

**CAIRN**

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BUILT FOR LIFE.

Cairn Homes plc  
2019 Interim Results Presentation

# BUILT TO LAST



Six Hanover Quay, Dublin 2

# 2019 Interim Results Presentation

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Co-Founder & CEO



**Ian Cahill**

Head of Finance



**Declan Murray**

Head of Investor Relations

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New owners in Glenheron, Greystones

# 01 Highlights

## Financial Highlights

**€192.4m (+48%)**

### Revenue

(H1 2018: €130.2m)

Sales	Units	ASPs			Revenue
		Houses	Apartments	Overall	
H1 2019	390	€337k	€608k	€449k	€175.3m
H1 2018	293	€326k	€599k	€393k	€115.2m
2019 – closed and forward sales*					
	1,250	€326k	€413k	€357k	€446.6m

**€35.7m (+37%)**

### Gross profit

(H1 2018: €26.1m)

**Underlying gross margin 20.5%\*\***

(H1 2018: 20.0%)

**€27.3m (+51%)**

### Operating profit

(H1 2018: €18.1m)

**2.37cent (+139%)**

### EPS

(H1 2018: 0.99 cent)

**€937.0m**

### Inventories

(FY 2018: €933.4m)

**€44.7m**

### Operating Cash Flow

(H1 2018: cash outflow €9.3m)

**€96.5m**

### Net Debt

(FY 2018: €134.4m)

**Another period of significant growth in revenue, profits and cash generation**

## Capital Returns

2019

Share buyback programme  
commencing 13 September 2019

**€25 million**

Interim ordinary dividend to  
be paid on 18 October 2019

**2.5 cent**

**€44.7m**

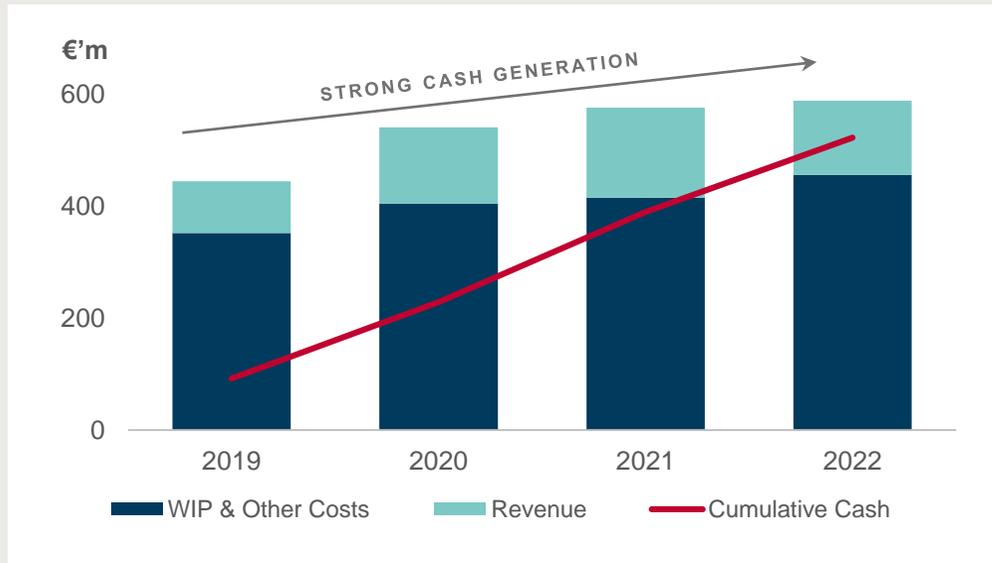
shareholder returns announced today

Long-Term

2019 interim dividend is the commencement of a  
**progressive biannual ordinary dividend**

Distribution of surplus capital above ordinary dividends will be in the form of  
**share buybacks or special dividends**

## Illustrative Cash Generation 2019 – 2022



### Assumptions behind the Cash Generation Illustration to 2022

- Term bank debt remains constant at €150m
- No house price inflation or build cost inflation
- WIP investment in 2021 and 2022 delivering revenue post-2022
- Land acquisitions – focus on strategic / opportunistic acquisitions largely funded by site disposals
- Land bank reducing over this time to c. 9,500 units

**Significant Free Cash Generation 2019 to 2022**

**c. €500m**

or c. 60% of market cap

**Normalised Land Bank in c. 2024 Expected to be**

**4 – 6 Years**

annual homes sold

**Homes to be Built without Replenishing Land Bank**

**c. 8,000**

with further additions to our land bank in the short to medium-term likely to be balanced by disposals

## Market Leading Sales Performance

### On Target for 2019 Unit Delivery

**c. 1,100**

closed sales

Currently active on 15 developments

### Strong Sales Absorption Rates in 2019

**2.87 units**

per active housing sales outlet

Selling on 12 sites and a strong start  
to the Autumn selling season

Q2 2019 new home sales + 95% YoY

### Cairn H1 2019 Completions

**+ 33%**

year on year compared to the rest of  
the GDA market completions +12%

### 2019 YTD Starter Home ASP for our Customers

**€341,000**

(incl. VAT) on 617 closed and forward  
sale starter homes in 2019

HPI c. 1.8% in the last 12 months

### Multifamily PRS Transactions

**€195m**

one sale completed (€101m) and  
one sale contracted (€94m)

Further transactions expected

### Closed Sale and Forward Order Pipeline

**€446.6m**

on 1,250 units at an ASP of €357,000  
(ex. VAT)

## 2019 Full Year Outlook

### c. 1,100 closed sales expected in 2019

- As in previous years and reflecting our continuing growth, revenue is weighted towards the second half of the year
- For the full year, increasing guidance marginally from c. 1,075 to c.1,100 closed sales at an ASP of c. €370,000 - €380,000 and a gross margin of c. 19.5% based on our contracted forward sales
- Non-core site disposals, if completed in H2 2019, would improve this expected margin and profitability for 2019

	H1 2019	FY 2019 (Outlook)
Closed units	390	c. 1,100
ASP	€449,000	c.€370,000 - €380,000
Gross Margin	18.6%	c.19.5%

Customers Who have Chosen  
a Cairn New Home in our  
First Four Years

**2,500**

with 1,800 of these customers already  
moved into their new homes

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Roof Gardens at Six Hanover Quay, Dublin 2

# 02

## Financial

# Income Statement for the Six Month Period Ended 30 June 2019 (Unaudited)

	<u>June 2019 Unaudited</u>	<u>June 2018 Unaudited</u>
	<b>Total</b>	<b>Total</b>
	<b>€m</b>	<b>€m</b>
<b>Revenue</b>	<b>192.4</b>	<b>130.2</b>
Cost of sales	(156.7)	(104.1)
<b>Gross profit</b>	<b>35.7</b>	<b>26.1</b>
<i>% margin</i>	<i>18.6%</i>	<i>20.0%</i>
Administrative expenses	(8.4)	(8.0)
<b>Operating profit</b>	<b>27.3</b>	<b>18.1</b>
Finance costs	(5.5)	(5.9)
Exceptional finance costs	-	(3.2)
<b>Profit before tax</b>	<b>21.8</b>	<b>9.0</b>
Tax charge	(3.1)	(1.0)
<b>Profit for the period</b>	<b>18.7</b>	<b>8.0</b>
Basic earnings per share	2.37 cent	0.99 cent

## Commentary

- Revenue of €192.4m (+48%) from the sale of 390 units (€175.3m) and site sales (€16.2m)
- ASP's in H1 were boosted by the sale of 120 units at Six Hanover Quay at an ASP of €705,000 (excl. of VAT)
- Gross profit of €35.7m (+37%) (H1 2018: €26.1m). A gross profit margin of 18.6% (H1 2018: 20.0%)
- Administrative expenses of €8.4m (H1 2018: €8.0m)
- Operating profit of €27.3m (H1 2018: €18.1m)
- Earnings per share 2.37 cent (H1 2018: 0.99 cent)

## Balance Sheet at 30 June 2019

	June 2019 Unaudited €m	December 2018 Audited €m
PP&E and intangibles	2.5	2.2
Right-of-use asset	1.3	-
<b>Non-current assets</b>	<b>3.8</b>	<b>2.2</b>
Inventories	937.0	933.4
Other receivables	4.8	8.0
Cash	146.2	62.2
<b>Current assets</b>	<b>1,088.0</b>	<b>1,003.6</b>
<b>Total assets</b>	<b>1,091.8</b>	<b>1,005.8</b>
Share capital and share premium	200.4	750.4
Share-based payment reserve	8.1	7.8
Retained earnings	562.6	(6.1)
Non-controlling interest	4.1	4.4
<b>Total equity</b>	<b>775.2</b>	<b>756.5</b>
Loans and borrowings	192.7	147.3
Lease liabilities	1.0	-
Deferred taxation	5.3	5.9
<b>Non-current liabilities</b>	<b>199.0</b>	<b>153.2</b>
Loans and borrowings	50.0	49.3
Lease liabilities	0.3	-
Trade and other payables	67.3	46.8
<b>Current liabilities</b>	<b>117.6</b>	<b>96.1</b>
<b>Total equity and liabilities</b>	<b>1,091.8</b>	<b>1,005.8</b>

## Commentary

- Total assets of €1,091.8m (31 December 2018: €1,005.8m)
- Total equity of €775.2m (31 December 2018: €756.5m)
- Inventories of €937.0m, including construction work in progress (€214.6m)
- Net debt €96.5m (31 December 2018: €134.4m) includes €146.2m cash. Net debt to inventories of 10.3% as at 30 June 2019 (31 December 2018: 14.4%)
- Undrawn facilities at 30 June 2019 of €149.0m
- Retained earnings €562.6m (31 December 2018: retained losses €6.1m) following the €550m capital reorganisation and profits generated in the period

## Cash Flow Statement for the Six Month Period Ended 30 June 2019 (Unaudited)

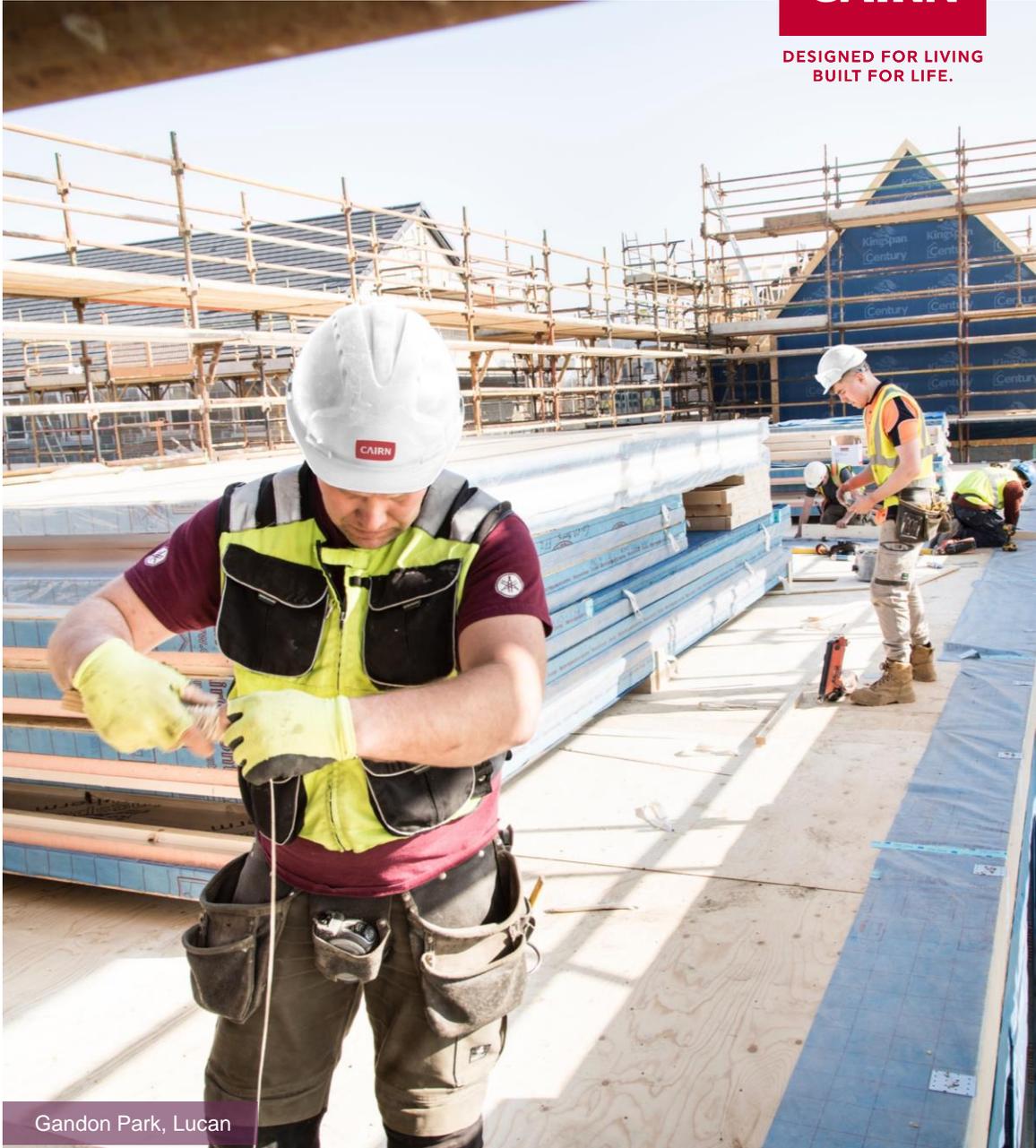
	June 2019 Unaudited €m	June 2018 Unaudited €m
<b>EBITDA</b>	<b>28.1</b>	<b>18.8</b>
Increase in inventories	(3.4)	(39.1)
Other working capital movements	20.0	11.0
<b>Net cash from / (used in) operating activities</b>	<b>44.7</b>	<b>(9.3)</b>
Purchases of PP&E and intangibles	(0.7)	(0.2)
Transfer from restricted cash	-	(0.1)
<b>Net cash used in investing activities</b>	<b>(0.7)</b>	<b>(0.3)</b>
Proceeds from borrowings, net of debt issue costs	45.0	5.3
Repayment of loans	-	(11.9)
Dividends paid to non-controlling shareholder	(0.3)	-
Other net cash movements	(0.2)	-
Settlement of contingent consideration for Argentum acquisition	-	(3.3)
Interest and other finance costs paid	(4.5)	(2.9)
<b>Net cash from / (used in) financing activities</b>	<b>40.0</b>	<b>(12.8)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>84.0</b>	<b>(22.4)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>62.2</b>	<b>68.8</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>146.2</b>	<b>46.4</b>

### Commentary

- EBITDA of €28.1m (H1 2018: €18.8m)
- Net cash from operating activities €44.7m (H1 2018: outflow €9.3m)
- €3.4m increase in inventories represents spend on active developments and a reduced level of site acquisitions, less sales releases and site sales. Total spend on construction work in progress €147.7m (H1 2018: €107.8m)
- Cash and cash equivalents of €146.2m at 30 June 2019 (H1 2018: €46.4m)

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Gandon Park, Lucan

# 03

## Operations

# Our Sustainable Business

## Quality Homes



Market recognising Cairn's commitment to quality

**A3**

energy rating of all our new homes

**8 days**

average snagging turnaround

## Innovation



Timber frame duplex units

Bathroom pods

SFS framing

Electric car points

## Placemaking



**5**

trees planted for every new home we build

**13**

playgrounds and outdoor gyms delivered

## Community



**€70m**

commitment to 2021 for public realm and infrastructure

**40 acres**

of parks and green areas delivered

# People

## Supporting Our People

### Apprenticeship Programme

continue to provide financial support to subcontractors in supporting their apprenticeship programmes

### Graduate Programme

intern programme in place since 2016 with **19** interns placed to date, of which **five** have subsequently become full time employees upon graduation

### 2,500 Full-time People

now working across our active sites

## Our Talented Team

- **Four** recent appointments adding more depth and experience to our senior management team:



Sarah  
Murray

Director of  
Customer



Maura  
Winston

Director of  
Organisation  
and People



Kevin  
Cleary

Technical  
Director



Fergus  
McMahon

Commercial  
Director

## Scale and Procurement Advantages

Collaboration with our established subcontractor base and supply chain optimisation are driving procurement efficiencies as we leverage our scale and business model

Procurement – current committed order book on active sites	<b>€300m</b>
Top 20 subcontractors	<b>67%</b>
Average total contact value awarded to Top 20 subcontractors	<b>€20m</b>
Average number of sites of Top 20 subcontractors	<b>6</b>

**€148m procurement in H1 2019**

**2.5% annual build cost inflation**

Fixed price agreements in place on active developments providing certainty on costs	Fixed Construction Costs		
		2019	2020
	% of Build Costs Fixed	<b>95%</b>	<b>68%</b>

Market leading efficiency and Cairn's unique position as the industry's biggest procurer of labour and materials acts as a hedge against build cost inflation

Efficiency also driven by standardisation across starter home sites and approach to innovation

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# 04

## Market & Land Bank

# Characteristics of Housing and Apartments

## Key Metrics and Characteristics



## Housing



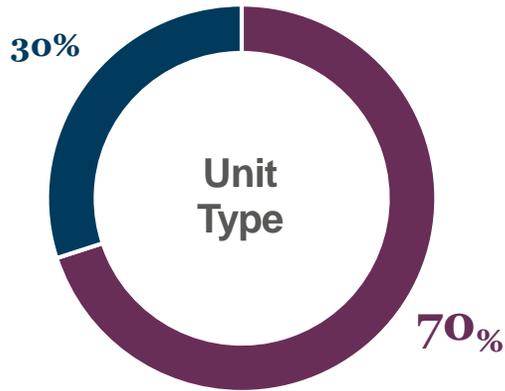
## Apartments \*

## Total Land Bank

Capital Allocation	55%	45%	100%
Total Units	10,800	4,600	15,400
Average Site Cost per Unit	€36k	€68k	€45k
Average Selling Price (estimated) (ex. VAT) (no HPI)	€308k	€527k	€373k
Net Development Value ("NDV")	€3.3bn	€2.4bn	€5.7bn
<b>Land (at historical cost) as a % of NDV</b>	<b>11.7%</b>	<b>13.0%</b>	<b>12.2%</b>
Average Site Size (units)	480	300	
Typical Purchaser Income	c. €80 – €90k (single or joint)	€150k +	
Purchaser Profile	Mortgage Backed (incl. Help to Buy), Local Authorities, Investors	Mortgage Backed, Cash Purchasers, Institutional / Multifamily PRS Investors	

\* Includes apartments which will be built for homeowners and private investors at higher ASPs and apartments for institutional buyers of multifamily PRS at lower ASPs

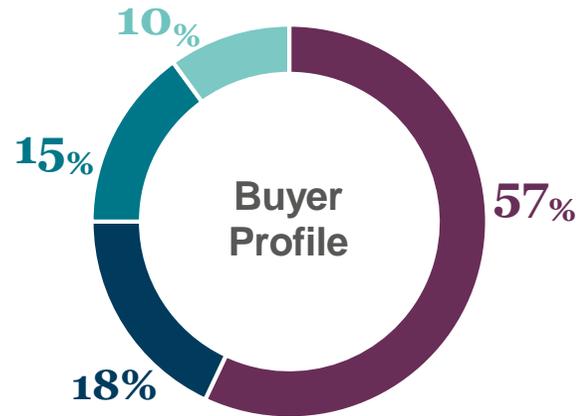
# Composition of c.15,400 units



Houses



Apartments



- FTB (from €250k – €375k)
- Trade Up / Mover (from €375k – €550k)
- Premium (from €550k)
- Social

## Targeted Capital Allocation

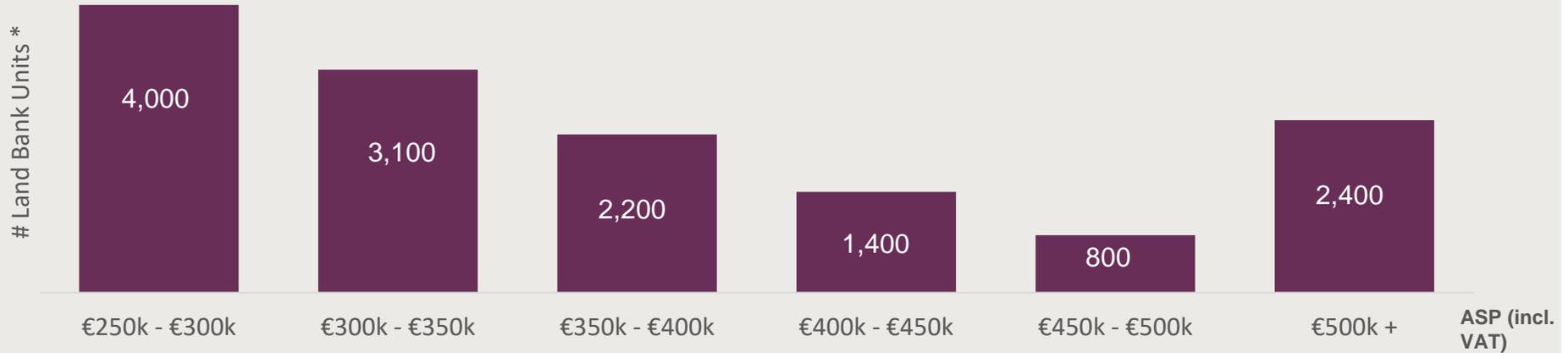


- GDA – 95% capital allocation
- 90% of units
- 100% of active developments

- 90% of all units contracted by the end of 2015

	Units	Capital Allocation
Dublin - within M50	3,950	45%
Dublin - outside M50	5,950	21%
Rest of GDA	4,100	29%
Regional	1,400	5%
<b>Total</b>	<b>15,400</b>	<b>100%</b>

# Our Land Bank and Addressable Market



## Cumulative % of our land bank\* addressing these price points



**Buyer Profile**

**FTB** – salary range €65k to €90k.  
Mortgage rules – price sensitive  
**Government / Affordable Housing Body's** - social housing

**Up-sizer** – have equity  
**Down-sizer** – empty nesters, usually mortgage free  
**Young professionals** – salaries > €80k. More likely to avail of mortgage rule exemptions

**Institutional investors** – seeking completed stock from strong counterparties  
**Retail investors** – generally cash purchasers  
**Down-sizers**

\* Analysis excludes c. 1,500 social units

# Sales Absorption Rates

## Housing Site Sales

- Average 2019 year to date weekly sales rate of **2.87 units per active housing sales outlet** (2018: 2.78 units; 2017: 2.38 units)

Site	Average Weekly Sales since Formal Sales Launch
Parkside	2.5
Churchfields	2.6
Shackleton Park	4.0
Glenheron	3.0
Elsmore	2.2
Gandon Park	4.1
Edenbrook	5.3
Mariavilla	2.9
Oak Park	4.9

## Autumn selling season

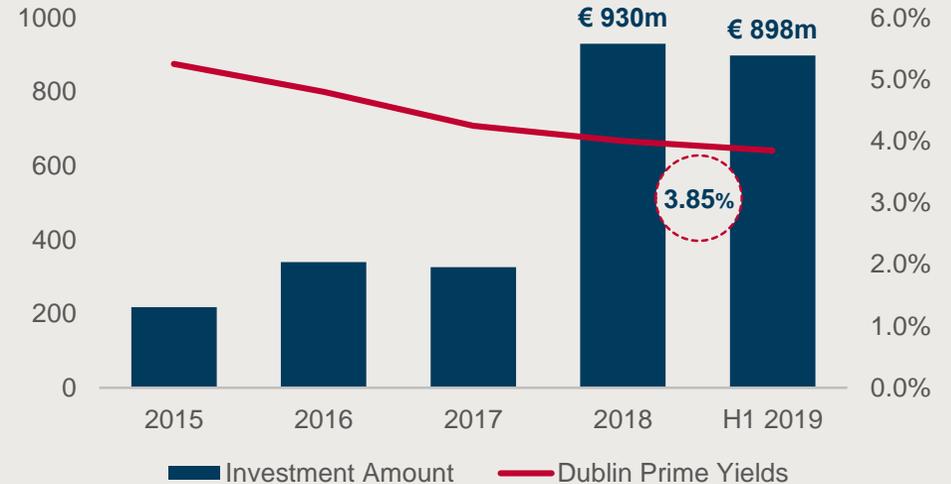
- Positive start to season. 11 site reopenings with continuing strong demand for our competitively priced starter homes
- New show unit complexes at Mariavilla (Maynooth), Glenheron (Greystones), Shackleton Park (Lucan) and Elsmore (Naas)
- First launch of premium apartments at Donnybrook Gardens (Dublin 4) scheduled for Q4 2019
- Introduced duplex homes (ground floor two-bedroom apartment, upper floors three-bedroom houses) at five sites - lowering the entry price and broadening the buyer pool



## The Irish Multifamily PRS Market – H1 2019

### Positive Backdrop

- 43% of all real estate investment in H1 2019
- Current residential yields 3.85% and rental inflation 4.4%
- There are only c. 1,500 properties currently available to rent in Dublin
- Only 1,000 new apartments completed in Dublin in H1 2019



### Cairn – Positioned to Leverage PRS Opportunity

**5**

Active apartment sites  
(1,100 units)

**11**

Apartment sites  
suitable for PRS

**c. 3,300**

Units

**€33k**

Average PRS site  
cost

**€195m**

PRS sales delivered

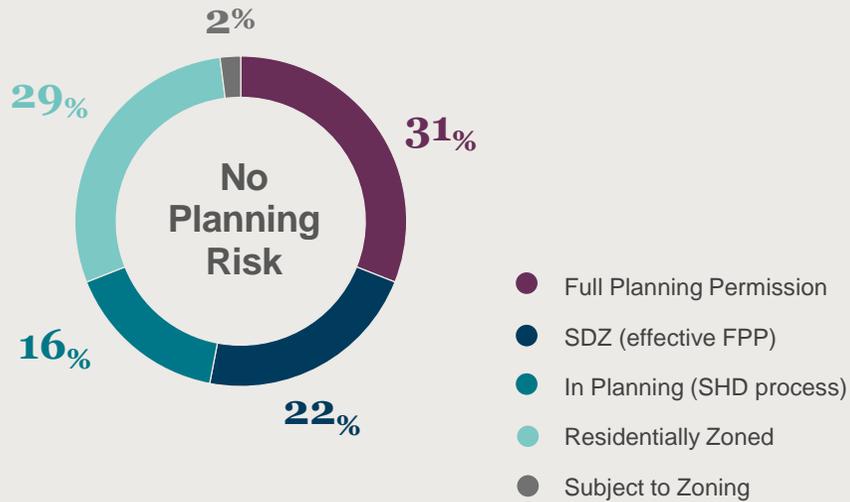
Ongoing engagement  
on other  
developments

**€7bn**

Domestic and  
international institutional  
capital targeting Irish  
multifamily PRS

# Exceptional Design and Planning

## Land Bank Planning Status



- **98% success rate delivering 5,686 units**

## Efficient Planning Processes

- The Strategic Housing Development (SHD) and Strategic Development Zones (SDZ) processes covers our entire residentially zoned land bank:

SHD Process	SDZ Process
One step planning process	Eight week fast-track planning process (no appeals)
<b>7 applications granted planning (2,112 units)</b>	<b>5 applications granted planning (1,029 units)</b>
<b>8 applications in process (c. 3,500 units)</b>	<b>1 application in process (c. 184 units)</b>
<b>Average duration – 30 weeks</b>	<b>Average duration – 8 weeks</b>

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Shackleton Park, Lucan

# 05 Outlook

## Outlook

Up to 9 new site  
commencements in  
the next 6 – 12 months  
and strong forward  
sales pipeline

Further multifamily PRS  
sales expected across both  
apartments and housing

c. 1,100 closed sales in  
2019 and a gross margin of  
c. 19.5%

c. €500m cash generation  
(or c. 60% of market cap)  
by the end of 2022

€44.7m shareholder returns  
announced today

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Churchfields, Ashbourne

# 06

## Appendices

## Macroeconomic Drivers for Cairn

### Population

**+1.3% (+ 64,500)**  
in the year to April 2019  
(3x EU average)



### Supply

**19.4k** new homes  
in year to H1 2019 – only  
**14.4k** in multi unit  
developments of which  
**10k** are in the GDA  
GDA annual demand –  
**c. 20k**

### Annual Housing Demand

ESRI Estimate  
**35,000**

### Employment & Wage Inflation

Employment  
**+437k** since 2012  
Wage inflation  
**+3.2%** in 2018

### Shortfall in New Homes

**c. 84k** since  
June 2015 IPO

### Competitive Mortgage Market

Competition  
intensifying on headline  
mortgage rates  
Drawdowns (value)  
**+13.8%** in year to June  
2019

### Government Initiatives

Rebuilding Ireland  
Project Ireland 2040  
LIHAF  
Fast-track Planning  
Help to Buy  
Apartment Design  
Guidelines  
Building Height Guidelines



### Dublin Rents and House Prices

Rents **35%** higher  
than previous peak  
House prices **22.2%**  
below previous peak



# Well Located Housing Sites

**c. 10,800 units with excellent public transport links and no planning risk**



**Active**

**Units**

1	Parkside, Malahide Road	395
2	Churchfields, Ashbourne, Co. Meath	397
3	Elsmore, Naas, Co. Kildare	500
4	Shackleton Park, Lucan	756
5	Glenheron, Greystones, Co. Wicklow	426
6	Mariavilla, Maynooth, Co. Kildare	462
7	Albany, Killiney	20
8	Oak Park, Naas, Co. Kildare	248
9	Gandon Park, Lucan	237
10	Edenbrook, Citywest, Dublin 24	145

**2019 / 20 Commencements**

11	Clonburris, Dublin 22
12	Cherrywood, South Co. Dublin
13	Swords, Co. Dublin
14	Newcastle, Co. Dublin
15	Farrankelly, Delgany, Co. Wicklow
16	Enniskerry, Co. Wicklow
17	Parkside, Malahide Road (NAMA JV)

**Future**

18	Douglas, Cork
19	Blessington, Co. Wicklow
20	Coolagad, Greystones, Co. Wicklow
21	Callan Road, Kilkenny
22	Rahoon, Galway
23	Ballymoneen Road, Galway

## Competitively Priced Starter Homes

### Starter Homes Priced to Sell at Volume

- Our starter homes closed sales in H1 2019 were all priced between €275,000 and €375,000 (incl. of VAT)
- The ASP of our 214 starter homes sales in the period was €343,000 (incl. of VAT)
- An analysis of the H1 2019 Property Price Register\* shows that 65% of all new homes sold in the GDA in H1 2019 were sold for in excess of €343,000
- Our closed and forward order book as at 11 September 2019 contains 617 starter homes at an ASP of €341,000

Purchaser	House Price Bands (€'000)	Cairn Land Bank Units
FTB	250 – 300	4,000
	300 – 325	1,600
	325 – 375	3,200
		<b>8,800</b>

### Cairn Starter Home Statistics

**57%**  
of Cairn Land Bank

ASP- **€341k**  
in 2019 on **617** units

**90%**  
of our FTB's are couples

**€26k**  
Average Site Cost

**354k** – couples can afford to buy a new home at or below €350k



# Prime Apartment Sites

## c. 4,600 units in and near Dublin City



Active	PRS Opportunity	Units	
1	Marianella, Rathgar, Dublin 6W	208	
2	Donnybrook Gardens, Donnybrook, Dublin 4	86	
3	Griffith Wood, Griffith Avenue, Dublin 9	✓	385
4	Rostrevor Place, Marianella, Rathgar, Dublin 6W	108	
5	The Quarter at Citywest, Dublin 24	✓	314

### Planned 2019 / 20

6	Montrose, Dublin 4	
7	Parkside, Malahide Road	✓

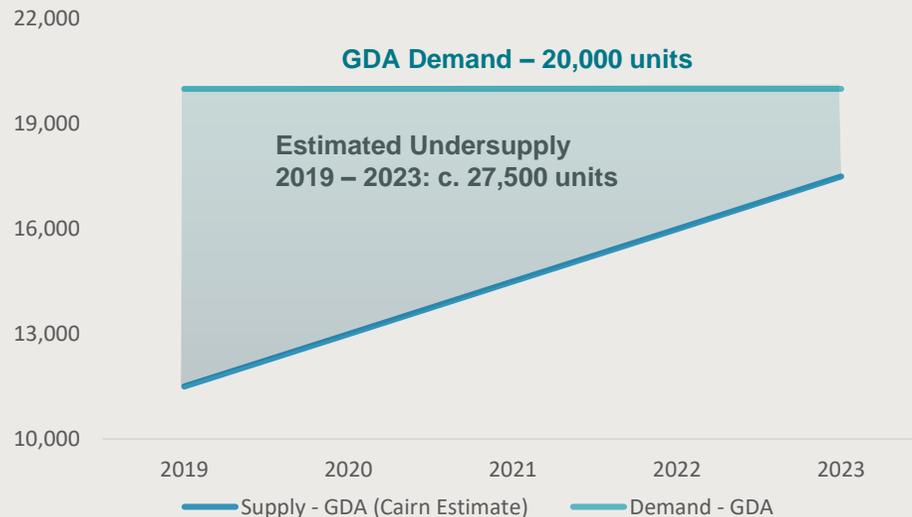
### Future

8	Stillorgan, Co. Dublin (incl. PBSA)	✓
9	Cross Avenue, Blackrock	
10	Mariavilla, Maynooth, Co. Kildare	✓
11	Swords, Co. Dublin	✓
12	Glenheron, Greystones, Co. Wicklow	✓
13	Barrington Tower, Carrickmines, Dublin 18	✓
14	Citywest, Dublin 24	✓
15	Glenamuck Road, Carrickmines, Dublin 18	✓
16	Parkside, Malahide Road (NAMA JV)	✓

\* Exclusive of VAT and HPI

# GDA Undersupply – Lagging Demand

## Cairn GDA Supply Forecast – Structural Imbalance to Remain



- 10,879 new units delivered in the GDA in the 12 months to June 2019
- We estimate that output will increase by c. 1,500 units per annum into the medium term
- GDA accounts for 43% of the population (+6.2% in last 5 years) and housing needs of growing population not being addressed

### GDA – 12 Months to June 2019

**10,879** completions - **920** (8%) one off houses

Only **2,198** apartments; 7,761 new homes in multi-unit developments

**69%** of national multi-unit supply

### National – 12 Months to June 2019

**19,388** completions - **4,999** (26%) one off houses

**c. 2,500** social homes and completed units sold to government (AHB's)

Less than **c. 12,000** multi-unit development new homes

Top **20** homebuilders – **c. 4,200** units or **22%**

Scale of undersupply of new homes in Ireland since Cairn IPO in June 2015: **84,132**

# H1 2019 Multifamily PRS Transactions

Property	No. of Apartments	Buyer	Type	Status	Reported Price
XVI Portfolio (predominantly in Dublin)	815	REIT	Existing Stock	Completed	€285m
Project Turner (Dublin, Cork & Galway)	600	International institutional investor	Existing Stock	Completed	€150m
Fairway, Cualanor, Dun Laoghaire	214	International institutional investor	New Build	Completed	€108m
<b>Six Hanover Quay, Dublin 2</b> 	120	<b>Domestic institutional investor</b>	<b>New Build</b>	<b>Completed</b>	<b>€101m</b>
Heuston South Quarter, Dublin 8	266	International institutional investor	Existing Stock	Completed	€95m
Taylor Hill, Balbriggan & Semple Woods, Donabate	118	REIT	New Build	Completed	€38m
Dublin Landings, Dublin 1	268	International institutional investor	New Build	Sale Agreed	€175m
<b>The Quarter at Citywest</b> 	282	<b>International institutional investor</b>	<b>New Build</b>	<b>Sale Agreed</b>	<b>€94m</b>
Mount Argus, Harolds Cross, Dublin 6W	166	Domestic institutional investor	New Build	Sale Agreed	€93m
The Benson Building, Grand Canal Dock, Dublin 2	72	International institutional investor	New Build	Sale Agreed	€53m
Circle Collection, Dublin	213	International institutional investor	Existing Stock	Sale Agreed	€46m
Citywest Village, Dublin 24	129	International institutional investor	New Build	Sale Agreed	€45m
Acord Collection, Tallaght, Dublin 24	122	International institutional investor	Existing Stock	Sale Agreed	€30m

Value of Completed H1 2019 Multifamily PRS Transactions

**€898m**

Value of Sale Agreed H1 2019 Multifamily PRS Transactions

**€516m**

## 2019 Land Market Transactions

Seller	Seller	Buyer	Acres (estimate)	Units (estimate)	Reported Price
DIT Kevin Street, Dublin 2	Technological University Dublin	Private Homebuilder	3.6	Unknown	€140m
Cherrywood SDZ, South Co. Dublin	Private Equity	Private Homebuilder	118	2,600	€120m
John Player Site, Dublin 8	NAMA	Institutional Buyer	10.7	754	€105m
Drumcondra, Dublin 9	GAA (sporting body)	Institutional Buyer	19	1200	€105m
Milltown Park, Ranelagh, Dublin 6	Religious Order	Private Homebuilder	10.5	300	€65m
South Docklands, Cork	Plc	Private Homebuilder	31	Unknown	€47.5m
Sandyford, Dublin 18	NAMA	Private Homebuilder	3.8	539	€38m
Gort Muire, Ballinteer	Religious Order	Private Homebuilder	8	400	€35m
Cabra, Dublin 7	Private Homebuilder	Private Homebuilder	9.6	420	€34.5m
Barnhall, Leixlip, Co. Kildare	Private Homebuilder	Plc	47	450	€28.4m
Rathborne, Ashtown, Dublin 15	NAMA	Private Homebuilder	12.3	700	€22m
Kilbelin, Newbridge, Co. Kildare	Private Homebuilder	Plc	27	343	€21.6m
Sandyford, Dublin 18	Private Homebuilder	Private Homebuilder	7.2	243	€20m
Howth Castle, Howth	Private Equity	Plc	2.7	175	€15m
Douglas, Cork	Private Homebuilder	Private Homebuilder	7	150	€10m
Killruddery, Bray, Co. Wicklow	Private Family	Plc	47	200	€9m

Value of Residential Land Market in 2018

**€1,550m**

Value of Residential Land Market year to date in 2019

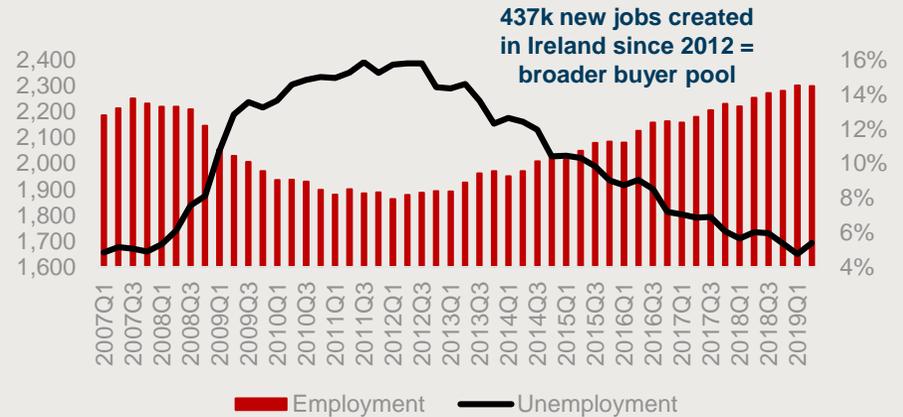
**> €800m**

# Positive Outlook for Affordability

## Wage inflation outstripping Consumer Price Index



## Strong labour market

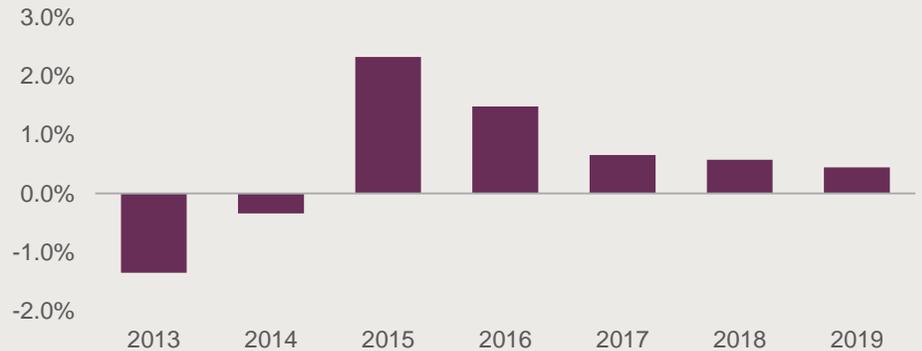


## Mortgage rates moving (slowly) in the right direction



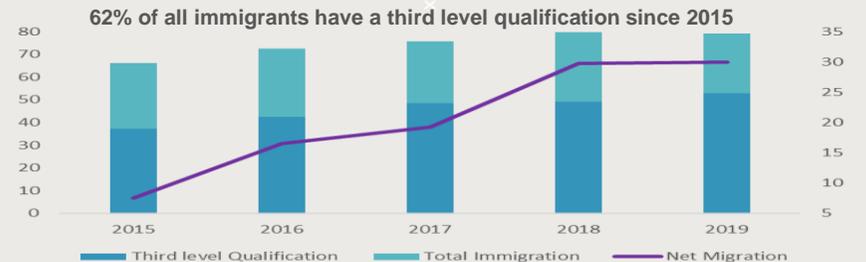
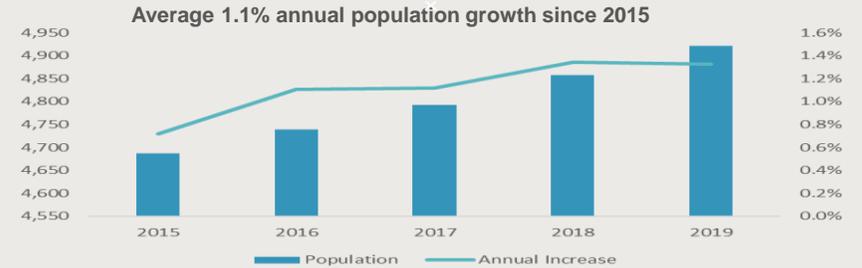
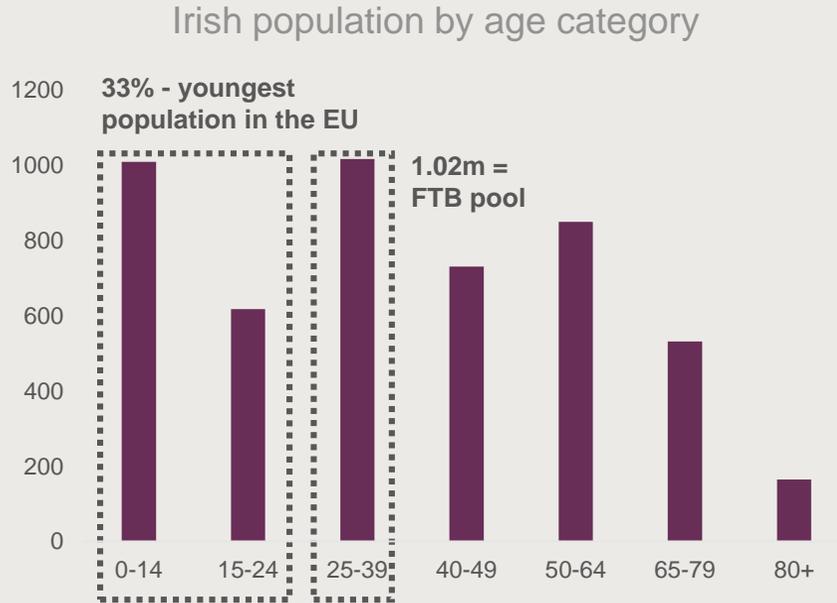
## Expansionary Budgets

Impact on take home pay for a couple earning €80k



# Demographics Driving Demand

- Strong population growth is being driven by the highest birth rate in Europe (13.5 births for every 1,000 of population), one of the highest household formation sizes in Europe (2.8x compared to 2.3x average) and inward migration
- Our population will reach 5m in 2020 (4.92m in April 2019) and is forecast to grow to c. 5.6m by 2040. The population of Dublin and the GDA is currently 2.12m and this is forecast to grow to 2.58m by 2040



% of all houses in Ireland rented by people aged < 39

**58%**

Indebtedness of 25-34 age category

**Amongst lowest in the EU**

% of all houses in Ireland owned by people aged < 39

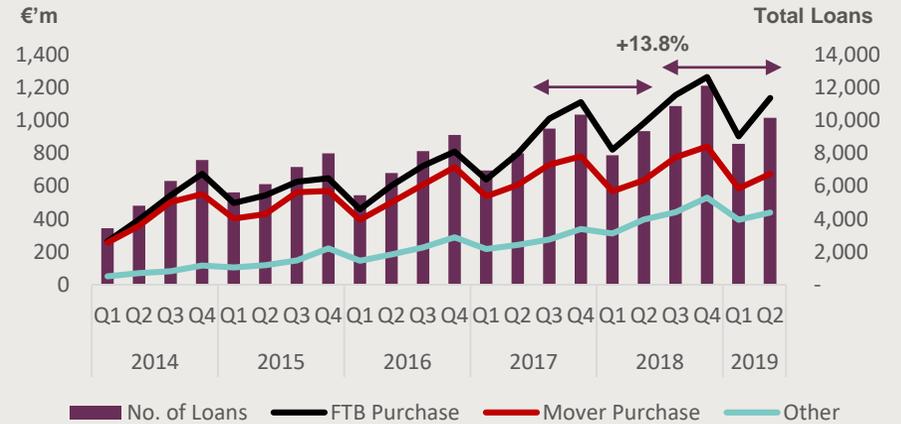
**16%**

# Mortgage Market Conditions

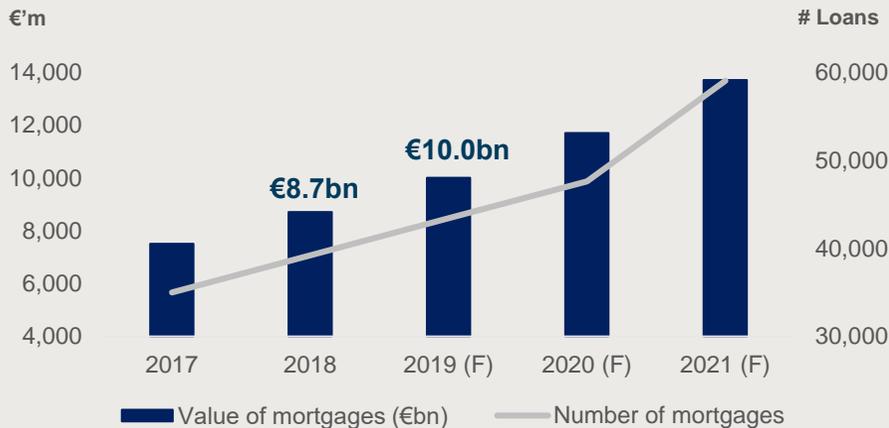
## Two entrants to a more competitive market



## Drawdowns by value growing



## Size of mortgage market expected to grow significantly



## Key facts

In the **3** years since the introduction of Help to Buy in July 2016, **71%** of FTB mortgage drawdowns have been for secondhand homes

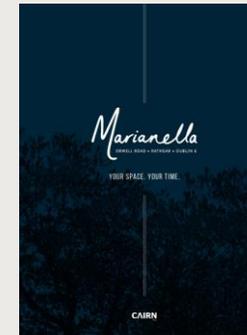
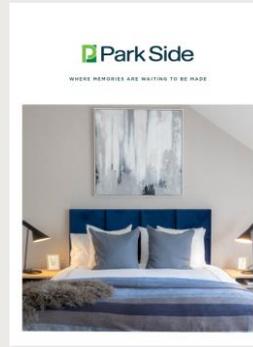
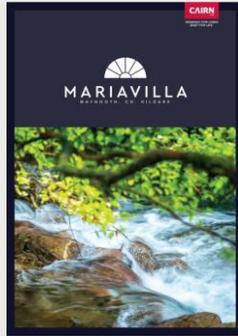
Year to H1 2019:  
**23,425** mortgages approved for FTB's (+ 6.7%)  
**6,285** mortgage drawdowns for FTB's for new homes

Competition amongst mortgage providers is targeted at fixed rate customers – **fixed rates as low as 2.3% available** compared to EU average **1.61%** in July 2019

Average FTB age is **34** and LTV is **80%**

July 2019: FTB mortgage approvals **+35% YoY** and highest monthly approval level since previous peak

# Cairn Brands



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