by our employees and supply chain previously in 2020.

Cairn averaged in excess of 2,000 people (including direct employees, subcontractors and other sector professionals) working across our active sites on a daily basis while fully operational since April 2021 and to date we have had less than 20 positive Covid-19 cases, reflecting the effectiveness of our extensive and thorough work practices.

We continued to demonstrate our enduring commitment to our subcontractors and supply chain during this second construction lockdown through tangible and impactful initiatives to assist in maintaining their financial and operational integrity and resilience. We remain in constant engagement with our supply chain and provide assistance in critical cash flow management (in some instances by accelerating payment runs), maintain regular communication and have committed to future work pipelines and planned site commencements. Our 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.

Cairn commenced construction on three sites in H1 2021: a new trade-up/down site at Mercer Vale (South Dublin), our first regional site at Castletreasure, Douglas (Cork) and the final phase of our successful starter home development at Shackleton Park (Lucan). Aligned to our growth strategy, 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 H2 2021 and H1 2022 site commencements.

Cairn has a current committed procurement order book of in excess 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 €32 million each), working across an average of 12 developments each. Build cost inflation has averaged c. 3 - 4% for the last 12 months, however this is currently running at a higher level on certain commodities (5% +). The current environment has driven certain commodity prices to abnormal levels which we believe will be short-term in nature and our procurement function and scale is dealing with this on a case by case basis.

We obtained seven grants of planning permission in the year to date comprising 448 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.

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:

1. Operational Excellence: continual focus on more efficient ways to build our new homes through the adoption of further off-site manufactured ("OSM") methodologies. A key focus area for our business is standardisation of delivery efficiency in procurement and operations where 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 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 is being rolled out across more of our developments over the next year. We have invested heavily in our broader procurement strategy, leveraging our scale but also conscious of current challenges with commodity prices. Category and supplier relationship management within our supply chain is a key focus area which will deliver further resilience, improved collaboration and innovation within our dedicated procurement function.

2. Innovation Agenda: customers now want a home where they can both live and work, in close proximity to recreational and other amenity facilities, through a hybrid work-life balance model of workplace and remote working. Our focus on customer-focused product innovation has intensified with a greater emphasis on the importance of delivering high quality residential accommodation with playgrounds, parks, greenways and other amenities in our developments. As a business we are investing heavily in our construction activities on our environmental agenda which we are pursuing through initiatives like our employment of engineered soil solutions. We believe that regulators and relevant local authorities, as key stakeholders in our industry, should adopt more environmentally friendly construction methods and innovations.

ECONOMY

With GDP growth of 5.9%, Ireland's 2020 economic performance outpaced that of all other EU countries (EU27, -6%), the US (-3.4%) and the UK (-9.8%) (source all: CSO, OECD). This growth has continued in 2021 despite the challenging backdrop with GDP growth of 10.7% in the year to Q1 2021 (source: CSO), demonstrating the strength of the Irish economy. At 23.3%, Ireland's two-year GDP growth to June 2021 is 25.3% above the EU 27 average of -2.0%.

For the period January to July 2021, VAT receipts of €9.7 billion were 28% ahead of the same period in 2020, reflecting a strong recovery in consumption, while income tax receipts at €14.3 billion were 17.9% ahead of 2020 (source all: Department of Finance). Unemployment stands at 12.4% (August 2021), down from 27.2% in January (source: CSO). This is expected to continue to fall as the re-opening of our economy gathers pace and as the Pandemic Unemployment Payment is tapered in line with the removal of restrictions.

Household savings increased by €13.6 billion in the year to June 2021, a 29% increase compared to the preceding 12 months (source: CBI). These "pandemic savings", equivalent to 11% of disposable incomes, will be one of the drivers for the domestic economy over the coming years.

The impact of these "pandemic savings" is evidenced in mortgage data. 18,716 mortgages (value €4.4 billion) were drawn down in H1 2021, an increase of 22% over H1 2020. First time buyers ("FTB") drawdowns were even stronger with 9,614 mortgages (value €2.2 billion) drawn, an increase of 25% over H1 2020. Mortgage approvals indicate the scale of pent up demand, with 13,796 FTB mortgages (value €3.4 billion) approved in H1 2021, an increase of 65% in volume compared to H1 2020. At €249,158, the average value for FTB mortgages approved in H1 2021 is 4.2% ahead of H1 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). Demographics continue to underpin demand, with the Irish population increasing to 5.01 million in April 2021 (+ 0.7% YoY), the first time the Irish population has exceeded 5 million since 1851. There were 20,535 new homes built in Ireland in 2020 (-3% YoY).

House price inflation is running at 2.2% for new homes and 6.7% for second-hand homes in the year to June 2021 (source: CSO).

GOVERNMENT INITIATIVES

The Government's new "Housing For All" strategy was launched on 2 September 2021. This is a signature 10 year plan to increase new housing supply, support home ownership and increase affordability. With a target of delivering 300,000 new homes by 2030, the plan includes a number of encouraging targets including: completing 10,000 shared equity mortgage loans by 2025 (previously only one year funding approved); the provision of €4.5 billion additional funding for Irish Water to assist in accelerating and increasing housing delivery for this critical utility; and increased funding of €1 billion for the Land Development Agency (to €3.5 billion) to deliver 5,000 affordable homes on non-State land. Total capital funding of €20 billion (€4 billion a year) is committed for the next 5 years to finance this signature strategy.

The fast track SHD planning process will end on 25 February 2022 and will be replaced by the new Large Scale Residential Development ("LSRD") process for planning applications greater than 100 residential units or 200 student beds. The new LSRD process aims to incorporate some of the positives from the SHD process. Cairn has been part of the stakeholder consultation with the Department of Housing, Planning and Local Government in implementing the new process. With our continued industry leading track record in obtaining positive planning decisions through the SHD process, we are actively progressing all relevant remaining sites through the fast track route before its expiry in February 2022.

PRINCIPAL RISKS & UNCERTAINTIES

Following a comprehensive review of our risk management framework during 2020, we have improved our processes around identifying, assessing, mitigating and managing the risks facing the Company. Details of this review and the principal risks and uncertainties facing the Company can be found in the Risk Report included in our 2020 Annual Report. These risks, in particular policy, brand, economic, financial, development, compliance and people remain the most likely to affect Cairn in the second half of the current year, however as part of our continued forward-looking focus, we determined that climate change is now also an additional principal risk for Cairn. We are committed to identifying and proactively managing risks associated with climate change in ways that ensure Cairn can both continue to deliver on its mission and address the key impacts of climate change. Our approach to identifying and managing risk is active and progressive, with a focus on operational as well as strategic risk, current risk and the potential for future risks to our longer-term plans. We will continue to actively identify and assess internal and external factors that may change our risk profile throughout the remainder of the financial year.

OUTLOOK

The demand for new homes in Ireland is at its strongest level since we started business and with the Irish economy continuing to rebound and grow, we remain positive and ambitious for our future growth prospects.

CAIRN HOMES PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT
For the six month period ended 30 June 2021

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

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

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

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

We confirm that to the best of our knowledge:

(1) the condensed set of consolidated financial statements included within the half-yearly financial report of Cairn Homes plc ("the Company") for the six months ended 30 June 2021 ("the interim financial information") which comprises the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes, have been presented and prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency Directive, and the Transparency Rules of the Central Bank of Ireland.

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

On behalf of the board

Michael Stanley	Shane Doherty
Chief Executive Officer	Chief Financial Officer

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the six month period ended 30 June 2021

	Note	For six month period ended 30 June 2021	For six month period ended 30 June 2020
	Note	**€'000**	**€'000**
Continuing operations			
Revenue	2	**130,569**	**80,940**
Cost of sales		**(106,381)**	**(67,915)**
Gross profit		**24,188**	**13,025**
Administrative expenses		**(12,511)**	**(7,256)**
Operating profit		**11,677**	**5,769**
Finance costs	3	**(4,105)**	**(4,531)**
Profit before taxation		**7,572**	**1,238**
Tax charge	4	**(1,165)**	**(39)**
Profit for the period		**6,407**	**1,199**
Other comprehensive income		**-**	**-**
Total comprehensive income for the period		**6,407**	**1,199**
Profit attributable to:			
Owners of the Company		6,407	1,199
Non-controlling interests		-	-
Profit for the period		**6,407**	**1,199**
Basic earnings per share	12	**0.85 cent**	**0.16 cent**
Diluted earnings per share	12	**0.85 cent**	**0.16 cent**

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2021

		30 June 2021	31 Dec 2020
		Unaudited	**Audited**
Assets	**Note**	**€'000**	**€'000**
Non-current assets			
Property, plant and equipment		1,190	1,447
Right of use assets		541	722
Intangible assets		913	552
		2,644	**2,721**
Current assets			
Inventories	5	961,201	968,184
Trade and other receivables	6	13,463	11,388
Current taxation		1,564	2,028
Cash and cash equivalents	7	33,742	34,526
		1,009,970	**1,016,126**
Total assets		**1,012,614**	**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		9,281	7,572
Retained earnings		549,495	542,556
Total equity		**759,221**	**750,572**
Liabilities			
Non-current liabilities			
Loans and borrowings	9	183,174	202,793
Lease liabilities		329	490
Deferred taxation	4	4,562	4,562
		188,065	**207,845**
Current liabilities			
Lease liabilities		334	334
Trade and other payables	11	64,994	60,096
		65,328	**60,430**
Total liabilities		**253,393**	**268,275**
Total equity and liabilities		**1,012,614**	**1,018,847**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six month period ended 30 June 2021

	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 period						
Profit for the period	-	-	-	-	6,407	**6,407**
	-	**-**	**-**	**-**	**6,407**	**6,407**
Transactions with owners of the Company						
Equity-settled share-based payments (note 8)	1	-	-	2,241	-	**2,242**
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards	-	-	-	(532)	532	**-**
	1	**-**	**-**	**1,709**	**532**	**2,242**
As at 30 June 2021	**789**	**199,616**	**40**	**9,281**	**549,495**	**759,221**

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

	Attributable to owners of the Company							
	Share Capital	**Share Premium**	**Other Undenominated Capital**	**Share-Based Payment Reserve**	**Retained Earnings**	**Total**	**Non-Controlling Interests (Note 10)**	**Total Equity**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2020	**810**	**199,616**	**18**	**8,002**	**552,796**	**761,242**	**2,496**	**763,738**
Total comprehensive income for the period								
Profit for the period	**-**	**-**	**-**	**-**	1,199	**1,199**	-	**1,199**
	-	**-**	**-**	**-**	**1,199**	**1,199**	-	**1,199**
Transactions with owners of the Company								
Purchase of own shares	(22)	-	22	-	(23,345)	**(23,345)**	-	**(23,345)**
Equity-settled share-based payments	-	-	-	(1,224)	-	**(1,224)**	-	**(1,224)**
	(22)	**-**	**22**	**(1,224)**	**(23,345)**	**(24,569)**	**-**	**(24,569)**
As at 30 June 2020	**788**	**199,616**	**40**	**6,778**	**530,650**	**737,872**	**2,496**	**740,368**

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six month period ended 30 June 2021

	For the six month period ended 30 June 2021 €'000	For the six month period ended 30 June 2020 €'000
Cash flows from operating activities		
Profit for the period	6,407	1,199
Adjustments for:		
Share-based payments expense/ (credit)	1,573	(1,224)
Finance costs	4,105	4,531
Depreciation and amortisation	345	355
Taxation	1,165	39
	13,595	**4,900**
Decrease/(increase) in inventories	7,904	(60,139)
(Increase)/decrease in trade and other receivables	(2,075)	351
Increase/(decrease) in trade and other payables	4,713	(9,910)
Tax paid	(699)	(2,009)
Net cash from/(used in) operating activities	**23,438**	**(66,807)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(86)	(85)
Purchases of intangible assets	(434)	-
Net cash used in investing activities	**(520)**	**(85)**
Cash flows from financing activities		
Purchase of own shares	-	(23,751)
Proceeds from borrowings	50,000	194,000
Repayment of loans	(70,000)	-
Repayment of lease liabilities	(161)	(157)
Interest and other finance costs paid	(3,541)	(4,373)
Net cash (used in)/from financing activities	**(23,702)**	**165,719**
Net (decrease)/increase in cash and cash equivalents in the period	**(784)**	**98,827**
Cash and cash equivalents at beginning of period	34,526	56,810
Cash and cash equivalents at end of period	**33,742**	**155,637**

1. Accounting Policies

Basis of preparation

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

These unaudited condensed interim consolidated financial statements and the information set out in this report cover the six month period ended 30 June 2021 and have been prepared in accordance with IAS 34 *"Interim Financial Reporting"* as adopted by the European Union.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements prepared in accordance with IFRS as adopted by the European Union. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since 31 December 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. Those statutory financial statements have been filed with the Registrar of Companies and are available at www.cairnhomes.com. The audit opinion on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis.

The new IFRS standards, amendments to standards or interpretations that are effective for the first time in the financial year ending 31 December 2021 have not had a material impact on the Group's reported profit or net assets in these interim financial statements.

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

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

The significant accounting judgement impacting these interim financial statements 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 these interim financial statements 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.

The Group has developed internal controls designed to effectively assess and review carrying values and the appropriateness of estimates made.

1. Accounting Policies *(continued)*

Going Concern

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

The COVID-19 pandemic has had an impact on the Group during the period ended 30 June 2021, resulting in an interruption in development activity. 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 did not avail of any wage subsidy support from the Irish Government during the period.

The Group held €33.7 million of cash at 30 June 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. The Group had undrawn revolving credit facilities of €160 million as at 30 June 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 (some construction activity continued on social and affordable housing, other units with sales contracted to close by 31 January 2021 and utility connections in the "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 12 April 2021. 19 residential sites were successfully reopened (3 new site commencements are planned for the second half of the year), under strict compliance with operating procedures adhering to social distancing requirements. While COVID-19 continues to have an impact on gross and operating margins, the business has recovered well and has seen an improvement in gross margins, a strong recovery in in sales and an increase in profitability when compared to the same period in the prior year. The Group is also encouraged by the level of underlying demand and the forward sales pipeline achieved through our online sales launches in addition to our showhouses reopening post the lockdown period.

Looking ahead, uncertainty remains in relation to the future impact of COVID-19 on the Irish economy and the potential impact on customer confidence. Against this backdrop, the Directors have carried out a robust assessment of the principal risks facing the Group and have considered the impact of these risks on the going concern status of the business.

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 these condensed consolidated half year financial statements and there are no material uncertainties in that regard which are required to be disclosed.

2. Revenue

	For six month period ended 30 June 2021 €'000	For six month period ended 30 June 2020 €'000
Residential property sales	130,446	69,734
Site sales	6	11,000
Income from property rental	117	206
	130,569	**80,940**

	For six month period ended 30 June 2021 €'000	For six month period ended 30 June 2020 €'000
Residential property sales		
Houses	59,494	69,386
Apartments	70,952	348
	130,446	**69,734**

3. Finance costs

	For six month period ended 30 June 2021 €'000	For six month period ended 30 June 2020 €'000
Interest expense on financial liabilities measured at amortised cost	3,350	4,137
Other finance costs	744	379
Interest on lease liabilities	11	15
	4,105	**4,531**

Interest expense for the period to 30 June 2021 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.

4. Taxation

	For six month period ended 30 June 2021 €'000	For six month period ended 30 June 2020 €'000
Current tax charge for the period	1,165	552
Deferred tax credit for the period	-	(513)
Total tax charge	**1,165**	**39**

Deferred tax

The deferred tax liability is comprised of the following:

	For six month period ended 30 June 2021 €'000	For year ended 31 December 2020 €'000
Opening balance	4,562	5,084
Credited to profit or loss	-	(522)
Closing balance	**4,562**	**4,562**

5. Inventories

	30 June 2021 €'000	31 Dec 2020 €'000
Land held for development	676,163	690,347
Construction work in progress	285,038	277,837
	961,201	**968,184**

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

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 period ended 30 June 2021 €0.3 million (30 June 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 period, have been updated to fully reflect the estimated impact of the COVID-19 pandemic. The Directors considered the evidence from impairment reviews and profit forecasting models across the various sites and are satisfied with the carrying values of inventories (development land and work in progress), which are stated at the lower of cost and net realisable value, and with the methodology for the release of costs on the sale of inventories.

6. Trade and other receivables

	30 June 2021 €'000	31 Dec 2020 €'000
Construction bonds	9,647	8,332
Other receivables	3,816	3,056
	13,463	**11,388**

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

7. Cash and cash equivalents

	30 June 2021 €'000	31 Dec 2020 €'000
Current		
Cash and cash equivalents	33,742	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

	30 June 2021 Number	30 June 2021 €'000	31 Dec 2020 Number	31 Dec 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 30 June 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
A Ordinary shares of €1.00 each	-	-	-	-
		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
A Ordinary shares of €1.00 each	-	-	-	-
		788	**199,616**	**200,404**

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

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 12,971,720 shares made to employees remain outstanding as at 30 June 2021 (31 December 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, total shareholder return (for 2018 and 2019 awards) and other stakeholder metrics (for 2020 and 2021 awards) over a 3 year period.

The Group recognised a charge of €1.7 million (period ended 30 June 2020: €1.2 million credit) related to the LTIP during the period ended 30 June 2021, of which €1.2 million was charged to administrative expenses in profit and loss (period ended 30 June 2020: €1.0 million credit) and €0.5 million was charged to construction work in progress within inventories (period ended 30 June 2020: €0.2m credit). Conditional awards of 5,312,091 shares were made to employees under the LTIP in the period ended 30 June 2021.

Cairn engaged extensively with shareholders during 2020 with respect to the Chief Executive Officer (Michael Stanley) participating in the Company's Long Term Incentive Plan 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.

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 to employees remain outstanding as at 30 June 2021 (30 June 2020: 482,094). 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 period ended 30 June 2021 of €0.424 million (30 June 2020: €nil) of which €0.302 million (30 June 2020: €nil) was charged to profit or loss and €0.122 million (30 June 2020: €nil) was included in construction work in progress within inventories. During the period ended 30 June 2021, the Group issued 482,094 shares 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 period ended 30 June 2021 of €0.135 million (30 June 2020: €nil) of which €0.045 million (30 June 2020: €nil) was charged to profit or loss and €0.09 million (30 June 2020: €nil) was included in construction work in progress within inventories.

9. Loans and borrowings

	30 June 2021 €'000	31 Dec 2020 €'000
Non-current liabilities		
Bank and other loans		
Repayable as follows:		
Between one and two years	110,746	130,399
Between two and five years	29,970	29,956
Greater than five years	42,458	42,438
Total borrowings	**183,174**	**202,793**

The Group has a €77.5 million term loan and €200 million revolving credit facility with Allied Irish Banks plc, Ulster Bank Ireland DAC and Barclays Bank Ireland plc, repayable by 31 December 2022. €6 million of the revolving credit facility 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).

9. Loans and borrowings *(continued)*

Additionally, the Group has €72.5 million of loan notes with Pricoa Capital Group, 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 30 June 2021 pledged as security was €961.2 million (31 December 2020: €968.2 million). The Group had undrawn revolving credit facilities of €160 million as at 30 June 2021 (€140 million as at 31 December 2020). The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs.

10. Non-controlling interest

During the six-month period ended 30 June 2020, the non-controlling interest 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.

11. Trade and other payables

	30 June 2021 €’000	**31 Dec 2020 €’000**
Trade payables	23,493	15,285
Amounts owed to related parties (note 17)	7,000	7,000
Accruals	27,959	22,166
VAT liability	5,476	14,522
Other creditors	1,066	1,123
	64,994	**60,096**

On 27 October 2020, the Group acquired a 1.35 acre site in Stillorgan 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 payable in July 2021 (Note 17). 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.

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

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

12. Earnings per share

The basic EPS for the period ended 30 June 2021 is based on the earnings attributable to ordinary shareholders of €6.4 million and the weighted average number of ordinary shares outstanding for the period.

	For six month period ended 30 June 2021	**For six month period ended 30 June 2020**
Profit attributable to owners of the Company (€'000)	6,407	1,199
Numerator for basic and diluted earnings per share	**6,407**	**1,199**
Weighted average number of ordinary shares for period (basic)	749,610,827	754,704,063
Dilutive effect of restricted share unit awards and options	1,175,267	482,094
Denominator for diluted earnings per share	750,786,094	755,186,157
Earnings per share		
- Basic	0.85 cent	0.16 cent
- Diluted	0.85 cent	0.16 cent

There is no dilution in respect of founder shares (note 8) as the performance condition for conversion of founder shares to ordinary shares was not met at the period end. Additional ordinary shares may be issued under the founder share scheme in future periods up to and including 2022 if the performance condition under the rules of the scheme is reached. There is no dilution in respect of the LTIP (note 8) as the performance conditions are not met as at 30 June 2021.

13. Dividends

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

14. Related party transactions

There were no related party transactions during the period ended 30 June 2021 other than Directors' remuneration.

15. Financial risk management

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

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

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

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

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

15. Financial risk management (continued)

Exposure to credit risk

The Group's principal financial assets comprise cash and cash equivalents. Group management in conjunction with the Board manage risk associated with cash and short term deposits by depositing funds with a number of Irish financial institutions and AAA rated international institutions. At 30 June 2021, the Group's cash and cash equivalents were held in two Irish financial institutions with a minimum credit rating of BBB-.

	30 June 2021 €'000	31 Dec 2020 €'000
Carrying amount – amortised cost		
Construction bonds and other receivables	13,463	11,388
Cash and cash equivalents	33,742	34,526
	47,205	**45,914**

Construction bonds and other receivables of €13.5 million at 30 June 2021 were not past due. The construction bonds and other receivables have been reviewed and considering the nature of the counterparties no credit losses are expected. As a result, no credit loss provision has been recognised.

(c) Liquidity risk

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

The Group monitors the level of expected cash inflows from trade and other receivables together with expected cash outflows on trade and other payables and commitments. All trade and other payables (€65.0 million) at 30 June 2021 are considered current with the expected cash outflow equivalent to their carrying value.

Management monitors the adequacy of the Group's liquidity reserves (comprising cash and cash equivalents as detailed in note 7 and undrawn loan facilities as detailed in note 9) against rolling cash flow forecasts. In addition, the Group's liquidity risk management policy involves monitoring short term and long term cash flow forecasts.

(d) Market risk

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

(i) Currency risk

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

(ii) Interest rate risk

At 30 June 2021, the Group had the following facilities:

(a) term loan and revolving credit facilities with Allied Irish Bank plc, Ulster Bank Ireland DAC and Barclays Bank Ireland plc that had a principal drawn balance of €111.5 million at a variable interest rate of 3-month Euribor (with a 0% floor), plus a margin of 2.8%. The Group has an exposure to cash flow interest rate risk where there are changes in Euribor rates; and
(b) a €72.5 million private placement of loan notes with Pricoa Capital which have a fixed coupon of 3.36%.

15. Financial risk management (continued)

(e) Fair value of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

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

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

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

(e) Fair value of financial assets and financial liabilities

	30 June 2021	**Fair Value**		
	Carrying Value	**Level 1**	**Level 2**	**Level 3**
	€'000	**€'000**	**€'000**	**€'000**
Financial assets measured at amortised cost				
Construction bonds and other receivables	13,463			
Cash and cash equivalents	33,742			
	47,205			
Financial liabilities measured at amortised cost				
Trade payables and accruals	51,452			
Amounts owed to related parties	7,000			
Borrowings	183,174		183,174	
	241,626			

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

	31 Dec 2020	Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Financial assets measured at amortised cost				
Construction bonds and other receivables	11,388			
Cash and cash equivalents	34,526			
	45,914			
Financial liabilities measured at amortised cost				
Trade payables and accruals	37,451			
Amounts owed to related parties	7,000			
Borrowings	202,793		202,793	
	247,244			

16. Commitments and contingent liabilities

As at 30 June 2021 Cairn Homes Properties Limited had contracted as follows:

- to sell 229 residential units in Lucan to Carysfort Capital for €78.75 million (incl. VAT). 15 of these units were completed and sold in 2019 for €5.2 million (incl. VAT). 156 of these units were completed and sold in 2020 for €53.8 million (incl. VAT). An additional 32 of these units were completed and sold in the period ended 30 June 2021 for €11.9 million (incl. VAT) with the remaining 26 apartments under construction with a phased delivery in 2021 for €7.85 million (incl. VAT).

- 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 2021 and 2022.

- to sell 342 apartments at Griffith Wood, Griffith Avenue, Dublin 9 to Greystar for €176.5 million (incl. VAT). These apartments are currently under construction with a phased delivery across 2021 and 2022.

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

17. Events after the reporting period

On 1 July 2021, the Group paid the remaining €7 million consideration due in relation to its site in Stillorgan known as “the Esmonde Motors site” (Note 11).

On 3 September 2021, Jayne McGivern a Non- Executive Director informed the Board of her decision to step down with immediate effect, to pursue a new executive opportunity.

On 8 September 2021 the Board declared an interim dividend of 2.66 cent per ordinary share. This interim dividend will be 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 at 30 June 2021, the amount of dividends declared was €19.9 million.

18. Approval of financial statements

These financial statements were approved by the Board on 8 September 2021.

Independent Review Report to Cairn Homes plc

Introduction

We have been engaged by Cairn Homes plc ("the Company") to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's ("FRC's") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 ("the Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

Directors' responsibilities

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

Our responsibility

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

Scope of review

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

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

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

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

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

8 September 2021

CAIRN HOMES PLC
COMPANY INFORMATION

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John Reynolds (Non-Executive Chairman)
Michael Stanley (Chief Executive Officer)
Shane Doherty (Chief Financial Officer)
Andrew Bernhardt (Non-Executive)
Gary Britton (Non-Executive)
Giles Davies (Non-Executive)
Linda Hickey (Non-Executive)
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