

The Cairn Homes plc logo consists of the word "CAIRN" in a bold, white, sans-serif font, with "PLC" in a smaller font size directly below it. The logo is set against a solid red rectangular background.

CAIRN
PLC

Designed for Living.
Built for Life.

CAIRNHOMES.COM

Cairn Homes plc Preliminary Results

29 February 2016

Disclaimer

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1.

Strategic Developments

Key highlights



Deployed €554m¹ of capital in 9 months since IPO



Acquisition of 9 separate sites post IPO (2 sites in 2016) plus Ulster Bank residential land loan portfolio



Continued strategic focus on the Greater Dublin Area (“GDA”) (89% of landbank)



Total core landbank of 25² sites and 11,229 homes³



Successful launch of Phase 1 at Parkside with sale of 52 houses now agreed



Staff in place to deliver on increased operational activity

Notes:
1. Includes c.€40m deployed in 2016 and €4m for Project Clear related construction bonds
2. Includes the conditionally acquired Navan site and properties currently secured as collateral for loans acquired from Ulster Bank
3. Estimated number of homes

Geographic overview of core sites



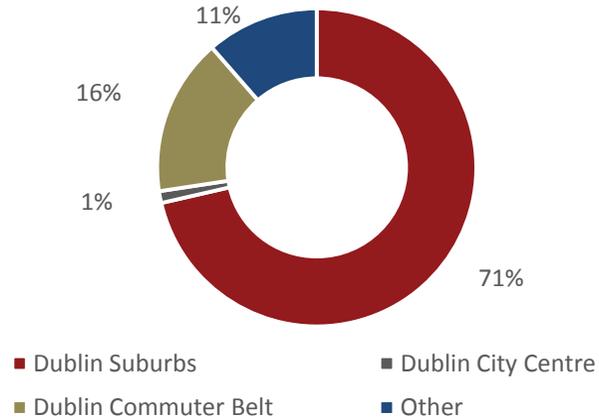
Note: Project Clear sites represent the collateral security underlying the loans acquired by the Group

Legend: ● Project Clear sites ● Cairn owned sites

Core land bank composition (1)

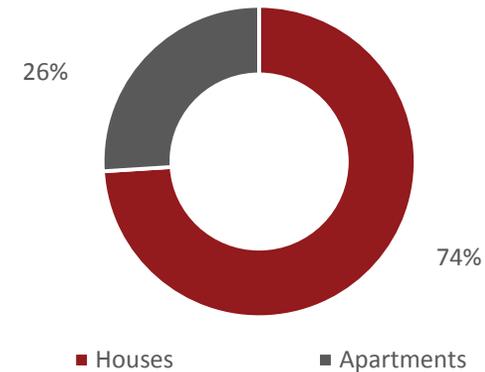
Dublin-centric landbank

(Breakdown by homes)



Predominantly new houses

(Breakdown by homes)



- ✓ Established a balanced land bank with a good mix of immediate, medium and longer-term opportunities
- ✓ Enables target completion rate of c. 1,000 homes per annum by 2019
- ✓ Broad range of house types and price points
- ✓ Current portfolio focus in the Greater Dublin Area in line with stated strategy
- ✓ Many of the schemes will be re-planned and optimised to deliver enhanced returns
- ✓ Pro-actively engaged in loan-to-own process

Notes: 1. Including land secured as collateral for loan portfolio

Current core landbank

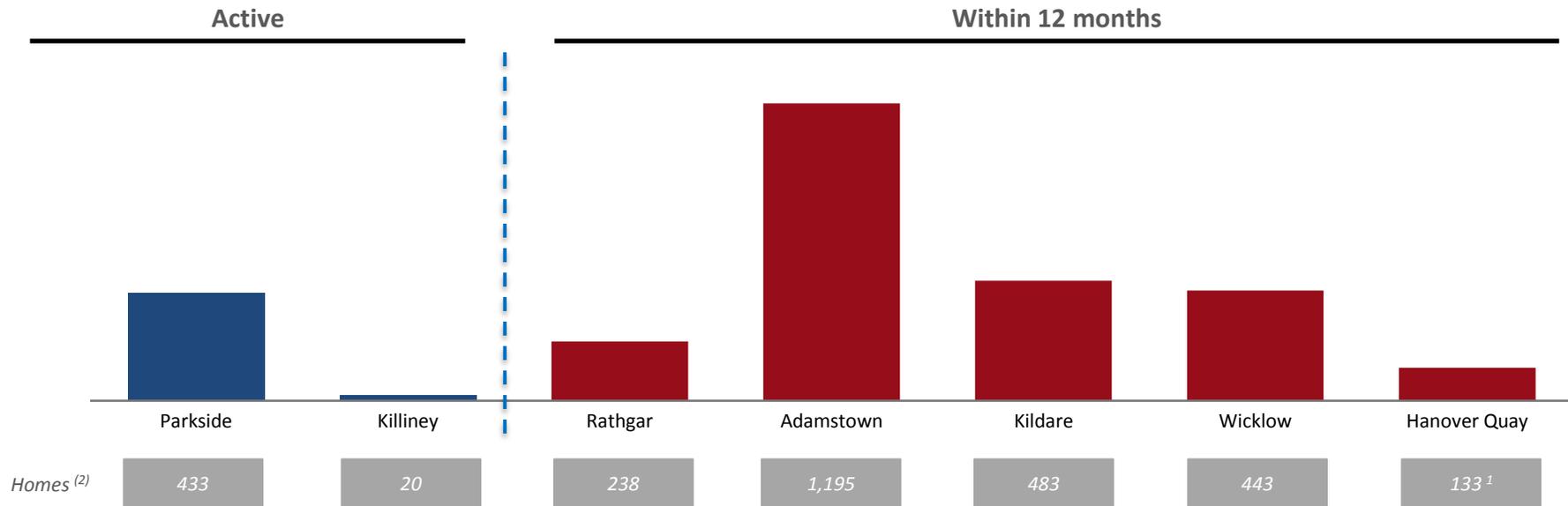
	Sites ⁽¹⁾	Acres	Potential homes ⁽²⁾	Average unit site cost ⁽³⁾	
Live within the next 12 months ⁽⁴⁾	7	288	2,945	€69k	
Commencement 2017/2018	11	161	2,190	€63k	
Commencement 2019+	7	485	6,094	€21k	
Total	25	934	11,229	€42k	

Medium term target of 1,000 completions per annum

Notes:

1. Includes land secured as collateral for loan portfolio
2. Potential homes over the life of the development scheme
3. Calculated as value of sites divided by number of potential homes
4. Including sites already live. Live defined as schemes where construction has commenced

Live sites within the next 12 months



- ✓ Parkside Phase 1 is now well advanced – 52 agreed house sales and 22 completed / legally closed
- ✓ Killiney is nearing completion
- ✓ Construction to commence on 5 more sites within 12 months

Notes: 1. It is expected that between 120 and 140 homes will be achieved on the site
 2. Potential homes over the life of the development scheme

Case study / Clonburris, Dublin 24

Scheme

▪ No. of Homes ¹	3,500-4,500
▪ Start Date	Early 2019

South Dublin Local Authority

▪ 10 Year Population Growth ²	43,000
▪ 10 Year Minimum Housing Requirement ³	23,500 homes

Illustrative Estimates and Targets ⁴

- 3-4 Bedroom Houses and 1-3 Bedroom Apartments
- Assumes 0% HPI and Build Cost Inflation
- Current estimates assume benefit from proposed rebate of levies for sales under €300,000

	€ Per SQFT
▪ Expected Average Gross Sales Price ⁵	175 - 225
▪ Expected Average Net Sales Price (after VAT & selling costs)	153 - 197
▪ Targeted Operating Profit Margin	20% - 23%

- Note:
1. It is expected that between 3,500 and 4,500 homes will be achieved on the site. This property is currently secured as collateral for a loan owned by the company
 2. Source: 2011 Census Data
 3. Housing Requirement Data Source: 2014 Housing Requirement Report Commissioned by the Government Housing Agency Body
 4. Actual profits and margins may differ from illustrative numbers
 5. Sale prices are based on advice from sales agent



Case study / Hanover Quay, Dublin 2

Scheme

▪ No. of Homes ¹	120 - 140
▪ Start Date	Late 2016

Dublin City Council Local Authority

▪ 10 Year Population Growth ²	38,700
▪ 10 Year Minimum Housing Requirement ³	30,700 homes

Illustrative Estimates and Targets ⁴

- **1-3 Bedroom Apartments**
- **Assumes 0% HPI and Build Cost Inflation**

	€ Per SQFT
▪ Expected Average Gross Sales Price ⁵	550 - 625
▪ Expected Average Net Sales Price (after VAT & selling costs)	480 - 546
▪ Targeted Operating Profit Margin	22% - 24%

Note: 1. It is expected that between 120 and 140 homes will be achieved on the site
 2. Source: 2011 Census Data
 3. Housing Requirement Data Source: 2014 Housing Requirement Report Commissioned by the Government Housing Agency Body
 4. Actual profits and margins may differ from illustrative numbers
 5. Sale prices are based on advice from sales agent



Case study / Adamstown, Co. Dublin

Scheme

▪ No. of Homes ¹	1,195
▪ Start Date	Late 2016

South Dublin Local Authority

▪ 10 Year Population Growth ²	43,000
▪ 10 Year Minimum Housing Requirement ³	23,500 homes

Illustrative Estimates and Targets ⁴

- Mostly 3-4 Bedroom Houses and some 1-3 Bedroom Apartments
- Assumes 0% HPI and Build Cost Inflation
- Current estimates assume benefit from proposed rebate of levies for sales under €300,000

	€ Per SQFT
▪ Expected Average Gross Sales Price ⁵	225 - 275
▪ Expected Average Net Sales Price (after VAT & selling costs)	197 - 241
▪ Targeted Operating Profit Margin	18% - 21%

Note: 1. It is expected that 1,195 homes will be achieved on the site. This property is currently secured as collateral for a loan owned by the company
 2. Source: 2011 Census Data
 3. Housing Requirement Data Source: 2014 Housing Requirement Report Commissioned by the Government Housing Agency Body
 4. Actual profits and margins may differ from illustrative numbers
 5. Sale prices are based on advice from sales agent



Ulster Bank residential land loan portfolio

Overview

- Acquired the Ulster Bank residential land loan portfolio in conjunction with Lone Star
 - One of the largest residential land banks in Ireland
 - 91% of the portfolio located in Dublin and the GDA
 - Accounts for c. 20% of the available residentially zoned land in the GDA
- Acquired for a consideration of €378 million, excluding c. €4 million of construction bonds

Loan-to-own strategy

- 59%⁽¹⁾ of the portfolio currently in receivership
- Loan to own strategy in place to gain control of the underlying sites either through agreement with the borrower or through the appointment of a receiver
- Expect 90% of loans to be converted within 10 months

Portfolio breakdown

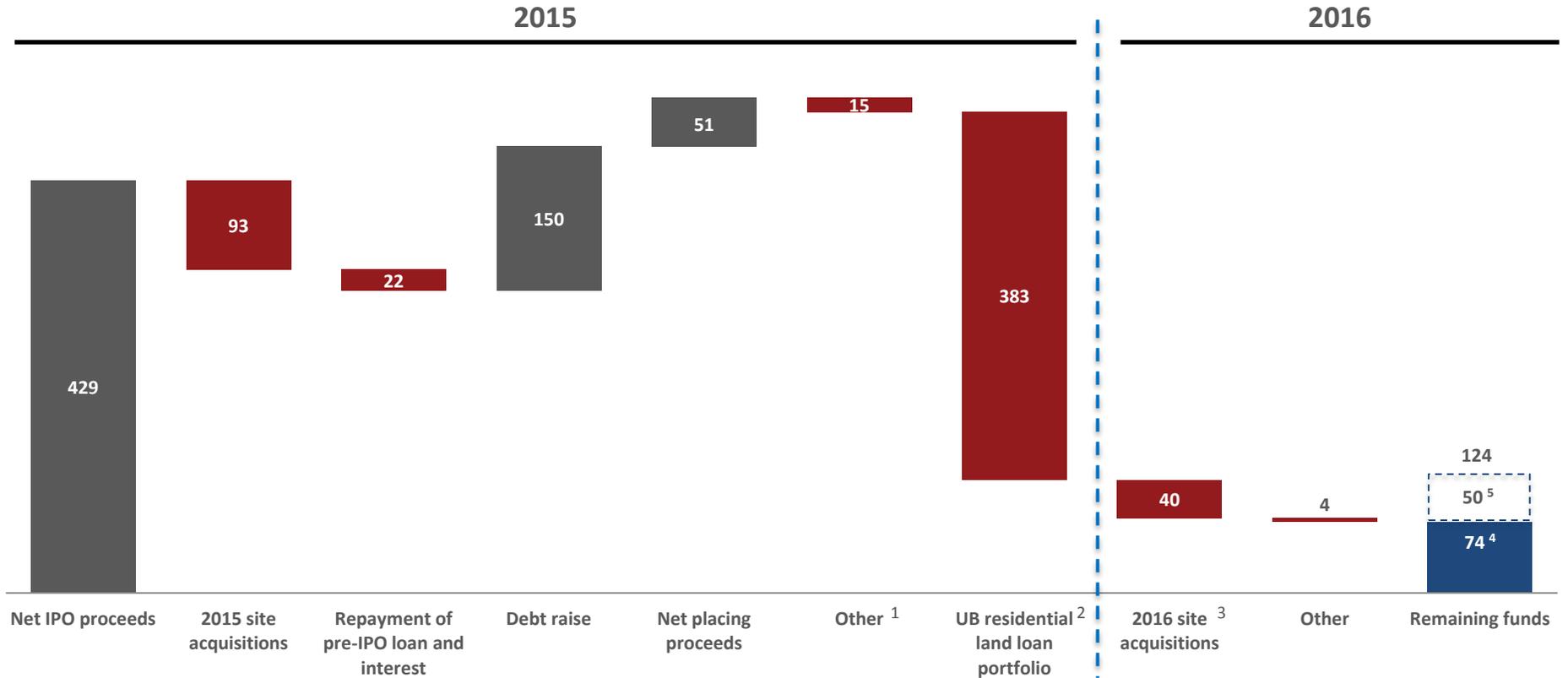
- Core sites: c. €283m
- Short term disposal: c. €43m
- Income producing/ commercial land: c. €32m (includes completed homes and neighbourhood centres)
- Non core sites: c. €20m (potential disposals)

Notes: 1. Cairn Homes' share of total book by par value

Capital deployment

Capital raising and deployment timeline

(In €m)



- Notes:
1. Includes €7.5m Exclusivity Agreement Deposit, WIP investment, operating costs & other items
 2. Includes construction bonds of c.€4.3m
 3. Excludes €12m for conditional purchases of Navan and Cherrywood (second part) sites
 4. €74m of remaining funds (including cash and undrawn facilities) includes restricted cash of €27m
 5. €50m relates to expected new debt facility

Parkside update



Planning consent for 147 houses with a further 286 houses master-planned



147 houses in construction, 110 houses at or nearing completion



Phase 1 launched in September 2015

- 52 house sales agreed to date
- 22 legally closed



Achieved initial stage completion targets



2.

Market Opportunity

Helpful Government initiatives

Rent certainty measures

- Measures introduced in November 2015 in an effort to tackle housing crisis
- In addition to other measures, the legislation will require 24 months between all rent reviews
- This is expected to assist buyers in saving for mortgage deposits

Housing regulations

- Recently introduced Planning Guidelines on Design Standards for New Apartments contain a number of provisions to reduce build costs and improve the profitability of apartment developments
- Number of completed units that must be provided for social housing reduced from 20% to 10%
- Reduction in development levies
- Focus on improvement of Special Development Zones (SDZ) to fast track planning and delivery of homes
- Supply side initiatives being considered by Government

Market opportunity summary

Strong Macro economic trends...

✓ Ireland continues to be the fastest growing economy in the EU

✓ Domestic demand is key driver of economic growth

✓ Broad based recovery with all sectors contributing

✓ Unemployment declined from a peak of 15.1% to current level of 8.6%

- Employment up 2.3% in 12 months to Dec. 15

✓ Wage growth returning

...Underpin housing market recovery

✓ Highly supportive housing demand fundamentals

✓ Worsening supply / demand imbalance leading to c. 9% rental growth¹

✓ CBI reviewing macro-prudential rules in 2016

✓ House price recovery continues

✓ Helpful government initiatives

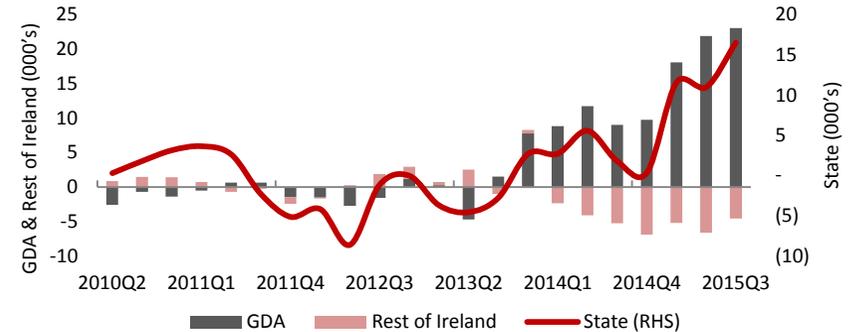
Notes: 1. YoY growth of rents in Ireland from December 2014 to December 2015 (CSO)

Supportive demand side fundamentals

Continued improvement in market fundamentals

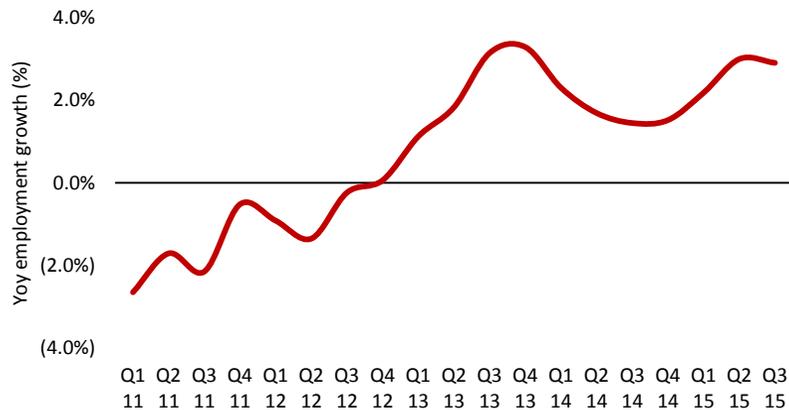
- Market demand fundamentals have improved since IPO
- Population growth in Dublin rose by 2.2% in Q3 15 – the highest growth since 2007
- Annual employment growth of 2.9% in Q3 15, with 56,100 jobs added in the 12 months to September 2015
- Unemployment now down to 8.6%
- Positive momentum in earnings growth

Population growth accelerating in our core geographic regions



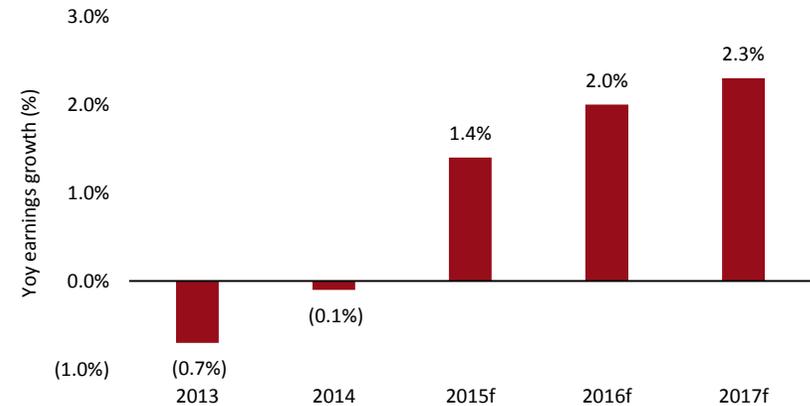
Source: CSO, Quarterly National Household Survey
Notes: GDA comprises Dublin, Kildare, Meath, Wicklow

Employment growing from Q4 2012



Source: CSO

Upward trend in earnings growth



Source: Historical data: CSO;
Forecasts: Goodbody Rolling Agenda February 2016

Demand continues to significantly exceed supply

Supply / demand imbalance persists

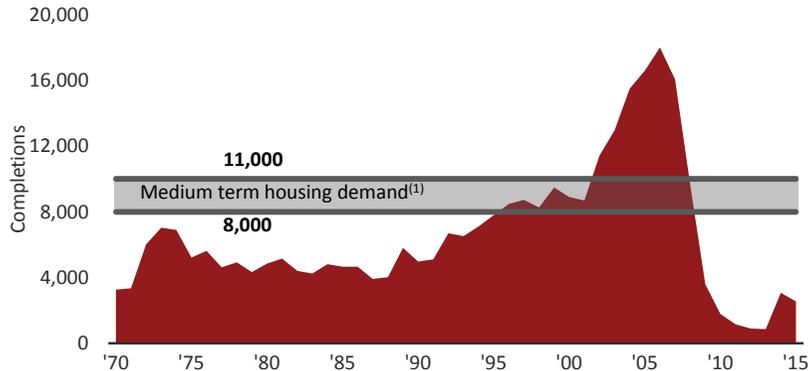
- The supply-demand imbalance persists in the Irish housing market
- Under-supply of housing has resulted in significant growth in rental prices - 23% growth nationally since 2011 with central Dublin rents up 43% since 2010
- Completions remain significantly below medium-term demand, both in Dublin and the rest of Ireland

Under-supply driving rental price growth



Source: Daft.ie Report, 2015 in Review
Note: 2012 average = 100

Completions significantly below medium term demand (Dublin)



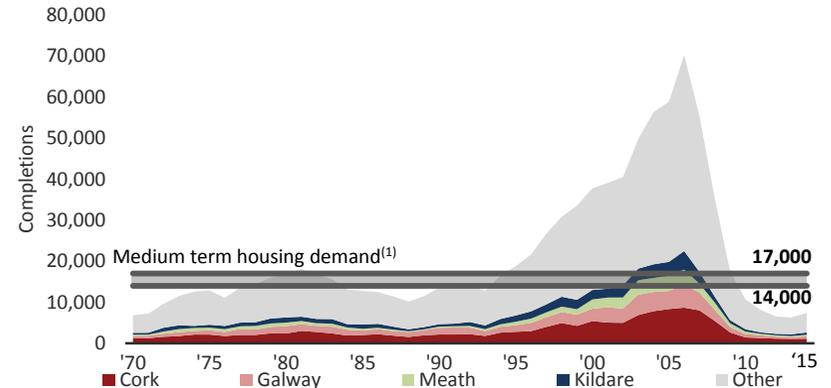
Source: Department of the Environment, Heritage and Local Government.

Note: Total house completions based on the number of new dwellings connected by ESB Networks to the electricity supply. Dublin includes Laoghaire-Rathdown, Fingal and South Dublin County Councils and Dublin City Council. Cork and Galway include County and City councils.

2015 data based on Q1 – Q3 2015 (annualised by using 4/3).

(1) Medium term housing demand 2016-2021 (estimated), Goodbody (Irish Property, September 2014).

Completions significantly below medium term demand (rest of Ireland)

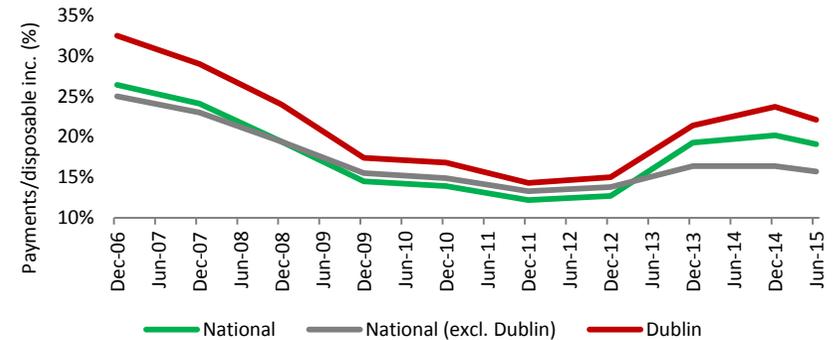


Mortgage market environment

Macro-prudential rules

- Central Bank of Ireland (“CBI”) implemented new macro-prudential rules in February 2015
 - Maximum LTV ratios
 - Loan-to-income caps
- In January 2016, the newly appointed Governor of the CBI announced that a review of the rules would be conducted in the summer of 2016. Report expected to be published in November 2016
- Introduction of rules have somewhat impacted on the growth in volume and availability of mortgages during H2 2015
- However, the mortgage market has significantly improved since the lows of 2011

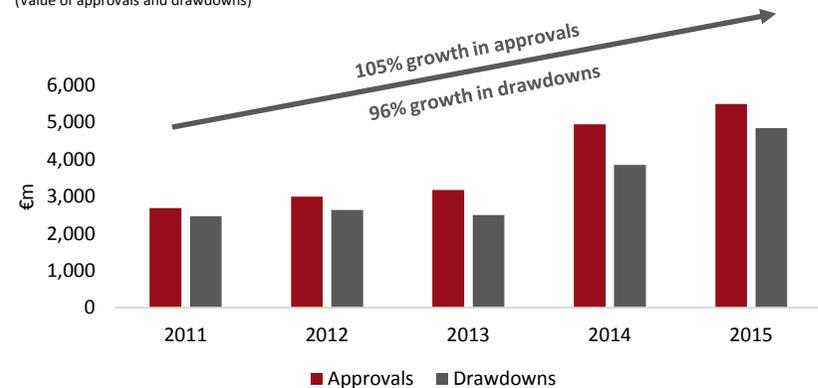
Mortgage payments as a % of post-tax income are below historic levels



Source: EBS DKM Irish Housing Affordability Index, 2015

Significant improvement in mortgage market since 2011

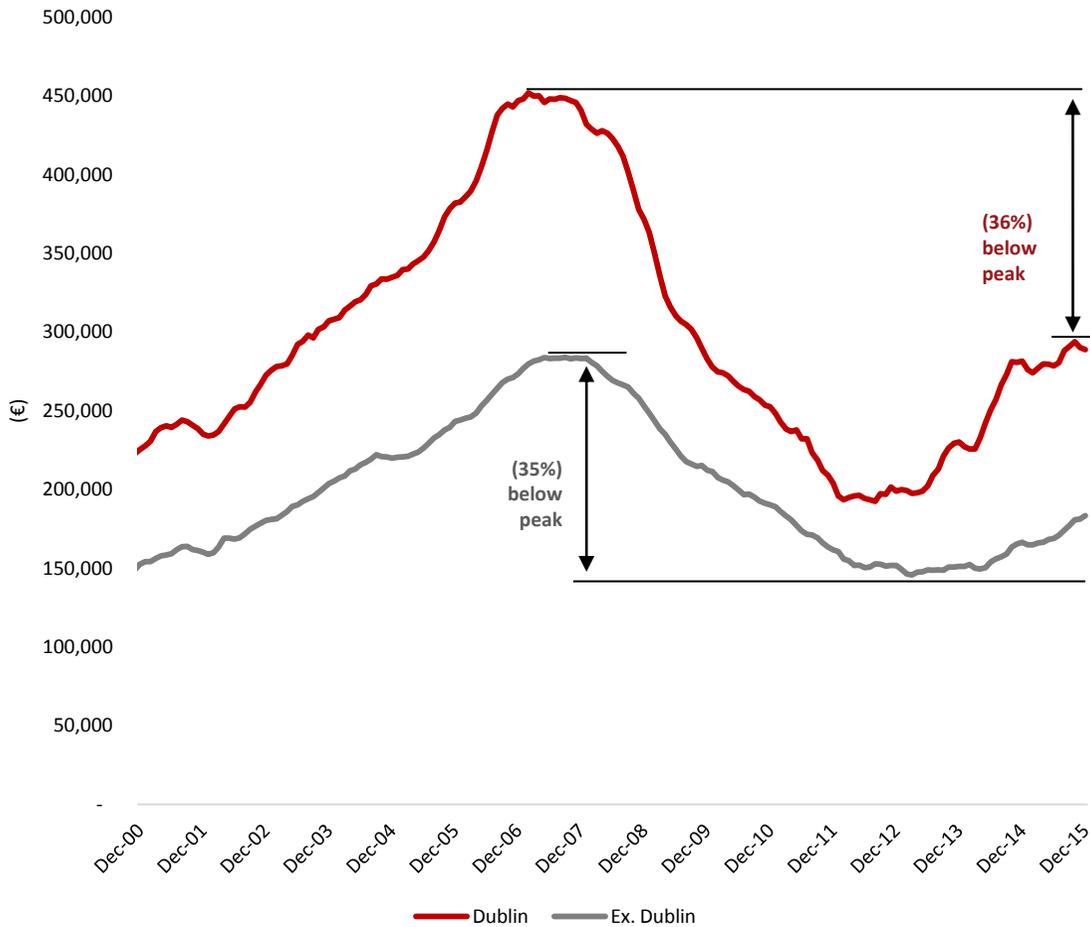
(Value of approvals and drawdowns)



Source: Banking & Payments Federation Ireland (BPF).
Note: Excluding re-mortgage and top-ups.

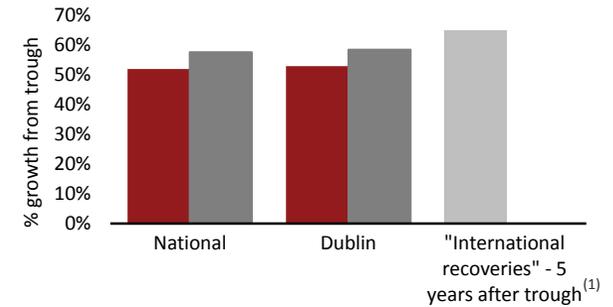
Residential pricing recovery continues

Residential sale prices are growing across the country but remain well below peak

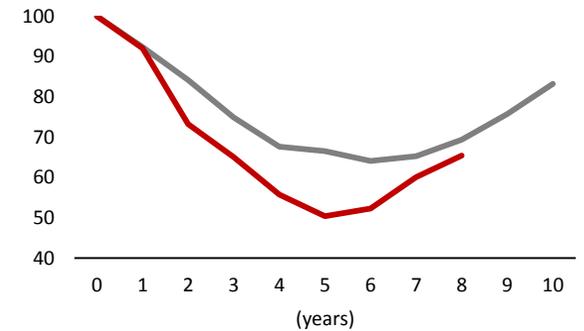


Source: Goodbody.

...and below other benchmarks



■ Current ■ 2016E (4 years after trough)



— Average Property Cycles for UK, Netherlands, Switzerland, Belgium, Finland, Sweden, Denmark, Norway, New Zealand, Spain

— Ireland

Source: Goodbody.

(1) Sample of 10 recoveries after large price falls.

3.

Financial Results

Financial results: Income statement

Profit & Loss statement for the period from
12/11/14 to 31/12/15

<i>(In €'000, unless otherwise stated)</i>	Before exceptional items	Exceptional items	Total
Revenue	3,717	-	3,717
Cost of sales	(3,015)	-	(3,015)
Gross profit	702	-	702
<i>% margin</i>	<i>18.9%</i>	-	<i>18.9%</i>
Administrative expenses	(4,492)	(1,086)	(5,578)
Fair value charge rel. to founder shares	-	(29,100)	(29,100)
Operating loss	(3,790)	(30,186)	(33,976)
Finance Income	114	-	114
Finance costs	(1,800)	(1,858)	(3,658)
Loss before taxation	(5,476)	(32,044)	(37,520)
Income tax credit			312
Total comprehensive loss for the period			(37,208)
Basic loss per share			15.9 cents
Diluted loss per share			15.9 cents

Commentary

- Revenue predominantly from the sale of 52 houses on the Parkside site, of which 11 closed in the period to end December
- Exceptional administrative and finance costs represent the costs incurred as part of the acquisition of Emerley Holdings (as outlined in the IPO prospectus)
- Founder share represents non cash fair value accounting charge for founder share scheme – no impact on shareholder funds
- Ongoing interest charge relates to the new senior debt facility and interest on the Emerley Properties Loan (up to its repayment in December 2015)
- Taxation represents deferred tax asset on losses incurred to date

Financial results: Cash flow statement

Cash flow statement for the period from
12/11/14 to 31/12/15

<i>(In €'000, unless otherwise stated)</i>	Total
Loss for the period	(37,208)
<i>Adjustments for:</i>	
Share-based payments expense	29,118
Non-cash expense in relation to acquisition of Cairn Homes Limited	2,944
Other finance costs	1,800
Finance income	(114)
Taxation	(312)
Adjusted loss for the period	(3,772)
Increase in inventories	(105,521)
Increase in loan receivables	(382,951)
Increase in deposits paid	(5,000)
Working capital movement	(6,138)
Net cash from operating activities	(491,106)
Cash acquired on acquisition of Cairn Homes Holdings Limited	1,963
Purchases of property, plant and equipment and intangibles	(213)
Interest received	114
Transfer to restricted cash	(27,000)
Net cash flows from investing activities	(25,136)
Proceeds from issue of share capital, net of issue costs paid	480,174
Proceeds from borrowings	64,375
Repayment of loans	(18,130)
Interest paid	(3,626)
Net cash flows from financing activities	522,793
Net increase in cash and cash equivalents in the period	6,551

Commentary

- Successful IPO on the London Stock Exchange in June 2015, raising gross proceeds of in excess of €440m
 - Raised a further €52m of gross proceeds from a cash placing in December 2015
- Secured a €150m senior debt facility with Allied Irish Banks in December 2015 - €65.5 million drawn in period to 31 December
 - Borrowing proceeds shown net of debt issue costs paid
- Since IPO (to 31 December 2015), deployed a total of €497m of cash (including repayment of Emerley Properties Loan and interest relating to Parkside site) on the acquisition of 7 sites and the Ulster Bank residential land loan portfolio

Financial results: Balance sheet

Balance sheet as at 31/12/2015

<i>(In €'000, unless otherwise stated)</i>	Total
Property, plant and equipment & intangibles	260
Restricted cash	27,000
Non-current assets	27,260
Loan receivables	382,951
Inventories	149,331
Deposits paid	5,000
Trade and other receivables	2,962
Cash and cash equivalents	6,551
Current assets	546,795
Total assets	574,055
Share capital	637
Share premium	521,390
Share-based payment reserve	29,118
Retained earnings	(53,155)
Equity	497,990
Loans and borrowings	63,543
Derivative liability	514
Deferred taxation	815
Non-current liabilities	64,872
Trade and other payables	11,193
Current liabilities	11,193
Total liabilities	76,065
Total equity and liabilities	574,055

Commentary

- Inventories represents 7 ⁽¹⁾ owned sites that have closed as at Balance Sheet date, in addition to working capital incurred in Parkside and Killiney sites
- Loan receivables represent the cost of the Ulster Bank residential land loan portfolio, plus the cost of related constructions bonds
- Restricted cash relates to an amount of cash that is restricted under the Senior Debt Facilities
- Deposits paid represent an exclusivity payment of €5m attaching to the potential purchase of a portfolio of sites
 - Increased to €7.5 million post year end
- Loans and borrowing represents drawn portion of Senior Debt Facilities (net of debt issue costs and derivative liability)
- Share based payment reserve mainly represents the non-cash charge relating to the Founder share

Notes: 1. Includes Parkside, Killiney, Butterly, Galway, Stillorgan, Rathgar, Foxrock sites

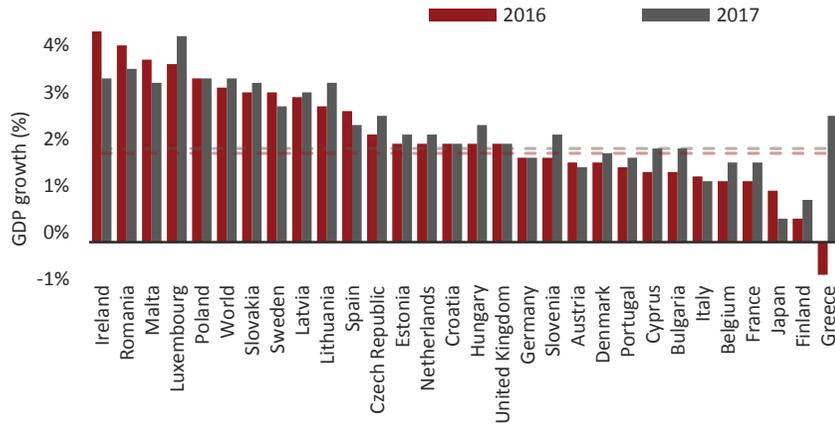
Outlook / Conclusion

- ✓ €554 million of capital deployed within 9 months of IPO
- ✓ Commence construction on another 5 schemes to add to Parkside and Killiney within 12 months
- ✓ Project Clear loan-to-own strategy
- ✓ Worsening supply / demand imbalance leading to rental growth of 9%
- ✓ Medium-term target of 1,000 completions per annum

Appendix

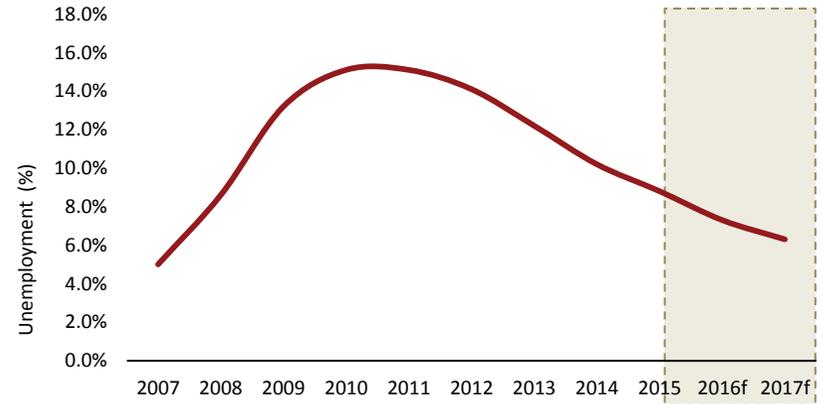
Supportive macroeconomic trends

Ireland continues to be the fastest growing economy in the EU



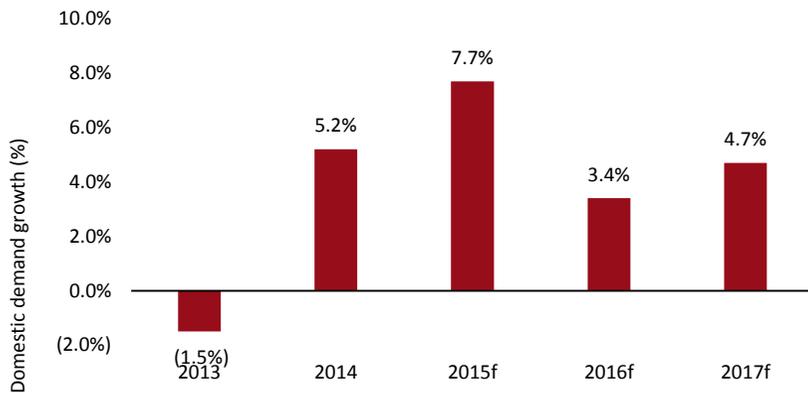
Source: European Economic Forecasts, Winter 2016

Unemployment declining ahead of previous forecasts



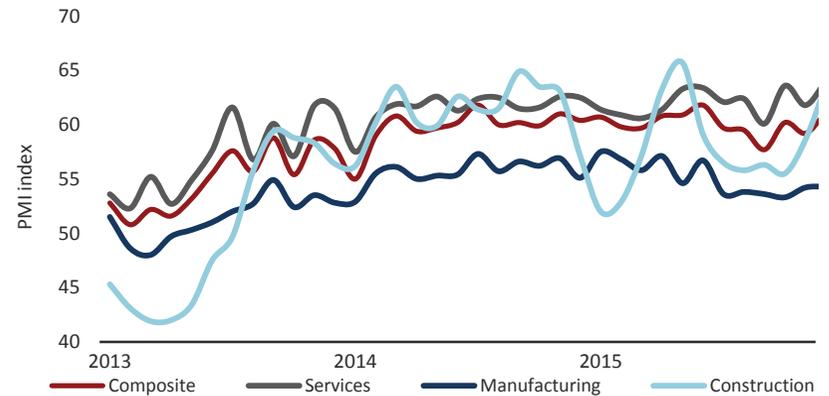
Source: Historical: CSO; Forecasts: Goodbody Rolling Agenda February 2016

Domestic demand forecast to be a key driver of economic growth



Source: Goodbody Rolling Agenda February 2016

Broad based economic recovery



Source: Bloomberg, PMI Markit (January 2016).

The Cairn Homes team

Michael Stanley

*Chief Executive Officer,
Founder and Executive Director*

- Strong pedigree in home and property development
- Co-founder of Coastland Partnership 2001-2009
- CEO of Stanley Holdings 2005-2014 following the demerger of Shannon Homes
- Non-executive Director of Oneview Healthcare 2011-2015



Eamonn O’Kennedy

Group Finance Director

- Long career in finance and a qualified chartered accountant
- Previously CFO 2012-2014 at Independent News and Media plc (INM)
- Prior to the role of CFO, Eamonn held a number of management roles including Finance Director (Ireland) and Group Finance Manager at INM



Alan McIntosh

Founder, Executive Director

- Long and successful career as a principal investor
- Co-founder of Pearl Group (now listed as Phoenix Group plc), Punch Taverns plc, Spirit Group plc and Wellington Pub Co.
- Private investment vehicle Emerald Investment Partners has interests in real estate, healthcare, biotech and technology



Kevin Stanley

Chief Commercial Officer

- Varied career in real estate to date spanning acquisition, planning, development and commercialisation of properties
- Co-founded Coastland Partnership 2001
- More recently led the development of award-winning residential projects in Belfast



Jude Byrne

Chief Operating Officer

- Highly experienced property development manager
- Development Manager at Castlethorn Construction 2000-2010, a leading Irish homebuilder, where he was responsible for development of over 5,000 residential units
- Director of Asset Development 2011-2015 at Coillte



Liam O’Brien

Group Construction Director

- Experienced construction professional having held a number of construction management posts
- Director of Development and Construction at Menolly 2002-2009
- From 2009 to 2015 Liam operated his own quantity surveying and project management firm

