Cairn Homes plc
Preliminary Results for the Year Ended 31 December 2017
Excellent Progress

Dublin/London 6 March 2018: Cairn Homes plc *(LSE/ISE: CRN)* ("Cairn", "the Company", or "the Group"), the Irish homebuilding company, today announces it's preliminary results for the year ended 31 December 2017.

HIGHLIGHTS

Financial

- Significant increase in revenue to €149.5 million (2016: €40.9 million).
- Operating profit (before exceptional items) €15.0 million (2016: €3.6 million), reflecting excellent underlying performance and progress in delivering Cairn's strategic objectives and maturing of the business. Profit before tax €6.0 million (2016: loss before tax of €2.8 million).
- Gross profit improved by €20.0 million to €27.1 million (2016: €7.1 million). Gross profit margin strengthened to 18.2% (2016: 17.3%).
- Inventories of €911.5 million at 31 December 2017 (2016: €727.2 million), which includes €104.5 million construction work in progress (2016: €37.3 million), comprises a core land bank of 34 separate sites, on which the Company will develop c. 14,100 residential units. 90% of these units are located in the Greater Dublin Area (GDA).
- Net debt €159.4 million (2016: €76.0 million). Cash of €85.8 million (2016: €72.6 million) includes restricted cash of €17.0 million (2016: €27.0 million).
- Positive outlook with continued significant growth in sales, profit and cash generation over the next three years.

Operational

- 418 unit sales completed in 2017 at an average selling price (ASP) of €315,000 (2016: 105 units in 2016 at an ASP of €295,000) complemented by a strong forward sales pipeline of 383 units with a sales value of €143.2 million and an ASP of €374,000 as at 5 March 2018 (all ex. VAT) reflecting improving mix and pricing.
- The Company is active on eleven developments (up from five developments at the end of 2016) which will deliver in excess of 3,650 new homes. The Company anticipates three further site commencements in 2018.
- Reduced site acquisition spend of €150 million in 2017 primarily on three central city apartment sites (2016: €265.5 million across 13 sites).
- Following the 2017 site acquisitions and expected planning gains of c. 1,900 units, the acquisition cost of the Company's core land bank as a percentage of the estimated current net development value of €5.0 billion (5 September 2017: €4.25 billion), defined as the current estimated sales value of c. 14,100 residential units net of VAT, has reduced to 16.0% at 5 March 2018 from 19.2% at 5 September 2017.
- The Company's first joint development with the National Asset Management Agency is nearing a successful completion.
- Continuing support from shareholders and funders in the period including an equity placing of €51.9 million and a site specific debt facility of €50.0 million.
- Commenced formal sales process on Hanover Quay post year-end with a view to selling the entire development.
- Award winning apartment development at Marianella which won the 2017 Excellence in Planning Award at the Irish Property Awards.
- The Company is supporting over 2,000 jobs today across its active sites.

Financial Highlights	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Revenue	149,462	40,906
Gross Profit	27,137	7,062
Operating Profit (before exceptional items)	14,981	3,646
Inventories (Land & WIP)	911,496	727,223
Total Equity	721,720	664,371
Net Debt	(159,394)	(75,986)

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

"Last year we focused on delivering new homes of high quality and we are very pleased with the progress made on new site commencements, units constructed and new homes sold, all of which exceeded our expectations. We also enhanced our landbank through both targeted acquisitions and increased densities from revised planning permissions on existing sites. These achievements don't happen without quality people with the right combination of expertise and homebuilding experience. The Greater Dublin Area needs at least 20,000 new homes per annum for the next ten years and 2017 supply was 4,000 new homes. The Cairn team is very well placed to make a significant contribution to narrow this gap and we look forward with confidence."

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There will be an Analyst and Investor call today (6 March 2018) at 8.30am hosted by Michael Stanley, CEO and Tim Kenny, Group Finance Director. Please use the numbers below, quoting the following Conference ID: 1168175:

Ireland
- Toll free – 1800 937 007

UK
- Toll free – 0800 073 8965

US
- Toll free – 1866 926 5708

International
- Toll – +44 (0) 1452 560304

Notes to Editors
Cairn Homes plc is an Irish homebuilder committed to building high-quality sustainable homes in excellent locations and providing unparalleled customer service at each stage of the home-buying journey. Cairn's highly experienced management team has a clear vision of delivering innovative and thoughtfully designed homes which meet market demand and enhance communities by placing home owners at the very centre of the design process. The Company owns 34 residential development sites with capacity for c. 14,100 new homes, over 90% of which are located in the Greater Dublin Area (GDA) with excellent public transport and infrastructure links. Cairn is today building on eleven sites in the GDA, which will deliver over 3,650 residential units.

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 the Irish Stock Exchange or by the Listing Rules of the UK Listing Authority, to reflect new information, future events or otherwise.

Note regarding Market Abuse Regulation

This announcement contains inside information regarding the Company pursuant to the Market Abuse Regulation.

CHIEF EXECUTIVE'S STATEMENT

STRATEGIC OBJECTIVES

The Company's strategy is to continue to capitalise on the recovery of the Irish new homes residential property market and create sustainable shareholder value by establishing itself over the long-term as a leading Irish homebuilder.

The Group's mission is to build in great locations to create places and homes where people love to live. This is underpinned by our vision to be the most trusted and respected homebuilder in Ireland through operating our business under five strategic pillars:

1. Customers – make the home buying journey exceptionally positive for all of our customers;
2. Homes – design and build brilliant homes;
3. Places – create places for communities to prosper;
4. People – continue to attract and retain the best talent in the market; and
5. Operational Excellence – leverage a commercial operational platform.

Having concluded our capital deployment phase and secured a unique c. 14,100 unit land bank of scale, the Company continues to deliver on our strategic objectives. 2018 will be another important year in the Company's progression.

Market conditions remain positive with strong demand across all price points. The Company believes that ongoing supply constraints will result in the demand for new homes continuing to outstrip supply in the medium term. Demand is being assisted by improving mortgage market fundamentals which is providing greater access to mortgages for purchasers, in particular first time buyers. The Company continues to broaden our product mix across three elements of our construction activities:

- Housing appealing to first time buyers and trade-up/movers;
- High density apartments appealing to customers seeking to trade down, retail investors, institutional investors and private rental sector operators, foreign direct investment employees and those impacted by Brexit; and
- Student apartments appealing to both domestic and international students.

FINANCIAL REVIEW

Total revenue for 2017 increased to €149.5 million (2016: €40.9 million), representing an increase of €108.6 million. Revenue includes €131.5 million from 418 unit sales and €16.8 million from non-core site sales. Profit for the year increased to €5.0 million compared to a loss of €2.1 million in 2016, resulting in a basic earnings per share of 0.6 cent (2016: loss of 0.3 cent per share).

Gross profit improved by €20.0 million to €27.1 million in 2017, while the gross margin strengthened to 18.2% (2016: 17.3%).

Operating profit (before exceptional items) of €15.0 million (2016: €3.6 million) reflecting excellent underlying performance and progress in delivering Cairn's strategic objectives and maturing of the business. Increased administrative costs of €12.4 million (2016: €7.8 million) reflect the development of the Company's operational platform to support our growth plans and broadening product mix.

Exceptional items of €0.5 million relate to the costs incurred on the Company's listing on the Irish Stock Exchange during the year. The 2016 exceptional item of €1.4 million related to transaction costs on a business acquisition.

Net finance costs for the year were €8.5 million (2016: €5.1 million), the increase being mainly attributable to the new €50.0 million term loan facility drawdown in July 2017 in relation to the Montrose site acquisition.

Inventories at year end were €911.5 million (2016: €727.2 million), comprising land held for development of €788.8 million (2016: €559.0 million), €18.2 million (2016: €130.9m) of development land collateral and construction work in progress of €104.5 million (2016: €37.3 million). The investment in work in progress reflects the increase in development activity during the year as the Company is now active on eleven development sites (2016: five development sites).

Net debt of €159.4 million at 31 December 2017 (2016: €76.0 million) comprised of drawn debt of €245.2m (net of unamortised arrangement fees and issue costs) (2016: €148.6 million), available cash of €68.8 million (2016: €45.6 million) and restricted cash of €17.0 million (2016: €27.0 million).

The Company announced the completion of the second founder share test period (1 March – 30 June 2017) on 21 July 2017 and confirmed that the founder share value created would be satisfied through the conversion of 38,685,292 founder shares into the same number of ordinary shares, which occurred on 18 August 2017. Under the approved terms of the Founder Share Scheme, the founders are entitled to 20% of total shareholder return generated each year up to and including 30 June 2022, subject to achieving a 12.5% annual compounding hurdle rate.

OPERATIONS REVIEW

The Cairn Team

The Company's headcount increased to 126 at year end (2016: 52) reflecting the significant investment in people to support our growth plans. Cairn now has the operating platform with which to mature as construction and sales activity continue to grow to meet the demand for quality new homes. The Company has hired exceptional talent both from within and outside the sector and is bringing this expertise to bear as evidenced by our progress to date.

Construction Activity

2017 was a year of continued operational progress with a significant ramp-up in the Company's construction activities as development activity commenced on six new sites during the period: Glenheron (Greystones), Parkside – NAMA joint development (Malahide Road), Shackleton Park (Lucan), Elsmore (Naas), Greenfield Park (Donnybrook) and Blackhall Place (Dublin 7). These six new developments increase the Company's active sites to eleven, which will deliver in excess of 3,650 residential units over the coming years.

The Company's model of acquiring and building on larger scale developments enables it to deliver economies of scale through procurement efficiencies and amortising fixed site costs (site works, preliminaries, site accommodation, machinery and professional fees) over longer-term construction programmes. Importantly, building on sites which have on average of c. 400 units allowed Cairn to respond quickly to increased demand during 2017 and the Company anticipates increased sales absorption rates in future years.

Cairn continues to improve our construction efficiencies and tightly manages costs through economies of scale generated by the delivery of exceptionally designed houses, well sourced product, a strong supply chain and a well established subcontractor base across multiple sites.

Sales

Cairn is now actively selling across eight separate developments and the Company delivered completed sales across seven separate developments in the GDA in 2017 – Parkside (Malahide Road); Cairn's joint development with NAMA adjoining Parkside; Churchfields (Ashbourne); Shackleton Park (Lucan); Glenheron (Greystones); Albany (Killiney); and the award-winning apartment development at Marianella (Rathgar). Sales completions at Elsmore (Naas), our eighth selling development, are expected from mid-2018.

Cairn has a strong forward sales pipeline as of 5 March 2018 of 383 units with a sales value of €143.2 million at an ASP of €374,000 (all ex. VAT). The Company's practice is to forward sell c. six months in advance, and the current forward sales pipeline underpins H1 2018 completions.

Due to the significant shortage of apartments in city centre locations and strong employment growth resulting in escalating rents, the Company has received a number of enquiries in recent months from international institutional investors and private rental sector operators seeking to forward purchase a number of our current and future high density apartment developments. There has been specific recent interest in our Six Hanover Quay development in Dublin City Centre and the Company has commenced a formal sales process with a view to selling the entire development (comprising 120 apartments, a 5,000 sq. ft. restaurant and 1,400 sq. ft. café) with an expected completion date of Q1 2019.

Sales absorption rates at the Company's starter home schemes remain strong, assisted by improving affordability and an increasingly competitive mortgage market with mortgage interest rates continuing to fall, in addition to first time buyers continuing to avail of the Government Help to Buy income tax rebate scheme. The Company is also witnessing strong sales absorption rates at our award-winning Marianella apartment development from purchasers seeking to trade down as well as from investors. With premium apartment developments also attracting interest from international institutional investors and private rental sector operators seeking exposure to the Irish residential market recovery, the Company believes that strong demand will exist from these cohorts of purchasers at our other well located developments.

Cairn's non-core site disposal programme continued to progress well during 2017, with total realised revenue of €16.8 million (2016: €4.2m). The Company will continue to dispose of a small number of remaining non-core sites over the near-term.

Land and Planning

One of the Company's core strengths is our planning expertise. Significant planning gains were achieved in 2017 with over 1,187 units granted full planning permission. In addition, the Company expects to deliver an additional c. 1,900 units on our existing sites by maximising densities through planning enhancements. This is being delivered by amending historic planning consents with historic densities into current, demand driven higher densities and putting practical and relevant planning and design expertise into each planning application. The recent announcement by the Government on new apartment design guidelines and an expected announcement relating to building heights will also be supportive of the Company's efforts to maximise the value of our land bank.

Cairn was delighted to have been awarded the 2017 Excellence in Planning Award at the Irish Property Awards for our premium apartment development at Marianella. The Irish Property Awards programme is designed to recognise the highest standards of professionalism and excellence across the entire property sector, and this accolade is testament to the dedication and expertise of the Company's planning and development team and our ability to deliver the best apartment developments in the best locations in Dublin.

Cairn acquired the majority of its well located land bank within nine months of our June 2015 IPO. The Company's reduced level of site acquisitions in 2017 includes four new sites – Montrose (Donnybrook), Greenfield Park (Donnybrook), a site adjoining our Parkside site in conjunction with NAMA (Malahide Road) and Eyre Square (Galway). The Company also acquired additional land adjoining our Barrington (Carrickmines) and Enniskerry sites during the period, all of which add to the overall mix and quality of the land bank and improves the distribution of units across the spectrum of locations and price points. The Company has formally retained a highly regarded team of nationally and internationally renowned design professionals to work in conjunction with our planning and development team to masterplan the prime, residentially zoned 8.64 acre Montrose site ahead of submitting a planning application through the Strategic Development Housing process later in the year. Other premium, large, high density Dublin City Centre apartment planning applications are expected in 2018 including Cross Avenue (Blackrock), Blakes (Stillorgan) and Griffith Avenue (Dublin 9).

An additional and important benefit of achieving higher densities on certain sites will be the delivery of smaller units at lower entry level price points for customers (e.g. duplex units), therefore broadening the Company's pool of prospective purchasers further.

Health and Safety

The Company is fully committed to the highest standards of health and safety on our sites. The health and safety of employees, subcontractors, customers and the general public is a key priority for the Company. Increased construction activity levels increase the risk of accidents on active sites and the Company continually promotes the importance of a safe working environment and ensures the highest industry health and safety standards are set. Each active site has a dedicated health and safety manager, ensuring that the Company's health and safety policies and procedures are adhered to and implemented. Health and safety is a standing agenda item at all Board and Audit and Risk Committee meetings and the Company recently retained an independent external auditor to undertake a monthly audit of health and safety practices and management across all active sites.

INVESTOR RELATIONS

The Company recognises the importance of regular communication with shareholders, potential investors and the international financial community to ensure a full understanding of our strategic objectives and plans and to measure performance against these plans and conducted a comprehensive programme of investor engagement in 2017.

MARKET CONDITIONS

Economy

With GDP growth of 8.1% in 2017 (source – Department of Finance) the Irish economy is now expanding and larger than at its previous peak in 2007. Strong employment growth (3.8% in the year to September 2017), low unemployment (6.0% in February 2018, down from 7.3% in February 2017), increasing consumer spending (2.2% in 2017) (source: CSO) and a composite Purchasing Managers Index which averaged 58.0 through 2017 (source: Thomson Reuters Datastream) all underpin future GDP growth forecasts of 3.9% in 2018 and 3.1% in 2019 (source: Goodbody).

Notwithstanding the prolonged period of undersupply of new homes in the Irish market, demand is further supported by strong demographics. The population of Ireland grew by 3.80% (173,613) in the five years to April 2016 (source: 2016 Census) and by a further 1.12% (+ 52,900) in the year to April 2017 (source: CSO). This cumulative population growth of 4.76% is nearly three times the EU average of 1.76% between 2011 and 2017 (source: Eurostat). With an average household size of 2.75 people (source: Census 2016) and an increase in the population of 226,513 in the six years to April 2017 (source: CSO), over 82,000 new homes were required over this period to meet the housing needs of the country. The Property Price Register indicates that just 34,350 new homes were built over this period (source – Property Price Register), a shortfall of over 47,000 new homes.

Residential Property Market

While the annual long-run housing demand for new homes in Ireland is between 30,000 to 35,000 units (source: ESRI), the Company believes that Dublin requires in excess of 20,000 new homes per annum in the medium term, driven by a growing population, increasing employment, annual obsolescence and eight years of chronic undersupply.

The Company estimates that the total number of new homes sold in Ireland in multi-unit developments in 2017 was just over 9,000 units (Dublin – 3,911 units) as measured by new homes sales in the 2017 Property Price Register. The Goodbody BER Housebuilding Tracker (December 2017) estimates c. 11,000 unit completions in 2017 (including an estimated 1,500 one-off units), by measuring activity through the issuance of building energy ratings ("BER"). Both measures provide a more accurate and reliable measure of activity, and both reflect a market where supply is significantly below the level of annual demand. While the supply/demand imbalance continues to intensify, the housebuilding sector is responding, however the level of construction activity is still not meeting the needs of a growing population and expanding economy.

Headline house price inflation (HPI) was 12.3% nationally (Dublin – 11.6%; Rest of Ireland – 13.3%) in the year to December 2017 (source – CSO). Eurostat, the statistical office of the EU, report that 12% national HPI in the year to September 2017 was split 5.9% - new homes and 13.1% - existing homes.

Dublin prices remain 24.1% behind peak 2007 levels (source: CSO), whilst rents are now 19% above their peak levels (source – Daft.ie Q4 2017 Rental Price Report). The rental crisis continues unabated, the level of stock available to rent remains at record low levels and rents continue to increase across the country, and in Dublin in particular (up 10.9% in the year to December 2017) (source - Daft.ie Q4 2017 Rental Price Report). It is significantly dearer to rent than own and finance a starter home in Dublin. The Company estimates that the gap in the cost of owning against renting continues to grow from €419 per month or 32.5% in September 2017 to €494 per month or 37.3% today. The Company believes it is ideally positioned to continue to offer high quality new homes at competitive prices which will continue to attract customers who are paying excessive rents.

Mortgage Market

The positive momentum witnessed in the Irish mortgage market last year supports the Company's growth trajectory. The value of mortgage drawdowns rose by 28.6% year on year to December 2017 to €7.3 billion, while mortgage approval values increased by 34.0% to €9.3 billion in the same period (Source: BPFI Mortgage Approvals December 2017 and BPFI Mortgage Drawdowns Q4 2017). Consensus forecasts (source: Goodbody, Davy, Investec) are for continued mortgage drawdown growth of 22% in 2018 to €9.0 billion and 18% in 2018 to €10.6 billion. The ongoing strength of approvals indicates that the value of mortgage drawdowns will continue to increase, however the continued shortage of housing for mortgage approved customers has seen the gap between the number of mortgages approved and the number of mortgage drawdowns increase to 20% (2016: 16%) (source – BPFI).

Government Initiatives

The objective of the Government's "Rebuilding Ireland" action plan in respect of residential construction is to double the annual level of new homes construction to 25,000 by 2021. A number of initiatives have been implemented to date, including the launch of the €226 million Local Infrastructure Housing Activation Fund (the Company owns five sites which will benefit from this funding), the introduction of new fast-track planning for developments greater than 100 residential units and 200 student beds through the Strategic Development Housing process, the introduction of the Help to Buy income tax rebate scheme to assist first time buyers in the purchase of new homes and the recent launch of the Rebuilding Ireland Home Loan product which provides mortgages, through local authorities, to first time buyers acquiring new or existing homes subject to certain approval criteria.

The Company welcomes the recent Government announcement of a review of the Rebuilding Ireland action plan to identify new and additional actions requiring implementation to improve supply, and the new National Planning Framework, known as "Project Ireland 2040", which was officially launched on 16 February 2018. The plan aligns the country's spatial planning and investment decisions, underpinned by €116bn in capital spending, and forms a strategy for Ireland's growth and development until 2040.

The recent proposals on new apartment design guidelines and an expected announcement relating to building heights will assist in accelerating the supply of much needed new apartments, particularly in Dublin City Centre.

The supply of affordable starter homes in Dublin remains constrained. The average price of a new home sold in Dublin in 2017 was €436,000 incl. VAT (source: 2017 Property Price Register), and of the 3,911 new homes sold in Dublin in 2017, less than half were priced below €350,000.

BOARD CHANGES

The Board was delighted to announce the appointment of Tim Kenny as its Group Finance Director on 24 April 2017. Mr Kenny joined Cairn on 22 August 2017 from Musgrave Group plc where he was Group Finance and Business Development Director. Eamonn O'Kennedy resigned as Group Finance Director on 22 August 2017. The Board has acknowledged Eamonn's contribution to the Company's early development.

OUTLOOK

The strong level of demand witnessed in 2017 has continued into 2018 as evidenced by our forward sales pipeline. The Company expects to generate total revenue of in excess of €350 million in 2018 including more than 800 sales completions. In addition the Company is targeting a gross margin of c. 20% in 2018. The Company expects our medium-term run-rate to deliver revenue of c. €500 million from 1,300 to 1,400 sales completions annually from 2020.

The Company looks forward to continued significant growth in sales, profit and cash generation over the next three years.

CAIRN HOMES PLC
PRINCIPAL RISKS AND UNCERTAINTIES

The principal operating risks and our approach to mitigating those risks is set out in more detail below.

Risk Description	Mitigation
Economic Conditions Cairn's business is sensitive to the performance of the wider economy and particularly changes in interest rates, employment and general consumer confidence. Changes in economic conditions in Ireland (which are linked to the performance of the broader global economy, given Ireland's open economy) are likely to impact on house prices and house sales rates.	Cairn's business strategy reflects the cyclical nature of the industry. The Board and the management team closely monitor economic indicators for indications of weakness in the economy. Internal systems are in place to track the margin impact of reduction in sales prices/increased construction costs. Regular site appraisal reviews are undertaken to address any risk of impairment. The Company continues to monitor the potential impacts of Brexit.
Mortgage Availability & Affordability The availability of mortgage finance, particularly the deposit and income requirements set by the Regulator on mortgage lending, is fundamental to customer demand.	The Company monitors mortgage availability, including any impact from regulations on mortgage lending and rates on an ongoing basis and it is a standing item for discussion at Board meetings. The Company also monitors volumes of first time buyers, in order to quantify the impact of the recent changes to the Central Bank of Ireland Loan to Value (LTV) ratios and the recently introduced Government Help to Buy tax rebate scheme, as this results in more immediately realisable mortgage demand. The Company is monitoring the position on the possible changes to the Help to Buy income tax rebate scheme.
Health & Safety Health and safety breaches can result in injuries to Cairn staff or sub-contractors operating on Cairn sites and/or result in delays in construction or increased costs, in addition to reputational damage and potential litigation.	The Health and Safety department operates independently of the construction division and reports directly to senior management in order to maintain independence. Health and Safety is also a standing item on the Audit and Risk Committee agenda. Reportable and non-reportable incidents are measured across sites and reported to management and the Board on a regular basis in order to track trends across and within sites. A strong Health and Safety culture exists across the organisation. A formalised (industry standard) Safe-T Cert system has been implemented, which incorporates a robust management system and includes regular safety audits and scoring of results.
Availability and Strength of Sub-Contractors The risk that the Company is unable to attract the right quantity and quality of sub-contractors, which are critical to delivery of the Company's homes, due to the outsourced business model applied by the Company.	Supply agreements are fixed for all, or a significant portion of each scheme, in order to ensure that supply is guaranteed. Given the size of the Company's landbank and its position in the market-place, it is a very attractive client for sub-contractors. Senior and middle management have many years of experience in the industry and strong relationships with and knowledge of key suppliers. The Company ensures payments are made on time to suppliers in order to maximise their liquidity as they scale their operations in conjunction with the Company. A panel of approved sub-contractors is in place and circulated on all relevant tenders.

CAIRN HOMES PLC
PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

Risk Description	Mitigation
Succession Planning A risk that the loss of key staff will result in a loss of key corporate knowledge and consequential impact on operations.	"9 box" succession planning methodology in place, in order to identify succession gaps and actions to close any gaps identified. Performance management process ensures annual goal-setting and structured performance feedback with mid-year and year-end staff ratings. Ensuring that remuneration policy is robust enough to meet market demands. Succession planning actions will be directly linked to compensation outcomes to ensure reward and retention of best talent.
Recruitment and Retention of Key Personnel The risk that the Company does not have a sufficiently robust HR strategy in place in order to ensure the Company's recruitment policy/plans are delivered and that key staff are retained.	The Company's ambitious growth plans and plc status make it an attractive place of employment for high calibre staff. The Company ensures that it has a remuneration policy in place that is competitive in the market-place to retain key staff. The recently introduced LTIP plan will further incentivise and align staff to Company performance. Annual performance reviews in place to ensure that Company strategy and goals are communicated to key staff and to provide regular feedback to staff to ensure they are kept motivated. The Company utilises a talent acquisition recruitment specialist to ensure recruitment of high quality staff.
Financial Controls Framework The risk or failure to adhere to agreed policies, procedures and processes due to a lack of financial controls, leading to potential financial misstatement, fraudulent behaviour or a potential financial loss to the Company.	Financial controls and policies in place in order to manage risks across the key areas. Support Office personnel with direct site operational knowledge in place in order to monitor site activity and site cost. An outsourced internal audit function has been set up in order to test the Company's internal control framework and to suggest improvements where required. These improvements are presented to the Audit and Risk Committee and are reviewed periodically to assess implementation.
Liquidity Management The risk that the Company does not maintain sufficient liquidity headroom to ensure that it can always meet its working capital requirements as they fall due. Risk that slower than expected sales impact on the Company's liquidity position. The risk that failure to comply with the Company's banking covenants results in the withdrawal of funding lines.	The Company aims to ensure that it always has sufficient liquidity in place to meet its cash flow requirements for the next 3 years. The Company prepares regular forecasts that look at both its short-term and longer-term requirements. Regular monitoring, forecasting and reporting of banking covenants. Speed of delivery on individual schemes takes account of sales absorption rates across each individual scheme. An unforeseen stretch in liquidity can be managed through a reduction in the pace of build on one or more sites if necessary.

CAIRN HOMES PLC
PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

Risk Description	Mitigation
Government Policy including Planning Regulations Inability to adhere to the complex and stringent regulatory environment that applies to the building industry. Risk that the Government and planning authorities will introduce new legislation or legislative changes that result in material cost, or time delays for the Company.	The Company monitors all policy changes through its planning department and the experienced team is well placed to interpret regulatory changes. The Company uses external advisors who advise on any changes to relevant legislation. Rigorous design standards in place for the homes that the Company develops. Participation in industry advocacy groups. The recent changes to the planning regime (involving a one step process with An Bord Pleanála for all sites delivering greater than 100 residential units), enacted into legislation in June 2017, should ensure that the timeframe to obtain planning permission on large sites is reduced.
Programme Risk/Project Planning The risk that the Company incurs costs which are higher than expected or experiences delays in construction due to poor planning.	Robust project plans and controls are in place. Monthly reporting of all project costs, with variances and explanations highlighted in monthly reports and discussed at monthly meetings. The construction programme is linked clearly to the sales programme, with regular analysis by site comparing sales status with forecast completion dates. Key oversight personnel in place across all projects.
Availability and Quality of Materials The risk that the Company is unable to source the materials it requires at the right time and at the best price, due to availability and volume constraints, or risk that sub-contractors utilise poor quality, prohibited or dangerous materials.	Current size and growth prospects make the Company an attractive customer for suppliers. Continued scaling of the business should ensure that the Company has access to necessary materials at competitive prices. There is strong quality monitoring through on-site engineers and materials are tested at concrete plants and on site.

CAIRN HOMES PLC

CONSOLIDATED PRELIMINARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the year ended 31 December 2017

		Year ended 31 December 2017 (Unaudited)			Year ended 31 December 2016 (Audited)		
	Note	Before Exceptional Items €'000	Exceptional Items (Note 16) €'000	Total €'000	Before Exceptional Items €'000	Exceptional Items (Note 16) €'000	Total €'000
Continuing operations							
Revenue	2	149,462	-	**149,462**	40,906	-	**40,906**
Cost of sales		(122,325)	-	**(122,325)**	(33,844)	-	**(33,844)**
Gross profit		27,137	**-**	**27,137**	7,062	**-**	**7,062**
Other income	3	258	-	**258**	4,425	-	**4,425**
Administrative expenses		(12,414)	(497)	**(12,911)**	(7,841)	(1,356)	**(9,197)**
Operating profit		14,981	(497)	**14,484**	3,646	(1,356)	**2,290**
Finance income	4	17	-	**17**	89	-	89
Finance costs	4	(8,533)	-	**(8,533)**	(5,194)	-	**(5,194)**
Profit/(loss) before taxation		6,465	(497)	**5,968**	(1,459)	(1,356)	**(2,815)**
Tax (charge)/credit	5			(989)			752
Profit/(loss) for the year				**4,979**			**(2,063)**
Other comprehensive income				**-**			**-**
Total comprehensive income/(loss) for the year				**4,979**			**(2,063)**
Profit/(loss) attributable to:							
Owners of the Company				4,452			(2,063)
Non-controlling interests				527			-
Profit/(loss) for the year				**4,979**			**(2,063)**
Basic earnings/(loss) per share	12			**0.6 cent**			**(0.3) cent**
Diluted earnings/(loss) per share	12			**0.6 cent**			**(0.3) cent**

CAIRN HOMES PLC
CONSOLIDATED PRELIMINARY STATEMENT OF FINANCIAL POSITION (UNAUDITED)
At 31 December 2017

Assets	Note	2017 Unaudited €'000	2016 Audited €'000
Non-current assets			
Property, plant and equipment		1,372	894
Intangible assets		821	485
Restricted cash	9	17,002	27,000
		19,195	**28,379**
Current assets			
Loan assets	6	-	16,000
Inventories	7	911,496	727,223
Trade and other receivables	8	5,540	17,015
Cash and cash equivalents	9	68,803	45,645
		985,839	**805,883**
Total assets		**1,005,034**	**834,262**
Equity			
Share capital	10	828	794
Share premium	10	749,616	697,733
Share-based payment reserve		14,222	24,779
Retained earnings		(44,741)	(58,935)
Equity attributable to owners of the Company		**719,925**	**664,371**
Non-controlling interests	13	1,795	-
Total equity		**721,720**	**664,371**
Liabilities			
Non-current liabilities			
Loans and borrowings	11	226,838	148,631
Deferred taxation	5	5,611	5,490
		232,449	**154,121**
Current liabilities			
Loans and borrowings	11	18,361	-
Trade and other payables	14	31,636	15,770
Current taxation	5	868	-
		50,865	**15,770**
Total liabilities		**283,314**	**169,891**
Total equity and liabilities		**1,005,034**	**834,262**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the year ended 31 December 2017

	Attributable to owners of the Company								
	Share Capital								
	Ordinary Shares	Deferred Shares	Founder Shares	Share Premium	Share-Based Payment Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
As at 1 January 2017	**689**	**20**	**85**	**697,733**	**24,779**	**(58,935)**	**664,371**	**-**	**664,371**
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	4,452	**4,452**	527	**4,979**
	-	**-**	**-**	**-**	**-**	**4,452**	**4,452**	**527**	**4,979**
Transactions with owners of the company									
Issue of ordinary shares for cash	34	-	-	51,883	-	-	**51,917**	-	**51,917**
Share issue costs	-	-	-	-	-	(1,515)	**(1,515)**	-	**(1,515)**
Conversion of founder shares to ordinary shares	39	-	(39)	-	(11,257)	11,257	-	-	-
Equity-settled share-based payments	-	-	-	-	700	-	**700**	-	**700**
	73	**-**	**(39)**	**51,883**	**(10,557)**	**9,742**	**51,102**	-	**51,102**
Changes in ownership interests									
Investment in subsidiary by non-controlling shareholders	-	-	-	-	-	-	-	1,268	**1,268**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**1,268**	**1,268**
As at 31 December 2017	**762**	**20**	**46**	**749,616**	**14,222**	**(44,741)**	**719,925**	**1,795**	**721,720**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (AUDITED)
For the year ended 31 December 2016

	Share Capital						
	Ordinary Shares	Deferred Shares	Founder Shares	Share Premium	Share-Based Payment Reserve	Retained Earnings	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
As at 1 January 2016	**517**	**20**	**100**	**521,390**	**29,118**	**(53,155)**	**497,990**
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(2,063)	**(2,063)**
	-	-	-	-	-	(2,063)	**(2,063)**
Transactions with owners of the company							
Issue of ordinary shares for cash	157	-	-	176,343	-	-	**176,500**
Share issue costs	-	-	-	-	-	(8,088)	**(8,088)**
Conversion of founder shares to ordinary shares	15	-	(15)	-	(4,371)	4,371	**-**
Equity-settled share-based payments	-	-	-	-	32	-	**32**
	172	**-**	**(15)**	**176,343**	**(4,339)**	**(3,717)**	**168,444**
As at 31 December 2016	**689**	**20**	**85**	**697,733**	**24,779**	**(58,935)**	**664,371**

CAIRN HOMES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the year ended 31 December 2017

	2017 Unaudited €'000	2016 Audited €'000
Cash flows from operating activities		
Profit/(loss) for the year	4,979	(2,063)
Adjustments for:		
Share-based payments expense	700	32
Finance costs	8,533	5,194
Finance income	(17)	(89)
Depreciation of property, plant and equipment	317	112
Amortisation of intangible assets	81	32
Taxation	989	(752)
	15,582	**2,466**
Increase in inventories	(184,273)	(151,105)
Decrease in loan assets	16,000	26,768
Decrease/(Increase) in trade and other receivables	11,475	(3,796)
Increase in trade and other payables	12,607	4,464
Net cash used in operating activities	**(128,609)**	**(121,203)**
Cash flows from investing activities		
Acquisition of Argentum	-	(86,074)
Cash acquired on acquisition of Argentum	-	818
Purchases of property, plant and equipment	(795)	(876)
Purchases of intangible assets	(417)	(434)
Interest received	15	89
Transfer from restricted cash	10,000	-
Net cash from/(used in) in investing activities	**8,803**	**(86,477)**
Cash flows from financing activities		
Proceeds from issue of share capital, net of issue costs paid	50,402	167,716
Proceeds from borrowings, net of debt issue costs	96,937	99,285
Repayment of loans	-	(15,500)
Investment in subsidiary by non-controlling interest	1,268	-
Interest paid	(5,643)	(4,727)
Net cash from financing activities	**142,964**	**246,774**
Net increase in cash and cash equivalents in the year	**23,158**	**39,094**
Cash and cash equivalents at beginning of the year	45,645	6,551
Cash and cash equivalents at the end of the year	**68,803**	**45,645**

CAIRN HOMES PLC
NOTES TO THE UNAUDITED CONSOLIDATED PRELIMINARY FINANCIAL INFORMATION

1. Basis of Preparation

Cairn Homes plc ("the Company") is a company domiciled in Ireland. The Company's registered office is 7 Grand Canal, Grand Canal Street Lower, Dublin 2. The Company and its subsidiaries (together referred to as "the Group") is predominantly involved in the development of residential property for sale. The unaudited consolidated preliminary financial information covers the year ended 31 December 2017 for the Group.

The Group consolidated preliminary financial information does not include all of 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 2016. 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 2016 and the interim results announcement for the six months ended 30 June 2017, issued on 5 September 2017. The statutory financial statements for the year ended 31 December 2016 have been filed with the Companies Registration Office and are available at www.cairnhomes.com. The audit opinion on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The statutory consolidated financial statements of the Group for the year ended 31 December 2017 will be published in April 2018 and will be available on www.cairnhomes.com.

The accounting policies, presentation and method of computations adopted in the preparation of the consolidated preliminary financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2016.

The new IFRS standards, amendments to standards or interpretations that are effective for the first time in the financial year ended 31 December 2017 have not had a significant impact on the Group's reported results or net assets in this consolidated preliminary financial information.

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

The key judgements and estimates impacting this consolidated preliminary financial information are the carrying value of inventories and allocations from inventories to cost of sales (Note 7).

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

The Board of Directors approved the consolidated preliminary financial information for the year ended 31 December 2017 on 5 March 2018.

2. Revenue

	Year ended 31 Dec 2017 €'000	Year ended 31 Dec 2016 €'000
Residential property sales	131,490	35,540
Residential site sales	16,797	4,205
Income from property rental	1,175	1,161
	149,462	**40,906**

3. Other income

	Year ended 31 Dec 2017 €'000	Year ended 31 Dec 2016 €'000
Loan income	258	2,643
Other gains	-	1,782
	258	**4,425**

Loan income during 2017 represents net income on certain loans originally acquired in the Project Clear loan portfolio.

In the prior year, loan income of €2.6 million arose primarily from the settlement of certain loans acquired from the Project Clear loan portfolio, relating to development sites which the Group will not develop itself.

In the prior year, other gains mainly related to the release of a liability which had been assumed for certain expected payments to third parties, arising on the Project Clear loan portfolio, that are no longer payable.

4. Finance income and costs

	Year ended 31 Dec 2017 €'000	Year ended 31 Dec 2016 €'000
Finance income		
Interest income	17	89
Finance costs		
Interest expense on financial liabilities measured at amortised cost	(8,533)	(5,067)
Other finance costs	-	(127)
	(8,533)	**(5,194)**

Finance costs for the year to 31 December 2017 comprise of interest and amortised transaction costs on the drawn Term Loans and Revolving Credit Facilities, plus commitment fees on the undrawn facilities during the year.

5. Current and deferred taxation

	Year ended 31 Dec 2017 €'000	Year ended 31 Dec 2016 €'000
Current tax charge for the year	868	-
Deferred tax charge/(credit) for the year	121	(752)
Total tax charge/(credit)	**989**	**(752)**

Current tax liability	**2017 €'000**	**2016 €'000**
Current tax	868	-
	868	**-**

Deferred tax

The deferred tax liability is comprised of the following:

	2017 €'000	2016 €'000
Opening balance	5,490	815
Liability on acquisition of business combination	-	5,427
Charged/(credited) to profit or loss	121	(752)
Closing balance	**5,611**	**5,490**

6. Loan assets

	2017 €'000	2016 €'000
Loan receivables	-	16,000
	-	**16,000**

The loan receivables were received in full on 6 July 2017.

7. Inventories

	2017 €'000	2016 €'000
Land held for development	788,791	559,032
Construction work in progress	104,492	37,277
Development land collateral	18,213	130,914
	911,496	**727,223**

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.

As the build costs on each site can take place over a number of reporting periods the determination of the cost of sale to release on each sale is dependent on up to date cost forecasting and expected profit margins across the various developments. There is a risk that one or all of the assumptions may require revision as more information becomes available, with a resulting impact on the carrying value of inventory or the amount of profit recognised. The risk is managed through ongoing site profitability reforecasting with any necessary adjustments being accounted for in the relevant reporting period. The directors considered the evidence from impairment reviews and profit forecasting models across the various 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 inventory.

Development land collateral consists of the collateral property attached to loans acquired by the Group as part of the December 2015 Project Clear loan portfolio acquisition. The Group has almost completed the foreclosure process of transferring development land collateral into its direct ownership. Consequently, the cost of the development land collateral attaching to the relevant Project Clear loan assets is shown within inventories. The carrying value of this collateral property at 31 December 2017 was €18.2 million.

8. Trade and other receivables

	2017 €'000	2016 €'000
VAT recoverable	-	6,888
Construction bonds	4,344	4,440
Other receivables	1,196	5,687
	5,540	**17,015**

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

9. Restricted cash and cash and cash equivalents

	2017 €'000	2016 €'000
Non-current		
Restricted cash	17,002	27,000

On 24 August 2017, the senior debt facility was amended and restated to reduce the restricted cash requirements to €17 million. €10 million of this restricted cash was released into cash and cash equivalents.

€17 million of restricted cash is required to be maintained in an interest-bearing blocked deposit for the remaining duration of the Group's senior debt facilities (Note 11), as part of the collateral for those facilities. The estimated fair value of restricted cash at 31 December 2017 is €17 million.

	2017 €'000	2016 €'000
Current		
Cash and cash equivalents	68,803	45,645

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.

10. Share capital and share premium

	Number	2017 €'000	Number	2016 €'000
Authorised				
Ordinary Shares of €0.001 each	1,000,000,000	1,000	1,000,000,000	1,000
Founder Shares of €0.001 each	100,000,000	100	100,000,000	100
Deferred Shares of €0.001 each	120,000,000	120	120,000,000	120
A Ordinary Shares of €1.00 each	20,000	20	20,000	20
Total authorised share capital		**1,240**		**1,240**

As at 31 December 2017	Number	Share Capital €'000	Share Premium €'000	Total €'000
Issued and fully paid				
Ordinary shares of €0.001 each	761,672,549	762	749,570	750,332
Founder shares of €0.001 each	46,292,771	46	46	92
Deferred shares of €0.001 each	19,980,000	20	-	20
A ordinary shares of €1.00 each	-	-	-	-
		828	**749,616**	**750,444**

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

As at 31 December 2016	Number	Share Capital €'000	Share Premium €'000	Total €'000
Issued and fully paid				
Ordinary shares of €0.001 each	689,274,623	689	697,648	698,337
Founder shares of €0.001 each	84,978,063	85	85	170
Deferred shares of €0.001 each	19,980,000	20	-	20
A ordinary shares of €1.00 each	-	-	-	-
		794	**697,733**	**698,527**

Share issues

On 16 May 2017, the Company issued 33,712,634 ordinary shares at €1.54 each through a share placing, raising gross proceeds of €51.9 million.

Share issue costs of €1.5 million associated with the placing have been charged directly to retained earnings.

On 18 August 2017, the Company issued 38,685,292 ordinary shares (through the conversion of 38,685,292 Founder Shares) to the Founder Group of Michael Stanley, Alan McIntosh and Kevin Stanley.

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 1,465,909 shares has been made to senior executives. The shares will vest on satisfaction of service and performance conditions attaching to the LTIP. Vesting of 80% of the awards will be based on Earnings per Share (EPS) performance and 20% will be based on Total Shareholder Return (TSR) over the 3 years 2017, 2018 and 2019. The Group recognised an expense of €0.640 million related to the LTIP in the Statement of Profit or Loss and Other Comprehensive Income during the year ended 31 December 2017.

Share options

500,000 ordinary share options were issued in the period ended 31 December 2015, to a director at that time. 250,000 of these options vest during 2018 and the remaining 250,000 vest during 2019. The exercise price of each ordinary share option is €1.00. At grant date, the fair value of the options that vest during 2018 was calculated at €0.219 per share while the fair value of options that vest in 2019 was calculated at €0.220 per share. The valuation exercise undertaken to fair value the share options, resulted in a non-cash charge in administrative expenses in the year ended 31 December 2017 of €0.060 million (2016: €0.032 million) with a corresponding increase in the share-based payment reserve in equity.

11. Loans and borrowings

	2017	**2016**
	€'000	**€'000**
Current liabilities		
Bank loans		
Repayable within one year	18,361	-
Total borrowings	**18,361**	**-**
Non-current liabilities		
Bank loans		
Repayable as follows:		
Between one and two years	47,998	-
Between two and five years	178,840	148,631
Total borrowings	**226,838**	**148,631**

During the year, €30 million was drawn down on the Revolving Credit Facility by the Group. On 29 August 2017, the Group entered into a 12 month short term loan facility with AIB for €10 million. These loan facilities are secured by a floating charge over the assets of the Company and its wholly owned subsidiaries except for Cairn Homes Montrose Limited and Balgriffin Cells P13-P15 DAC.

On 31 May 2017, a subsidiary entity, Balgriffin Cells P13-P15 DAC, (see Note 13) entered into a Revolving Credit Facility of €10.1 million with AIB for a term of 18 months, to finance a joint development with National Asset Management Agency ("NAMA"). At 31 December 2017, €8.6 million was drawn down. This facility is secured by a fixed and floating charge over the assets of Balgriffin Cells P13-P15 DAC.

On 5 July 2017, the Group entered into a 2 year €50 million term loan facility with Activate Capital. This facility is secured by a fixed and floating charge over the assets of Cairn Homes Montrose Limited.

The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs.

12. Earnings per share

The basic earnings per share for the year ended 31 December 2017 is based on the earnings attributable to ordinary shareholders of €4.5 million and the weighted average number of ordinary shares outstanding for the period.

	2017	2016
Profit/(loss) for the year attributable to owners of the Company (€'000)	4,452	(2,063)
Weighted average number of ordinary shares for period (basic)	724,734,096	632,830,319
Weighted average number of ordinary shares for period (diluted)	756,399,418	632,830,319
Basic earnings/(loss) per share	0.6 cent	(0.3) cent
Diluted earnings/(loss) per share	0.6 cent	(0.3) cent

The diluted earnings per share calculation reflects an estimate of the number of ordinary shares to be issued through conversion of founder shares in 2018. It assumed, as is required under IAS 33, that the test period for the founder share conversion calculation is from 1 September 2017 to 31 December 2017, however the actual test period for determining the founder share conversion in 2018 will be from 1 March 2018 to 30 June 2018.
The impact of share options granted is also reflected in the calculation.
Additional ordinary shares may be issued under the founder share scheme in future periods up to and including 2022 if the compound share price threshold under the rules of the scheme is reached.

13. Non-controlling interest

The non-controlling interest at 31 December 2017 of €1.8 million relates to the 35% share of the net assets of a subsidiary entity, Balgriffin Cells P13-P15 DAC, which is held by National Asset Management Agency ("NAMA"). Cairn Homes plc holds 65% of the equity share capital in this subsidiary which is involved in the development of residential property.

14. Trade and other payables

	2017 €'000	2016 €'000
Trade payables	8,193	7,659
Accruals	14,202	6,945
VAT liability	7,854	-
Other creditors	1,387	1,166
	31,636	**15,770**

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

15. Dividends

There were no dividends declared and paid by the Company during the year and there were no dividends proposed by the directors in respect of the year up to the date of authorisation of this consolidated preliminary financial information.

16. Exceptional items

Exceptional items of €0.5 million relate to costs incurred during the year in connection with the Irish Stock Exchange Listing which was completed in July 2017. As the listing of the Group is a non-routine transaction, these costs have been classified as an exceptional item.

In the prior year, acquisition related costs of €1.4 million were charged to Statement of Profit or Loss and Other Comprehensive Income in accordance with IFRS 3. As the acquisition of a business is a non-routine transaction, these costs were classified as an exceptional item.

17. Related party transactions

The Directors decided not to exercise the option to acquire lands at Navan owned by Sonbrook Property Moathill Limited (Sonbrook), a company controlled by Kevin Stanley. Sonbrook refunded costs incurred by the Company of €0.122 million. There were no other related party transactions during the year other than directors' remuneration.

18. Commitments and contingent liabilities

At 31 December 2017

The Group had a conditional contract at 31 December 2017 to acquire land adjoining its Cherrywood site at a cost of €9.2 million. Subsequent to the year end the Group completed this acquisition.

The Group has contracted to pay the vendors up to a further €8.75 million in the event that a site acquired as part of the Argentum transaction in 2016, is successfully rezoned as residential by 25 February 2019.

The Group has also contractually committed to acquiring the remainder of a site in Delgany, Co. Wicklow in May 2018 at a cost of €14.25 million.

CAIRN HOMES PLC
COMPANY INFORMATION

Directors
John Reynolds (Non-Executive Chairman)
Michael Stanley (Chief Executive Officer)
Tim Kenny (Group Finance Director)
Alan McIntosh (Executive, British)
Andrew Bernhardt (Non-Executive, British)
Gary Britton (Non-Executive)
Giles Davies (Non-Executive, British)

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