

## Trading Update for the Six Months Ended 30 June 2021

### Order Book at Over 1,500 New Homes and Capital Distributions Reinstated

**Dublin / London, 1 July 2021:** Cairn Homes plc (“Cairn”, “the Company” or “the Group”), the leading Irish homebuilding company, today issues a Trading Update for the six months ended 30 June 2021 in advance of interim results to be announced on 9 September 2021.

#### H1 2021 Highlights

- c. €131 million revenue from 403 closed new home sales (€81 million from 207 closed sales in H1 2020).
- Closed and forward sales pipeline of 1,530 new homes with a net sales value of €560 million<sup>1</sup>, an increase of 605 new homes and €253 million in the four months since the last update on 2 March 2021.
- The impact of house price inflation is slightly ahead of build cost inflation with 2021 full year gross margin now expected to be c. 18.5%.
- 16 active developments are back to full production and three new site openings are planned in H2 2021.

#### Update on 2,500 New Homes Completion Target by the End of 2022

- Over 60% of our 2,500 new homes completion target is now covered by closed and forward sales.
- Increased confidence in 2022 gross margin guidance of c. 19.0%.
- Cumulative operating profit for the two year period is now expected to be €125 million.
- In excess of €150 million of operating cashflow<sup>2</sup> is also expected to be generated by the end of 2022.
- The Company has available liquidity of €200 million to fund our ambitious growth plans beyond 2022.

#### Capital Discipline and Allocation

- Cairn will continue to invest in our future growth and expects to generate €350 - €400 million in operating cashflow by 2023<sup>2</sup>, including in excess of €150 million by the end of 2022. This is expected to provide a strong platform for significant returns to shareholders through a combination of capital returns and accretive strategic investments.
- Any capital allocated to future investments will be subject to a 15% target hurdle rate return on capital employed.
- The Board is now reimplementing our long-term annual dividend programme.
- 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.
- The Board intends to announce a €20 million dividend of c. 2.66 cent per ordinary share when we release our 2021 interim results on 9 September 2021.
- Surplus free cashflow after progressive ordinary dividends and investment opportunities is intended to be returned to shareholders through special dividends or share buybacks.

#### Outlook

- Cairn had a very strong H1 2021 and now has clear visibility over the achievement of 2021 and 2022 operational and financial targets. We will leverage our unique position in the Irish market with ambitious growth plans into 2023 and beyond. This will be delivered through our proven capability, track record, the great locations of our low cost landbank and our exceptional and talented team.

Commenting on the H1 2021 trading update, Michael Stanley, Chief Executive Officer, said:

“Over the past five years, Cairn’s primary focus has been providing competitively priced starter homes for first time buyers. As our market evolves we will continue to take a solutions-based approach, particularly given the significant challenge customers face accessing mortgage finance. We have sold over 3,000 well-designed, A-rated starter homes to first time buyers over this period.”

“Yet, demand for new homes has never been stronger and the lack of supply has never been more acute. While political debate on housing has raged back and forth, the reality today is that it remains hugely difficult for a whole generation of young people in Ireland to own a family home. Based on analysis of census and other economic data, only 12% of homeowners are between the

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<sup>1</sup> As at 30 June 2021

<sup>2</sup> Before any capital allocation considerations, including reductions of debt, future dividends or strategic land acquisitions

ages of 25 and 39 now in Ireland. The majority of people born between 1982 and 1996, who wish to own a home, have in effect been disenfranchised.”

“However, this does not have to be the case ad infinitum. Government leadership’s comments on prioritisation this week point the way forward. It requires a significant increase in capacity and delivery involving both public and private sectors working in parallel. It is also imperative that good planning secured for thousands of new homes does not get consistently stymied by referrals to national and European courts. Now it’s about moving forward, timely execution and making things happen.”

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**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. 16,400 unit landbank across 36 residential development sites, over 90% of which are located in the Greater Dublin Area (“GDA”) with excellent public transport and infrastructure links.