CAIRN

Our investment in sustainable homes

Our investment in sustainable homes.

Cairn has been leading the way in the Irish housing market since 2015. In that time the business has scaled and today we are active on 21 residential development sites with the resources to deliver a broad choice of new homes, to a broad and widening buyer pool in great locations where people want to live now and into the future.

IN THIS REPORT

Strategic Report 02-73

04
AT A GLANCE

An analysis of our historic low-cost c. 17,700 unit landbank by individual site, location, planning status and average plot cost.

Read more about our portfolio on pages 4 and 5.

18
MARKET OVERVIEW

A focus on the fundamentals of the Irish economy, the Irish homebuilding sector and Cairn's positioning within the Irish new homes market.

Learn more about how the property market is developing on pages 18 to 25.

28
OUR STRATEGY AND STRATEGY IN ACTION

Our end to end business model and the five strategic pillars under which we run our business: customers, homes, places, people and operational excellence.

Find out more about our strategy and what we are doing on pages 28 to 49.

You can also read our Annual Report online at cairnhomes.com/investors

52

OUR SUSTAINABILITY COMMITMENTS

We are building on the enthusiasm, commitment and culture for sustainability that already exists in Cairn and have disclosed our sustainability metrics against which our Sustainability Agenda can be measured.

Read more on our sustainability commitments on pages 52 to 59.

Corporate Governance 74-110

Financial Statements 111-161

Additional Information 162

Cover image: Archer's Wood, Delgany

62

MANAGING RISKS

Our risk management framework is embedded into all of our business processes to protect and bolster our operations.

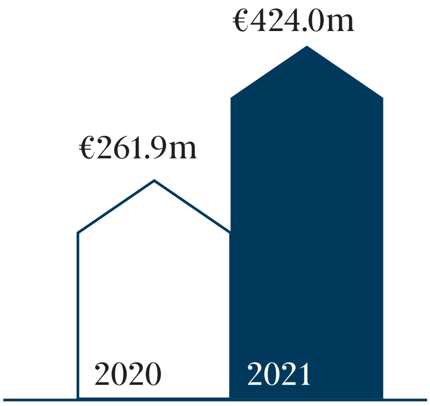
Read more about our risk management on pages 62 to 73.

FINANCIAL HIGHLIGHTS

2021 was another year of building a sustainable, long-term, profitable business which will contribute greatly to Irish society.

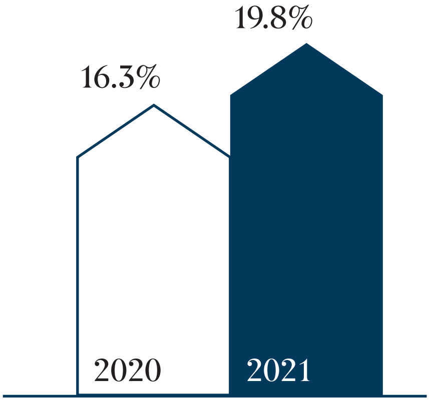
REVENUE

+62%



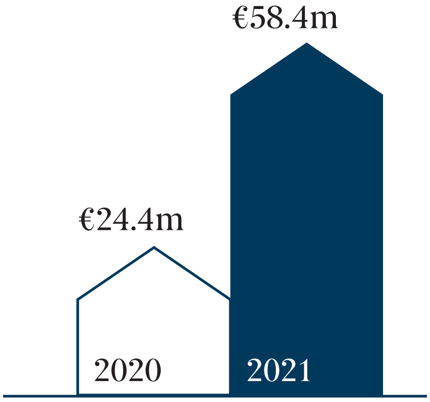
GROSS MARGIN

+350 bps



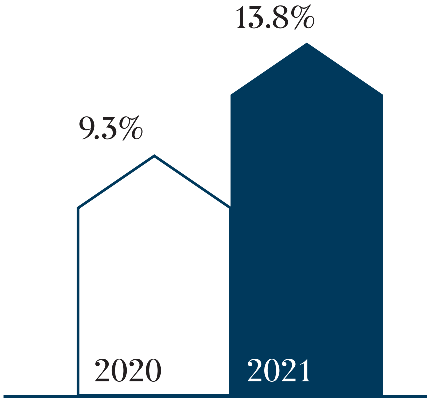
OPERATING PROFIT

+139%



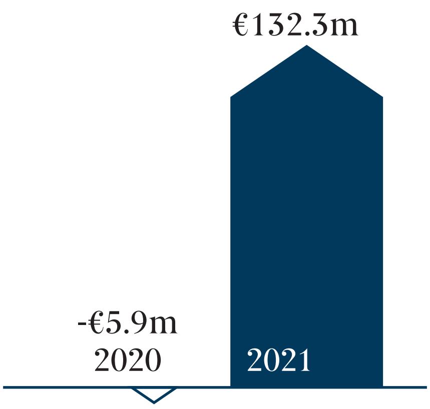
OPERATING MARGIN

+450 bps



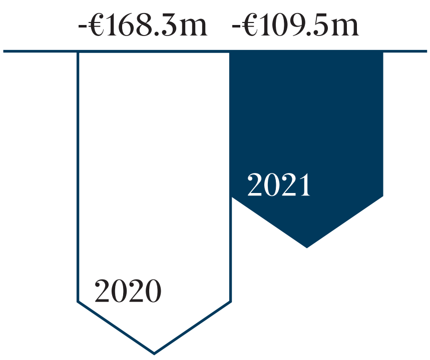
OPERATING CASHFLOW*

+€138.2m



NET DEBT**

-€58.8m



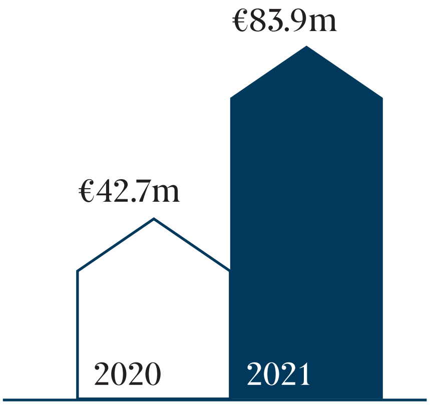
* Before any capital allocation considerations, including reductions of debt, dividends or accretive strategic acquisitions, JVs or investments. Calculated as €88.5 million net cash from operating activities plus €43.8 million invested in accretive strategic land acquisitions (2020: operating cash outflow of €5.9 million, defined as €40.6 million net cash used in operating activities plus €34.7 million invested in accretive strategic land acquisitions).

** See Chief Financial Officer's Report on pages 60 and 61 for details of net debt.

*** Defined as Profit after Tax divided by Total Equity at Year End. Calculated as €43.2m/€778.8m (2020 ROE: €12.7m/€750.6m).

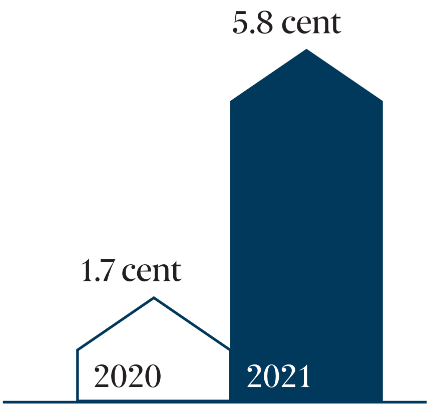
GROSS PROFIT

+€41.2m



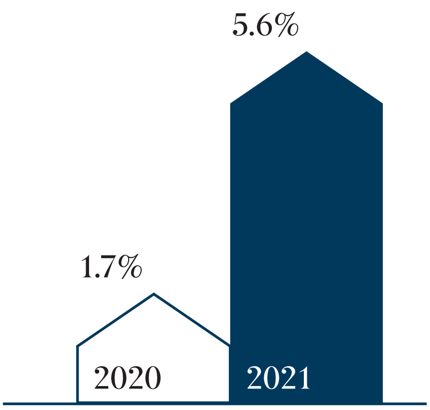
EPS

+4.1 cent



ROE***

+390 bps



OPERATIONAL HIGHLIGHTS

Building a long-term competitive and market advantage.

OUR CONTINUED INVESTMENT

In people, our operating platform and supply chain providing our business with a unique and compelling long-term competitive and market advantage.

Donnybrook Gardens, Dublin 4

OUR INVESTMENT IN INNOVATION

Continued use of innovative off-site manufacturing and new construction methodologies, in addition to programme management tools and standardisation of construction programme delivery.


Mariavilla, Maynooth

RECORD SALES LEVELS

Agreed the sale of over 1,400 new homes in 2021, including our 5,000th since our IPO in 2015, with this strong sales momentum continuing in the early months of 2022, particularly from starter home and trade-up/down schemes with private, mortgage-backed customers. 1,218 closed and forward sales as at 2 March 2022, with a net sales value of €463m, underpins 2021 guidance of 1,500 sales completions.

CONTINUING TO SCALE

Currently active on 21 sites, including eight new site commencements since May 2021. In 2022, Cairn will be supporting over 3,000 full-time positions on an average of 22 active sites building high quality, sustainable new homes on well-located developments with full planning permission.

Read more in our Chief Financial Officer's review on pages 60 to 61.

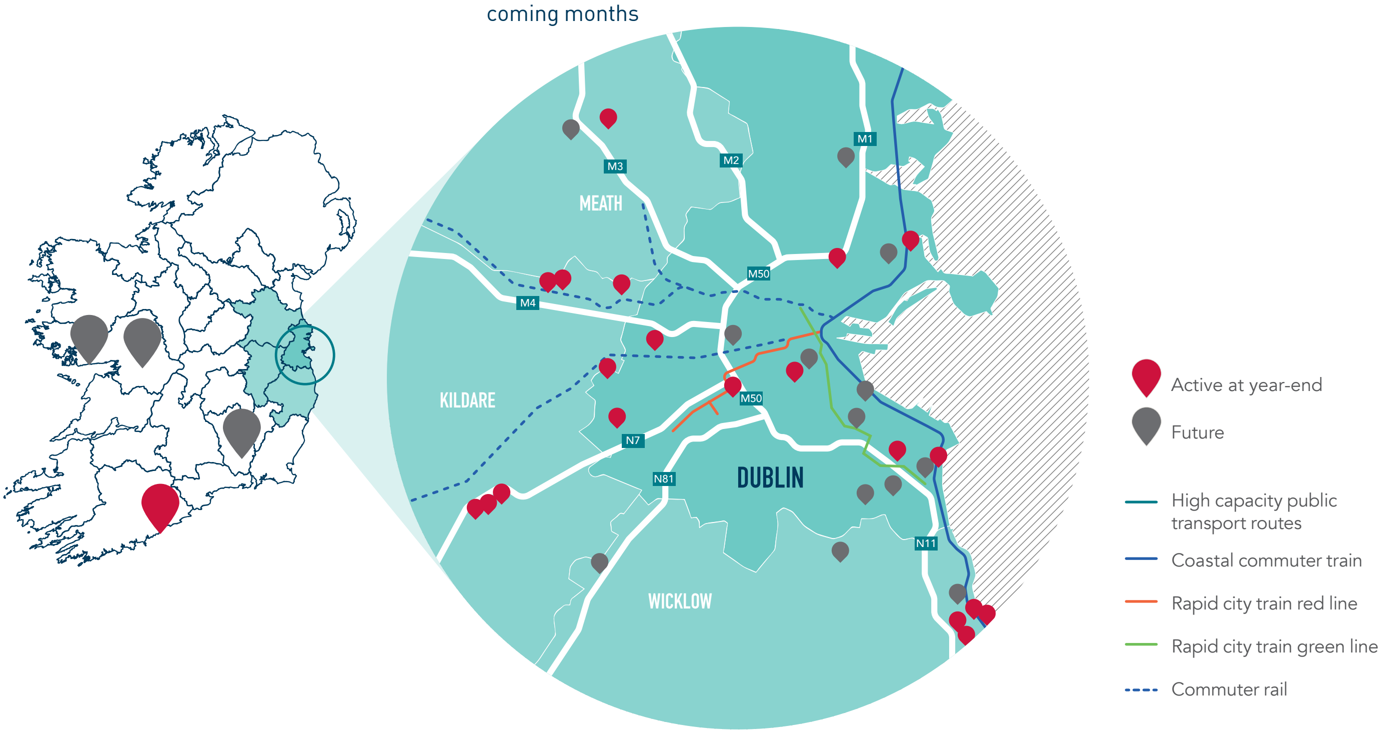
Our investment in growth

We have the land and operating platform to deliver our growth agenda and create shareholder value into the long-term.

c. 17,700
Units within our landbank across 37 separate sites

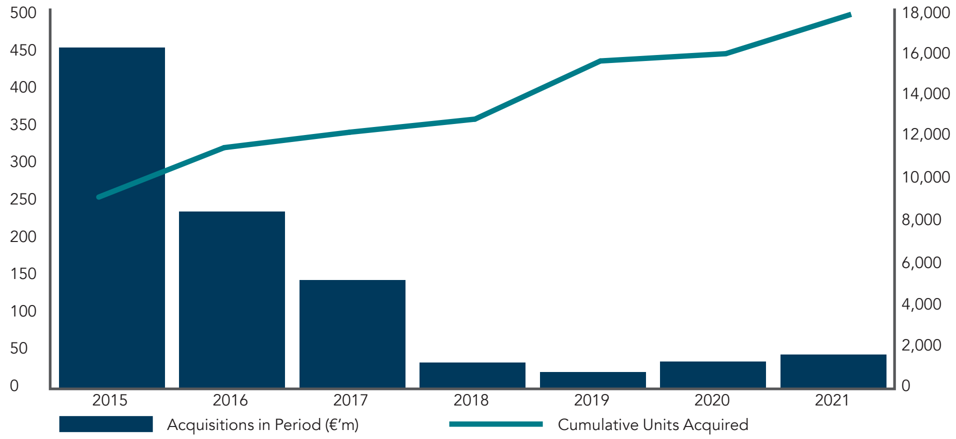
21
Active sites today, with up to 6 new site commencements scheduled over the coming months

€970m
Invested in our landbank through site acquisitions since June 2015



c.17,700 UNIT LANDBANK – BALANCE SHEET CARRYING VALUE €672 MILLION

Source: Cairn Management data



70%
of total capital deployed in 2015 and 2016

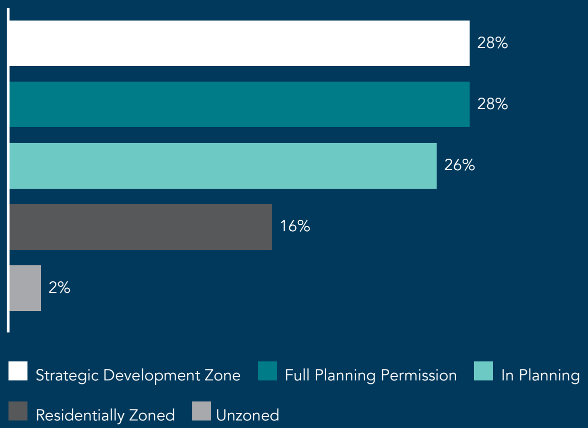
65%
of existing landbank units acquired within one year of IPO

10,000
units granted planning permission since 2015, including c. 1,100 units in 2021

LANDBANK PLANNING STATUS

37

sites with limited planning risk, enhanced by our unrivalled planning track record



SUCCESS THROUGH THE SHD PLANNING PROCESS

31 applications

17 grants

14 site commencements

- As at 2 March 2022, Cairn had received planning permission for 5,734 new homes under the Strategic Housing Development ("SHD") process from 17 successful grants of planning.
- This equates to 7.7% of all new homes granted planning permission through this fast-track process.
- Cairn also accounts for over 15% of all new homes commenced under this process.

WE OFFER A DIVERSE RANGE OF HIGH QUALITY NEW HOMES ACROSS ALL PRICE POINTS FROM ENTRY LEVEL STARTER HOMES TO PREMIUM APARTMENTS

HOUSES

c. 13,000
houses within our landbank

€29,000
average house site cost

27 sites:

23 housing sites (average c. 570 units)

4 housing and apartment sites (average c. 300 units)

APARTMENTS

c. 4,700
apartments within our landbank

€53,000
average apartment site cost

14 sites:

10 apartment sites (average c. 350 units)

4 housing and apartment sites (average c. 300 units)

Our investment in Quality & Sustainability is at the heart of everything we do

"At Cairn, our sustainability approach is considered and responsible: building high-quality, sustainable homes; crafting communities and striving to improve the built environment in Ireland."

John Reynolds
Chairman of the Board

Our focus at Cairn is not simply building houses.

Our purpose is to build places and homes where people love to live and creating thriving, sustainable communities.

A focus on quality and sustainability has brought us to the forefront of the Irish new homes market.

BOARD GENDER DIVERSITY

30%

TOTAL DIVIDEND PER SHARE FOR 2021

5.5c

This ensures that we remain an ambitious, committed and growing business; one which is both an attractive place to work for our growing team and the people within our supply chain, and which can deliver strong long-term returns for shareholders.

High-quality, competitively priced and energy efficient new homes, an inclusive work environment, sustainable business practices and strong returns are not mutually exclusive. We believe we are delivering against each of these objectives. They sustained our business throughout 2020 and 2021 and ensure we are positioned to deliver for all stakeholders in 2022 and beyond as our business continues to grow.

2021 Review

As the year started, the pandemic continued to impact our business. Strict government restrictions remained in place and directly affected our ability to operate with effectively full residential development site closures until 12 April 2021, albeit we could continue to build and deliver contracted social houses and onsite utility connections. While there was an impact on performance in the first half, we demonstrated the strength of our operating platform in the second half as restrictions eased, delivering the strongest ever half-year performance in the history of the company. This is a performance of which the Board is very proud and a reflection of the strength of our Senior Leadership Team and the dedication of our entire team.

Throughout the pandemic, our absolute number one priority has been to protect the health, safety and wellbeing of all of our people, customers and the communities in which we operate. While many of us have adjusted to virtual working – several of our board meetings continued to be held virtually during the year – much of the work we do as a homebuilder cannot be done remotely. The safety of our people on our construction sites, while it has always been a priority, took on new meaning during 2020 and 2021. A key priority during the year was to include the full leadership team in site tours to enable them to get a clear understanding of the issues on the ground. While these visits were not possible at the start of the year, the leadership team was still able to complete more than 30 visits across our active sites. We will continue these visits in 2022 ensuring that we have first-hand insight into the challenges that our teams face each and every day.

Strong Financial Performance

Our financial and operational results were characterised by a disruptive first half. The second half represented Cairn's strongest ever performance in terms of new homes sold, margin progression, profitability and cash generation. The market demand for high quality, competitively priced and energy efficient new homes in great locations remains strong.

Despite a shutdown of our sites in the first half and the general challenging external conditions that prevailed, we closed 1,120 new home sales, delivered a gross margin of 19.8% and reported an operating profit of €58 million for the full year. Notwithstanding build cost inflation of c. €15,000 per new home in 2021 (or c. 6%), we achieved strong margin growth through improved mix with more apartments sold, embedded supply chain efficiencies and improved pricing in middle and upper end apartments and houses. The affordability of our starter homes remains a key objective - our 2021 average selling price was €350,000, including VAT, compared to €348,000 in 2020, in prime, sought-after suburban locations. In the context of the impact which the pandemic restrictions had on our business last year, the performance of our leadership team and wider workforce, under the stewardship of our Chief Executive Officer, Michael Stanley, is fully acknowledged by your Board who have observed the exceptional agile and effective response to the multidimensional issues confronting our business during this time. Their hard work and commitment delivered our strong operating and financial performance in 2021, with an outstanding second half in particular. The number of new homes where we handed over keys to new customers and our profitability in 2021, allied with our large forward order book which stood at 1,218 new homes as at 2 March 2022, are testament to both our business model and the hard work and ambition of the Cairn team, ably led by Michael.

Delivering Returns

The uncertain and unpredictable impact of COVID-19 led the Board to make the difficult, but prudent decision in late March 2020 to withdraw the final 2019 dividend and suspend our share buyback programme. As we enter a more stable period, supported by strong operating cashflow generation, we have proposed a final 2021 dividend of 2.8 cent per ordinary share subject to shareholder approval at our 2022 AGM. This follows a 2.66 cent interim ordinary dividend per share paid in October 2021. Given the significant levels of operating cashflow which is being generated, after funding the future growth of our business, and the value inherent in our share price, we also commenced a €75 million share buyback programme on 13 January 2022. This programme augments our dividend payment, is accretive to earnings per share and supports a stronger long-term valuation for our business. It is also a strong statement of intent from the Board on our ambitious future outlook and prospects.

Against this improved overall operating environment and as we reinstate dividends and return value to our shareholders, we also seek to recognise the impressive work carried out by our Executive Directors and Senior Leadership Team in steering the Company over the past two years.

Health and Safety

The Board and Senior Leadership Team are committed to the highest standards of health and safety on our sites. The health and wellbeing of all our employees, subcontractors, customers and the communities in which we build is of paramount importance to everyone in Cairn.

Over the past two years we invested heavily in additional safety measures at our sites including new work protocols, procedures and practices in full compliance with all social distancing, hygiene and cleaning requirements. Site compounds, including welfare facilities, have been reconfigured to facilitate these new requirements and we have invested in appropriate personal protective equipment. Additional resources have also been deployed to all of our sites to undertake compliance supervision.

From a construction perspective and as a homebuilder with ambitious growth targets, increased construction activity levels can 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. Specific and measurable KPIs within health and safety inform and guide our health and safety strategy. Each active site has a dedicated health and safety officer, ensuring that our health and safety policies are implemented. Health and safety is a standing agenda item at all Board and Audit & Risk Committee meetings ensuring the regular review, oversight, assessment and monitoring of health and safety practices. The Company undertakes regular internal audits of health and safety practices which are supplemented by targeted external audits. During 2021, Cairn obtained a Grade A Safe-T rating for the first time, a demonstration of the importance, effort and continued focus everyone in Cairn places on our health and safety agenda. Cairn also undertakes periodic reviews of our Safety Management System to ensure that this is updated for any changing regulations and legislation and supports our continued growth.

I would also like to acknowledge the ongoing engagement with our office-based staff working from home during the pandemic to ensure their health and wellbeing was and continues to be supported. This engagement focuses on resources for individuals, continuous education and learning, virtual social events, delivery of care packages to employees' homes and regular communication and messaging.

People

Beyond issues of Health and Safety, we continued to engage with our workforce during 2021. We have a nominated workforce Director to ensure the Board is apprised of the views of the workforce, as well as conducting semi-annual engagement surveys with employees to hear their views. We are pleased that the feedback from these surveys was positive. Despite the difficult backdrop at times over the past two years, 150 new people have joined the Cairn team. However, we remain aware that competition for talent has grown since the onset of the pandemic, as individuals seek more from their relationship with employers. As a business, we have always sought to be an employer of choice and consider our culture and values, in addition to competitive remuneration, benefits and flexibility as a cornerstone of our efforts to attract and retain the best people Ireland has to offer. As a Board and a senior leadership team, we place a relentless focus on ensuring our people are excited to be a part of our journey and constant feedback loops are a central part of that. I was particularly pleased that our external Board evaluation found that the Board demonstrates a strong tone from the top and promotes the desired culture within the organisation.

Board Refreshment & Evaluation

There have been a number of changes on the Board during the year. Jayne McGivern stepped down from the Board due to her executive commitments, and Andrew Bernhardt retired from his role at the end of 2021, having served on the Board as a non-executive Director for six years. We are grateful to Jayne and Andrew for their contribution to Cairn.

Following a search led by the Nomination Committee, we were delighted to welcome Julie Sinnamon and Orla O'Gorman as independent Directors and who bring deep and valuable experience to Cairn in addition to bringing important gender diversity to the Board. Both Julie and Orla have joined the Audit & Risk, and the Nomination Committee, ensuring gender balance at a committee level also.

In addition to the Board changes that occurred during the year, Mr. David O'Beirne has signalled his intention to step down from the Board of Directors at this year's Annual General Meeting. He will accordingly also be stepping down from the Nomination and Remuneration Committees. David joined the Board in 2019 and brought a wealth of experience and insight into our deliberations, and the Board would like to thank him for his contribution to Cairn during this period.

"During 2021, Cairn obtained a Grade A Safe-T rating for the first time, highlighting the importance placed on health and safety."


Rostrevor Place, Dublin 6

Following his departure, Orla will take on the important role of Workforce Engagement Director, which has been carried out by David to date. Since joining the Nomination Committee, Orla has been part of the discussions around our workforce engagement efforts and stands in a good position to successfully carry out this role.

During the past year, the Institute of Directors conducted our triennial external Board evaluation. As Chair, I was pleased that the results indicated that the Board continues to operate at a high standard in almost all areas. While full details of the outcomes are provided on page 84, one area identified for improvement was the consistent availability of training and education for Board members. We will be implementing changes in this regard during 2022 and will report on the outcome in next year's Annual Report.

Diversity

The importance of diversity continues to be highlighted by the Board, investors and other stakeholders. In 2019, the Board adopted a formal Diversity Policy applicable to the Company as a whole. We continued to develop on our practices to elevate diversity and inclusion throughout the organisation in 2021. At the end of 2021, female employees made up 27% of our total workforce and 29% of our leadership team. At Board level, gender diversity is 30% and as we come to alignment with market best practice in this regard, we will seek to continue to improve gender representation on our Board. Furthermore, our female Board representation will be 33.33% following David's retirement in May 2022, which represents a pleasing step on our journey to appropriate gender diversity on our Board.

We recognise, however, that diversity is far wider than just gender and have actively reviewed the guidance of the Parker Review in the UK. Despite the different demographics in Ireland, it is something the Nomination Committee is aware of and continues to seek ways to promote greater ethnic diversity in the organisation and recruitment practices.

Another important diversity consideration is in the skillset, thinking and background of our Directors. Our most recent additions to the Board, Julie and Orla, not only bring gender diversity but also valuable and diverse career expertise: leading the Irish government organisation focused on the development of Irish business; and in the capital markets respectively. We will continue to evaluate the needs of the business and diversity across a range of measures as we add further Directors to the Board in the period ahead.

Oversight & Stakeholder Engagement

We recognise the importance of engagement with our many stakeholders. This is an important process of ensuring effective oversight of the business. As we engage with, and understand, the perspective of our stakeholders, we have a more holistic understanding of the business which can inform our decision making.

As we have done in the past, I met with many of our shareholders on strategy, governance and remuneration matters. Throughout the course of 2021 and in the first part of this year, I have met with shareholders representing over 60% of our shareholder register. In line with best practice, we used these meetings as a forum to discuss a range of issues relating to strategy, remuneration and environmental, social and other governance issues. Acknowledging that the resolution on the Directors' Remuneration Report received opposition of approximately 25% at the 2021 AGM, we have set out our response through the voting results disclosure, a six-month update and through the 2021 Remuneration Report.

In addition to shareholders, the Board receives regular updates and reports on the workforce through our nominated Director, David O'Beirne (who will be replaced by Orla O'Gorman following our 2022 AGM) and directly during site visits; and also conducted a survey among subcontractors to ensure that we are apprised of the perspective of an important supplier to our business. Engagement builds understanding and through understanding we can ensure we protect and enhance our business performance in all market conditions.

Engagement and communication are key to ensuring the Board understands the stakeholder perspective and enables us balance stakeholder interests in all decisions. It also allows us to assess perceptions of our corporate culture and whether the Board's ambitions for the business are aligned with those of our stakeholders.

Sustainability & Reporting

Since our establishment as a homebuilding company with ambitions to shape the future of the sector in Ireland, we have been acutely conscious of the short and long-term impact our developments have on our communities and environment. A fundamental aspect of our approach to acting responsibly and sustainably is incorporating these considerations into our everyday decisions and, thereafter, reporting clearly on them to our stakeholders through a defined set of measurable non-financial disclosures. While the Board has always been responsive to these important matters, we recognise the need to consistently enhance our efforts in communicating our approach to stakeholders. Building on last year's sustainability disclosures in our Annual Report, this year we have published our inaugural standalone Sustainability Report.

2021 was a year of considerable progress at a global scale, the year of COP 26 with the role of the financial sector further highlighted, the year the EU Taxonomy entered into law, but also a year marked by a significant focus on employees, and the challenges of economic progress on society at large. Last year, we placed a formal governance structure around our sustainability journey with the establishment of a Sustainability Steering Group which reported directly to the Board who held ultimate responsibility to oversee the rollout of our ESG strategy. This structure has evolved again with the establishment of a formal Executive Committee with overall accountability to deliver on the ambitious strategy we have set ourselves from 2022 and beyond. The Board continues to support the development of this strategy, from our first standalone Sustainability Report which sets out our progress and targets in relation to our environment, social and governance responsibilities to the incorporation of ESG related metrics and targets within our remuneration framework. Further details of the priorities and objectives of the business are detailed extensively in our Sustainability Report and further details on the positive changes we have within our remuneration frameworks can be found in the Directors' Remuneration Report.

As environmental and social concerns took centre stage across the world over the past year, we welcomed the increased focus of stakeholders on ESG. In every region, the need to act to address climate change is growing by the day, while the broader impact of COVID-19 has heightened the awareness of the interdependencies between business, the community and wider society. As a homebuilder, we believe sustainability is central to everything we do. It needs to be embedded into every new home we deliver from initial design through to build and use. Our approach to sustainability is detailed in our inaugural standalone Sustainability Report which we will continue to expand on in the years ahead.

Outlook

2021 was an outstanding year for the Cairn business and most particularly its people. We are proud of the performance delivered and the outlook for 2022. Reflecting on the challenges of 2020 and the first half of 2021, it is gratifying to say we are now poised to deliver a record year across all financial measures in 2022. While acutely focused on delivering a strong financial performance and shareholder returns, we also recognise our responsibility to the communities and society in which we operate. As mentioned at the outset, delivering a sustainable product, respecting our environment and generating strong returns are not mutually exclusive. Cairn has established itself as the homebuilder of choice in Ireland. That is a reputation we have invested in and we will work to ensure we maintain that reputation in the eyes of our employees, customers, shareholders and other stakeholders.

Your Board, the Leadership Team and wider employee base are profoundly saddened by the continuing escalation and gravity of the ongoing conflict in Ukraine and first and foremost, our thoughts are with the people of Ukraine at this intensely distressing time. We will continue to monitor the situation and the impact which this will have both domestically and on the broader global landscape. Notwithstanding this, our outlook for 2022 remains encouraging.

I would like to record my appreciation for the industry and collegiality of my fellow Board members and to Michael and all of the Cairn team. It is their hard work which delivers for Cairn every day.

John Reynolds
Chairman

WHY INVEST IN US?

Cairn expects to deliver between 5,000 and 5,500 new homes in the three years to the end of 2024. Our ambitious growth will be underpinned by an efficient, sustainable self-delivery model across all new home and building types and our ability to provide competitively priced new homes for all segments of our market. Here are the main reasons to invest in us:

TRACK RECORD

€970m invested in a c. 17,700 unit low-cost landbank. Brought 10,000 homes successfully through planning and sold over 5,500 new homes since 2015 in award winning developments.

CAIRN DIFFERENTIATORS

Strong asset-backed balance sheet, delivering new homes to all buyer types across housing and self-build apartments. A brand synonymous with quality, value for money and customer service. An industry leading reputation with strong customer and stakeholder recognition.

MARKET OPPORTUNITY

8,000 private units in our landbank priced under €400,000 for first time buyers. With regional expansion underway, we are a counterparty of choice for multifamily investors. The Irish Government demonstrated its commitment to increasing supply through the "Housing for All" strategy launched in 2021 and supported by €4bn in committed capital each year to 2025.

SCALE AND PROCUREMENT ADVANTAGES

Industry leading procurer of labour and materials with €1.15bn procured from loyal and established supply chain since IPO. Plc platform of scale across housing and apartment delivery. Innovation agenda and procurement initiatives driving value through supply chain.

GREAT PEOPLE

Growing our team of experienced homebuilders aligned to our growth strategy. Committed to driving employee engagement to continue to deliver a high-performance culture, in a rewarding working environment where we harness insights and knowledge from our talented team.

CAPITAL DISCIPLINE AND ALLOCATION

A commitment to deliver shareholder value now and into the long-term. We now expect to generate in excess of €500 million in operating cashflow to invest in further growth and increase capital returns to shareholders in the three year period to the end of 2024. We expect ROE to be c. 11% in 2022 growing to 15% by the end of 2024, with shareholder returns of €115m in 2022.

Read our full investment case at cairnhomes.com/investors/reasons-to-invest

Investing in better homes

"We sold our 5,000th home during 2021 in our seventh year in business and we expect to build at least the same number again in the coming three years. Our financial performance enables us to reinvest strongly in our business to drive this significant growth in delivery and to underpin our contribution to addressing the housing needs of our society."

Michael Stanley
Chief Executive Officer

Cairn has an unrivalled track record in delivering much-needed new homes for customers in both the Irish sales and rental market.

We build a full suite of new home types, right from our core starter homes through to being the largest self-build apartment developer in the Irish market.

With our continued focus on innovation through all of our construction activities, we deliver new homes which appeal to a broad and widening customer base. This starts at pre-construction stage and continues all the way through to customer after-care.

Our future growth will be underpinned by our core customer base as well as partnerships with Approved Housing Bodies ("AHB") for social and affordable homes.

2021 STARTER HOME ASP (INCL. VAT)

€350,000

FORECAST SALES COMPLETIONS IN 2022

1,500

Before I reflect on Cairn's 2021 results and our 2022 outlook, I would like to acknowledge the distressing events we have witnessed following Russia's invasion of Ukraine. Our thoughts are very much with the people of Ukraine at this dreadful time. As we report today, the impact that this will have on our business pales into insignificance when we consider the plight and suffering of our European neighbours.

Turning to Cairn, 2021 was our most positive and successful trading period in our seven-year history, even allowing for a 13 week construction lockdown at the start of the period. The strategic decisions we made in 2020 to continue to invest heavily in our construction activities and importantly, new site commencements, after the outbreak of the pandemic ensured we were in a position throughout 2021 to bring new product to the market, at all price points, and meet the significant demand which we are witnessing for new Cairn homes. We recorded our highest ever new home completion volumes in the period and started 2022 with over 1,000 new homes forward sales which provides us with a very strong platform for the year ahead. All of these sales and completions were delivered by leveraging our digital sales platform given the varying level of restrictions which were in operation for the entire year, including our new customer website which we launched earlier in 2021. I was particularly pleased that our customers recognised both our commitment and performance with an NPS (net promoter score) of 55 achieved, which is equivalent to 5 stars in the Home Building Federation model.

Our business has and will continue to benefit from the significant investments we have made in our people by growing our team to 300 full time employees today, our integrated delivery platform across low and high density developments and our IT platforms to underpin our digital strategy.

2021 was another year of significant growth and development for our people and the rewarding opportunities which our business offers our talented team. We pride ourselves on our employee engagement initiatives and this has never been more important for us than during the events of the past two years. Our employee engagement scores reflect this commitment and the leadership shown, with 90% of our employees believing their voice is heard and they can impact change in their role. We were delighted to be recognised as a Great Place to Work for 2022 which demonstrates that we are putting our talented team at the heart of our strategy.

We continued to partner with our subcontractor and supply chain partners, predominantly through nearly €270 million of labour and materials procured, but also through strategic and supportive operational and financial initiatives. Our growing scaled platform and our supply chain strategy continues to be very attractive, and we added 70 new supply chain partners during 2021.

All of this led to the second half of 2021 representing our strongest ever financial performance with 717 sales completions, total revenue of €293.4 million, a gross margin of 20.3% and €108.7 million operating cashflow generated (before we invested €43.6 million in strategic land acquisitions).

We also progressed a number of new sites through the planning process and have commenced construction on eight new sites since last May which will deliver over 1,800 new homes. Our land strategy remains opportunistic in the context of portfolio managing our long-term c. 17,700 unit historic low-cost landbank. We acquired three sites towards the end of 2021, with the capacity for c. 1,800 new homes with full and partial planning, at a cost of €43.6 million. We are already active on two of these sites and will commence the third over the coming months. These acquisitions are quick capital turn sites which will deliver an internal rate of return in excess of our 15% hurdle rate.

As ever, we have been very grateful for the continued support from our shareholders during 2021 and it was important for our business to be in a position to reinstate shareholder returns during 2021 in the context of our strong cash generation. It is our intention to provide a long-term, progressive ordinary dividend stream to our shareholders, supplemented by additional returns through either share buybacks or special dividends.

We have taken the opportunities presented over the last two years to emerge as a stronger business, ready for significant growth over the coming years. The main objective of our actions throughout the pandemic has been to protect the business in the short-term while ensuring we position ourselves to take advantage of opportunities that will strengthen the business for the future and increase shareholder returns.

Our Growth Strategy
We are investing in the capacity and capability of our business to support our growth strategy, set us up for scale and optimise our product delivery, all of which will be delivered through a combination of:

- **Business Expansion and Strategy**: Cairn has built a strong reputation for delivering high quality homes in Dublin and surrounding counties over the last number of years. As we expand our business, we will bring our skills and efficient homebuilding model to other regions in Ireland. We have commenced a large site in Cork and this year we will be starting new schemes in Limerick and Galway. The three largest cities in Ireland outside of Dublin are significantly undersupplied from a new homes perspective and we look forward to delivering high quality, energy efficient homes in these areas. Cairn strongly believes that our extremely efficient business model and capability should be used to support the development of affordable and social houses. We will look to further increase our partnerships with the State and AHB's and leverage our scale to deliver homes for people in Ireland who otherwise would find it very difficult to purchase their own home or indeed get access to mortgage finance.
- **The Strength of our Team**: we are investing in our people and increased employment within our business with 150 new people joining the Cairn team over the last 2 years across all areas of our business, including key management appointments.
- **"Better Ways to Build"**: an initiative established to ensure our competitive and market advantage continues into the future, focused on: lean and efficient processes and ways of working; uptake of new technologies, products and systems; and improved productivity, including onsite logistics; and Increasing Annual Volumes: with a target of 1,500 closed sales in 2022 (a 34% increase on 2021 closed sales and on sites which are all active with full planning permission) and between 5,000 and 5,500 closed sales in the three years to 2024. We are currently active on 21 sites with a number of new site commencements scheduled over the coming months.

The Company's strategic objectives are fully aligned to the Government's "Housing For All" strategy, launched in September 2021 with a target of delivering 300,000 new homes in Ireland by 2030, including 54,000 affordable homes. The plan recognises the important role the private sector will play in the delivery of this much needed social and affordable housing for the 375,000 households in Ireland earning between €50,000 and €80,000 who cannot access social housing and have limited access to mortgage finance.

Our innovative approach to customer-focused product evolution is now more important than ever as many people will view the family home as a place to both live and work in close proximity to recreational and other amenity facilities which is informing our approach to design. With our approach to sustainability and this focus on innovation informing both our construction activities and our design-led approach, the foundations are now well-established for Cairn to be a leading homebuilder in Ireland into the long-term.

Leading Sustainably
At Cairn, we strive to build homes that will stand the test of time, being mindful of the changes in our climate that those homes and the communities living in them will face in the future and to build in a way that respects both people and planet. We cannot achieve all of our ambitions overnight but we can target the most important areas, defining what we will achieve, how we will get there and when. To that end, we have put in place a sustainability strategy that will help us to make meaningful improvements each year.

Health and safety is our number one priority and we will maintain the very high standards we have set so far – including achieving an A rating from Safe-T certificate during 2021.

We will build on our expertise in ecology and biodiversity, investing more so that we achieve biodiversity net gain across 40% of our commencements by 2024. We will go beyond our stakeholders' expectations to deliver innovative and biodiverse new schemes.

We will introduce new initiatives and continue to pilot new technologies to reduce our carbon footprint in line with our commitment to the SBTi (Science Based Targets Initiative). This builds on our achievements to date including pioneering rapid impact compaction in Ireland, reducing waste and haulage through better soil management, and for our customers, providing air source heat pumps meaning our homes no longer rely on gas central heating.

We have always said our business is not simply about building homes – we are creating places and communities that will last long after our work is done.

Delivering To Our Customers

Cairn delivered 1,120 closed sales in 2021 across 16 developments at an average selling price, including VAT ("ASP") of €428,000 (2020: 743 closed sales across 15 developments at an ASP of €377,000). Competitive starter home prices remain a key objective for our business and our 2021 average selling price was €350,000 including VAT (2020: €348,000), in prime, sought-after suburban locations.

Cairn agreed the sale of over 1,400 new homes in 2021. The demand we are witnessing from private purchasers, across all price points from entry level starter homes to trade-up/down, remains exceptionally strong and has continued into the early months of 2022. Enquiry lists across all our active selling sites remain at historic highs, with particularly strong interest in our starter home and trade-up/down commuter locations. As at 2 March 2022 we had 1,218 new homes in our closed and forward sales pipeline with a net sales value of €463 million.

The Company completed a number of contracted multifamily sales during 2021, including The Quarter at Citywest, Shackleton Park and Gandon Park (both Lucan) and Rostrevor Place. Cairn has two other multifamily transactions contracted at Griffith Wood and Shackleton Park with phased delivery dates during 2022.

"As a business, our future success will also be defined by the quality of the homes we build and the long-term impact of our actions on our customers and the communities in which we operate."

Cairn's track record as a self-build apartment developer is unrivalled in the Irish market with eleven apartment developments complete or under construction, comprising 2,000 units. With a long-term landbank containing c. 4,700 apartment units, Cairn is the counterparty of choice for institutional investors. With the location and price points of our apartment developments in established residential areas, demand for this product from the more traditional trade-down market has also picked up considerably.

Expanding Our Production Capacity

Following the second construction lockdown (8 January 2021 – 12 April 2021), we were able to get back to near full production capacity within a short space of time. Including recent new site commencement activity, Cairn is now averaging 3,000 people (including direct employees, subcontractors and other sector professionals) working across our active sites.

Since the start of 2022, we have commenced a number of new sites including starter home developments at Leixlip Gate (Kildare) and Navan (Co. Meath), a trade-up/down development at Dunboyne Road (Maynooth) and a new apartment development at Citywest (Dublin 24). Our pre-construction development team continues to progress design team appointments, construction programmes and phasing plans across our future sites, with enabling works commencing on a number of these ahead of 2022 site commencements.

The Company again demonstrated our commitment and partnership approach to our subcontractor and supply chain during 2021. The depth, capacity and capability of our supply chain is of vital importance to Cairn and through the different and innovative manner in which we interact with our supply chain partners, we are further strengthening the breadth and resilience of these relationships and partnerships through continual engagement, supportive financial and strategic initiatives and visibility over a pipeline of committed future work. We have invested heavily in our supply chain strategy which is framed around three pillars: securing our current supply chain (utilising multiple procurement strategies); supplementing suppliers by expanding our supply chain; and substituting delivery methods (through innovation, more efficient and secure delivery methodologies). These pillars are underpinned by our proactive approach to supplier relationship management and category management activity (informing future spend and indicative resource levels). Our collaborative approach and the value which our business model offers has strengthened our capacity and flexibility during 2021 to support future growth.

We are operating in a challenging build cost environment in Ireland today. There is more uncertainty around build cost inflation now as a lot of commodities relating to building materials are sourced from Eastern Europe. The region is a significant producer and exporter of timber, plastics, steel and copper. It is likely that energy intensive manufacturing will also be impacted. Cairn is responding to this in a numbers of ways, including a central procurement function which will leverage a €1.3 billion spend across the next 3 years, detailed category management, working closely with the strategic and preferred partners with whom we collaborate through our supply chain tiering and engaging with our suppliers at the earliest possible stage in our process during design and pre-construction.

We absorbed c. €15,000 build cost inflation in 2021 per new home, equating to c. 6% build cost inflation and we expect there to be an additional c. €10,000 increase, or c. 4%, in 2022. This will continue to be a key watchout area for us, particularly with the ongoing situation in Ukraine.

Enabling Successful Delivery

Having successfully incorporated the Cairn Integrated Delivery Platform in 2021 across our low and high density development activities, we have enhanced both our pre-construction and construction programming capability through our dedicated Innovation Team. We are focused on enabling successful product delivery which is informed by a blended approach to three key areas, each of which are central to our ongoing Innovation Agenda:

1. **Ways of Working**: Lean and efficient processes and ways of working, programme management and standardisation;
2. **Technology**: New alternative systems, products and technologies, adopting a digital approach and leveraging both off-site manufactured ("OSM") methodologies and modern methods of construction ("MMC"); and
3. **Productivity**: improvements using lean principles, enhanced onsite logistics and an emphasis on manufacturing and assembly methods.

As a business, our future success will also be defined by the quality of the homes we build and the long-term impact of our actions on our customers and the communities in which we operate. Two material areas from a construction perspective are climate change and biodiversity, and a number of innovative construction methods have been implemented to specifically address our carbon footprint and habitat creation under our biodiversity strategy. Cairn has a detailed and time lined "Innovation and Ways of Working" implementation strategy over the coming years which will enhance our delivery platform and complement our Sustainability Agenda.

With hybrid working models in both the workplace and remotely likely to become more of a feature of the labour market, our customers are looking for homes where they can both live and work. This informs our approach to customer-focused product innovation with a greater emphasis on the importance of delivering high quality residential accommodation with playgrounds, parks, greenways and other amenities in our developments.

Residential Property Market

Annual housing demand of 33,000 new homes is forecast to 2040 in a high international migration scenario that would see our population growing to 6 million by 2040 from 5.01 million today (source: ESRI - Regional Demographics and Structural Housing Demand, December 2020). There were 20,433 new homes built in Ireland in 2021 (-0.5% YoY). We estimate that less than 35% of these homes were purchased by owner occupiers. The three year average delivery stands at just 20,669 new homes, notwithstanding the pandemic (source all: CSO). New home commencements increased considerably by 48% in 2021 to 30,724 housing starts which is likely to increase completions in 2022, however it remains to be seen what the impact of challenges to the Irish planning system, particularly through judicial reviews, will have on supply levels post 2022 (source: Department of Housing).

House price inflation is running at 5.1% for new homes and 16.7% for second-hand homes in the year to December 2021 (source all: CSO). The lack of liquidity in the Irish second-hand home market remains a feature. The stock of homes listed for sale on MyHome.ie, Ireland's largest property portal, was at a record low of just 11,300 homes on 1 January 2022, down 21% on the prior year. This equates to c. 0.1% of the total housing stock in Ireland. On average, a residential property in England is traded once every 19.6 years. This increases to 23 years in the USA and compares to 37 years in Ireland.

The stock of homes available to rent in Ireland was at a historic 15-year low of just 1,397 homes on 1 February 2022, some 85% below the 15-year average of 9,300 homes and national rental inflation in the full year 2021 was 10.3%. This is reflective of the acute shortage of homes across all tenures in Ireland. Rents increased 10.4% in 2021 (source all: Daft.ie Q4 2020 Rental Price Report) and the difference in the cost of owning a Cairn starter home in Dublin compared to the cost of renting the same home remains stark – it is 80% or €1,041 more expensive to rent than own.

Mortgage Market

Mortgage-backed demand, underpinned by a pandemic-related increase in household savings of €23 billion between April 2020 and December 2021, has driven an increase in both mortgage approvals and drawdowns.

2021 saw the highest number of mortgage drawdowns since 2009 with 43,494 mortgages (value €10.5 billion) drawn down, an increase of 22% over 2020 volumes. Our core first time buyer market drove this growth accounting for 22,901 (52.7%) of mortgage drawdowns, of which 7,289 were for new homes (+14.8% on 2020). First time buyer mortgage approvals also increased by 25% to 28,954 approvals in 2021 (source: all BPFI).

Both Ulster Bank and KBC announced their departure from the Irish mortgage market during 2021. This is a very disappointing outcome for Irish consumers, and while we expect a number of new entrants into the Irish mortgage market during 2022 and beyond, it is essential that new entrants are encouraged to move into our market to increase competition in what is a critical sector underpin for the new homes market.

"On average, a residential property in England is traded once every 19.6 years. This increases to 23 years in the USA and compares to 37 years in Ireland."

Government Initiatives

The Government launched its flagship housing strategy "Housing for All" on 2 September 2021, which we welcomed, a 10 year plan to increase new housing supply, support home ownership and improve affordability. Total capital funding of €20 billion (€4 billion a year) is committed until 2025 to finance the implementation of this plan.

The First Homes Shared Equity scheme is one of a number of key initiatives within the plan and is scheduled to commence during 2022, specifically for our core first time buyer market for new homes only. An equity stake of up to 20% plus an additional 10% Help-to-Buy rebate will be available to eligible purchasers who will then require a 70% loan to value mortgage. This scheme's target is to finance an average of 2,000 new home purchases every year until 2025.

The Help to Buy income tax rebate scheme is continuing for the remainder of 2022 at its current enhanced level (maximum rebate of €30,000 or 10% of the purchase price, whichever is lower) after which it is expected to revert back to its original €20,000 cap or 5% of the purchase price, whichever is lower.

The Cairn Team

I share my Chairman's sentiments in thanking each of my colleagues for their hard work, contribution and commitment to our business throughout 2021 as we reached our milestone 5,000th new home sale and I am excited that we have the team in place to deliver on our next growth phase to 2024. I would also like to thank our subcontractor partners, our broader mature and integrated supply chain and the other property sector professionals with whom we collaborate in delivering our high quality, competitively priced new homes.

Outlook

As we look into 2022 and beyond, our economy is stronger than it was pre-pandemic and we are continuing to operate in a market which remains significantly undersupplied.

We expect to deliver 1,500 completions, in excess of €600 million revenue, a €100 million operating profit and an operating margin of c. 16.5% in the year ahead. We also expect to generate €175 million operating cashflow (before any capital allocation considerations, including reductions of debt, dividends or accretive strategic acquisitions) and return €115 million to our shareholders.

As we look into the medium term with regional expansion supporting our growth, our ROE is forecast to grow to 15% in 2024 and we expect to generate €500 million in operating cashflow in the three-year period from 2022 to 2024.

Overall, we remain very positive and ambitious for our future growth prospects.

Michael Stanley
Chief Executive Officer

Our investment in the markets we serve

Cairn remains uniquely positioned to meet the growing demand for new homes across a broad and widening customer base and deliver on our growth agenda.

The Irish economy was one of the fastest growing economies in the EU in 2021 and this strong expansionary momentum has continued into the early months of 2022.

With record exchequer returns in 2021, consumer spending has rebounded and is leading this economic growth.

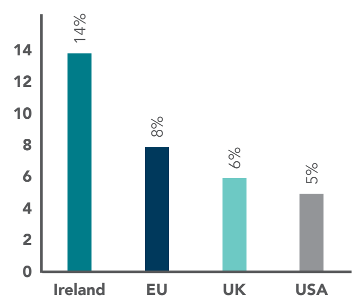
HOUSEHOLD SAVINGS AT THE END OF 2021

€136bn

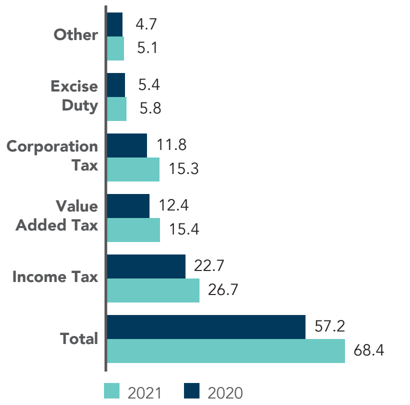
INCOME TAX 2021

+17.4%

YOY GDP GROWTH 2021



EXCHEQUER TAX RECEIPTS 2021 (€BN)



As a business, we recognise the significant impact which the ongoing events in Eastern Europe are having on the global economy. Notwithstanding these geo-political risks, the housing crisis in Ireland persists. New homes supply averaged 20,714 in the three years to 2021, or more than 40% below annual demand for c. 35,000 new homes.

Market Backdrop

The supply of new homes in Ireland has averaged 15,945 per annum since 2015 at a time when the Central Bank of Ireland forecasts annual demand at 35,000 new homes. While this average annual supply increased to 20,714 in the three years to 2021, supply decreased by 561 units between 2019 and 2021.

The demand for new homes is driven by a number of factors, including nearly 10 years of under-supply and a population which continues to grow at 3 times the EU 27 average. The population of Ireland now stands at 5.01m, its highest level since 1851. Our population increased by 9.6% in the 10 years to 2021, yet we only built 25 new homes for every 100 person increase in our population compared to 215 in the 1980's and 111 in the 1990's.

Home ownership rates in Ireland continue to decline, particularly amongst the younger cohort of our population. We estimate that only 12% of all homes in Ireland today are owned by people aged under 39, compared to 22% in 2011.

The Government launched its new housing strategy, "Housing For All" on 2 September 2021. This is a detailed 10-year plan focused on increasing new housing supply and supporting home ownership. It is a strategy which is highly geared towards stimulating housebuilding. While the strategy has an appropriate bias towards social housing, we are now seeing measures that will benefit Cairn's prospective customers, particularly middle-income families. The strategy has set a target of delivering 300,000 new homes by 2030 with significant involvement of the private sector to meet this target. Funding for the first five years of the strategy is fully committed with €4bn annual capital funding allocated for a total of €20bn.

The multifamily sector continues to dominate the Irish investment sector with the Irish market offering favourable yields, steady, stable rental streams and strong occupancy levels for institutional investors seeking long-term exposure to the Irish residential market.

The Irish Economy

Ireland's economic performance in 2021 was exceptionally strong. With GDP growth of 13.5%, Ireland was amongst the best performing economies in the EU 27 (average 5.7%). Government tax receipts surged to a record €68.4 billion in 2021 as consumer spending and employment rebounded from the pandemic at a sharper-than-expected rate, with income tax (+17.4%) and VAT (+24.3%) receipts particularly strong.

The unemployment rate fell to 5.1% in December 2021 from 6.2% in December 2020, having peaked at 7.8% in March 2021 during the second national lockdown. A strengthening labour market is being driven by a workforce which grew to 2.51m in Q4 2021, an increase of over 190,000. The labour force participation rate in Q4 2021 stood at 65.1%, up from 60.6% a year earlier.

Mortgage Market

Competition in the Irish mortgage market continues to benefit homeowners with mortgage interest rates continuing to gradually fall, albeit at a slow rate and Irish mortgage interest rates remain more than double the EU 27 average. Mortgage lenders are competing for new customers through fixed rate offerings. The introduction of longer-tenor fixed rates of up to 20 years from a number of mortgage providers was a welcome feature of the market in 2021.

Mortgage drawdowns grew to €10.5bn in 2021 which is forecast to grow to up to €12bn in 2022, driven by increased housing supply and more transactional activity. While the departure of Ulster Bank and KBC is an unwelcome development, there are more non-bank lenders scaling up and up to two new entrants are expected to enter the Irish mortgage market in 2022.

The new equity loan scheme will commence during H1 2022. The scheme will provide first-time buyers of newly built homes with a 20% "equity loan" on top of the existing 3.5x regulatory threshold on loan-to-income ratios. With a Help to Buy contribution of up to €30,000, first-time buyers will only require a mortgage for 70% of the purchase price of new homes priced at €300,000 or less.

Demand drivers

The housing market in Ireland has been chronically undersupplied for the past decade with strong demand underpinned by a number of factors.

ECONOMIC BACKDROP

STRONG EMPLOYMENT RECOVERY

2.5m

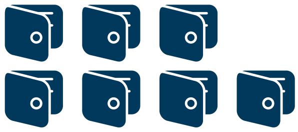
Number of people in employment at December 2021, representing Ireland's highest ever labour market participation.

CONSUMERS DRIVING ECONOMIC GROWTH

€23bn

Household savings between April 2020 and December 2021.

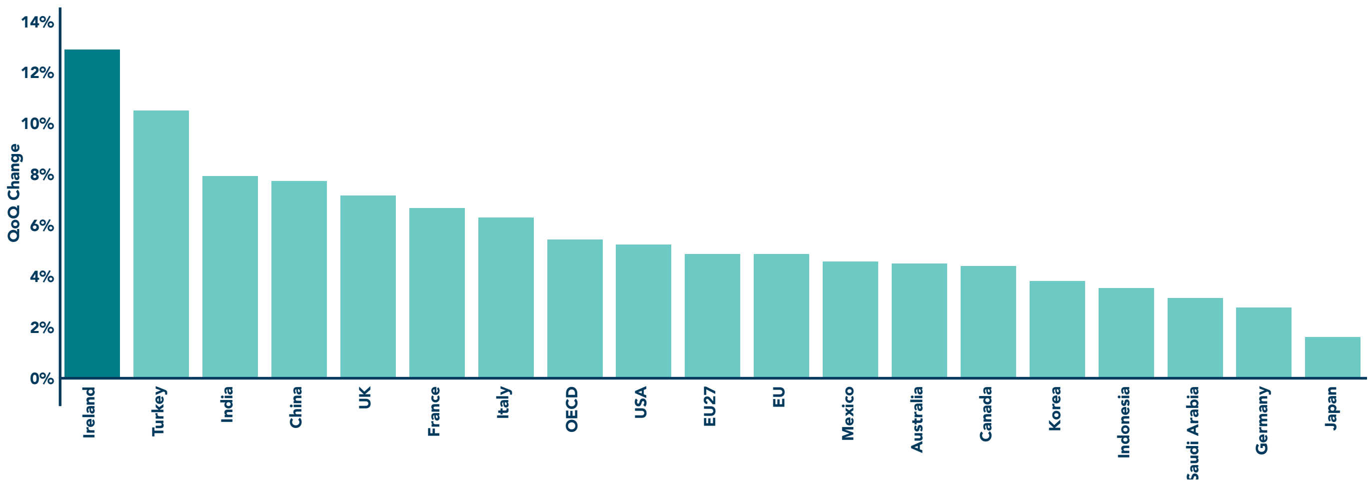
RECORD EXCHEQUER RECEIPTS IN 2021



€68.4bn

collected by the exchequer in 2021.

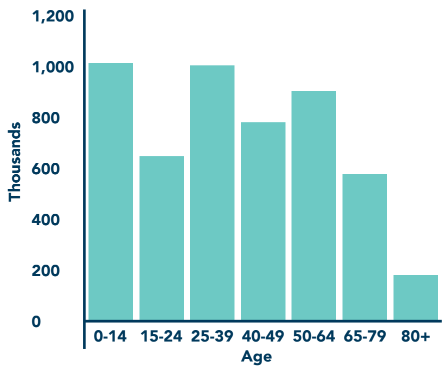
2021 GDP GROWTH HIGHEST IN EU 27



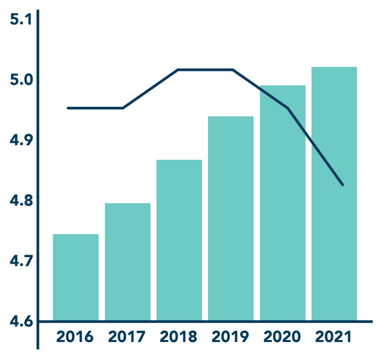
DEMOGRAPHICS SUPPORT DEMAND

With the youngest population and the highest birth rate in Europe, demographic factors underpin long-run demand for housing in Ireland.

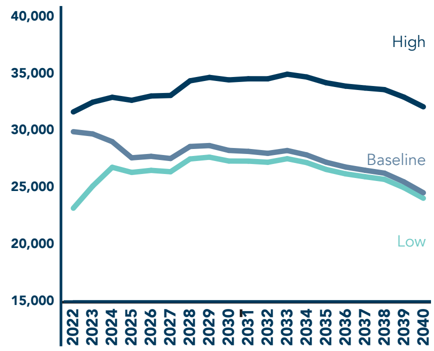
IRISH POPULATION AGE PROFILE ('000)



ANNUAL POPULATION INCREASE %



ESRI HOUSING DEMAND FORECAST

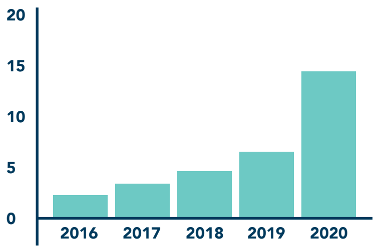


MORTGAGE MARKET FUNDING DEMAND

MORTGAGE DRAWDOWNS

€10.5bn

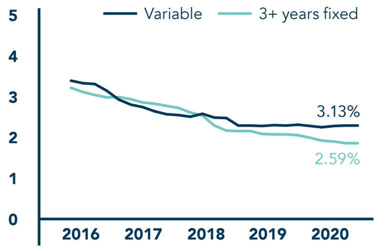
value in 2021.



AVERAGE MORTGAGE INTEREST RATES

2.72%

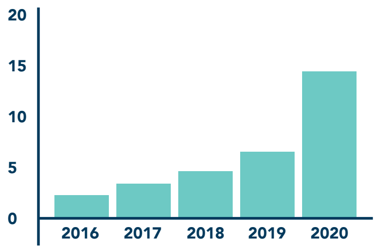
EU average mortgage interest rate on new mortgages is 1.29%.



MORTGAGE APPROVALS

€13.4bn

value in 2021.



OWNING VERSUS RENTING

CAIRN 3 BED STARTER HOME PRIVATE SALES IN 2021

€378,000

Average selling price (including VAT) across Cairn developments in Dublin for first time buyers ("FTB"):

- Shackleton Park (Lucan);
- Gandon Park (Lucan);
- Graydon (Newcastle); and
- Parkside (Malahide Road).

FTB MONTHLY MORTGAGE COST

Purchase price	€378,000
Mortgage – 90% LTV	€340,200
Mortgage interest rate	2.30%
Monthly Mortgage Repayment (30 year C&I)	€1,309
Cheaper to Own	€1,041

MONTHLY RENTAL COST

Lucan	€2,400
Lucan	€2,400
Newcastle	€2,200
Malahide Road	€2,400
Average	€2,350
More Expensive to Rent than Own	+80%

OWNING VERSUS RENTING BY PEOPLE AGED < 39

12%

of all houses owned are by people aged under 39.

58%

of all houses rented are by people aged under 39.

Home ownership in Ireland has fallen to 68%, below the EU average of 69.8%.

Housing for All

Government's "Housing for All" strategy to deliver 300,000 new homes by 2030.

The Minister for Housing, Darragh O'Brien TD, launched the Government's signature housing policy, "Housing for All" in September 2021. The plan commits to a €4 billion annual investment in housing and sets yearly targets across social, affordable and cost rental housing. The Government is aiming to deliver 300,000 new homes by 2030 and an average of 33,000 homes per year, split 90,000 social (30%), 36,000 affordable (12%), 18,000 cost rental (6%) and 156,000 private rental and purchase (52%).

The private sector will play a significant role in this delivery, and other important features of the plan include the equity loan scheme which has an annual target of 2,000 new homes to fund 10,000 new homes by 2025 and €4.5bn funding for Irish Water infrastructure to support accelerated and increased housing delivery. The equity loan will be subject to regional price caps set at €450,000 in parts of Dublin, €400,000 in Cork, Wicklow and Galway and €350,000 in Meath and Kildare.

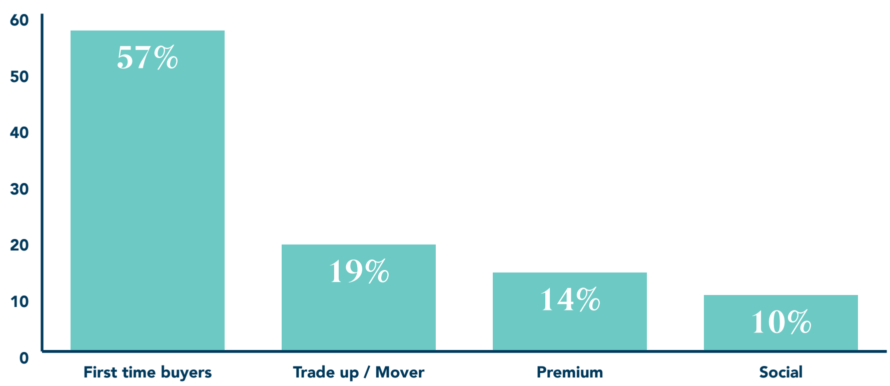
Affordable housing is not currently available to a large segment of the Irish population: there are over 575,000 people in Ireland in households with incomes between €50,000 and €80,000 who cannot access social housing. This cohort of our population has limited access to mortgages and are the 'squeezed middle' stuck in the rental trap.

Enhanced Help to Buy remains until the end of 2022

- **Income tax rebate** to first time buyers of new homes priced up to €500,000.
- **10% of the purchase price** of a new home up to €30,000.
- **Positive initiative** accelerating first time buyers ability to purchase new homes.

The Quarter at Citywest, Dublin 24

OUR BUYERS PROFILE



IMPACT OF 20% SHARED EQUITY ON A €350K STARTER HOME

Reduced salary of €74k required. 231,000 households in Ireland earn between €60k and €90k. The scaled shared equity scheme is essential for those earning less than €90k.

New home price	€350,000
Help to Buy (lower of €30k or 10%)	€30,000
Deposit (own funds)	€5,000
Mortgage (A)	€315,000
Salary required (A/3.5x)	€90,000
Monthly mortgage repayment (B)	€1,212
Net monthly income (C)	€5,705
DSR (B/C)	21.2%

New home price	€350,000
Help to Buy (lower of €30k or 10%)	€30,000
Shared equity (20%)	€60,000
Mortgage (A)	€260,000
Salary required (A/3.5x)	€74,286
Monthly mortgage repayment (B)	€1,000
Net monthly income (C)	€5,031
DSR (B/C)	19.9%

FIRST TIME BUYERS

90%

of our First Time Buyers are couples or families.

AVERAGE WEEKLY STARTER HOME SALES RATE

4.2x

Per active starter home sales outlet in 2021.

Central Bank of Ireland – Mortgage Measures Framework Review

The Central Bank of Ireland ("CBI") is undertaking a detailed framework review of the mortgage measures framework to ensure the continued appropriateness of the borrower-based macro-prudential rules ("MPRs"). Cairn believes that low and middle income families have become totally disenfranchised with their inability to access the mortgage market as they are stuck in more expensive rental accommodation and the MPRs have become much more binding over this time period due to the blunt Loan to Income ("LTI") measure. The LTI limits a borrower to securing a maximum mortgage equivalent to 3.5 times their single or joint income.

In their current form, Ireland's MPRs are amongst the strictest in the developed world and restrict access to mortgages resulting in insufficient mortgage-backed demand to drive increased supply. Cairn strongly advocates a shift to a 30% Debt Servicing Ratio ("DSR") approach to assessing affordability. Importantly, with the Central Bank's now successful implementation of the Consumer Credit Register, a pivot to a DSR approach would mean that mortgage lenders could adhere to the underlying objectives of the MPRs and could do so in a resilient and prudent manner.

In 2015, a potential homebuyer earning €75,000 could purchase a new home costing €292,000 at a DSR of 25.3%. In 2021, the same potential homebuyer can still only buy a new home costing €292,000, however the DSR for this purchaser has reduced to 21.3%. Applying the 2015 DSR today would enable this purchaser to access a family home up to €347,000 (equivalent to a 4.2 times LTI).

Find out more about the Mortgage Measures Framework Review at cairnhomes.com/investors/market-overview/

	2015	2021	25.3% DSR in 2021
LTI ratio	3.5	3.5	4.2
Gross income **(A)**	€75,000	€75,000	€75,000
Maximum mortgage **(A x 3.5 = 90% LTV = B)**	€262,500	€262,500	€312,407
Maximum house price **(B/90%)**	€291,667	€291,667	€347,119
Net annual income	€58,587	€60,740	€60,740
Net monthly income **(C)**	€4,882	€5,062	€5,062
Average mortgage interest rate	3.89%	2.79%	2.79%
Monthly mortgage repayment **(D)**	€1,237	€1,077	€1,282
DSR (D/C)	**25.3%**	**21.3%**	**25.3%**

The following table highlights the difference between a 3.5x LTI, a 25% DSR and a 30% DSR approach to affordability for consumers:

	3.5x LTI	25% DSR	30% DSR
House price (including VAT)	€350,000	€350,000	€350,000
90% LTV mortgage	€315,000	€315,000	€315,000
Monthly mortgage repayment	€1,293	€1,293	€1,293
Household monthly income required	€5,705	€5,172	€4,310
Gross annual household income required	€90,000	€77,500	€61,000
Mortgage cost/net income = DSR	**22.7%**	**25.0%**	**30.0%**
Market rent			€2,100
Owning cheaper than renting by			€807
Households earning between €60,000 and €90,000			**175,000**

In both DSR scenarios, the consumers demonstrate clear affordability and critically this would allow those on lower incomes to access mortgages. While these consumers are taking on higher value mortgages, they would do so in the knowledge that they can afford to. The consumers are still subject to the same rigorous underwriting rules of mortgage lenders through a more flexible and equitable approach to affordability. The framework review will conclude in H2 2022.

The Multifamily Market

With eleven apartment developments completed or under construction comprising 2,000 units, Cairn is the self-build developer counterparty of choice for institutional investors.

We bring our experience and learnings to each new apartment scheme, including off-site manufacturing and modern methods of construction, and will continue to leverage these efficiencies on future projects.

STRONG 2021 MULTIFAMILY TRANSACTIONAL ACTIVITY

c. 3.75%

prime residential yields in 2021.

€2.1bn

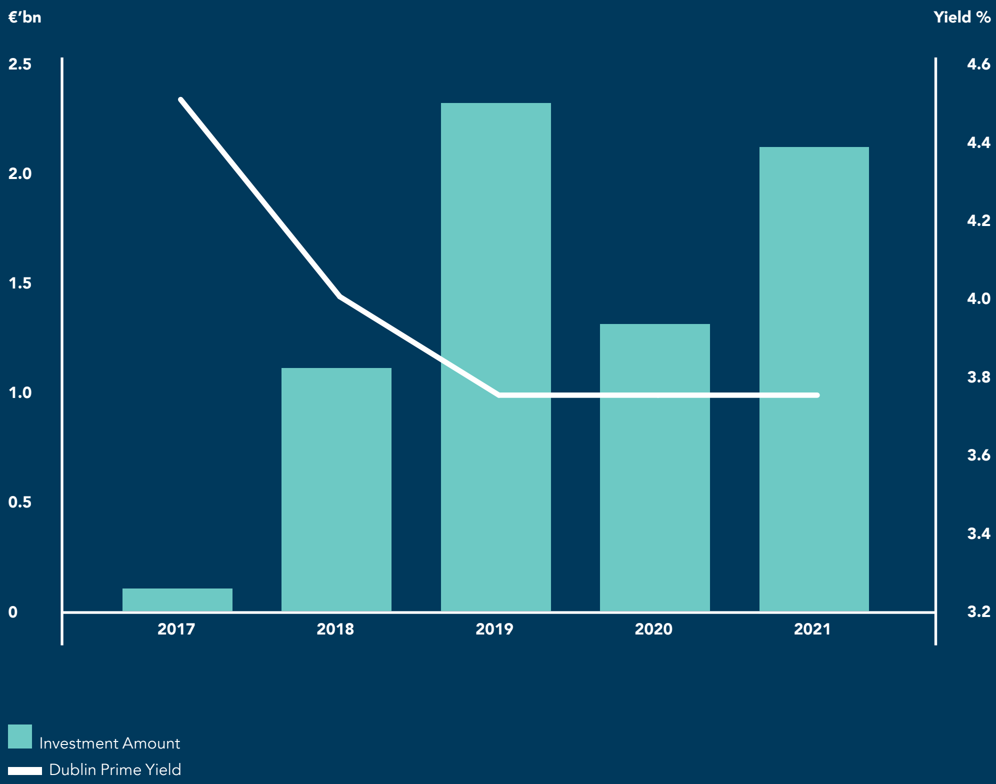
transactional value in 2021 accounting for nearly 40% of the Irish investment market.

c. 4,700

apartment units in our landbank at an average site cost of €53k.

c. 6%

multifamily share of the Irish rental sector.



OUR PURPOSE

Building homes and creating places where people love to live.

Our resources

PEOPLE

Our building teams take great pride in delivering our quality, energy efficient, A-rated new homes. The proven Cairn methodology combined with our approach to training builds on the experience of our staff, from apprentices to engineers to site foremen, surveyors and site managers, ensuring that best-in-class standards are maintained. This is ably supported by our central support functions in pre-planning, design, sales and marketing, finance, HR and IT in a fit for purpose organisational platform.

27%
increase in employees.

3,000
full-time jobs supported across our 21 active sites.

HISTORIC LOW COST LANDBANK

With c. 17,700 landbank units, we will continue to increase our annual contribution of new homes to the market into the long-term across all tenures and all price points to a broad and widening customer base.

65%
of landbank units acquired within one year of IPO.

57%
of our private new homes are expected to be priced below €400,000 (incl. VAT).

SUPPLY CHAIN

We have forged sustainable partnerships with key subcontractors and our supply chain over the last six years, aligned to our long-term growth strategy. We financially and operationally support these partnerships, enabling successful delivery of new homes through ways of working, technology and productivity from an integrated delivery platform, supplemented by our focus on our ongoing innovation agenda.

€1.15bn
labour and materials procured since 2015.

63%
of all procurement from our top 20 subcontractors.

What makes us different

PLANNING & DESIGN

- An agile and proactive approach to innovation and standardisation across our construction activities, integrating off-site manufactured ("OSM") methodologies, modern methods of construction ("MMC") and our own construction intellectual property.
- Placemaking and design driven by creating vibrant, sustainable communities and taking customer centric design to our products to ensure innovative and best in class new home delivery.
- Nearly 10,000 new homes granted planning permission since IPO, including 1,065 new homes during 2021.
- Over 4,500 incremental units granted planning permission or expected to be gained on existing sites through increased densities.

CUSTOMER EXPERIENCE

- Launched a new customer website during 2021, increased our digital marketing capability and launched the "Home Together" initiative.
- Eight new brand launches in 2021.
- Mapped the customer experience to deliver a supportive, engaged and collaborative home buying process from start to end.
- Fully integrated Customer Relationship Management system streamlined across sales and customer legal management process.

Our values drive our business,

AGILE & INNOVATIVE

HONEST & STRAIGHT TALKING

OUR VISION

To lead the future of homebuilding in Ireland by valuing people, building responsibly and creating vibrant, sustainable communities.

THE HOMES WE BUILD

- Standardised starter home and apartment product across multiple sites, using innovative OSM and MMC, through the Cairn Integrated Delivery Platform.
- Developer-Contractor – site management teams supported by central support functions and largest self-build apartment developer in the market.
- Strategic procurement and supply chain initiatives aligned to our plan for longevity and sustainability in delivery.
- Sustainable, energy efficient new homes with minimum A2 energy ratings following the adoption of nZEB standards.

CULTURE

- Focus on developing our diverse talent pool and building long-term careers through our continuous learning and innovation agenda.
- Developing a strong culture as a source of competitive advantage.
- Fully embedded sustainability within our day to day operations and how we build and deliver our homes.

Read more in our Strategy in Action on pages 30 to 49.

Creating value for stakeholders

OUR PEOPLE

We attract and retain the best talent with 150 new people joining in the last two years. Cairn received best in class scores and "Great Place to Work® certification for 2021, validating the initiatives and work implemented on our culture and employee benefits and offerings.

91%
of employees rated Cairn as a highly inclusive employer.

84%
eNPS score (employee net promoter score).

OUR CUSTOMERS

Creating new sales opportunities outside of our traditional social, private and institutional customer base.

€463m
net sales value of forward sales.

1,218
forward sales as at 2 March 2022.

OUR SHAREHOLDERS

We outlined our capital allocation policy during 2021. We are committed to delivering shareholder value now and into the long-term with ordinary dividends reinstated, and we recommenced a sizeable €75m share buyback programme in January 2022.

€115m
shareholder returns committed for 2022 from a minimum €40m ordinary dividend and a €75m share buyback programme.

5.8 cent
earnings per share in 2021.

POLICYMAKERS

We engage with key policy makers leveraging the learnings from our relevant, market leading and on-the-ground experience.

OUR SUPPLY CHAIN

We manage strong, established and growing subcontractor and supplier partnerships.

OUR COMMUNITIES

We create sustainable, vibrant communities centred around well designed and high quality landscaped environments with all associated amenities.

underpinning everything we do

COLLABORATIVE

COMMITTED & ENGAGED

COMMERCIALLY MINDED

Cairn is a leading Irish homebuilder committed to building homes and creating places where people love to live.

Leveraging our scalable operating platform, established supply chain partnerships and a historic low-cost c. 17,700 unit landbank, Cairn will continue to play a leading role in providing greater access to new homes in Ireland across all tenures and price points through increasing our annual volumes into the medium to long-term.

Our strategy links back to our purpose, with each pillar aligning to one of the three key component parts – homes, people and places.

Building homes and creating places where people love to live.

OUR STRATEGY IS INTRINSICALLY LINKED TO OUR THREE SUSTAINABILITY PRIORITIES WHICH ARE ENABLING US TO ACHIEVE OUR PURPOSE IN A TANGIBLE WAY.

Read our full Sustainability Report at www.cairnhomes.com/sustainability

STRATEGIC PILLAR #1

People

We are committed to driving employee engagement to deliver a high-performance culture in a rewarding working environment.

2021 progress

- Drove our Organisation and Talent Development agenda.
- Increased our capability and capacity across all functions.
- Expanded our Health & Welfare programme partnerships.

2022 targets

- Deploy a clear external employer brand in external recruitment.
- Sponsorship of apprentices and trainees within our supply chain.
- Develop In-house career management capability with clear progression pathways.

Read more on pages 30 to 35.

STRATEGIC PILLAR #3

Homes

We design and build high quality, well-located, energy efficient A-rated homes that people will love living in now and into the future.

2021 progress

- Delivered 1,120 new homes to the market across all tenures.
- Sustainable homes reinforced with an approach led by placemaking and design.
- Successful implementation of Light Gauge Steel apartments and duplexes.

2022 targets

- Deliver 1,500 new homes and commence up to 10 new sites.
- Expand regionally and extend our development and sales footprint into Cork, Galway, Limerick and Kilkenny.
- Evolve our designs technically so they can meet our ambitious sustainability and environmental targets.

Read more on pages 40 and 41.

STRATEGIC PILLAR #5

Places

We create places for communities to prosper.

2021 progress

- Our Six Hanover Quay project was the winner of the Irish Green Cities Award 2021.
- Biodiversity was the key area of focus for "Places" and was further embedded into our design and innovation agenda.
- Our Biodiversity Policy was fully incorporated within our internal gateway system.
- Construction of three new children's play areas in our Graydon, Citywest Quarter and Archers Wood developments and the refurbishment of a play area in Parkside.
- Construction of an all-weather sports court in Parkside Square.
- Nearly 8 acres of parks and green spaces delivered.

STRATEGIC PILLAR #2

Customers

We ensure we deliver an optimal customer experience.

2021 progress
- Prioritised the delivery of an exceptional customer experience at each stage of the journey.
- Safety as a priority throughout the closing process.
- Use of customer surveys to inform and improve our service.

2022 targets
- Full rollout of our new customer care portal.
- Refine our customer satisfaction framework.
- Expand and enhance our "Home Together" initiative.

Read more on pages 36 to 39.

STRATEGIC PILLAR #4

Operational Excellence

We create a commercial and profitable operating platform to turn land into great places to live.

2021 progress
- Expanded our internal teams and 70 new subcontractor and supply chain relationships created.
- Leveraged nearly €270m procurement/buying power.
- Focused on category management to inform future spend and indicative resource levels.

2022 targets
- Focus on lean project planning and execution methods.
- Implement 4D planning on all projects.
- Improve productivity and onsite logistics.
- Expand our use of predictive analysis.

Read more on pages 42 to 45.

2022 targets
- Commence construction at the new town of Clonburris with a key focus on critical infrastructure delivery.
- Adopt our Biodiversity Strategy as a headline item at all major internal project gateways.
- Complete our largest piece of infrastructure to date, a road bridge in Cork to our new Bayly development, which will also service a new school being built for the local area.
- Deliver on a series of greenways as part of our developments including Bayly in Cork and Three Trouts Way in Greystones.

Read more on pages 46 to 49.

OUR SUSTAINABILITY PRIORITIES:

PEOPLE

Health and Safety
We are committed to providing a safe working environment but beyond that we have developed mental health initiatives to expand our support for employees.

Employees
We strive to attract and retain the best talent to support our growing business. We are successfully embedding an equality, diversity and inclusion strategy, which saw the introduction of a new employee forum, as well as taking part in the Great Place To Work program.

Customer
Our Customer Satisfaction Commitment features a dedicated Customer Care team who look after the needs of our customers during all stages of the buying process and most importantly, after our customer has moved into their new home.

HOMES

Supplying Energy-Efficient Homes
The largest proportion of our emissions is associated with the use of our homes. In order to mitigate this, we ensure that every new home brought to the market is BER (building energy rating) A rated. This allows our customers to contribute to a more sustainable future in Ireland.

Reducing GHG Emissions
We formally committed to setting emissions reductions targets in line with the Science Based Targets initiative. We are currently in the process of setting these targets. To date, we have measured our Scope 1 and 2 emissions. We are in the process of completing a Life Cycle Analysis of our house types to complete measuring our Scope 3 emissions.

PLACES

Climate Action
We value the places we create with a focus on placemaking that makes a positive contribution to the environment. We believe successful developments contribute positively to their residents and the broader communities in which they are located.

Biodiversity
We recognise the negative impacts that construction can have on local ecosystems. Our approach is to mitigate any negative impacts our activities may have and seek out ways to support the creation of new habitats. In support of this objective, we formally adopted a Biodiversity Policy centered on an ambition to achieve Biodiversity Net Gain.

STRATEGIC PILLAR #1

People

We are committed to driving employee engagement to continue to deliver a high-performance culture, in a rewarding working environment where we harness insights and knowledge from our talented team.

EMPLOYEES WHO CONSIDER US AS A HIGHLY INCLUSIVE EMPLOYER

91%

EMPLOYEES WHO FEEL THAT CAIRN SUPPORTS THEIR CAREER ADVANCEMENT

85%

EMPLOYEES WHO BELIEVE THEIR VOICE IS HEARD AND THEY CAN IMPACT CHANGE

90%

What we did in 2021

- Embedded our HR partner model supporting an increasing number of delivery sites.
- Established a workforce planning capability which drove an improvement of the forecasting process to provide one view of pre-construction and construction.
- Continued to drive the Organisation and Talent Development agenda increasing capability and capacity across all functions, ensuring our people are supported to do their best work.
- Increased our talent pipeline with agency partnerships and an expanded graduate program.
- Continued to focus on developing our people at all levels with specific focuses on onboarding, management capability and enterprise leadership.
- Expanded our Health & Wellbeing ("H&W") programme partnerships with Spectrum Life and the Wellness Crew.
- Established an Equality, Diversity & Inclusion ("ED&I") agenda and forum to better understand our diverse workforce's needs.
- Employee engagement sentiment remains high, with 52% of employees intending to stay at Cairn for over 5 years and 91% of our staff rating us as a highly inclusive employer.

What we'll do in 2022

- Digitise processes and integrate systems to deliver a scalable and best in class HR platform and support model.
- Market a clear external employer brand that we are consistently deploying in external recruitment for all talent pools.
- Sponsorship of apprentices and trainees within subcontractor chain.
- Enhance our robust in-house career management capability with clear progression pathways.
- Targeted mentoring, coaching and development cascaded through the organisation and underpinning succession planning activities.
- Further embed our well-established ED&I agenda, underpinning our HR strategy.
- Promote a reporting capability that supports decision making by understanding HR metrics and return on investment.

Employee engagement will remain a key priority for the People Team and our established Cairn Culture Committee, CairnLive engagement platform, and various employee forums such as the H&W and ED&I forum, will continue to drive social, health, wellbeing and fun initiatives for our staff, which has proven to be a critical component to our increased engagement scores.

KEY PERFORMANCE INDICATORS

- Recruitment, attrition and retention targets met to keep pace with our growing number of active sites.
- Accreditations achieved from Irish Centre for Diversity ("ICD") and Great Places to Work ("GPTW") supporting an increased employer brand presence.
- Tailored talent development programmes complementing employee career pathways enabling building from within.
- Continued positive engagement scores across our team and broader supply chain.

"The culture is unrivalled to any other company that I have experienced. Everyone gets along really well but has a high achieving ambitious mindset. All in a really collaborative and empowering environment."

2021 employee feedback

Our investment in our people

2021 has been a year of growth and development for our people and our capabilities within Cairn.

- Grew our team in 2021 with 101 new hires resulting in additional strength across all business functions.
- Invested in building talent from within with 10% of our staff progressing into new roles.
- Expanded our Project Manager Development Program with diagnostics, group development workshops and detailed coaching and development plans to equip our people within the biggest growth areas of our business.
- Delivered our mentoring programme to rising stars to provide exposure to senior management and identify personal development opportunities.
- Implemented a leadership development programme supporting our executive team in their roles as enterprise leaders.
- Facilitated our first women in leadership programme supporting high-potential women to thrive at Cairn with support from executive level mentors.
- Invested in our ED&I agenda facilitating unconscious bias and inclusive interviewing training to all people managers to deliver an inclusive and positive candidate experience.

We expanded industry partnerships such as CIOB, Engineers Ireland, Korn Ferry and IBEC. These partnerships support us to develop critical skills in our workforce and support our teams career development as they prepare to move into senior or more complex roles in the future.

We continue to engage heavily with our supply chain through our relationship management model. Our annual subcontractor survey on our partnerships continues to drive many internal initiatives and changes to the way in which we work and engage with our partners to remain their "partner of choice". Additionally we have supported our supply chain in their workforce planning to access the necessary skilled labour to support our pipeline, understanding their needs and facilitating agency support to access international labour.

Cairn is a Great Place to Work

In November 2021, Cairn took part in the Great Place to Work® employee survey to continue to understand our workforce's needs and to support us on our journey to sustain and grow our culture. With an 85% participation rate and an eNPS (employee net promoter score) of 84%, we are delighted to be recognised as a Great Place to Work for 2022. This accreditation validates our culture and values and the work we are doing at putting our employees at the heart of our strategy. Employees scored Cairn the highest for ED&I (91%), Empowerment & Accountability (87%), Career & Development (82%) and Engagement (83%).

With this accreditation we have an opportunity to attract top talent as we grow and provide a sense of pride to our existing teams that they are a part of a Great Place to Work.

> "I feel valued and trusted in my role and that I am contributing to something great. It really is a team effort and we all respect each other."
>
> **2021 employee feedback**

The valuable feedback employees have provided, alongside GPTW recommendations, will feed into our HR strategy, alongside organisational and functional action plans to address focus areas and further enhance existing processes and ways of working.

A COMPELLING VALUE PROPOSITION TO ATTRACT AND RETAIN TALENT

COVID-19 has exacerbated the war for talent which is impacting companies' strategies for retention and talent acquisition. The same employers are competing within a limited talent pool and only those companies with a strong employer brand proposition that speaks to the needs of today's employees will win that war. Through our extensive research, candidates and employees are looking for organisations that mirror their values, a place where they feel they belong and where they can bring all their identities to work (ED&I), and a place that authentically delivers upon their philanthropic aspirations (charities, giving back to the community).

In response, we invested heavily in Cairn's employer brand to solidify our value proposition, increase awareness of our culture and values, and market our employment opportunities through innovative and multi-pronged recruitment campaigns.

JOURNEY TO DEVELOP OUR EMPLOYER BRAND

We conducted an employee survey and focus group to find out what makes Cairn an attractive place to work. With a 75% participation rate, our employees have worked with us to craft a value proposition that reflects the unique culture, values and ways of working at Cairn.

- 90% of employees feel connected to the company vision, goals and the part they play (connect).
- 85% of employees feel that Cairn supports their career advancement and progression (develop).
- 90% of employees believe their voice is heard and they can impact change in their role (inspire).

These employee insights, along with extensive management and leadership consultation, led to the creation of Cairn's employee experience journey. This promotes a continued focus on employee engagement, from attraction through to onboarding and development and beyond, helping us to understand how employees needs change as their careers evolve. From this we crafted a framework for Cairn's employer value proposition ("EVP"), encapsulating our employee's sentiment – Connect, Develop, Inspire.

"Join Cairn, Together we Connect, Develop and Inspire Ireland's Future":
- Connect with likeminded people and turn colleagues into friends.
- Develop your career and work on innovative local Irish projects.
- Inspire you to get involved in building Ireland's future.

With our EVP developed, we worked with our marketing colleagues to create a video showcasing the "connect develop inspire" message, shared it externally on our social channels and website and internally to all teams through our CairnLive communication platform.

As the EVP's main purpose is to enhance our ability to attract candidates, we launched the "connect develop inspire" branding through all local and international recruitment campaigns, and invested in print publications to target specific talent pools:
- Graduate and career fairs at TUD and Graduate Ireland in Q3 2021.
- Cairn Website, CairnLive comms platform, LinkedIn page and a Social Media Campaign.
- December 2021 Women in STEM article in the Irish Independent.

> **"Cairn shows a positive interest in employees' wellbeing and shows an energy into having a 'family' rather than just employees."**
>
> **2021 employee feedback**

- CIF magazine full page ad in January 2022.
- Full page ads in the Irish Times, Sunday Times and SBP in December 2021.
- "New Year, New Career" full page ad in the Irish Independent in January 2022.
- Digital recruitment campaign targeting Quantity Surveyors and Engineers in Q4 2021.
- December 2021 recruitment campaign at Dublin Airport on Aerpods.

Our 2022 Employer Brand strategy builds upon this foundation and will see Cairn invest in innovative local and international recruitment campaigns and marketing strategies, that showcase our authentic value proposition and brings to life our commitment to connect, develop and inspire our current and future employees.

PEOPLE

Investing in the right people

to ensure they are motivated to be part of Cairn's future

CAIRN IS A GREAT PLACE TO WORK

In November 2021, Cairn participated in the Great Place to Work® employee survey to continue to understand our workforce's needs and support us on our journey to sustain and grow our culture.

With an 85% participation rate and an eNPS score of 84%, we are delighted to be recognised as a Great Place to Work for 2022. This accreditation validates our culture and values and the work we are doing at putting our employees at the heart of our strategy.

Read the full case study on page 32.

CAIRN RATED AS A HIGHLY INCLUSIVE EMPLOYER

91%

eNPS

84%

STRATEGIC PILLAR #2

Customers

Ensure we deliver an optimal customer experience and gain the trust of all Cairn homeowners.

CUSTOMER CARE TEAM CASES RESOLVED WITHIN 30 DAYS

90%

CUSTOMERS WHO MET NEW NEIGHBOURS THROUGH HOME TOGETHER EVENTS

97%

RESIDENTS WHO FEEL HOME TOGETHER MAKES THE COMMUNITY MORE FRIENDLY

89%

What we did in 2021

- We continued to prioritise the delivery of an exceptional customer experience at each stage of the journey with every touchpoint optimised including:
  - a redesigned and more user-friendly and intuitive website;
  - timely and informative emails triggered at each stage of the buying process;
  - an enhanced customer care case process; and
  - the digitisation of homeowner manuals with all appliance, system manuals and warranties available digitally.
- Our Customer Care Team added three new operatives, two maintenance coordinators and appointed a dedicated aftercare manager, helping to reduce our case resolution time.
- Over 90% of Customer Care cases were resolved within 30 days and post case surveys show a satisfaction rate of 86%.
- Successfully moved 1,120 new customers and families into their new homes.
- Agreed the sale of over 1,400 new homes across multiple developments.
- Continued focus on safety as a priority with improved viewing, snagging, valuation and closing procedures through our sales and customer care team, all overseen by a health and safety adviser.
- With over 13,000 people now living in a Cairn home, our customers have a substantial voice in our business. Our customer surveys provide us with a source of in-depth feedback and invaluable insights which enable us to continuously improve on our services and product offering.
- Our "Home Together" partnership with Neighbourhood Network was successfully launched with a series of community building exercises to help create happy, healthy places for people to live, where neighbours feel connected and supported by each other. Key to the success of this initiative was our engagement with residents to help establish their community themselves, supporting local leaders to build inclusive, resilient groups.

What we'll do in 2022

- Full rollout of our new customer care portal to allow for more streamlined 24-hour online self-service channels to manage customer aftercare through ticketing systems, online resources and video tutorials.
- Refine customer satisfaction framework across three pillars – customer delivery, customer experience and customer aftercare.
- Expansion of our Home Together initiative to additional developments, with all customer surveys and interviews informing our approach.

KEY PERFORMANCE INDICATORS

- 99% of new homes delivered across 16 separate developments on time and in line with customer expectations.
- Net Promoter Score of 55 achieved in the period (equivalent to 5 stars on the UK's Home Building Federation model).
- Consistently positive feedback from direct engagement with our private and institutional customer base.
- 95% of customers responded to within a 24 hour window and a 96% case closure rate within the 30 day service level agreement.

INNOVATION

Full integration of customer data, feedback and surveys into our systems allows us to effectively serve as the voice of the customer, providing real world insights to our planning and design teams – ensuring an ever improving approach to how we create places where people love to live.

STRATEGY IN ACTION

A measure of the success of Home Together are the community driven initiatives that have grown organically from our activations, including groups with an interest in gardening, crafts, tidy towns, woodworking, mothers and toddlers, yoga, women in STEM groups, fitness and Tai Chi classes to name a few.

Our ongoing community surveys serve as a great testimonial to the success of the initiative, with 97% of those surveyed telling us they had met new neighbours through Home Together events and 89% of residents said that their community feels more friendly since the programme kicked off.

Our intention of a light-touch facilitation of these groups has been key to its success and we look forward to expanding the programme over the coming years across our developments.

Our investment in customer experience

PEOPLE

LAUNCH OF OUR NEW WEBSITE

Our redesigned website provides a seamless experience at each point in the customer journey, at every digital touchpoint and across all devices. We achieved this through features like custom brand-specific micro-sites for new development launches, enhanced digital brochures specifically designed for screen and download, increased video and feature-rich interactive virtual 3D tours and fully digitised homeowner manuals with guides and appliance documentation at their fingertips.

The success of the site lies in its versatile design and deep integration with our CRM system, and our use of analytics, feedback and surveys to allow us to tailor and deliver content to the customer wherever they are – both physically and along the customers journey.

Read more about this on page 37.

INCREASE IN WEBSITE TRAFFIC ON 2020

35%

INCREASE IN DIGITAL BROCHURE DOWNLOADS ON 2020

26%

makes it seamless and exceptional

STRATEGIC PILLAR #3

Homes

Designing and building high quality, well located, energy efficient, A-rated new homes that our customers will love living in now and into the future.

NEW HOMES DELIVERED TO THE MARKET IN 2021

1,120

AVERAGE FIRST TIME BUYER SALES PRICE IN 2021

€350,000

What we did in 2021

- Delivered 1,120 new homes to new customers.
- Built quality homes reinforced with an attitude led by placemaking and design.
- Successful product evolution including new design for Archers Wood and new suite of house types for Clonburris.
- Successful implementation of Light Gauge Steel Apartments and Duplexes to take advantage of modern methods of construction.
- Further developed our standardised homes, while also strategically designing flexibility so each home can be adapted to suit the customer needs and local site requirements.
- Refined design and implementation of work from home initiatives and designs.
- Implemented the Cairn Integrated Delivery Platform which enhanced our collective agility by actively managing our pipeline more accurately.
- Focused on broadening our product range with strategic design specifications developed for specific customer pools and institutions, so all of our customer types can acquire a new home that matches their needs.
- Supported our integrated delivery platform with a common Document Management System across our sites and central office.
- Commenced construction on two new quality schemes at Mercers Vale (South Dublin) and Castletreasure (Cork).
- Completed the well-received schemes of Mariavilla (Maynooth) and Glenheron (Greystones).
- Focused on our core starter home market and delivering competitively priced housing at price points where first-time buyers can access mortgage finance.
- The affordability of our starter homes remains a key objective - our 2021 average selling price was €350,000, including VAT, compared to €348,000 in 2020, in prime, sought-after suburban locations.
- Carried out strategic research improving the energy efficiency of our homes, further developing and enhancing our Mechanical and Electrical Design.
- Enhanced PreCon and Construction Programming Capability with integrated detailed project programs developed for each project.

Operational improvements around our homes during 2021

- Developed our technology and innovation capability.
- Introduced a series of Operational Dashboards Innovations and a working group Engineers' Forum.
- Further innovated Cairn's Way of Working by introducing Productivity Planning, Offsite Manufacturing and BIM (building information modelling) Strategies.
- Implemented a working Programme Management Office to reinforce business processes and functions as we scale.

What we'll do in 2022

- Deliver 1,500 new homes across all tenures.
- Commence up to 10 new developments and be on an average of 22 sites during the year.
- Expand regionally and extend our development and sales footprint beyond the Greater Dublin Area.
- Continue work already underway in Cork and also start preconstruction design in Galway, Limerick and Kilkenny in the first quarter of 2022.
- Bring a number of new schemes to the market across all price points from starter homes to premium apartments.
- Continue to enhance the standard of new homes that we build through our in-house design development processes, with a best value approach.
- Grow our brand and separate ourselves from the market through quality thoughtful design.
- Evolve our designs technically so they can meet our ambitious sustainability and environmental targets with Modern Methods of Construction (MMC) and Off Site Manufacturing (OSM). Refine our Cairn Standard Designs with our Integrated supply chain in mind.

HOMES & INNOVATION

Our approach to customer-focused product has been cemented with innovation and sustainability in mind, married with further developing our extensive specification range with a number of customer types in mind.

We continued to explore more innovative and efficient ways to deliver our new homes during 2021, implementing new technical build innovations and maintaining quality levels.

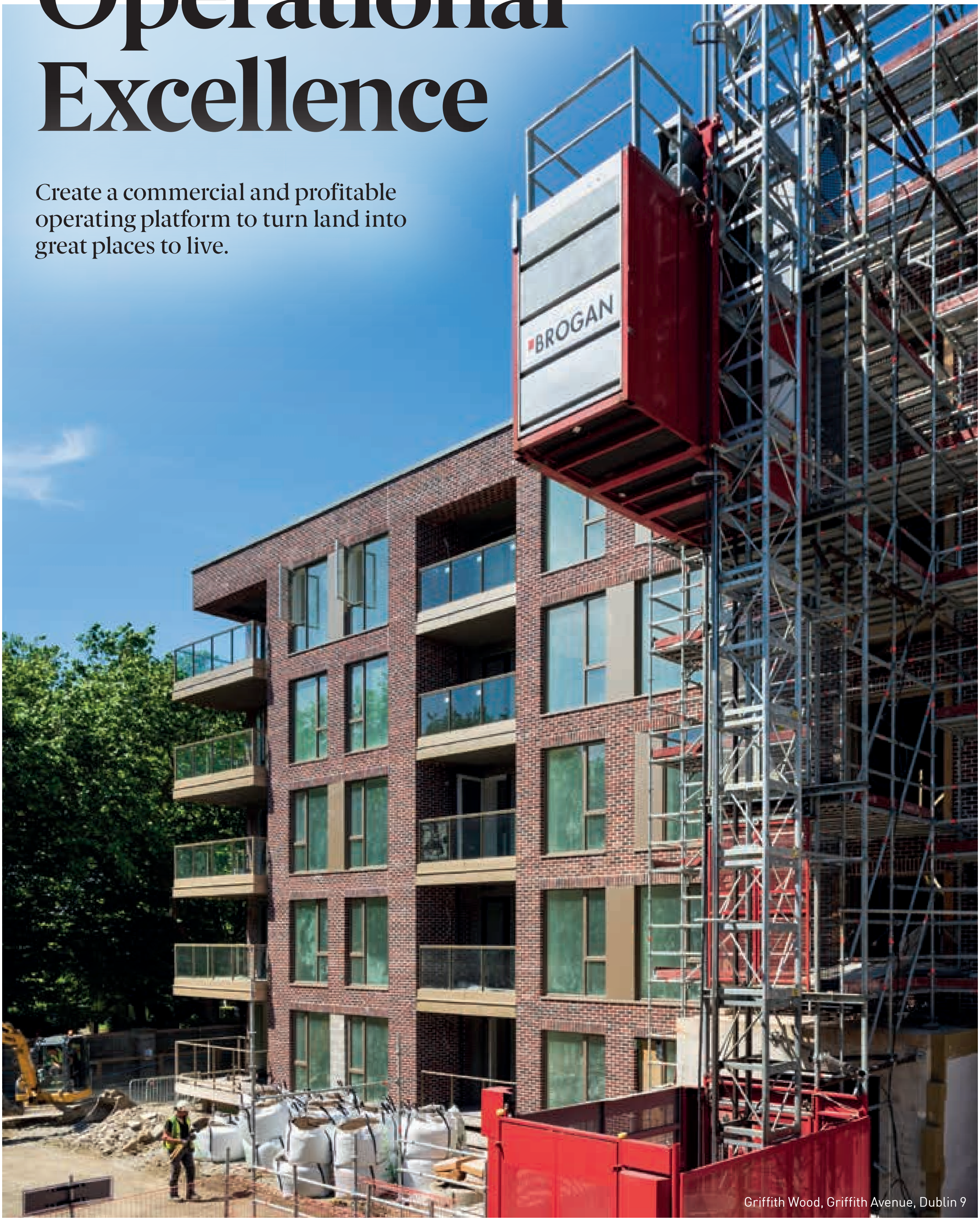
KEY PERFORMANCE INDICATORS

- Maintained the competitiveness of our core starter home offering with an average selling price of €350,000, including VAT.
- Focus on innovation and sustainability of new homes built, including introducing light gauge steel systems for duplexes and apartments.
- 67% of our new homes were rated A2 and 33% were rated A3.
- Further innovated by introducing productivity planning, offsite manufacturing and BIM (building information modelling) strategies.

STRATEGIC PILLAR #4

Operational Excellence

Create a commercial and profitable operating platform to turn land into great places to live.



Griffith Wood, Griffith Avenue, Dublin 9

NEW SUBCONTRACTOR AND SUPPLIER RELATIONSHIPS CREATED

70

LABOUR AND MATERIALS PROCURED IN 2021

€270 million

SAFE T CERT RATING ACHIEVED IN 2021

A rating

What we did in 2021

- Continued to expand our internal teams in addition to growing our subcontractor base with 70 new subcontractor and supplier relationships created.
- Leveraged nearly €270 million procurement and buying power despite the continuing challenges a second year of COVID-19 has brought.
- This has also served to hedge against growing build cost inflation in a year with substantial commodity and product increases with build cost inflation of c. €15,000, or c. 6%, per new home built.
- Continued to focus on category management within our supply chain to inform future spend and indicative resource levels.
- Maintained subcontractor performance tracking across projects and completed our second supplier engagement survey, retaining a strong and positive score.
- Supported our supply chain to address the current labour skill shortages.
- Secured planning consent for 1,065 new homes.
- Commenced delivery of five new schemes, continuing partnerships with key suppliers and customers.
- Completed seven schemes (The Quarter at Citywest, Shackleton Phases 3B and C, Gandon Park, Rostrevor Place, Oak Park, Mariavilla and Parkside).
- Continued to introduce modern methods of construction (MMC) within our schemes in order to drive product standardisation, create efficiencies and reduce construction programmes.
- Utilised project dashboards to monitor progress and productivity.
- Achieved a Safe T Cert rating of A, an increase from previous years reflecting the high standard of health and safety across our construction sites.

What we'll do in 2022

- Mobilise for and commence up to ten new schemes, including a number of new locations outside of the Greater Dublin Area.
- Focus on lean project planning and execution methods.
- Implement 4D planning on all projects to maximise delivery efficiencies.
- Improve productivity and onsite logistics.
- Expand our use of predictive analysis in category management to assist our supply chain in understanding multiple project commitments and informing supply chain expansion requirements.
- Proactively engage with our supply chain in providing pipeline commitment to secure future capacity aligned to our growth ambitions. This will strengthen supplier relationships and enable supply chain growth and development.
- Continue to use modern methods of construction (MMC) to improve efficiency and remove constraint risks within the supply chain.
- Develop sustainability as a critical metric of our supply chain.

KEY PERFORMANCE INDICATORS

- Expanded the depth and capacity of our supply chain with 70 new subcontractor and supplier relationships established.
- Advanced our digital strategy through productivity trackers and dashboards and utilising IT systems in programme delivery and template standardisation.
- Further integration of modern methods of construction into our standard designs while maintaining best in class quality standards for new homes delivered.
- Delivered greater construction programme and cost efficiencies as evidenced by improved 2021 gross and operating margins.

MAXIMISING OPERATIONAL EFFICIENCY

Our use of modern methods of construction (MMC) has consciously evolved over the last year and we have introduced light gauge steel (LGS) and offsite balcony fabrication to our schemes.

These construction methods improve site efficiency and programme, along with product standardisation. In addition to expanding our use of new construction methods, we are also growing our supply base of providers of these services, including at a local level.

Category management has continued to be a key focus, and we are now able to utilise our order and spend data to predict future category spend over specified periods of time. This will be delivered in tandem with expanding our current supply chain pool, allowing new and existing subcontractors to grow their businesses with Cairn as we deliver on our growth agenda.

Our Supplier Relationship Management strategy continues to work well, with subcontractors invited to regular meetings and kept abreast of our pipeline plans, performance items in addition to development and innovation opportunities. We will continue to engage to ensure our supply chain maintain sustainability as a key deliverable which we will seek to align to our Sustainability Agenda.

Ground Stabilisation, Cut and Fill Design and the Circular Economy
Cairn has embarked on further specialised use of both Ground Stabilisation and Cut and Fill exercises to introduce a working circular economy into our projects.

What is Soil Stabilisation
Soil stabilising is an accepted global practice for treatment of materials that may otherwise be classified as unacceptable. Through remediation techniques such as treatment with lime or cement, the material may be rendered as structurally appropriate.

The process for stabilising soil begins with classification and sampling of the material intended for re-use. This process will identify the material type and produce a treatment plan for the stablising process. For example, materials of a clay type may require lime for the stablising process, while sandy soils may require a cement stabilising additive.

Cairn has identified strategic schemes using specifically procured Site Investigation Material to rollout this innovative and sustainable process on a bigger scale across our c. 17,700 unit landbank. Cairn now has a standard suite of Site Investigation packages that are procured early in the process. This allows us to make advanced business decisions about our landbank to provide a best value approach and achieve a substantial reduction in our carbon footprint.

Being more efficient in how we measure, control and use our soil is a key target for Cairn as we seek to find value in how we approach our groundworks. A better use of soil and a reduction in material to land fill has the added benefit of being significantly better for the environment.

Cut and Fill
Cairn has embarked on carrying out specialised Cut and Fill exercises on pilot sites to ensure we are managing our soil bank effectively. This further peer review challenges efficiencies in our site plan design and also ensures sensible design decisions are being made.

Placing new homes at optimum levels on our sites mitigates unnecessary expense and soil cut, which would otherwise result in soil being moved off site.

The goal of the strategy is to make better use of our landbank and ultimately to send less soil to land fill, the outcome of which is more economically viable and fully aligned to our overall environmental strategy.

We are fully focused on this strategy and are leveraging this experience to design sites with a net zero soil import and export where this is feasible from a construction perspective.

Where cut and fill is not possible, we ensure that additional soil generated from sites is used for fill on other sites, with the end goal of sending as little soil to land fill as possible.

Testing for a wider range of soil types in our pre-design stage allows contaminates to be identified early and this ensures the soil can be better managed. Areas with contaminates can be identified and the construction program can be designed around their removal.

These innovations reduce our exposure to the increased cost of stone and introduces a practical and more sustainable alternative as quarry reserves reduce.

Light Gauge Steel
Light Gauge Steel is a construction methodology we have been researching in depth for the last two years having set up a working group in 2020 to develop two blocks of apartments using this methodology.

Suitability Assessment
To embed and integrate a new construction methodology onto a project, we need to ensure it meets the requirements of our technical, commercial and construction departments.

Our working group reviewed and liaised with a series of Light Gauge Steel companies and interrogated the product. After working through the designs and requesting a number of changes to the system, we settled on a final design fully aligned to our standardised final product requirements.

We developed the onsite installation prototypes to de-risk this new construction method and to use it as an educational tool for our team and subcontractor base.

Delivering Significant Efficiencies
Benefits of Light Gauge Steel include:

- Significant reduction in the structural frame programme and the overall building loads on foundations. These combine to deliver a building requiring significantly less concrete, which is carbon intensive to produce.
- Utilising factory made, precision components delivers a better quality product.
- Steel is more recyclable than timber or concrete.
- Similar process to timber frame in terms of how it is constructed and the efficiencies this delivers through a panelised offsite system.
- Reduction in personnel onsite which is better for health and safety.
- Majority of internal walls become load bearing and structural.

"This transition towards further use of offsite manufacturing is another step in Cairn's journey in becoming a modern methods of construction leader."

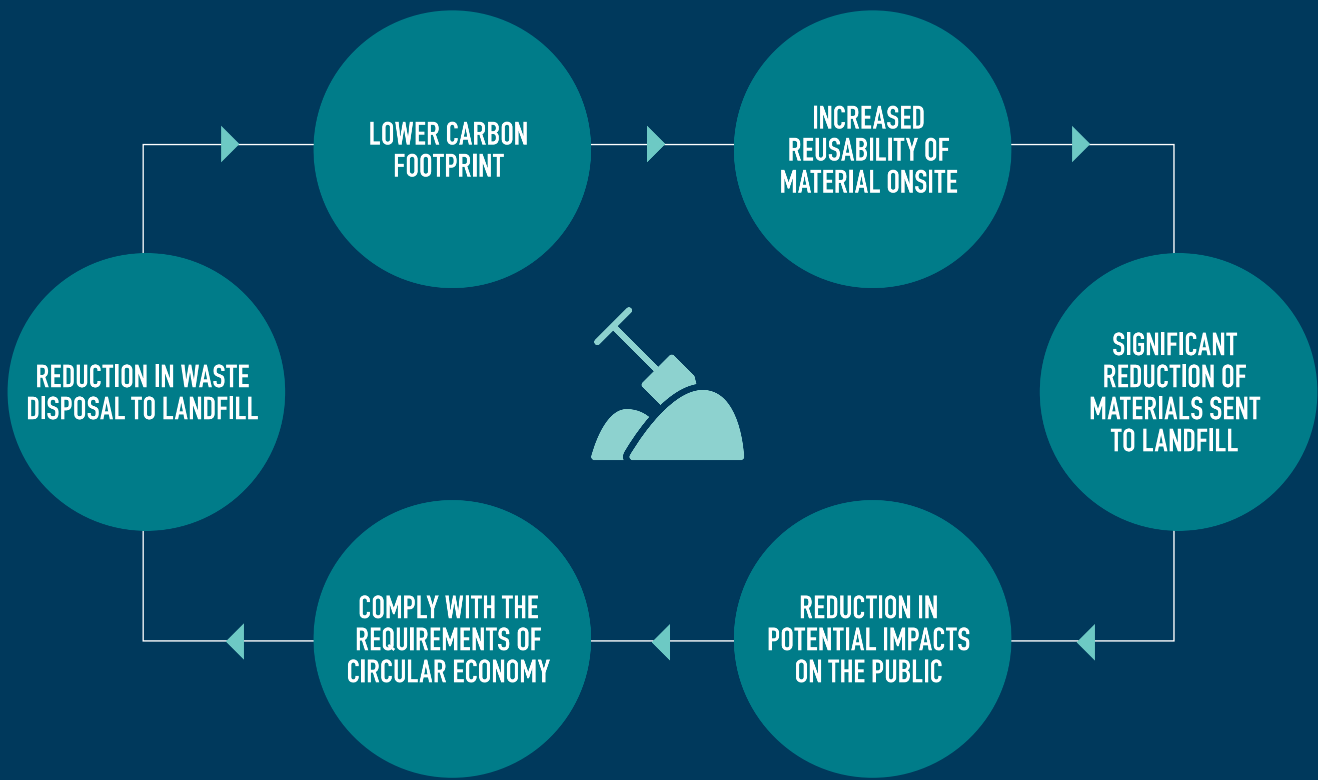
Light Gauge Steel is a quick and efficient method of construction. It also allows us to free up and reduce our reliance on certain trades.

This transition towards further use of offsite manufacturing is another step in Cairn's journey in becoming a modern methods of construction leader.

Evolving this construction methodology in 2022
Having proven this new form of construction, we are extending its use to apartment blocks of 3-4 storeys in height.

This innovative construction methodology is scalable and will be used across multiple Cairn developments in 2022 and beyond.

CIRCULAR ECONOMY – INNOVATIVE SOIL MANAGEMENT



SOIL STABILISATION

Note that 8,000m^3 is hypothetical but typical. The calculation below is based on a typical removal and the related savings of carbon arising from the transport of the soil.

Amount of soil onsite
8,000m^3

=

Number of trucks needed
1,000

Distance to travel for each
100km

Diesel required per trip
27 litres

Carbon produced per trip
70 kg

=

Total reduction
140,000
kg CO_2

All carbon calculations made using the Vehicle Energy Consumption Calculation Tool (VECTO). One litre of standard diesel fuel creates about 2.6 kg carbon dioxide.

STRATEGIC PILLAR #5

Places

Creating places for communities to prosper.

Marianella, Dublin 6

DEVELOPMENTS WHERE WE DELIVERED NEW HOMES DURING 2021

16

WINNER OF THE IRISH GREEN CITIES AWARD IN 2021

Six Hanover Quay

CLONBURRIS WILL BE IRELAND'S FIRST LARGE TOWN WHERE WE ARE TARGETING

Biodiversity Net Gain

What we did in 2021

- Biodiversity was the key area of focus for our 'Places' pillar in 2021. Despite the challenges presented by the COVID-19 pandemic, we continued to maintain a high standard of design and innovation, informed at all times by Biodiversity.
- In delivering 1,120 new homes across 16 developments in 2021, we focused on ensuring vibrant, prosperous places for communities to live.
- With a greater global focus on environmental management and sustainability, we moved biodiversity to the forefront of our innovation and places conversations.
- This supported us in continuing to make a positive contribution to the communities in which we operate and participating in better serving the needs of society.
- Our customers want to live in sustainable developments where biodiversity is paramount and are looking for homes and companies that support this message.

In addition, we also delivered the following during 2021:

- Nearly 8 acres of parks and green spaces completed.
- Formal adoption of Cairn Biodiversity Policy which was fully incorporated within our internal gateway system (project pre-planning and design process).
- Construction of three new children's play areas in our Graydon, The Quarter at Citywest and Archers Wood developments and the refurbishment of a play area in Parkside.
- Construction of an all-weather sports court in Parkside Square.
- Our Six Hanover Quay project was the winner of the Irish Green Cities Award 2021.
- We lodged our first planning application for 570 new homes at Clonburris, a new town which will house 30,000 new residents just 13km from Dublin City Centre. Cairn will deliver 5,500 new homes in Clonburris into the long-term and this will be Ireland's first new major town where we are targeting a biodiversity net gain.

What we'll do in 2022

- Create sustainable communities around the 1,500 new homes which we will deliver.
- Continue to deliver major infrastructure and public realm for the benefit of new and existing communities.
- Adopt our Biodiversity Strategy as a headline item at all major internal project gateways.
- Complete our largest piece of infrastructure to date, a road bridge in Cork to our new Bayly development, which will also service a new school being built for the local area.
- Deliver on a series of greenways as part of our developments including Bayly in Cork and Three Trouts Way in Greystones.
- Deliver more planning applications focused on placemaking and design.

KEY PERFORMANCE INDICATORS

- 1,120 new homes delivered across 16 separate developments.
- Community engagement programme impact evidenced through 89% of customers saying their community feels more friendly following the "Home Together" initiative.
- 100% of Cairn sites had a Biodiversity Impact Assessment completed, aligned to our Biodiversity Strategy.
- €105m invested to date in infrastructure benefitting local communities.

Biodiversity Actions 2021

Cairn formally adopted a Biodiversity Policy which states:

"Cairn will mitigate the direct impact on local biodiversity of each of our developments, regardless of type, size or location. This will be achieved through a development-specific biodiversity programme that replaces or improves the local biodiversity of each new Cairn development, or otherwise contributes to the improvement of Ireland's biodiversity."

Our Biodiversity Policy will influence all stages of product delivery from site planning, detailed design and operations through to customer aftercare. Starting in 2022, all Cairn developments are now subject to indepth Biodiversity Impact Assessments with Biodiversity Plans developed to minimise the impact and optimise the opportunities for habitat creation within what will be ultimately completed residential developments.

Cairn continues to support the All Ireland Pollinator Plan with our Pollinator Friendly planting and landscape works across all of our developments. We have been acknowledged by the National Biodiversity Data Centre as a pollinator Friendly Business since 2018.

We have also become business supporters of Birdwatch Ireland, an independent conservation organisation, and in 2022 we will sponsor the Irish Garden Bird Survey. We have collaborated with Birdwatch Ireland in implementing a nesting box project as part of our Archers Wood development in Delgany, Co. Wicklow, including the installation of barn owl, woodpecker and dipper nesting boxes.

Cairn has commissioned a Wildlife-Friendly Show Garden for our Hawkins Wood development in Greystones, Co. Wicklow. It is hoped the Wildlife-Friendly Show Garden will be impactful in showcasing to our customers the potential for supporting Biodiversity in small urban spaces.

For our future Clonburris development in West Dublin, and in collaboration with a local nursery, we collected seeds from native Hawthorn trees on the site. From these seeds we will propagate Clonburris Hawthorns that will be replanted when we commence this exciting new development and gifted to our customers when we deliver our first new homes.

7.5 trees planted per unit sold in 2021

80% of trees planted are native species

100% of sites have had a biodiversity assessment

Biodiversity Agenda

A series of further site-specific Biodiversity actions are described below:

Graydon

In our Graydon development in Newcastle, Co. Dublin, we commenced additional understorey planting to regenerate a hedgerow which is 200 metres in length. We also planted a 50 square metre micro woodland and completed a new park centred on a burgage plot hedgerow of medieval origins with new native tree planting and wildflower meadows.

We also donated pollinator friendly plants to the Newcastle Tidy Towns to add to the planting beds in their village.

Archers Wood

Within our Archers Wood development we have constructed 230 metres of Green Wall, a more sustainable alternative to concrete retaining walls. The Green Walls have been seeded with a bespoke mix of grasses and native wildflowers. We also completed the planting of over 4,000 native trees in perimeter woodlands and hedgerow alignments, and the installation of 70 bird boxes, including boxes specifically for barn owls, woodpeckers and dippers.

Griffith Wood

We have planted a new tree belt of native Pines, Oaks, Hazel, Holly and Birch along our site boundary at Griffith Avenue, Dublin 9, with an existing school using specially grown semi-mature stock for immediate impact.

The Quarter at Citywest

We completed the installation of 200 square metres of wildflower meadow within the apartment courtyard gardens in Citywest, Dublin 24, and 270 square metres of green roof over the bike stores.

Hawkins Wood

We have sown 1,500 square metres of wildflower meadow in the adjoining and existing Seabourne apartment complex as part of the reinstatement works associated with a new storm drain.

These site-specific projects are bolstered further by our pollinator-friendly strategies across all Cairn schemes, including:

- Pollinator-friendly mixes of perennials and flowering shrubs in all front gardens.
- Native tree planting in open spaces and private gardens (6 trees per completed dwelling to date).
- Mixed bulb drifts of pollinator-friendly plants.
- The provision of a packet of pollinator-friendly bulbs and information to every new homeowner.

Custom made bird boxes

With the assistance and direction of Birdwatch Ireland we installed 70 bird boxes in the Woodland and Hedgerows of our Archers Wood development. The boxes were designed and supplied by Birdwatch Ireland and all have been handmade in Ireland. The boxes will support the bird life along the Three Trouts River valley.

Harvesting native seeds

Harvesting the Haws of the Whitethorn trees on our Clonburris site. The Haws contain seeds and these will be used to grow new plants which in 2 years time will ready for planting in the green spaces and shared with our home owners.

Investing in our partnerships

CUSTOMERS

How and why we engage

Our customer team not only strive to deliver an exceptional experience to our customers throughout the buying process and beyond, we also act as the voice of the customer within Cairn. We listen to what they tell us in person, via surveys, through analytics and data to find actionable insights that we can use to improve our service and refine our product design. We work across functions to ensure that the customer needs are addressed, be they private or institutional buyers. We also partner with organisations like Network Neighbourhood to help our customers to form cohesive and resilient communities. Following our successful Home Together initiative, we have committed to increasing funding, scope and timescale of the project. Over the coming years this authentic community-driven model will allow community activity to become self-sustaining and effective over the long-term.

EMPLOYEES

How and why we engage

Our employee engagement strategy ensures an ongoing rhythm is in place for collating, analysing and reporting on feedback received through employee surveys, polls and check-ins. From inviting our employees to help us develop Cairn's employer brand proposition, to asking employees how we can better support their health and wellbeing, we aim to survey our employees every six months so that they have the opportunity to share their views. The insights we gain from these direct our focus for future initiatives. Examples include identifying and training mental health first aiders on all active sites, to the establishment of a Health and Wellbeing forum that supports and promotes all aspects of employee physical, mental and emotional wellbeing.

SUPPLY CHAIN

How and why we engage

We employ an active Supplier Relationship programme that creates a regular rhythm of engagement with our supply chain, led by dedicated Supplier Relationship Managers and supported by our customer, operational and commercial teams. Through this active engagement we are ensuring the needs of the business and the needs of the supply chain are continuously aligned. Forward planning of workloads is critical to this engagement to ensure the expectations of our homebuyers are met. This also ensures that each supply chain member can strategically plan their own business growth by having visibility on their own resource requirements to meet the demands of their future workload with Cairn. We continue to measure our performance through the lens of the supply chain to ensure we also pursue a process of continuous improvement.

HOW THIS HELPS OUR SUSTAINABILITY AGENDA

Our community-centred approach empowers our customers to build social cohesion, community resilience and a better quality of life for all. Regular communication with our customers helps us to include sustainability matters which are most important to them in our agenda from the future spec of our homes to the biodiversity and placemaking initiatives we roll out across each site.

Our employees are a vital part of our value chain. They are the people who work the closest to our primary activity. Organic conversation amongst employees helps to shape the direction we take in Sustainability. It is through constant engagement with our employees that these thoughts and ideas are developed and deepened. We also believe that involvement in our Sustainability Agenda lends itself to part of our employee value proposition and covers everything from wellbeing initiatives to equality, diversity and inclusion workstreams.

Strengthening partnerships with our supply chain is critical to understanding and achieving our Sustainability targets in respect of our commitment to the Science Based Targets Initiative and delivering our low carbon pledge. Engagement with the supply chain ensures that it remains transparent and does not incorporate many of the issues faced by our industry such as Modern Slavery.

SHAREHOLDERS

How and why we engage

Executive Directors and the Head of Investor Relations proactively engage in regular dialogue with shareholders after the announcement of interim and preliminary results through detailed presentations and roadshows, and also through capital markets days, regular attendance at sell-side investor conferences and ad-hoc one to one meetings, including site visits. The majority of these interactions have been virtual since the start of the pandemic. Regular engagement ensures we update shareholders on all areas of our progress, our growth plans and strategic initiatives. The Company also maintains an ongoing programme of shareholder engagement on our corporate governance framework and policies to understand evolving shareholder expectations. We have engaged extensively with shareholders in refining our Sustainability Agenda and strategy.

We have set Sustainability targets, against which our shareholders can measure our performance, which will be reported in line with SASB and GRI frameworks. Engagement with shareholders from the materiality assessment stage to the execution stage of many sustainability actions ensures we have incorporated their expectations into our Sustainability Agenda.

COMMUNITIES

How and why we engage

Our approach to placemaking factors in the need of communities to grow and develop safely in outdoor public spaces. We design our shared spaces, cycle paths, play areas, green ways, parks and public realm to allow people to interact in a positive and relaxing environment. In addition to our partnership with Network Neighbourhood we also sponsor multiple local youth sports clubs, local amenities and artists through our sponsorship and arts programmes. By engaging with communities of interest, such as sports or the arts in the locations in which we build, we create bonds with the existing wider community around our developments and help them integrate in meaningful ways.

Placemaking plays an important role in the social strand of our Sustainability Agenda. To ensure that we continue to foster a sense of community and belonging in the areas were we build, we must engage with both the communities we create and the existing communities where we develop. Collaboration with these existing communities continues to foster meaningful outputs which is incorporated into our decision making around future community and placemaking initiatives.

POLICYMAKERS

How and why we engage

We regularly engage with key policy makers at local and national government level through proactive and open communication on matters of common interest in the residential construction industry. With our track record, Cairn is in a unique position to provide valuable and relevant insights into all aspects of the industry, including planning, design and construction, and how this feeds into housing policies. We engage with Government departments, state agencies and local authorities both directly and through membership of industry lobbying groups.

Sustainability in a broad sense is constantly changing. There are many frameworks, regulations and legislations coming into force which requires constant horizon scanning. Leveraging this platform ensures our Sustainability Agenda is aligned to any legal requirements relating to our industry. The focus on climate change and the impending legislative changes in this space is something Cairn continues to monitor and prepare for.

Read our full Sustainability Report at www.cairnhomes.com/sustainability

Leading sustainably

Our sustainability strategy supports us to meet our purpose and ensure our material Environmental and Social impacts and opportunities are managed. The strategy is centred around three pillars: People, Homes and Places and aligned with the UN Sustainable Development Goals for business.

Social impacts are incorporated in our People pillar and Environmental in our Homes and Places pillars covering climate action, protecting biodiversity, the shift to a circular economy, green procurement and responsible sourcing in our supply chains.

Read our full Sustainability Report at www.cairnhomes.com/sustainability

PEOPLE

Health and Safety
We are committed to providing a safe working environment but beyond that we have developed mental health initiatives to expand our support for employees.

Employee Welfare
Workforce pipeline and protection is our priority. Without happy and healthy teams, we cannot achieve our vision. We provide a range of wellness supports to our people as well as pursuing ED&I accreditations to ensure we continue to create a workplace that provides a sense of belonging for everyone.

Customer
Our focus is on providing an excellent customer experience with on-time delivery, end-to-end support through the buying process and beyond, showing consistent care for our customers and their neighbourhoods.

PLACES

Placemaking
We are dedicated to developing lasting and sustainable communities. We plan our new developments carefully to ensure that each is well served by amenities and transport options that allow residents to thrive.

Communities
We work with expert partners to initiate community participation and identify leaders who will strengthen connections between neighbours. We go beyond the basic needs of our communities and add a bespoke arts, heritage or design project to each development.

Protecting Biodiversity
This is an area of increasing focus for Cairn. Our developments have a material environmental impact on local biodiversity – we strive to mitigate these impacts wherever possible.

HOMES

Climate Action
We are taking action to reduce our carbon footprint though a variety of initiatives that tackle the areas where our activities create the most substantial carbon impacts. This includes soil and waste management, modern methods of construction, the energy efficiency of our homes, and working with our supply chain to identify better ways of working.

Supplying Energy-Efficient Homes
We have a unique opportunity to supply sustainable homes. We deliver A-rated homes that contribute to a more sustainable built environment in Ireland and offer comfort and long-term savings for our customers at competitive prices.

We are aligning our strategy to the following United Nations Sustainable Development Goals (SDGs):

LEADING SUSTAINABLY ACROSS ESG VERTICALS

Environmental

CATEGORY	HIGHLIGHTS
Climate change	• In 2022, we formally committed to setting Greenhouse Gas ('GHG') emissions reduction targets in line with the Science Based Targets Initiative ('SBTi'); • We are in the process of setting Scope 1 & 2 targets, measuring our Scope 3 baseline and conducting Lifecycle Assessments ('LCA') on our homes to understand their embodied carbon footprint; • Energy and carbon initiatives that we have implemented include: FSC certified timber frames, light gauge steel construction and air source heat pumps, contributing to the certified minimum A rating for each of our homes; and • Awarded a B for our first full submission to the Carbon Disclosure Project ('CDP').
Circular economy, waste and responsible sourcing	• Waste and carbon savings and diversion from landfill through soil management techniques including soil stabilisation; and • 100% of the timber we procure is FSC certified.
Biodiversity	• In 2022, we incorporated sustainability into our remuneration framework including biodiversity metrics within our Long-Term Incentive Plan ('LTIP'); • Numerous site biodiversity actions across developments including hedgerows, planting native trees, pollinator friendly planting, nesting boxes, green walls, native trees, wildflower meadows, provision of packets of pollinator friendly bulbs and information packs to each new homeowner; and • Building on our support of Birdwatch Ireland and the All-Ireland Pollinator Plan.

Social

CATEGORY	HIGHLIGHTS
Placemaking	• In 2021 'Home Together' was launched, an initiative with Neighbourhood Network to create strong, well-connected communities; and • Following this successful pilot, we are working to roll the initiative out across additional developments in 2022 and beyond.
Charity	• Cairn wants to do more to support families with children facing life-threatening medical conditions, and as part of our commitment to communities, we announced a partnership with Make-A-Wish Ireland in early 2022.
Employee welfare - health, safety and wellbeing	• Upgraded Safe-T certification score from B to A; • Launched new health and wellbeing offering with Spectrum Life; • 123 wellbeing events completed with our partners; • 20 mental health first aiders have been trained, representing all sites and teams; and • Since 2021, we are certified as a Great Place to Work.
Equality, Diversity and Inclusion ('ED&I')	• We have attained the Bronze standard from the Irish Centre for Diversity ('ICD'); • With the guidance of the ICD, we will improve continuously on our journey to achieving the Gold standard; and • In 2021 we launched our Employee Forum on ED&I to ensure employees' lived experiences inform our policies and procedures.

Governance

CATEGORY	HIGHLIGHTS
Governance	• Top-down and bottom-up approach from Board to day–to-day site operations with the ESG Reporting and Research Team facilitating collaboration across the business while embedding the culture of sustainable thinking; • From 2022, remuneration frameworks linked to environmental and social KPIs; • Rolled out a suite of new ESG related policies to be published alongside our Sustainability Report; and • Achieved London Stock Exchange Green Economy Mark.

TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES ("TCFD") INDEX

Area	Recommended Disclosures	Performance & Disclosures
GOVERNANCE		
Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	The Board comprises 10 members, of which two (the Chief Executive, Michael Stanley and the Chief Financial Officer, Shane Doherty) are executive members. The Board is led by the Non-Executive Chairman, John Reynolds. Reporting to the Board, the Executive Directors maintains full strategic and operational oversight of the Company's sustainability agenda, which incorporates our response to the transition risks associated with the shift to a lower-carbon economy, and the physical risks it faces in respect of climate change. The Board is informed of and has oversight of climate-related issues through two channels: **Strategy channel** At each Board meeting (of which there are approximately eight each year), the Executive Directors present a comprehensive overview of progress towards our strategic objectives, together with factors that are affecting or may affect those objectives, and factors that may influence future strategy. Climate-related issues are identified as a key lever in our strategic focus areas and, consequently, form an integral part not only of the strategic reporting cycle, but also the annual strategic review. **Risk management channel** The Audit & Risk Committee of the Board monitors and reviews the effectiveness of the Company's risk management system, and advises the Board on principal risks and uncertainties, as well as the risk aspects of its strategy, specifically climate-related risk as a principal risk, and core element of strategy. As part of this activity, the Audit & Risk Committee maintains oversight of the risk register and monitors our response to risk. We have identified that a failure to anticipate and address the strategic, market, regulatory and operational impacts of climate change as a principal risk. The appetite for this risk reflects that identifying and proactively responding to the challenges of climate change is core to our purpose and strategy. Consequently, the risk management framework supports and promotes the identification and management of climate-related issues on a business wide basis, managed through our embedded risk management process. The Board actively considers both strategic climate-related influences and risks (as identified through the channels described above) when guiding the Company's strategy, considering its response to risk, and overseeing the development, implementation and outcome of associated goals, objectives and budgets. This culminated in the inclusion of sustainability within our LTIP, which in turn is underpinned by sustainability metrics incorporated into our remuneration frameworks (approved by Board), ensuring that targets and objectives of employees, including Executive Directors, and the business, are aligned.
	b) Describe management's role in assessing and managing climate related risks and opportunities	The Executive Directors and Senior Leadership Team, supported by Cairn's ESG Reporting and Research Team and ESG Innovation Forum, direct the management of climate-related issues, in the context of their impact on the Company's strategic intent, as well as the risks posed to the business (including as identified by the Company's risk management framework). Where necessary, these teams are advised by third party experts, ensuring advice is objective and current. The Chief Executive Officer retains responsibility for defining the strategic direction of the business and Cairn's climate-related performance and does so with the benefit of guidance from specialist teams within the business including the Technical and ESG Research and Reporting Team. Separately, the Chief Financial Officer is responsible for ensuring the financial impacts of climate-related issues are fully understood and reflected in company budgets. All employees in Cairn, regardless of seniority, are responsible for supporting the delivery of goals and objectives, identifying and managing risks, and generally promoting company values. Through our People Strategy, the Chief People Officer ensures that climate-related issues, and our response to them, is both communicated and incorporated into employees' annual objectives and associated incentives. The Chief People Officer is also responsible for ensuring the Company's resources and capabilities match its climate-related responses.

Area	Recommended Disclosures	Performance & Disclosures
STRATEGY		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	Our risk management framework, which identifies climate-related issues as a principal risk and uncertainty, considers all risks on the basis of three horizons: • "Here and now", being risks to the immediate term (one year or less) goals and objectives of the business; • "medium-term", being risks with a horizon of between 1 year and 3 years; and • "long-term", being risks with a horizon of more than 3 years. These horizons have been adopted bearing in mind the development cycle, as well as overall strategic timeframes, and have been reviewed by the Audit & Risk Committee of the Board. The risk management framework supports the assessment of climate-related risks and opportunities, requiring engagement at all levels of the business to ensure comprehensive identification and evaluation. The Senior Leadership Team actively engages in this process and regularly meets throughout the year to review risks and opportunities identified by functional management, augment those with risks identified by the Senior Leadership Team, and ensure new and emerging risks and opportunities are identified and managed. The assessment of risks requires that we consider the likelihood of the risk occurring, and then the impact of the risk should it occur (having regard to controls we have already effectively implemented). This assessment supports decisions on how we apply Cairn's risk appetite to each risk and informs the materiality of the risk (or associated opportunity). **Here and now** Cairn is actively addressing current transition risks and physical risks. In the context of development planning, we are already responding to greater planning constraints and associated conditions that reflect both a policy shift toward developments that have a lower carbon impact, and a need to respond to the physical impacts of climate change. These conditions can have an impact on the fundamental design of developments, the specification of individual units, and the density of housing that can be provided. Equally, the conditions can impact on the construction methodologies adopted, as well as the timeframe for development. All of these factors impact both the underlying cost of developments, and the development capacity of the Company. During the construction phase of developments, the adverse impact of climate driven events such as prolonged periods of intense rainfall, an increase in the severity of winter storms, or extremes of temperature, are factors that are monitored, evaluated and managed by the Company. Our Technical, Construction and Environmental teams develop responses and remediations on a development-by-development basis with a view to mitigating the financial and other impacts. **Medium to long-term** Whilst also a "here and now" climate-related issue, the carbon-intensity associated with our construction activities has a medium and long-term horizon. The failure of Cairn to address this could adversely impact our ability to develop sites that meet climate-led demands or conditions, or which are affordable to our target market. We have also identified climate-related issues as being generally a risk and an opportunity for our business. This means ensuring our environmental, climate change and sustainability responses meet the needs of our home buyers, whilst also following rapidly changing national housing and climate strategies.

Area	Recommended Disclosures	Performance & Disclosures
STRATEGY (CONTINUED)		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material (continued)	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Cairn recognises that climate change represents a principal risk and uncertainty to its strategic intent. As a consequence, our process for identifying and reviewing that strategic intent incorporates a comprehensive analysis and understanding of the climate-related risks and opportunities presented by Our Purpose and Our Vision. This understanding, defined by our risk appetite in this respect, then informs our strategy, its underlying goals and objectives, and the outcomes we plan. This creates a positive feedback process in which climate-related risks and opportunities play a fundamental role in defining strategy, with associated goals and objectives to mitigate or capitalise on opportunities having budgeted cost and margin impacts.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario	Both our Sustainability and Climate Action policies outline our intentions with regards to business strategy and climate change. The business is aware that our changing climate is exceedingly putting pressure on current business models. The risks associated with the changes that will be incurred over time are incorporated into our sustainability strategy. Our science based target setting is underway and with this process we have decided to model various reduction targets on current and future developments. This allows us to understand the potential changes that will be required operationally from the business and the outcomes they will cause. The next step in our strategy workstream is to incorporate climate scenario analysis into our planning. This will be completed in 2022 and will result in the alignment of possible action plans to each scenario.

Area	Recommended Disclosures	Performance & Disclosures
RISK MANAGEMENT		
Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	**Identification** The identification and assessment of climate-related risks and opportunities is supported by Cairn's risk management process (as described in the Risk Report). Risk management is an important business driver and its value as a process means we take a business-wide approach, allowing us to consider the potential impact and opportunity presented by all types of risk affecting our business, including climate-related risks. When considering climate-related risks, the Company seeks to identify and consider all material existing and emerging factors relevant to our core activities: • policy risks (how Government policy in respect of climate may impact on our business model, for example through planning policies or economic policies); • brand risks (how our brand is impacted by our response to climate-related risk, for example because our developments do not meet customer requirements); • economic risks (how climate-led factors impact economic conditions, such as increases in supply chain costs); • development risks (how climate-related issues impact on our ability to deliver developments, including through local development plans); and • compliance risks (such as how the Company complies with regulatory constraints on what and how we build). Within our risk register, specific climate-related risks include the risk that the cost of appropriately dealing with extracted waste exceeds expectations, that environmental demands require development design or other changes and risks to the resilience of our supply chain.
	b) Describe the organisation's processes for managing climate-related risks	**Managing climate-related risk** Identifying and proactively responding to the challenges of climate change is core to our purpose and strategy. This means that all risks (other than "low" risks), are managed and mitigated unless they are accepted by the business, with high risks being tolerable only with the approval of the Board, and extreme risks not being tolerated in any circumstances. In line with our risk management framework, decisions on how risks are to be managed are determined on a case-by-case basis, informed by a range of factors that are considered in the context of the specific risk and its wider business impact. These decisions are reviewed by functional management and the Senior Leadership Team, and is subject to oversight by the Audit & Risk Committee. This ensures that risk responses align with and inform our strategy and purpose and that appropriate materiality assessments have been made.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	**Integration** The risk management process has been designed to: • help define strategies, including controls, to mitigate risks, or capitalise on the opportunities they may present; • establish a process to consider risks and opportunities in the context of Cairn's risk appetite; and • ensure risks, mitigating controls and responsibilities for managing risk and opportunities are recorded and monitored. Our approach to the assessment of risk is consistently applied by reference to the probability of the risk arising, and the consequences of the risk (which includes a materiality assessment based on a range of financial and non-financial factors). Our response to the risk is then dependent on: • the overall risk rating (low, medium, high, or extreme); and • the Company's appetite for the risk. In respect of climate-related risk, identifying and proactively responding to the challenges of climate change is core to our purpose and strategy. This means that as part of our overall risk management process, we proactively identify and manage risks associated with climate change in a way that ensures we can continue to deliver on our vision.

Area	Recommended Disclosures	Performance & Disclosures
METRICS AND TARGETS		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process	For the 2021 reporting period we will be disclosing the following metrics to assess and manage climate related risks and opportunities as set out within the "Disclosures and Performance" section of our 2021 Sustainability Report. • Building Energy Intensity Ratio; • Gross direct (Scope 1) GHG emissions; • Gross location and market-based energy indirect (Scope 2) GHG emissions; • GHG emissions (S1&S2) intensity ratio for the organisation (per home built); • Total energy consumption within the organisation; and • Total weight of general waste generated, including breakdown by disposal route. In 2022, we are taking our commitments further by incorporating sustainability into our remuneration frameworks. This demonstrates the importance we place on accountability for our sustainability commitments. We are: • Incorporating environmental metrics on biodiversity net gain into our long-term incentive plan; and • Incorporating social metrics, including our customer and people framework with a health and safety underpin, into our short-term incentive plan. All metrics and targets are reported in line with appropriate standards including SASB, GRI, EPRA and DEFRA.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Our Scope 1 and 2 emissions are reported under GRI-405-1 and GRI-405-2. We are in the process of measuring our Scope 3 baseline and expect to disclose that information over the coming year. These will be measured in line with the GHG protocol. As a homebuilder, we operate in an energy intensive industry. Emissions are the key driver of global temperature rise and result in many of the regulatory changes we are now faced with. Measuring our carbon emissions allows us to gain a full and thorough understanding of the emissions we produce directly and indirectly. This allows us to inform the choices we make in our activities and procurement processes. A business-as-usual trajectory could impose the following non-exhaustive sample of risks to our stakeholders: **Customer:** A home that is not efficient or resilient to potential climate scenarios. **Shareholder:** An investment that would not be adaptable in the face of climate change and lose value. **Operations:** A method of construction that is outdated, energy and carbon intensive and behind the curve within the industry.
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	As a homebuilder operating in an energy intensive industry, we have a responsibility to ensure we set meaningful targets to abate and mitigate GHG emissions. In response to this we have: • Committed to setting science-based targets with the SBTi for scope 1, 2, and 3. We expect to make that submission within the next 12 months; • Committed to ensuring 40% of our unit commencements are on verified biodiversity net gain developments by 2024; • We are signatories of Business in the Community Ireland's Low Carbon Pledge.

Graydon, Newcastle, Co. Dublin

"Our strong balance sheet position, significant available liquidity and substantial expected operating cashflow generation leaves us well placed to continue on our scaling journey, whilst being able to make capital returns to our shareholders."

Shane Doherty
Chief Financial Officer

Revenue

Despite the impact of public health restrictions early in the year, where the majority of our development activity and production capacity was curtailed for a 13-week period, our revenues grew by 62% to €424.0 million (2020: €261.9 million). Our closed sales grew by 51% to 1,120 new homes (2020: 743 new homes), with an average selling price ("ASP") of €428,000, including VAT (2020: €377,000). The increase in ASP is primarily mix driven as a result of multifamily new homes completions at Griffith Wood and Rostrevor Place, in addition to completing the sale of a greater volume of higher ASP trade-up/down homes in the year (197 compared to 122 in 2020). Most importantly, the pricing of our first time buyer homes remained very competitive. Our 2021 average selling price for starter homes was €350,000 including VAT (2020: €348,000), notwithstanding c. €15,000 build cost inflation which we absorbed per new home built.

Gross Profit and Operating Profit

Gross profit of €83.9 million (2020: €42.7 million) was 96% ahead of 2020 which delivered a gross margin of 19.8% (2020: 16.3%), having trended higher in the second half of the year at 20.3%. Margin progression was driven by a number of factors, including increased supply chain efficiencies and improved pricing in middle and upper end apartments and houses, partially offset by the impact of build cost inflation.

Operating profit of €58.4 million (2020: €24.4 million) was 139% ahead of 2020, with a return to top-line growth driving operating leverage expansion. This included operating expenses of €25.5 million (2020: €18.3 million) and resulted in an operating margin of 13.8% (2020: 9.3%). Within that figure, we incurred €0.3 million of unproductive labour costs in 2021, owing to the 13-week site closures early in the year.

Profit after Tax and Earnings per Share

Finance costs for the year were €8.1 million (2020: €9.7 million) reflecting both a lower average cost of funds and lower average drawings on committed debt facilities compared to 2020.

Profit after tax of €43.2 million compared to €12.7 million in 2020, which resulted in earnings per share of 5.8 cent (2020: 1.7 cent).

Financial Position

We had total assets of €1,013.0 million at 31 December 2020 (2020: €1,018.8 million), with net assets of €778.8 million at that date (2020: €750.6 million).

Our balance sheet continues to be very well capitalised, with inventories at year-end of €940.0 million (2020: €968.2 million), comprising land held for development of €671.7 million (2020: €690.3 million) and construction work in progress ("WIP") of €268.3 million (2020: €277.8 million).

At 31 December 2021, our net debt had reduced to €109.5 million (2020: €168.3 million), comprising drawn debt of €149.5 million (net of unamortised arrangement fees and issue costs) (2020: €202.8 million) and available cash of €40.0 million (2020: €34.5 million). Available liquidity (cash and undrawn facilities) of €234.0 million (2020: €174.5 million) affords us significant flexibility and strategic optionality as we focus on the continued growth of our business. Net debt to inventories (at cost) was just 11.7% (2020: 17.4%), reflective of our lowly leveraged balance sheet.

Cash Flow

We generated €88.5 million of cash from operations in 2021 (2020: net cash used in operating activities of €40.6 million), owing to improved profitability and a reduction in both land and WIP held at year end. €65.1 million of that operating cash was generated in the second half of the year as a result of significantly higher new home completions in that period. This operating cash generation was after we invested €43.6 million in strategic land acquisitions in the second half of the year. We also returned €19.9 million to shareholders through our ordinary dividend programme during the year.

Outlook

We look forward to both the near and medium-term with confidence. Our closed and forward order book of 1,218 units at 2 March 2022, with a net sales value of €463.0 million, includes completions forecast for both 2022 and 2023 and already underpins over 70% of our delivery target of 1,500 new homes for 2022. Our strong balance sheet position, significant available liquidity and substantial expected operating cashflow generation leaves us well placed to continue on our scaling journey, whilst being able to make capital returns to our shareholders. Our talented team of people and our supply chain partners continue to drive us towards our strategic objectives as well as our ambitious Sustainability targets which we also announced today with the publication of our inaugural Sustainability Report.

In line with our commitment to shareholder returns, our Board outlined our capital allocation policy and reimplemented our long-term annual dividend programme during 2021. The Board proposed a final dividend of 2.8 cent per ordinary share which, when combined with the interim dividend of 2.66 cent per ordinary share, will represent a total dividend for the year of 5.46 cent per ordinary share. Additionally, we announced a €75 million share buyback programme on 12 January 2022 supported by the significant levels of cash being generated and what the Board believe to be an undervalued share price. As at 22 March 2022, the €75 million share buyback programme was 51.7% complete with 31,336,127 shares repurchased at an average purchase price of €1.24. All repurchased shares have been cancelled.

Everybody in Cairn and those associated with our business recognise the gravity of the evolving and upsetting events in Ukraine. Whilst we are fully cognisant of the geopolitical uncertainty which this situation presents, we remain confident of the opportunities which lie ahead for our business in the Irish new homes market into the long-term. We will continue to play a leading role in the delivery of much needed new homes, across all customer and buyer types. We sold our 5,000th new home during 2021 and we expect to deliver over 5,000 additional new homes by the end of 2024.

Shane Doherty
Chief Financial Officer

REVENUE
€424.0m

GROSS MARGIN
19.8%

OPERATING PROFIT
€58.4m

EARNINGS PER SHARE
5.8 cents

DIVIDENDS PER SHARE
5.46 cents

TOTAL EQUITY
€778.8m

LAND & WIP
€940.0m

NET DEBT
(€109.5m)

Building risk management into our way of working

Identifying, understanding and managing risk is fundamental to the delivery of our strategy, our financial performance, and the effectiveness of our business operations. We continue to improve and refine our risk management controls, ensuring they are fully integrated into our activities, from the Board and Executive to site development, whilst informing business improvement plans and our ongoing strategy.

The Board has overall responsibility for ensuring the Group's level of risk is appropriate to its objectives and risk profile, and that the process of identifying, assessing and managing risk is effective. Led by our Senior Management Team, our risk management framework drives and facilitates a persistent, dynamic and fully integrated risk management process. This process involves all Group and operational functions, and ensures all levels of the business identify, assess and respond to risk in a way that provides assurance to our stakeholders that risk is being managed effectively. The risk management framework is periodically reviewed to ensure it remains effective as our business grows, and the nature of the risks we face develop or change.

Role of the Audit & Risk Committee ("ARC")

The ARC supports the Board by monitoring the effectiveness of the risk management framework and its implementation, and maintains oversight of the Group's risk register. This includes ensuring the Group's principal risks and uncertainties are identified, assessed and controlled, as well as the impact of risks on the Group's strategy. The Group's risk register is reviewed regularly by the ARC in the context of the principal risks and uncertainties.

Risk Landscape

COVID-19

The Group's risk profile has been influenced by COVID-19. However, the impacts of COVID-19 were effectively mitigated by the business and are now diminishing.

Climate

Risks associated with climate change have become increasingly critical to our strategy. As a consequence, climate risks are now considered a principal risk to the Group and its operations. During 2021 the Group started a process of ensuring its current and prospective climate related risks are identified and managed, particularly in the context of risks associated with a transition to a net-zero carbon economy and physical risks associated with climate change. This work is reflected in the future risks and opportunities we have identified for the Group (as discussed below) and our Sustainability agenda. Given the importance of effectively responding to climate risks, these are identified separately in our principal risks and uncertainties, even where the impact of those risks may have broader implications on areas such as financial or development risk.

The Group will continue to closely examine climate risks and responses through 2022.

Ukraine

The Group has reviewed its principal risks and uncertainties in light of recent events in Ukraine and the imposition of sanctions against the Russian Federation. It is anticipated that the most immediate impact of those sanctions will be to further increase inflationary pressures on the macro-economy (economic risk), and potentially disrupt some supply chains (development risk). The cyber-security threat level has also been heightened (financial risk).

The Group will continue to actively monitor and manage these risks, as described below. However, the situation in Ukraine means that the trends for these specific risks are now considered to be worsening.

Future Risks & Opportunities

To help ensure our strategic plans respond to changes in the risk landscape, our risk management process formally identifies future risks and opportunities.

The main risks and opportunities that will inform future plans will be driven by policy, economic, climate and people factors:

POLICY	Housing policy changes, driven by factors outside our control, impact on our strategy.
ECONOMIC	Macro-economic factors, such as interest rate increases, reduce future demand for the homes we build.
CLIMATE	Ensuring our environmental, climate change and sustainability responses adequately meet the challenges of climate change and the need for a net-zero carbon economy.
PEOPLE	Changes in working practices and increasing demands for talent create challenges for our people strategy and ability to scale.

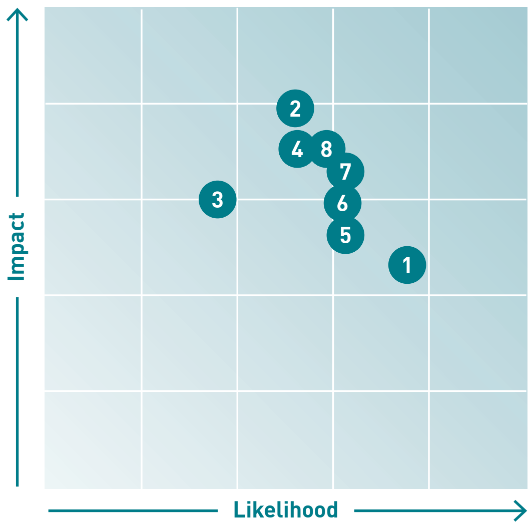
THE RISK PROCESS

Identification of risks	We engage with our people at all levels in the business, ensuring comprehensive and insightful risk identification and evaluation. Functional management teams in particular are facilitated by professional risk advisers to ensure the persistent identification of risks that could impact strategic goals and operational activities. When a risk is identified, it is aligned to a principal risk area to validate the risk and help identify emerging principal risks and uncertainties. We also align our risks to macro-risk factors, such as interest rate changes. These are risks we cannot control, but which give rise to a range of specific consequences that we can anticipate in the context of the macro-risk and so specifically manage. The Senior Leadership Team actively engages in this process and meets formally on a regular basis throughout the year to review risks identified by functional management, augment those with risks identified by the senior management team, and ensure new and emerging risks are identified and managed.
Assessment of risks	Our approach to the assessment of risk remains consistent. For all risks we firstly consider the likelihood of the risk occurring, and then the impact of the risk should it occur (having regard to controls we have already effectively implemented). This assessment supports decisions on how we apply our risk appetite to each risk.
Mitigating and managing risk	Our risk management framework requires our risks to be actively managed in line with our risk appetite. All risks are assigned to risk owners, who are responsible for ensuring the risk is appropriately managed. Plans for managing risks are documented and are monitored for implementation and progress by the Senior Leadership Team. The management of Cairn's principal risks is overseen by the Audit & Risk Committee on behalf of the Board. The management of risk is supported by a comprehensive risk register presenting a consolidated view of our risks and how they are being addressed. The risk register is an important point of record for both the Board's and the Audit & Risk Committee's evaluation and oversight of the risks to the business and our response to them.

PRINCIPAL RISKS AND UNCERTAINTIES

The risk management process described above has supported the identification of eight principal risks that, should they arise, could have a material impact on the Group's ability to meet its strategic and financial objectives. These risks are described in further detail on pages 65 to 72. As described on page 63, these principal risks now include a developing climate risk and have been considered and reviewed by the Board.

RISK HEAT MAP



Principal Risks

1 Policy
2 Brand
3 Economic
4 Financial
5 Development
6 Compliance
7 People
8 Climate

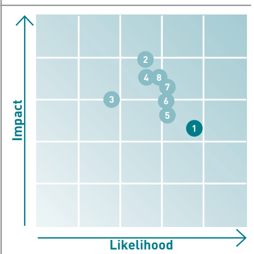
Risk Trend

Risk increased · Risk decreased · Risk unchanged

Principal risk: Policy

Local and National policy or regulation in respect of residential property development adversely impacts the Group.

APPETITE Cairn will always adhere to policy and regulation, but as a national homebuilder it will seek to positively address, as well as ensure it is always prepared for, policy and regulatory change.

RISK FACTORS	RESPONSE	RISK TREND AND STATUS	
Planning applications, including Strategic Housing Developments ('SHD') and Large-Scale Residential Developments ('LRD') can be adversely affected by planning objections, appeals or judicial reviews. This can lead to delayed starts and the potential for increased cost of development.	The Group maintains the necessary skills and experience to design and promote developments that maximise planning potential whilst responding effectively to potential planning and community concerns. As well as engaging with planning authorities through formal procedures, the Group actively engages with Local Councils and other stakeholders to identify concerns and issues at the earliest possible stage so decision making is fully informed - reducing the risk of refusals and/or significant conditions. Monitoring of planning and policy decisions informs the Group's design and development strategy.	Risk unchanged The SHD planning process is expiring in 2022 and will be replaced with the LRD. The impact of the LRD process on this risk is not yet known.	
Changes to zoning and planning policy as part of revised local development plans reduce or eliminate the opportunities to develop Cairn's land bank.	Developments at risk of zoning change have been identified and prioritised for development specific response plans. In priority cases, the Group has accelerated the submission of planning applications for prospective developments, and brought forward development start dates. The Group is actively engaging with local authorities as part of the consultation process.	Risk increased Draft Local Development Plans for 2022-2028 were made available from mid-2021 onwards.	
Housing policy changes impact Cairn's fundamental business model.	The Group's core target market is first time buyers. Given the size of its landbank, the Group engages with a broad and widening buyer pool, including customers in the trade-up/down and premium market, and institutional buyers of multifamily homes. It also actively engages with the state, Local Authorities and AHBs (Approved Housing Bodies) in respect of social and affordable homes.	Risk decreased "Housing for All" has been published with positive reaction from all political parties. There is now greater stability in housing policy, which does not adversely affect the Group's product mix.	

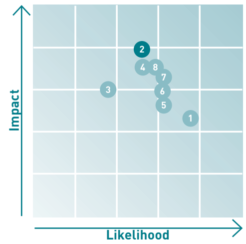
Risk Trend
Risk increased Risk decreased Risk unchanged

Principal risk: Brand

Brand reputation is damaged through Cairn's failures or the failures of its supply chain.

APPETITE Cairn has a limited appetite for risks that may adversely affect its brand and the ability to market and sell its homes effectively.

RISK FACTORS	RESPONSE	RISK TREND AND STATUS
A failure in the quality of designs, materials, supplies and construction can have an adverse impact on the Cairn brand and the strength of its position in the market.	The Group maintains systems that ensure developments and individual homes consistently meet expectations, as well as regulatory and quality standards. These systems have been further improved through 2021 and ensure quality issues are detected and resolved before sale, and that recurring issues are identified and managed. A new quality process/implementation lead has been appointed. This appointment is responsible for setting quality benchmarks and having oversight of quality in the context of the Group's technical guides, building regulations and quality plan/deliverables. An after care team has been established to manage any defects arising post-sale once they have been raised with the customer care team. The customer care and after care teams ensure post-sale issues are managed promptly and effectively.	Ensuring the Group's systems for preventing and managing issues that affect its brand is a continued focus across the entire business.
Failures in the supply chain lead to Cairn not meeting its environmental, social and governance commitments, such as those relating to respect for human rights and labour standards.	As part of its environmental, social and governance commitments, the Group has adopted policies, procedures and/or practices designed to identify risk in the supply chain and ensure those risks are managed. This includes an Anti-Slavery Policy which imposes a procurement process that allows the Group to evaluate slavery risks associated with individual contractors and ensure only those contractors who can meet Cairn's standards are met. The policy also facilitates training in identifying the risk, and confidential reporting to highlight failing practices. Regular meetings with, and surveys of, key suppliers will support the identification of potential risks to standards and commitments.	**NEW** As the Group's environmental, social and governance commitments increase, the risks associated with failing to mitigate those risks also increases.

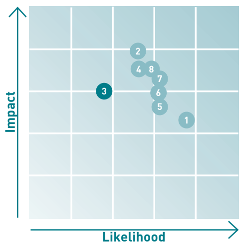


Risk Trend
Risk increased Risk decreased Risk unchanged

Principal risk: Economic

Economic conditions, including mortgage availability and affordability, may adversely affect house prices and sales rates.

APPETITE Economic conditions and other macro factors that affect house prices and sales rates are monitored and Cairn will make adjustments to its plans to ensure the adverse impact of changing economic conditions are minimised.



RISK FACTORS	RESPONSE	RISK TREND AND STATUS
Economic/policy factors adversely impact the demand for the Group's multifamily schemes. This could impact the saleability of current or planned schemes and/or limit the scope for future schemes.	The Group actively engages with the multifamily schemes market and its participants. It monitors for prospective challenges to the market in Ireland, as well as other emerging risks so their impacts can be assessed and managed. The demand for housing in Ireland continues to exceed supply, allowing the Group to rapidly address alternative markets for the sale of multifamily schemes.	There remains limited risk of economic or policy factors adversely impacting multifamily schemes or the foreseeable demand for housing in Ireland.
Economic factors, including inflation, rising interest rates, adverse mortgage conditions, or falling employment, create uncertainty in the demand for residential housing.	The Group persistently monitors, reviews, and analyses all aspects of Irish housing market conditions to ensure its development activities match anticipated market demand. Monitoring includes mortgage availability, impact from Central Bank of Ireland ('CBI') mortgage rules and regulations, mortgage lending, mortgage market participants and mortgage interest rates, and is a standing agenda item at the Board. The Group maintains strong liquidity to enable the business to withstand any short-medium term changes in market fundamentals. The Group also engages with key policy-makers in the areas of social and affordable housing, general affordability and new homes supply.	Cairn's target market continues to drive demand for new homes. This demand is expected to continue, even if interest rates rise. However, there is a risk the Ukraine crisis may have material adverse affects on the global economy.
Land value reductions adversely impact the Group's balance sheet and its current land cost advantage in respect of planned developments.	The Group actively manages its landbank and associated carrying value to ensure that at all times the landbank does not exceed the requirements of its development strategy, and the value does not expose the Group to carrying value risks.	The market for development land continues to support development land values, and under current and anticipated conditions, a collapse in land values is considered unlikely.

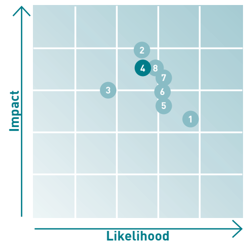
Risk Trend
Risk increased Risk decreased Risk unchanged

Principal risk: Financial

Cairn substantively fails to meet financial targets or obligations, suffers unexpected financial loss, or misstates its financial position.

APPETITE Cairn has no appetite for a failure of this nature and implements controls to ensure financial risk is identified and controlled.

RISK FACTORS	RESPONSE	RISK TREND AND STATUS
The credit and funding arrangements of the Group do not meet Cairn's strategic or operating needs or prevailing trading conditions.	The Group persistently monitors its facilities against actual and projected needs and financial position, as well as against emerging financial factors and risks. Its existing facilities also afford sufficient flexibility to meet likely future needs and Cairn's projected performance.	Risk unchanged. The Group's credit facilities match its requirements and projected performance.
A failure of internal financial controls could lead to potential financial misstatement, impairment, undetected fraud, or financial loss.	A robust financial controls framework is maintained by the Group. The framework is overseen by the Audit & Risk Committee of the Board and is subject to audit, which supports an ongoing programme of feedback, review and improvement.	Risk unchanged. The Group continues to review and refine its financial controls.
The Group's systems and processes for delivering house sales are unable to meet future growth plans.	Through 2021 the Group has designed and implemented additional methodologies, systems and processes to ensure it can continue to meet its current plans and is in a position to deliver on its future plans. These are underpinned by key systems and processes that ensure persistent alignment of the construction and sales programmes, and high visibility of all underlying performance, including construction costs and sales prices.	Risk unchanged. The Group continues to refine and improve its methodologies for meeting its current and future plans.
A significant failure in key Information Security or IT systems (including by way of cyber-security breaches) impacts the Group's ability to conduct its business or manage its finances.	Information security and IT risks are identified and managed through the Group's information security frameworks, which include controls for detecting, preventing, and recovering from, system failures.	Risk increased. Information security risks persistently evolve, and in response to the Ukraine crisis, national cyber-security response centres have raised the threat level. To counter this, the Group has enhanced its controls in addition to its continuous review and improvement of information security frameworks and controls.



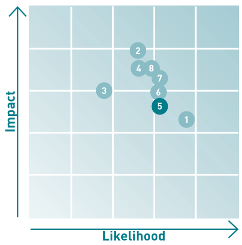
Risk Trend
Risk increased Risk decreased Risk unchanged

Principal risk: Development

Developments fail to meet the operational or financial targets set for them.

APPETITE There is inherent risk associated with the planning, delivery, and sale of any development. Cairn is willing to accept levels of financial or operational risk that are consistent with the planned outcomes of its developments but will always seek to minimise those risks accordingly.

RISK FACTORS	RESPONSE	RISK TREND AND STATUS
Failure to meet development milestones and schedules, and/or release developments to the market in line with the Group's commitments, can adversely affect development costs, the ability to meet development targets, and the maintenance of appropriate levels of cashflow.	The Group has developed and implemented a robust and systematic, integrated methodology for development launches, construction scheduling and supply chain capacity management, delivery, and sales. A common approach to construction design, planning and management is adopted across the development portfolio to increase efficiency and reduce risk. This is supported by the appointment of a Head of Construction to oversee and manage all construction activity. Construction planning and activity is measured and assessed on a number of critical factors. This is supported by a variety of complementary technology platforms and systems to support planning, programming, reporting and programme remediation. Cairn's construction planning and management processes ensure that construction activity progresses in accordance with the requirements of the Group's methodologies.	During 2021 the Group has evaluated its methodology in the context of its scaling plans and development activity. Improvements in the methodology have been identified and implemented.
Availability of materials and supplies, or supply chain disruption, causes development delays or an unexpected increase in development costs.	Maintaining availability of materials and supplies in line with development milestones and schedules is a core function of the Group's commercial function. Supply chain risks are managed on a strategic and tactical basis. This includes expanding the supplier base, identifying and managing specific category risks, forward planning and purchasing, and developing alternatives for existing materials and supplies. To support this, a Supply Risk Monitoring team has been put in place who meet on a monthly basis. This team persistently review the supply categories, the risk categories attributable to them, and the discrete action plans developed to reduce the risks.	The Group monitors risks on a category-by-category basis. Macro factors means supply chains risks (labour supply, materials, and transport capacity) persist, but are actively managed as part of the Group's core activities.
Build cost inflation (including materials, supplies and labour cost) adversely impact the Group's margin and profitability.	The Group commercial function closely monitor and analyse costs to establish trends and support forecasting. This is supplemented by rigorous cost management and the deployment of best in class procurement strategies. Baseline costs on a category-by-category basis were established at the beginning of 2021 and since then are reassessed on a quarterly basis to monitor change and establish trends. The monitoring and assessment of costs changes is supported by a quantity surveyor team who participate in procurement decisions. Operating efficiencies are actively identified to reduce unforeseen costs in product utilisation, logistics and construction activity.	Build Cost Inflation is impacting materials, supplies and labour costs, with these costs rising, and is expected to continue to be a feature. These costs are offset by an improved mix with more apartments sold, embedded supply chain efficiencies and improved pricing in middle and upper-end apartments and houses.



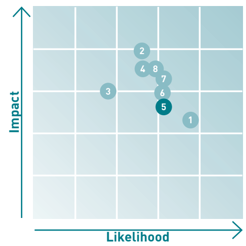
Risk Trend
Risk increased | Risk decreased | Risk unchanged

Principal risk: Development continued

Developments fail to meet the operational or financial targets set for them.

APPETITE There is inherent risk associated with the planning, delivery, and sale of any development. Cairn is willing to accept levels of financial or operational risk that are consistent with the planned outcomes of its developments but will always seek to minimise those risks accordingly.

RISK FACTORS	RESPONSE	RISK TREND AND STATUS
Delivering an increasing number of developments to a consistent quality and costs standard, requires greater standardisation of product and delivery.	The Group's design and development standards have been designed specifically to facilitate the ambitions of the Group and ensure consistency and deliverability at scale. As part of the development of these standards, building design has been challenged and more efficient construction modes incorporated into design briefs.	The Group's design and development standards are tested, reviewed and modified on a persistent basis.
Utility companies (water, drainage, electricity) are unable to provide sufficient connections, supply, or capacity for proposed developments.	The Group proactively engages with utility providers through regular meetings at which current and future requirements are communicated and subsequently managed. Potential supply risks for a development are managed through development level risk processes with specific mitigating strategies developed.	Infrastructure and capacity constraints means it is becoming more difficult for utility providers to keep pace with existing and prospective demand and there is no current indication these constraints will improve in the short to medium term.

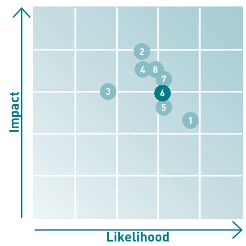


Principal risk: Compliance

Cairn fails to meet its legal and regulatory obligations (such as health & safety or data protection).

APPETITE Cairn has no appetite for failures that give rise to injury or loss or life. Cairn will manage legal and regulatory risks in a manner that is consistent with good practice.

RISK FACTORS	RESPONSE	RISK TREND AND STATUS
A failure by the Group to meet the requirements of health & safety legislation or best practice, giving rise to death or personal injury in the workplace for which Cairn is responsible.	The Group has implemented a health & safety system and supporting framework that exceeds legislative standards. This framework is intended to ensure safe systems of work throughout all Cairn's activities. The Health & Safety function is led by a senior manager reporting to executive management. This is supplemented by independent, periodic reviews of the health & safety systems and their effectiveness.	Maintaining, delivering and constantly improving the Group's health & safety system continues to be central to its response to health & safety risks.
A failure of the business to meet its data protection obligations arising under Irish and EU data protection laws.	An accountability framework managed by the Company Secretary supported by an independent Data Protection Officer supports the processing of personal data in accordance with data protection laws. The framework is periodically assessed against established standards.	Data protection regulation remains a business risk. The accountability framework is actively managed and improvements persistently targeted.



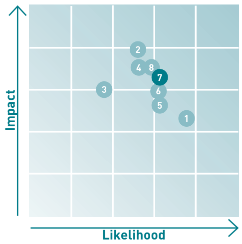
Risk Trend
Risk increased Risk decreased Risk unchanged

Principal risk: People

Cairn fails to recruit, engage, and retain the right employees, in the right positions, to deliver its strategy.

APPETITE Cairn's appetite for people risk is limited with a view to ensuring that the overall strategy can be delivered by the wider Cairn team.

RISK FACTORS	RESPONSE	RISK TREND AND STATUS
A lack of skilled and/or professionally qualified entrants to the construction industry creates a shortage of skills available in the supply chain which are required to facilitate Cairn's development plans, scaling goals and succession planning strategies.	Cairn actively engages with and supports its supply chain to attract, develop and retain talent. This includes apprenticeship and traineeship support, supporting contractors with talent management, and securing labour from overseas markets.	The construction industry continues to experience skills shortages, which the Group addresses through its people strategy.
The Group fails to retain top talent and build from within, and/or acquire top talent, reducing its ability to meet its goals and objectives, and/or maintain a pool of talent to meet its succession plans.	Cairn positions itself as an employer of choice to acquire top talent by expanding its employer brand awareness, investing in innovative talent attraction strategies and utilising alternative resourcing models. Building and retaining talent is supported through effective employee engagement and industry leading remuneration and benefits.	**NEW** Skills and talent shortages in the industry create a significant people retention and development risk. The Group's people strategy targets this risk.
The Group's people engagement strategy fails to engender or facilitate the optimal performance of its employees, so that people performance does not match its potential.	People performance is optimised through extensive employee wellbeing and development programmes and clear progression pathways based on performance, merit and ability.	**NEW** The current employee-led employment market creates perfomance and engagement challenges that are addressed by the Group's people strategy.

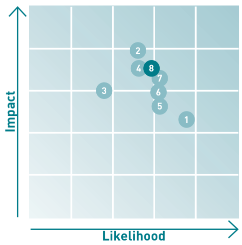


Risk Trend
Risk increased Risk decreased Risk unchanged

Principal risk: Climate

Cairn fails to anticipate and address the strategic, market, regulatory, and operational impacts of climate change.

APPETITE Identifying and proactively responding to the challenges of climate change is core to Cairn's purpose and strategy. Cairn will proactively identify and manage risks associated with climate change in a way that ensures it can continue to deliver on its vision.



RISK FACTORS	RESPONSE	RISK TREND AND STATUS
The Group fails to change its development designs to respond appropriately to climate or environmental related demands.	The Group assesses and monitors its impact on the climate, as well as the demands associated with responding to climate change. It aims to continue to meaningfully address its impact and these demands with innovative and sustainable solutions.	**New** Changes to policy, regulation and stakeholder expectation in response to climate change are persistent and continue to evolve rapidly.
Planning approvals for developments are subject to a greater number of environmental-related planning conditions, increasing development costs and development times.	The Group actively engages with all stakeholders to identify environmental concerns and issues relating to proposed developments, so decision making is fully informed and likely environmental conditions identified at the earliest possible stages of a development's evaluation. A dedicated environmental manager engages with planning authorities to ensure environmental adherence and monitoring plans are developed and implemented so environmental conditions are met in a manner that meets planning conditions, but with the least impact on development costs and timing.	**New** Environmental related planning conditions are increasingly a key aspect of planning approvals granted by planning authorities. This is a trend that is expected to continue.
Construction activity and costs are adversely affected by climate-driven events, such as prolonged periods of intense rainfall, an increase in the severity of winter storms, or extremes of cold or heat.	The impacts of severe weather events and extreme conditions are actively monitored and evaluated by the Group's Technical, Construction and Environmental teams on a site-by-site basis with remediations (such as site drainage methods) developed to respond to site-specific risk and mitigate the cost impact.	**New** Ireland is experiencing more extreme weather driven events and the frequency of such events is not anticipated to abate.
The carbon costs associated with the Group's construction activity adversely impacts its ability to develop sites that meet climate change conditions, or which are affordable to its target market.	The Group is active in identifying materials and products that have a carbon impact, as well as other activities that have a carbon cost or incur carbon charges. The Group's technical and construction teams persistently seek alternative materials and methodologies to reduce these impacts and costs.	**New** The direct and indirect costs of carbon impact activities is increasing and is subject to greater scrutiny by all stakeholders.

GOING CONCERN AND VIABILITY STATEMENT

Going Concern

The COVID-19 pandemic has had an impact on the Group during the year ended 31 December 2021, resulting in an interruption in development activity in the earlier part of the year. The Group entered the COVID-19 pandemic from a position of strength and continues to operate from that position with a long-term strategy that focuses on minimising financial risk and maintaining financial flexibility. The business has strong liquidity, a robust balance sheet and sustainable, lowly leveraged debt facilities.

To mitigate any risk the Group applies a prudent cash management policy ensuring the production activities in the near term are focused towards forward sold inventories, inventories which will continue to be attractive to buyers, and directing housing production pipeline towards new family homes which are at the lower end of the price band. The Group has also expanded its regional footprint during 2021 with further expansion planned in 2022 and continues to have a broad and widening customer base.

The Group did not avail of any wage subsidy support from the Irish Government during 2021 or 2020.

The Group held €40.0 million of cash at 31 December 2021 (31 December 2020: €34.5 million) and has strong liquidity with the Group's loan facilities being repayable between 31 December 2022 and 31 July 2026. While some of the Group's loan facilities are repayable on 31 December 2022, a refinancing project is underway. This is considered to be a routine matter with no foreseeable issues given the Group's financial position and strong outlook. The Group had undrawn revolving credit facilities of €194 million as at 31 December 2021 (€140 million as at 31 December 2020).

During the thirteen-week shutdown period at the beginning of the year during which the majority of the Group's construction sites were closed or operating at significantly reduced capacity (some construction activity continued on new homes contracted to close by 31 January 2021, social homes contracted to close by 31 March 2021 and utility connections during this period), the Group successfully maintained operational momentum, making detailed preparations for a safe return to work, which allowed build programmes to restart efficiently on a phased basis from 12 April 2021. All residential sites were successfully reopened, under strict compliance with operating procedures adhering to social distancing requirements. The Group also commenced construction on two new sites in the second half of the year and five new sites since the start of 2022. While COVID-19 has had an impact on gross and operating margins, the business has recovered well and has seen an improvement in gross margins, a strong recovery in sales and an increase in profitability when compared the prior year. The Group is also encouraged by the level of underlying demand and the forward sales pipeline with strong demand continuing into the early months of 2022 with our enquiry lists across all our active selling sites remaining at historic highs and particularly strong interest in our starter home and trade-up/down commuter locations.

The Directors have carried out a robust assessment of the principal risks facing the Group and have considered the impact of these risks on the going concern of the business. In making this assessment, consideration has been given to the uncertainty inherent in financial forecasting including future market conditions for construction costs and sales prices. Where appropriate, severe but plausible downside-sensitivities have been applied to the key factors affecting the future financial performance of the Group.

Having considered the Group's forecasts and significant liquidity, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements and there are no material uncertainties in that regard which are required to be disclosed.

Viability Statement

In accordance with the UK Corporate Governance Code Provision 31, the Directors have assessed the prospects of the business and its ability to meet its liabilities as they fall due over the medium term. The Directors have concluded that three years is an appropriate period for assessment as this constitutes the Group's rolling strategic planning horizon.

The Group has developed a financial model as part of our three-year plan, which is updated at least annually and is regularly tested and assessed by the Board.

Progress against the three-year plan is regularly reviewed by the Board through presentations from senior management on the performance of the business.

The Group's Principal Risks and Uncertainties aggregate the risks identified, as well as the mitigation plans implemented as part of this process, and they include the risks that may have short-term impacts as well as those which may threaten the long term viability of the Group. The Directors have made a robust assessment of the potential impact that these risks may have on the Group's business model, future performance, solvency and liquidity.

The three-year plan has been tested for a range of scenarios which assess the potential impact of severe but plausible downside-sensitivities to the long-term viability of the Group. These scenarios included the stress testing of the Group's business model and assumes that a combination of events result in a continued reduction in sales over the three-year period from 2022 to 2024, with a deterioration in employment levels and consumer confidence, coupled with a reduced bank risk appetite, leading to a material reduction in credit availability in the mortgage market. In assessing these severe downside scenarios, it was assumed that there was an inability to undertake construction or sales activities for an extended period of time, and a sudden decline in demand compared to the Group's forecast, leading to reduced sales volumes, a reduction in sales prices, increased cost for materials and labour and increased finance costs, followed by a gradual recovery. In these scenarios, the Directors assumed they would take appropriate actions to ensure that the overall financial risk was minimised through this cycle, including:

- suspending capital returns to shareholders;
- disposing of non-core sites;
- deferring certain planned site commencements;
- short term rental of unsold new units; and
- implementing cost-cutting initiatives.

Having reviewed the three-year plan and considered the above stress testing, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due over the aforementioned three-year period.

BOARD OF DIRECTORS

JOHN REYNOLDS (63)
Chairman
Appointed: 28 April 2015

Skills and experience:
John Reynolds was previously Chief Executive Officer of KBC Bank Ireland plc (2009 to 2013) and President of the Irish Banking Federation (2012 to 2013), during which time he was also a board member of the European Banking Federation. John is a Chartered Director, an Economics graduate of Trinity College Dublin, and holds a Masters degree in Banking and Finance from UCD.

Other current appointments:
Non-Executive Director of Computershare Investor Services (Ireland) Limited, Business in the Community Limited, Institute of Directors Ireland and the National Concert Hall. Senior Advisor in Alantra Credit Portfolio Advisors, Ireland and Patron of Chapter Zero Ireland, an entity established to build a community of Non-Executive Directors equipping them to lead crucial boardroom discussions on the impacts of climate change.

MICHAEL STANLEY (56)
Chief Executive Officer (CEO)
Appointed: 12 November 2014

Skills and experience:
Michael Stanley co-founded Cairn Homes plc and was appointed CEO prior to the IPO in June 2015. Michael has a strong pedigree in residential development and the broader property industry. He was previously CEO of Stanley Holdings, a large Irish homebuilder and real estate investment company. Michael also has extensive experience in the packaging, energy, agritech and healthcare sectors.

Other current appointments:
None.

SHANE DOHERTY (47)
Chief Financial Officer (CFO)
Appointed: 13 April 2020

Skills and experience:
Shane Doherty was previously Group CFO at Morgan McKinley Ltd, an international professional staffing and resourcing solutions business, since March 2018. Prior to that, he was Group CFO at green energy developer, Gaelectric Holdings Ltd, European Finance Director at Paddy Power Group plc and Head of PaddyPower.com. Prior to his time at Paddy Power, he worked in various senior finance leadership roles in Eircom Group plc.

Other current appointments:
None.

COMMITTEES

- A Audit & Risk
- R Remuneration
- N Nomination
- A R N Chair

- I Denotes Independence

ALAN MCINTOSH (54)
Non-Executive Director
Appointed: 12 November 2014

Skills and experience:
Alan McIntosh has been a principal investor and part of successful investor groups for over 20 years. During this time, he has had operational management roles and been part of management teams that have successfully grown a number of different businesses, including Topps Tiles plc, PizzaExpress and Centre Parcs. Alan was a co-founder of each of Pearl Group (now listed as Phoenix Group plc), Punch Taverns plc, Spirit Group plc and Wellington Pub Company Ltd. Alan's private investment vehicle, Emerald Investment Partners, has interests in real estate, healthcare, biotech and technology.

Other current appointments:
None.

JULIE SINNAMON (63) A N I
Non-Executive Director
Appointed: 15 September 2021

Skills and experience:
Julie Sinnamon brings deep experience in assisting Irish businesses to grow and scale having had a highly successful career at Enterprise Ireland where she held a number of senior roles including the position of CEO from 2013 until her retirement in 2021. Julie is a business graduate of the University of Ulster, holds a Master's in International Business from Fordham University, USA and is a graduate of the Stanford Executive Programme, USA.

Other current appointments:
Chair of European Movement Ireland, Co-Chair of Balance for Better Business, Director of PwC Ireland Public Interest Body, The Agricultural Trust, Social Entrepreneurs Ireland and The Young Scientist & Technology Exhibition. Member of the Investment Committee of the Irish Strategic Investment Fund and a member of the Irish Government's Climate Change Advisory Council.

LINDA HICKEY (60)

A R I

Non-Executive Director
Appointed: 12 April 2019

Skills and experience:
Linda Hickey was previously Head of Corporate Broking at Goodbody Stockbrokers, where she worked for fifteen years, and where she advised clients on a range of capital markets and corporate governance matters. Prior to this, Linda worked at both NCB Stockbrokers in Dublin and Merrill Lynch in New York. Linda also has a degree in Business Studies from Trinity College Dublin.

Other current appointments:
Non-Executive Director at Kingspan Group plc and Greencore Group plc; Chair of the Board of The Irish Blood Transfusion Service and member of Quanta Capital Advisory Board.

GARY BRITTON (67)

A R I

Non-Executive Director
Appointed: 28 April 2015

Skills and experience:
Gary Britton was previously a partner in KPMG where he served in a number of senior positions, including the firm's Board, the Remuneration and Risk Committees and as head of its Audit Practice. Gary was formerly a non-executive director of the Irish Stock Exchange plc and KBC Bank Ireland plc. Gary is a fellow of Chartered Accountants Ireland and a member of the Institute of Directors in Ireland.

Other current appointments:
Non-Executive Director of Origin Enterprises plc.

GILES DAVIES (53)

R N I

Non-Executive Director
Appointed: 28 April 2015

Skills and experience:
Giles Davies qualified as a chartered accountant with PwC in London and spent five years in management consultancy in London and New York. He went on to found Conservation Capital, a leading international practice in the emerging field of conservation enterprise, ESG and related investment financing. He previously served as Non-Executive Chairman of Wilderness Scotland, Non-Executive Chairman of Capital Management & Investment plc, and as a Non-Executive Director of Algeco Scotsman Group.

Other current appointments:
None.

ORLA O'GORMAN (49)

A N I

Non-Executive Director
Appointed: 10 November 2021

Skills and experience:
Orla O'Gorman spent seven years at the Irish Stock Exchange ("ISE"), where she was Head of Equity. She was centrally involved in the sale of the ISE to Euronext in 2018 and, following that transaction, was appointed as Head of Listing for UK and Ireland. Prior to joining the ISE, Orla founded OR Associates, and previously held senior management positions at Eurologic Systems, ABN AMRO and PwC. Orla is a qualified accountant, holds a Bachelor of Commerce from University College Dublin and a Master of Accounting from UCD Smurfit School.

Other current appointments:
Member of the European Commission's SME Technical Expert Group and the Chartered Accountants Ireland Sustainability Expert Working Group. Advisory Board member of Elkstone Ventures and Non-Executive Director of Elite SpA.

DAVID O'BEIRNE (64)

R N I

Non-Executive Director
Appointed: 1 March 2019

Skills and experience:
David O'Beirne is a former Managing Partner of the international law firm Eversheds Sutherland, Dublin, is a former Head of the firm's Corporate & Commercial Department and is currently a Partner in its Corporate & Commercial Department. David's primary practice areas are mergers, acquisitions, disposals, private equity investments, corporate restructurings and corporate reorganisations, and he has advised clients, both domestic and international, for almost 40 years.

Other current appointments:
None.

SENIOR LEADERSHIP TEAM

MICHAEL STANLEY
Chief Executive Officer (CEO)

SHANE DOHERTY
Chief Financial Officer (CFO)

MAURA WINSTON
Chief People Officer

Maura joined Cairn in June 2019. Formerly Director of Innovation and Change at Federal Court of Australia, Maura spent 10 years with Accenture specialising in Organisational Development.

GAVIN WHELAN
Head of Construction and Operations

Gavin joined Cairn in January 2021. Previously Managing Director and founder of Bailey Brothers Construction Management Services. Gavin also held senior roles in Skanska and Laing O'Rourke. Most notably Gavin acted as Construction Delivery Lead on the £1.7bn mixed use Battersea Power Station redevelopment.

SARAH MURRAY
Director of Customer (B2C)

Sarah joined Cairn in April 2019. Formerly Director of Sherry FitzGerald New Homes with specialist experience in the sales and marketing of large-scale residential developments with some of Ireland leading developers.

FERGUS MCMAHON
Commercial Director

Fergus joined Cairn in April 2016. Previously Cairn Group Managing Surveyor responsible for our team of quantity surveyors. Formerly an Associate Director of McInerney Homes Ltd.

GERALD HOARE
Head of Corporate Development (B2B)

Ger joined Cairn in June 2017. Previously Group Pre-Construction Manager and also Student Accommodation portfolio Delivery Lead. Formerly worked with leading Main Contractors in the UK specialising in residential developments.

TARA GRIMLEY
Company Secretary and Head of Sustainability

Tara joined Cairn in March 2018. Previously Deputy Company Secretary & Head of Group Integration at UDG Healthcare plc. Member of the Chartered Governance Institute.

DECLAN MURRAY
Head of Investor Relations and Corporate Affairs

Declan joined Cairn in February 2016. Previously Director, Structured Solutions at Royal Bank of Scotland plc. Formerly held management positions in two domestic banks.

“We continued to invest in our people in 2021 increasing our headcount to 270 at year-end. Our team has grown further in 2022 to c. 300 full time employees today, with a target of 400 by the end of the year to meet our ambitious growth agenda.”

Michael Stanley
Chief Executive Officer

"Consistently enhancing our governance framework"

John Reynolds
Chairman of the Board

On behalf of the Board, I am pleased to present the corporate governance report for the year ended 31 December 2021. The report explains how the Board operates and how reporting and oversight functions in Cairn.

In the year under review, Cairn was subject to the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council and the Irish Corporate Governance Annex (together "the Code") and this report sets out how we have applied the principles and provisions of the Code. I am pleased to confirm that the Company has complied with the provisions of the Code, save for Provision 38 of the UK Corporate Governance Code, which states that the pension contribution rates for Executive Directors, or payments in lieu, should be aligned with those available to the workforce. As detailed in the 2019 Annual Report, the pension contribution rate for the Chief Financial Officer on appointment was set at 15% of base salary, the same rate of pension contribution that applied with effect from 2021 for the Chief Executive Officer who voluntarily agreed to reduce his contractual pension contribution entitlement over a two year period from 25% of base salary in 2019 to 15% in 2021. In addition, a commitment was made that all future Executive Directors will receive a pension contribution rate in line with the workforce.

Purpose, Vision, Values And Culture

The Board recognises its role in establishing the purpose and values of our Company and embedding these throughout the organisation. Our Purpose, Vision, Values and Culture define us and drive us to create places where people love to live. They drive us to build our homes better and more sustainably, to build a skilled and diverse team and to make a positive impact in communities where we live and work. During the year, discussions were held with a wide range of employees from across the business in order to assess any changes in our colleagues' engagement with our purpose and values over the last two years driving further understanding of how our culture needs to evolve to best support our purpose and values. The key themes arising from the review were considered by the Board and action plans developed for driving further understanding of our culture. The changes to the Code designed to ensure greater engagement between employees and Board members have been welcomed by the Board as providing a more rounded picture of our operations for consideration during discussions on strategy and outlook.

Document and Reporting Framework

During 2021, led by the Company Secretary, we reviewed and refreshed the key documents governing the Company, including Terms of Reference for each key Committee, the Schedule of Matters Reserved for the Board and policies on Diversity and Inclusion. As our business matures, and the expectations of the business evolve, we consider it important that our practices are consistently reviewed and, if needed, altered. The finalised documents are available on our website, www.cairnhomes.com.

Workforce Engagement

In recognition of the requirement under the Code for the Board to establish a mechanism for engaging directly with our employees, David O'Beirne is designated as the non-executive director with responsibility for employee engagement on behalf of the Board. David held a number of meetings with employees at all levels of the organisation during the year, at which he shared with employees a perspective on the Board's priorities and provided an opportunity for them to ask questions. Further details are provided later in the report. Feedback from these meetings has continued to be very positive, with employees welcoming the opportunity to meet with a non-executive member of the Board, and the insights from these interactions continue to provide valuable input to the Board's deliberations. We fully recognise our obligation to engage with and consider the impact of the Board's decisions on all of our stakeholders. Further details on our approach can be found in the Nomination Committee Report.

Board Effectiveness and Refreshment

With the easing of COVID-19 restrictions during the year, the Board was able to resume in-person meetings on a more frequent basis, as well as recommencing site visits. In addition to the gradual return of in-person meetings, we continued to interact with the management of the business and other employees remotely, helping the Board's understanding of both the challenges and opportunities within our business.

There were also significant changes to the Board's composition during the past year, which has deepened the diversity and experiences of us as a collective. Jayne McGivern stepped down from the Board due to her executive commitments, and Andrew Bernhardt also retired from his role at the end of 2021, having served on the Board as a Non-Executive Director for six years.

BOARD MEMBERS BY GENDER

NUMBER OF SCHEDULED BOARD MEETINGS

8

BOARD MEMBERS BY TENURE

NUMBER OF NEW DIRECTORS

2

We are grateful to Jayne and Andrew for their contribution to Cairn. Following a search led by the Nomination Committee, we were delighted to welcome Julie Sinnamon and Orla O'Gorman as independent Directors who bring deep and valuable experience to Cairn in addition to increasing the gender diversity of the Board. Both Julie and Orla have joined the Audit & Risk Committee, and the Nomination Committee, ensuring gender balance at a committee level also. One of my key focuses during 2022 is to ensure our new Directors continue to develop a deep understanding of Cairn's business and operations.

Since the end of the fiscal year, David O'Beirne announced his intention to step down from the Board following the conclusion of the 2022 AGM. We thank David for his service and insight during his tenure and, in particular, for leading the development of the role of Director responsible for workforce engagement. He will be succeeded in that role by Orla O'Gorman.

Board Evaluation

During 2021, through the Institute of Directors ('IOD'), we conducted our triennial external Board evaluation. As a process, external evaluations are extremely insightful, allowing my fellow Board members and I to reflect on what works well or could be improved. The expertise, oversight and independence of the external evaluator is a core part of us getting the most from the exercise.

I was pleased that the evaluation found that the Board continues to operate to a high standard, and our scoring increased in each category from our last external evaluation, also conducted by the IOD. We are, however, always looking to function even more effectively. There were two areas that will form the basis of an action plan over the coming 12 months, relating to how we measure culture and training programmes for Directors. On culture, we are increasing interaction with key employees, supported by our Chief People Officer, as well as refining alignment of reward and performance throughout the organisation. Together with external support, we are also developing a further comprehensive training programme for Directors to refresh their knowledge and skills. Further details on the Board Evaluation process and findings can be found on page 84.

John Reynolds
Chairman

Board Leadership And Company Purpose

Role of the Board

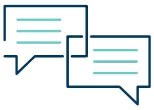
The Board is collectively responsible for promoting the long-term sustainable success of the Group, generating value for shareholders as a whole and contributing to wider society by fulfilling its purpose. In exercising this responsibility, the Board takes into account all relevant stakeholders including customers, employees, suppliers, shareholders, regulators and governments and the effect of the activities of the Group on the environment. The Board provides effective leadership by setting the strategic priorities of the Group and overseeing management's execution of the strategy in a way that enables sustainable long-term growth, while maintaining a balanced approach to risk within a framework of prudent and effective controls.

Our Purpose

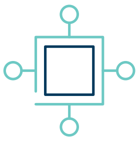
Our purpose is building homes and creating places where people love to live and our sustainability priorities help us to achieve this purpose in a tangible way. Developing a business based on strong, sustainable foundations, and where our employees have the opportunity to achieve their full potential, provides the platform for our continued success. We recognise that this success is dependent upon strong engagement with, and delivery for, all our stakeholders.

Our Values

Agile & Innovative
We are creative and open to new ideas, ready to implement change when required. We are prepared and able to adapt to changing market conditions and customer requirements.



Honest & Straight Talking
Maintaining an open and transparent dialogue. Saying what needs to be said and not just what people want to hear. Being open and transparent, means that we can get to a better solution quicker.



Collaborative
Collaboration is at the core of our homebuilding. Projects involve hundreds of people from varied disciplines and professions working together to achieve a clear common goal – to build great homes.

Commercially Minded
Being sector aware. Knowing the customer. Seeking value and making savings. As well as building great and competitively priced new homes, we are building sustainable long-term value for our stakeholders.

Committed & Engaged
We are all in. We will be there to deliver on stakeholder needs throughout their journey with us, sharing our knowledge, our insights and our expertise to guide, support and reassure.

The Board and management aim to ensure that these values are lived within the business and integrated into decision making at all levels. Where behaviour is not aligned with these values, the Board and management seek to ensure that appropriate action is taken.

Division Of Responsibilities

Roles and Responsibilities

The Board has a formal schedule of matters reserved for its decision which includes the approval of significant acquisitions or disposals, significant capital expenditures, financial statements and budgets, risk management processes and the Principal Risks & Uncertainties, and, the approval of the Terms of Reference for each of the Committees of the Board. Certain governance responsibilities have been delegated by the Board to Board Committees, to ensure that there is independent oversight of internal control and risk management and to assist the Board with carrying out its responsibilities. Three Committees have been established which are the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee. Each of the Board Committees are comprised of independent Non-Executive Directors. Each individual Committee's Chair reports to the Board on matters discussed at Committee meetings and highlights any significant issue that requires Board attention. The roles of Chairman and Chief Executive Officer are set out in writing, clearly defined and approved by the Board. Day-to-day management responsibility rests with the Senior Leadership Team, the members of which are listed on pages 76 and 77.

Chairman

JOHN REYNOLDS

Responsible for leadership of the Board and ensuring effectiveness in all aspects of its role.

He is responsible for setting the Board's agenda and ensuring adequate time is available for discussion of all agenda items, including strategic issues. He is responsible for encouraging and facilitating active engagement by and between all Directors, drawing on their skills, knowledge and experience. He was independent when appointed to the role in 2015.

Chief Executive Officer

MICHAEL STANLEY

Specific responsibility for recommending the Group's strategy to the Board and for delivering the strategy once approved.

In undertaking such responsibilities, the Chief Executive Officer takes advice from, and is provided with support by, his Senior Leadership Team and all Board colleagues.

Together with the Chief Financial Officer, the Chief Executive Officer monitors the Group's operating and financial results and directs the day-to-day business of the Group. The Chief Executive Officer is also responsible for recruitment, leadership and development of the Group's senior management team below Board level.

Senior Independent Director

GILES DAVIES

Giles is the Senior Independent Non-Executive Director. He acts as a sounding board for the Chairman and acts as an intermediary for the other Directors when necessary.

He is also available to address shareholders' concerns that have not been resolved through the normal channels of communication with the Chairman, Chief Executive Officer or Chief Financial Officer. He is responsible for evaluating the performance of the Chairman in consultation with the other Non-Executive Directors.

Non-Executive Directors

The Non-Executive Directors provide an external perspective, sound judgement and objectivity to the Board's deliberations and decision making. With their diverse range of skills and expertise, they support and constructively challenge the Executive Directors and monitor and scrutinise the Group's performance against agreed goals and objectives. The Non-Executive Directors are also responsible for determining appropriate levels of executive remuneration, appointing and removing Executive Directors, and succession planning through their membership of the Remuneration and Nomination Committees. The Non-Executive Directors together with the Chairman meet regularly without any Executive Directors being present.

Company Secretary

TARA GRIMLEY

Supports and works closely with the Chairman, the Chief Executive Officer and the Chairs of the Board Committees in setting agendas for meetings of the Board and its Committees.

She supports accurate, timely and clear information flows to and from the Board and the Board Committees, and between Directors and senior management. In addition, she supports the Chairman in designing and delivering Directors' induction programmes and the Board and Committee performance evaluations. She also advises the Board on corporate governance matters and Board procedures, and is responsible for administering the Share Dealing Code and the AGM.

Conflicts of Interest
The Board reviews potential conflicts of interest as a standing agenda item at each Board meeting. Directors have continuing obligations to update the Board on any changes to these conflicts.

Induction and Training
An induction procedure for new Board members was established in early 2019 which was further enhanced in 2021 as we inducted two new members to the Board. Board members engage with senior management on a regular basis to assist and enhance their understanding of the business. The Board considers on an ongoing basis the need for additional training in respect of any matters relevant to the development and operation of the Board or any of its Committees. In addition, as part of our action plan emanating from the external evaluation, there will be an increase in the availability of training for Directors in 2022.

D&O Insurance
The Company maintains appropriate Directors' and Officers' liability insurance cover in respect of legal action against Directors, the level of which is reviewed annually. Subject to the provisions of, and so far as may be permitted by the Companies Act 2014 and the Company's Constitution, every Director, Secretary or other officer of the Company is entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by them in the execution and discharge of their duties.

Board Meetings in 2021
The Board meets regularly and would typically hold seven scheduled meetings during the year, including a strategy day. The Board met eight times for Board meetings during 2021. Generally each formal Board meeting follows a carefully tailored agenda agreed in advance by the Chairman, Chief Executive Officer, Chief Financial Officer and Company Secretary. A typical meeting will comprise reports on current trading and financial performance from the Chief Executive Officer and Chief Financial Officer, sustainability, risk, governance, health & safety and investor relations updates and 'deep dives' into areas of particular strategic importance.

Attendance Table

Director	No. of Meetings Held/Attended	Board Tenure
John Reynolds (Chairman)	8/8	7 years
Andrew Bernhardt*	8/8	7 years
Gary Britton	8/8	7 years
Giles Davies	8/8	7 years
Shane Doherty	8/8	2 years
Linda Hickey	8/8	3 years
Jayne McGivern*	5/5	3 years
Alan McIntosh	8/8	7 years
David O'Beirne	8/8	3 years
Orla O'Gorman*	1/1	< 1 year
Julie Sinnamon*	2/2	< 1 year
Michael Stanley	8/8	7 years

* Andrew Bernhardt and Jayne McGivern stepped down from the Board on 31 December 2021 and 3 September 2021 respectively. Orla O'Gorman and Julie Sinnamon joined the Board on 10 November 2021 and 17 September 2021 respectively.

Commitment and External Appointments
As part of the Board evaluation process, the Board has considered the individual Directors' attendance, their contribution, and their external appointments, and is satisfied that each of the Directors is able to allocate sufficient time to the Group to discharge his or her responsibilities effectively. As evidenced by the attendance table above, the Directors have maintained the ability to devote sufficient time to their roles and the Company. Contracts and letters of appointment with Directors are made available at the AGM or upon request.

Executive Directors are permitted to take up non-executive positions on the boards of other listed companies so long as this is not deemed to interfere with the business of the Group. Executive Directors' appointments to such positions are subject to the approval of the Board which considers, amongst other things, the time commitment required. In line with the Code, Non-Executive Directors are also encouraged to seek Board approval prior to taking on any additional external appointments.

Directors' Terms of Appointment
The Executive Directors have service agreements with the Company which have notice periods of 12 months or less. The Non-Executive Directors have Letters of Appointment which set out their terms of appointment. The initial period of appointment is three years and any term renewal is subject to the approval of the Board and appointments are terminable on one month's notice. Under the Company's Constitution, one third of all Directors must retire by rotation at each Annual General Meeting and may seek re-election. However, in keeping with best corporate governance practice, the Board has decided that all Directors will seek re-election annually. Accordingly, all Directors will retire at the Annual General Meeting currently scheduled for 12 May 2022 and, being eligible, each will offer themselves for re-election with the exception of David O'Beirne. The Board is satisfied that the Company benefits greatly from the services of all Directors and accordingly, the Board recommends the re-election of all of the Directors.

Information and Support
All members of the Board are supplied with appropriate, clear and accurate information in a timely manner covering matters which are to be considered at forthcoming Board or Committee meetings. The papers for each meeting are made available via an electronic Board portal along with a wealth of supporting and reference material. Should Directors judge it necessary to seek independent legal advice about the performance of their duties with the Group, they are entitled to do so at the Group's expense. Directors also have access to the advice and services of the Company Secretary, who is responsible for advising the Board on all governance matters and ensuring that Board procedures are complied with. The appointment and removal of the Company Secretary is a matter requiring Board approval.

Independence
As is done annually, the independence of the Non-Executive Directors was reviewed during 2021. In doing so, the Board considered factors such as length of tenure and relationships or circumstances that are likely to affect, or appear to affect, the Directors' judgement, in determining whether they remain independent. Following this year's review, the Board concluded that, excluding Alan McIntosh who is deemed non-independent given his prior role as an Executive and a Founder, all of the other Non-Executive Directors remain independent in character and judgement and are free from any business or other relationships that could materially affect the exercise of their judgement. The Chairman of the Board was deemed independent on appointment.

In assessing the independence of Linda Hickey, the Committee had due regard for her former position as a senior executive at Goodbody Stockbrokers ("Goodbody"), one of the Company's corporate brokers, as well as on the Board of Kingspan Group plc ("Kingspan"), one of the Company's suppliers. The Committee concluded that Ms Hickey was fully independent, taking into account the following material factors:

- Ms Hickey retired from her role at Goodbody in April 2019, prior to her joining the Board
- Kingspan is the largest supplier of timber frame housing in Ireland. The availability of alternative suppliers at such scale simply does not exist in the Irish market and procurement of these products was subject to the Company's strict procurement procedures
- Non-Executive Directors are not involved in the procurement process; and, the total purchases from Kingspan in 2021 were €19.4 million (2020: €10.95 million), which is not material for a business of Kingspan's size.

Ms Hickey has deep experience in capital markets and particularly with Irish public companies, which is very valuable to the Company and our shareholders. In addition, we consider experience gained through her role as a non-executive director of a global building materials company to be an asset to the Company. Ms Hickey has met with many of our major shareholders and was re-elected to the Board with over 99% shareholder support in both years since her appointment.

Board Appointment Process
During the past year, there were significant changes made to the Board's composition. When making Board appointments, the Nomination Committee reviews and approves an outline brief and role specification and appoints an external search consultancy for the assignment.

The Chairman of the Board (except in relation to his own succession) alongside representation from the Nomination Committee and the Chief People Officer, meets with the external search consultancy to discuss the specification and search as well as the Group's need for enhancing diversity. The external search consultancy prepares an initial long list of candidates from which the Nomination Committee assembles a shortlist. Interviews are held with the Chairman, Chief Executive Officer and a selection of Non-Executive Directors.

The Nomination Committee then makes a recommendation to the Board for its consideration. Following Board approval, the appointment is announced in line with requirements of the rules applying to public companies.

Board Policy on Diversity
In 2019, the Board adopted a formal Diversity and Equality Policy applicable to the Company as a whole. The Board and management continues to be cognisant of the benefits of diversity and the recommendations of the Hampton-Alexander and Parker reviews, and recognise the clear benefits of increasing diversity at all levels of the organisation.

Cairn made good progress in this area during 2021. At 31 December 2021, our female employees made up 27% of our total workforce, while 33% of the Chief Executive Officer's direct reports were female. Many of the Company's employee base are also from varying backgrounds of nationality, ethnicity, and religion. In response to the embedding of the Parker Review in market practice, the Board is reviewing succession planning and recruitment policies to ensure an appropriate focus on ethnicity. Further details on diversity within the Company can be found within our 2021 Sustainability Report.

Board Evaluation

During 2021, the Board and each of its Committees completed an external evaluation questionnaire to assess their performance and effectiveness. Overall, the feedback from the external evaluation was very positive with the Board recognising management's efforts to drive the business through the ongoing challenges presented by the COVID-19 pandemic, from strong health and safety procedures, clearly defined back-to-work protocols, and the quality and frequency of Board engagement and information flow over the course of 2021. In terms of actions, the Board will place a particular focus on continuing to drive enhancements in Director training and the monitoring of culture within the organisation. During 2022, the Board will also focus on the continued integration of ESG factors into strategy development and Director training.

Preparation	• Institute of Directors appointed by the Nomination Committee • Institute of Directors assigned Independent Assessor • Assessor meets with Chairman and Company Secretary to determine scope of engagement, key objectives, focus areas and the overall structure of the evaluation
Data Gathering & Analysis	• Comprehensive online questionnaire completed by each Board and Committee member, tailored to meet the objectives of the evaluation
Interviews	• Following completion of questionnaires and analysis of responses, the Independent Assessor held one-to-one interviews with each Board member to give them an opportunity to discuss their questionnaire responses, to expand upon them, and to raise any other issues which are not directly covered by the questionnaire. The interviews also incorporated review of Committee work as relevant by membership
Reporting & Action Plan	• Draft report of findings and key recommendations shared with the Chairman and Company Secretary for review to ensure the process and output met the initial evaluation objectives, without compromising the integrity of the process or the recommendations made • The final report was circulated to the full Board and the Independent Assessor attended the following Board meeting to present findings and key recommendations to the Board • Discussion held during Board meeting to consider the outcomes and agree recommended actions

Audit, Risk and Internal Controls

Internal Control

The Board has overall responsibility for the Company's system of internal control, for reviewing its effectiveness and for confirming that there is an ongoing process in place for identifying, evaluating and managing the significant risks facing the Company. The process was in place throughout the year under review and up to the date of approval of the Annual Report and Financial Statements. The Board has reviewed the effectiveness of the Company's risk management and internal control systems, with the assistance of the Audit & Risk Committee. Effective risk management is critical to the achievement of the Company's strategic objectives. Risk management controls are in place across the business. The Company's risk framework continues to evolve, and the Company will continue to monitor and improve its risk management framework. Further details are available in the Risk Report on pages 62 to 73.

The Company has documented its financial policies, processes and controls which will be reviewed and updated on an ongoing basis. The key elements of the system of internal control include the following: Clearly defined organisation structure and lines of authority;

- Company policies for financial reporting, treasury management, information technology and security and project appraisal;
- Annual budgets and business plans; and
- Monitoring performance against budget.

The preparation and issuance of financial reports is managed by the finance function. The financial reporting process is controlled using the Company's accounting policies and reporting system. The financial information is reviewed by the Chief Financial Officer and the Chief Executive Officer. The interim and preliminary results and the Annual Report and Financial Statements are reviewed by the Audit & Risk Committee who recommend their approval to the Board.

Risk Management

The Company considers risk management to be of paramount importance. The Board, together with Senior Leadership Team, deals with risk management on behalf of the Company as part of its regular monitoring of the business. The Board and the Audit & Risk Committee have put in place procedures designed to ensure that all applicable risks pertaining to the Company can be identified, monitored and managed at all times. Further information on the principal risks applicable to the Company is given in the Risk Report on pages 62 to 73.

Financial Risk Management

The financial risk management objectives and policies of the Company are set out in note 29 to the consolidated financial statements.

Health and Safety Policy

It is the policy of the Company and its subsidiaries to comply with the following legislation as a minimum standard for all work activities:

- Safety, Health and Welfare at Work Act, 2005
- the Safety, Health and Welfare at Work (General Application) Regulations, 2007 - 2016
- the Safety Health and Welfare at Work (Construction) Regulations, 2013 and all amendments to date
- All codes of practice applicable to the work undertaken by the Company or its subsidiaries.

In complying with the statutory requirements and implementing our safety management system the Company ensures, so far as reasonably practicable, the safety, health and welfare of all employees whilst at work and provides such information, training and supervision as is required for this purpose. It is the policy of the Company to protect, so far as is reasonably practicable, persons not employed by the Group who may be affected by our activities.

It is the policy of the Company to ensure that adequate consultation takes place between management, employees, contractors and others on all health and safety related matters and employees are encouraged to notify management of identified hazards in the workplace. All employees have the responsibility to co-operate with supervisors and management to achieve a healthy and safe work place and to take reasonable care of themselves and others.

The Health and Safety Policy is available at all work locations for consultation and review by all employees. The Policy is kept up-to-date and amended as necessary to meet changes in the nature and size of the business. The Policy is communicated to employees at the commencement of their employment and on an annual basis thereafter as the safety statement review is carried out.

The Company will strive to work for the ongoing integration of health and safety into all of its activities, with the objective of retaining high standards of health and safety performance. The Company seeks the full co-operation of all concerned in the carrying through of its commitment. Health and safety has also been integrated into the remuneration arrangements for the Executive Directors, with pay opportunity reduced in the event of unsatisfactory Health and Safety performance

General Meetings

The Company holds a general meeting each year as its Annual General Meeting in addition to any other meeting in that year. Not more than 15 months shall elapse between the date of one Annual General Meeting and that of the next. The Board is responsible for the convening of general meetings.

The 2022 Annual General Meeting of the Company is scheduled to be held at The Merrion Hotel, Merrion Street Upper, Dublin 2, D02 KF79 at 11.00 a.m. on 12 May 2022. The 2021 Annual Report and 2022 Notice of the Annual General Meeting will be circulated at least 20 working days prior to the meeting and will be available to download from the Company's website. The Notice contains a description of the business to be transacted at the Annual General Meeting. The Chairman, Chief Executive Officer, Chief Financial Officer and Non-Executive Directors will be available at the Annual General Meeting to answer shareholder questions.

Every shareholder has the right to attend and vote at the Annual General Meeting and to ask questions related to the items on the agenda of the Annual General Meeting.

Voting Rights

(a) Votes of Members: Votes may be given either personally or by proxy. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll every member shall have one vote for every share carrying voting rights of which he/she/it is the holder. The Chairman shall be entitled to a casting vote where there is an equality of votes.

(b) Resolutions: Resolutions are categorised as either ordinary or special resolutions. The essential difference between an ordinary resolution and a special resolution is that a bare majority of more than 50% of the votes cast by members voting on the relevant resolution is required for the passing of an ordinary resolution, whereas a qualified majority of 75% or more of the votes cast by members voting on the relevant resolution is required in order to pass a special resolution. Matters requiring a special resolution include for example:
- altering the Objects of the Company;
- altering the Constitution of the Company; and
- approving a change of the Company's name.

Communication with Shareholders

The Company attaches considerable importance to shareholder communication. There is regular dialogue with institutional shareholders, including detailed presentations and roadshows after the announcement of interim and preliminary results. The Executive Directors meet with institutional investors during the year and participate in broker/investor conferences.

The Chairman has overall responsibility for ensuring that the views of our shareholders are communicated to the Board. Contact with major shareholders is principally maintained by the Executive Directors. During 2021, meetings between the Chairman and in the majority of cases, the Chair of the Remuneration Committee, were held with c. 60% of our shareholders on a broad range of governance and strategic areas. The Executive Directors also report regularly to the Board on their engagement with shareholders. The Board also regularly receives analysts' reports on the Company. The Company's website www.cairnhomes.com provides the full text of all announcements including the interim and preliminary results and investor presentations.

Other

The Company discloses information to the market as required by the Listing Rules of Euronext Dublin and the Listing Rules of the London Stock Exchange and Financial Conduct Authority, including inter alia:
- Periodic financial information such as interim and preliminary results;
- Price-sensitive information, which for example, might be a significant change in the Company's financial position or outlook, unless there is a reason not to disclose such information (e.g. prejudicing commercial negotiations);
- Information regarding major developments in the Company's activities;
- Information regarding dividend decisions;
- Any changes to the Board once a decision has been made, and
- Information in relation to any significant changes notified to the Company of shares held by a substantial shareholder.

The Company will make an announcement if it has reason to believe that a leak may have occurred about any ongoing negotiations of a price-sensitive nature. Any decisions by the Board which might influence the share price must be announced as soon as possible and in any event before the start of trading the next day. Information relayed at a shareholders' meeting, which could be price-sensitive, must be announced no later than the time the information is delivered at the meeting. In relation to any uncertainty regarding the communication of a particular matter, advice will be sought from the Company's sponsors and/or legal advisor(s).

Remuneration

Details on the Company's compliance with the provisions of the UK Corporate Governance Code in relation to remuneration are set out in the Directors' Remuneration Report.

AUDIT & RISK COMMITTEE REPORT

"The Committee continues to ensure the maintenance of effective risk management and internal control frameworks"

Gary Britton
Chair of the Audit & Risk Committee

The below table sets out the Committee membership including their attendance and tenure:

Committee Member	Meeting Attendance	Committee Tenure
Gary Britton (Chair)	6/6	7 years
Andrew Bernhardt*	6/6	7 years
Giles Davies*	5/5	7 years
Linda Hickey	6/6	3 years
Jayne McGivern*	4/5	3 years
Orla O'Gorman*	1/1	< 1 year
Julie Sinnamon*	1/1	< 1 year

*Andrew Bernhardt and Jayne McGivern stepped down from the Board and Committee on 31 December 2021 and 3 September 2021 respectively. Giles Davies stepped down from the Committee on 10 November 2021. Julie Sinnamon and Orla O'Gorman were appointed to the Committee on 10 November 2021.

Dear Shareholder,

This report describes how the Audit & Risk Committee (the "Committee") has fulfilled its responsibilities during the year under its Terms of Reference and under the relevant requirements of the UK Corporate Governance Code and Irish Corporate Governance Annex (together "the Code").

The Committee is satisfied that its role and authority include those matters envisaged by the UK Corporate Governance Code that should fall within its remit and that the Board has delegated authority to the Committee to address those tasks for which it has responsibility.

Committee Membership

The Committee currently comprises four Non-Executive Directors having had several changes to the composition throughout the year. I'm delighted to welcome both Julie Sinnamon and Orla O'Gorman to the Committee and wish to express my thanks to each of Jayne McGivern, Andrew Bernhardt and Giles Davies for their individual contributions to Committee deliberations during their respective tenures.

All members of the Committee are determined by the Board to be independent Non-Executive Directors in accordance with provision 24 of the UK Corporate Governance Code. In accordance with the requirements of provision 24 of the UK Corporate Governance Code, several members of the Committee are deemed to have recent and relevant financial experience. The biographical details on pages 74 and 75 demonstrate that members of the Committee have a wide range of financial, capital markets, commercial and business experience relevant to the sector in which the Group operates.

The Committee met six times during the year and the attendance of each member is laid out in the table above. Meetings are attended by members of the Committee and others being principally the Chairman, the Company Secretary, the Chief Financial Officer, representatives from the finance function, the Health & Safety Manager, and representatives of the External Auditor as well as the outsourced Internal Audit function who also attend by invitation. Other members of management may be invited to attend to provide insight or expertise in relation to specific matters.

The Committee also met privately with the External Auditor and representatives of the outsourced Internal Audit function without management present at least once during the year.

The Chair of the Committee reports to the Board following each meeting, on the work of the Committee and on its findings and recommendations.

KEY DUTIES

- Monitoring the integrity of the Group's financial statements and announcements relating to the Group's performance;
- Advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, and whether it provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- Monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, re-appointment and remuneration of the External Auditor;
- Overseeing the relationship between the Group and the External Auditor including the terms of engagement and the scope of audit;
- Reviewing the scope, resourcing, findings and effectiveness of the Internal Audit function;
- Monitoring and reviewing the overall effectiveness of the Group's risk management systems, and overseeing its strategic response to risk, in particular, the principal and emerging risks to its strategic objectives;
- Reviewing the adequacy and effectiveness of the Group's systems and controls for risks associated with health & safety, bribery and fraud, and the use of personal data; and
- Reporting to the Board on how the Committee has discharged its responsibilities.

KEY AREAS OF ACTIVITY DURING 2021

A summary of the key activities of the Committee during the year is set out below:

Financial Reporting

The Committee reviewed the draft trading updates, draft preliminary results, draft annual report and draft interim results before recommending their approval to the Board. The Committee considered the appropriateness of the relevant accounting policies and significant judgements and key estimates adopted in the preparation of the financial statements. The Committee also considered the views of the External Auditors in making these assessments. The significant issues in relation to the financial statements considered by the Committee and how these were addressed are set out on pages 89 and 90. The Committee also reviewed the observations on internal control prepared by the External Auditor as part of the audit process.

In accordance with the reporting requirements of the Code, the Committee confirms to the Board that, in our view, the Annual Report, taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Risk Management and Internal Control

Responsibility for monitoring the effectiveness of the Group's system of risk management and internal control is delegated to the Committee by the Board. Following the comprehensive review of the Group's risk management process in 2020, the Committee in 2021 embedded the effectiveness of the process through its oversight of risk and associated controls. The Committee is satisfied with the procedures established for identifying, assessing and managing key risks, and will continue to evaluate those procedures against best practice for the industry. Further information on the Group's risk management process is outlined in the Risk Report on pages 62 to 73.

Health & Safety and Data Protection

The Committee met with the Group's Health & Safety Manager and Commercial Director on three occasions during the year. These meetings included reviewing key health and safety statistics, monitoring resourcing requirements for the function and overseeing the achievement of key objectives during 2021 which were set at the beginning of the year. The Chairman of the Committee also frequently engaged with the Health & Safety Manager outside of meetings.

The Committee has engaged with the Company Secretary who has overall responsibility for the Group's lawful use of personal data in accordance with Irish and European data protection laws, including Regulation (EU) 2016/679 (the General Data Protection Regulation "GDPR"). The Group has designated an independent Data Protection Officer who has access to the Committee, advises the Company Secretary and carries out the tasks mandated by the GDPR. Throughout 2021, the Committee continued to monitor the progress and effectiveness of the Group's data protection programme, consistent with the data protection risks faced by the Group.

Going Concern, Viability and Directors' Compliance Statements

The Committee reviewed the draft Going Concern Statement, Viability Statement and Directors' Compliance Statement prior to recommending them to the Board for its review and approval. The Going Concern Statement and the Viability Statement are contained in the Risk Report on page 73. The Directors' Compliance Statement is included in the Directors' Report on page 110.

Internal Audit

The Group's Internal Audit function is outsourced, however the Committee continues to maintain oversight of and responsibility for the function's effectiveness on an annual basis. The Internal Audit function completed four Internal Audit reviews during the year; (1) Review of Procurement; (2) Review of Cyber Security; (3) Review of Delegated Authorities; and (4) Review of Funding & Liquidity. The Committee considered reports and updates from the Internal Audit function for each of these reviews which summarised the work undertaken, findings, recommendations and management responses to audits conducted during the year. A register is maintained internally which monitors progress against any recommended process and control enhancements to ensure that they are implemented appropriately and in a timely and controlled manner.

The Committee considered and approved the programme of work to be undertaken by the Internal Audit function in 2021 and the planned programme of work for 2022. The Committee also met with the members of the Internal Audit function privately without management present.

External Auditor

Our External Auditor, KPMG, was appointed in 2015. The Group currently has no plans to tender for audit services, although is cognisant of the EU Audit Regulation requirements on auditor rotation. The Committee reviewed the External Auditor's overall audit plan for the 2021 audit and approved the remuneration and terms of engagement of the External Auditor. The Committee also considered the quality and effectiveness of the external audit process and the independence and objectivity of the External Auditor.

In order to ensure the independence of the External Auditor, the Committee received confirmation from the External Auditors that they are independent of the Group under the requirements of the Irish Auditing & Accounting Supervisory Authority ("IAASA") Ethical Standard for Auditors (Ireland). The External Auditors also confirmed that they were not aware of any relationships between the firm and the Group or between the firm and persons in financial reporting oversight roles in the Group that may affect its independence. The Committee considered and was satisfied that the relationships between the External Auditor and the Group including those relating to the provision of non-audit services did not impair the External Auditor's judgement or independence.

Non-Audit Services

The Committee reviews the engagement of the External Auditor to provide non-audit services on an ongoing basis. In considering any proposal for the provision of non-audit services by the External Auditor, the Committee considered several matters including:

- Threats to independence and objectivity resulting from the provision of such services and any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the External Auditor's integrity and objectivity;
- The nature of the non-audit services;
- Whether the skills and experience of the external audit firm make it the most suitable supplier of the non-audit services;
- The fees incurred, or to be incurred, for non-audit services both for individual services and in aggregate, relative to the audit fee; and
- Any relevant legislation.

The External Auditor will not be engaged for any non-audit services without the approval of the Committee. The External Auditor is precluded from providing certain services under Regulation (EU) No 537/2014 or from providing any non-audit services that have the potential to compromise its independence or judgement.

Details of the audit and non-audit services provided by the External Auditor for 2021 and their related fees are disclosed in Note 9 to the consolidated financial statements. The Committee has undertaken a review of non-audit services provided during 2021 and is satisfied that these services were efficiently provided by the External Auditor with the benefit of their knowledge of the business and did not prejudice their independence or objectivity.

In line with EU audit regulations, the Group's non-audit fees for 2021 were less than 70% of the average of the audit fees over the previous three-year period.

Confidential Reporting and Anti-Bribery & Corruption

The Group's Confidential Reporting and Anti-Bribery & Corruption Policies were reviewed and updated during 2021 and were formally adopted by the Committee and rolled out within the business in early 2022. The policies are published on the Group's website and intranet, and employees are required to confirm they have read them. The Committee continues to monitor and review any breaches to these policies.

Estimates and Judgements

The Committee reviewed in detail the areas of significant judgement, complexity and estimation in connection with the financial statements for 2021. The Committee considered a report from the External Auditors on the audit work undertaken and conclusions reached as set out in their audit report on pages 113 to 118. The Committee also had an in-depth discussion on these matters with the External Auditors. These significant areas were the carrying value of inventories and profit recognition.

Carrying Value of Inventories and Profit Recognition

The Group continued to invest capital in developing its landbank and construction work in progress as the business continues to scale its construction activities. Consequently, the carrying value of inventories is a critical area in terms of judgement from a management and audit perspective. The Group engaged in a detailed annual impairment test during 2021 to ensure that the investment in such development land and the related construction work in progress is not impaired. The impairment exercise was conducted with input from the relevant stakeholders across the business and external input, where appropriate. The annual impairment test looks at all aspects of site performance on an individual site by site basis, in order to determine the net realisable value of the individual site. This involves assessing the number of units that can be achieved on each individual site, together with a full assessment of the likely sales prices of those individual units, which are then compared to actual sales prices achieved to date.

All costs associated with the individual sites are assessed and updated on a regular basis as new information becomes available, based on actual experience. In the event that the net realisable value is lower than the cost of any particular site, the individual site would be considered impaired and it would be written down to its net realisable value. This process is reviewed by management and is also tested extensively as part of the annual audit process.

The annual impairment test did not show any evidence of impairment on a site by site basis.

The Group recognises its gross profit on each sale, based on the particular unit sold and the total cost attaching to that unit. As the build cost on a site can take place over a number of reporting periods the determination of the cost of sale to release on each individual unit sale is dependent on up-to-date cost forecasting and expected profit margins across the scheme. There is a risk that one or all of the assumptions could be inaccurate, with a resulting impact on the carrying value of inventories or the amount of profit recognised. This risk is managed through ongoing site profitability reforecasting, with any necessary adjustments being accounted for in the relevant reporting period.

The Committee considered the evidence from impairment reviews and profit forecasting models across the various sites and discussed the results with management and is satisfied with the carrying values of inventories (development land and construction work in progress) and with the methodology for the release of costs on the sale of individual units.

As Chair of the Committee, I engaged with the Company Secretary, the Chief Financial Officer, and representatives from the finance function and health and safety function, the Internal Audit function and the External Auditor in preparation for each Committee meeting. I also attend the Annual General Meeting and am available to respond to any questions that shareholders may have concerning the activities of the Committee.

Gary Britton
Chair of the Audit & Risk Committee

NOMINATION COMMITTEE REPORT

"2021 was a busy year for the Nomination Committee, with a focus on improving diversity at Board level"

Giles Davies
Chair of the Nomination Committee

Dear Shareholder,

I am pleased to present the Nomination Committee (the 'Committee') report on the progress made during 2021. The main purpose of the Committee is to ensure plans are in place for orderly succession of Board and senior management positions whilst maintaining an appropriate balance of skills, experience, independence and diversity. The Committee regularly reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any changes.

Following a search led by the Nomination Committee, we oversaw the appointment process which resulted in the appointment of Julie Sinnamon on 17 September, followed by the appointment of Orla O'Gorman on 10 November. We were delighted to recommend the appointment of these Directors to the Board, who bring different but equally important skills to the Board and the key Committees they sit on. Both Jayne McGivern and Andrew Bernhardt stepped down from the Board during the past year, and we thank them for their input over the years. Gary Britton and Alan McIntosh also stepped down from the Nomination Committee during the year and we thank them for their contributions during their respective tenures. Following the end of the financial year, David O'Beirne announced his intention to step down from the Board at the conclusion of the 2022 AGM. The Committee will continue to lead the refreshment process to appoint further Non-Executive Directors in the period ahead.

All members of the Committee are Independent Non-Executive Directors and their biographies can be found on pages 74 and 75. Members of the Leadership Team, primarily the Chief People Office Maura Winston, and the Board Chairman John Reynolds, are invited to attend meetings. The Company Secretary Tara Grimley also acts as Secretary to the Committee.

The Committee met four times during the year and after each Committee meeting, the Board was apprised of key issues discussed during our meetings.

Meeting attendance can be found in the table below:

Committee Member	Meeting Attendance	Committee Tenure
Giles Davies (Chair)	4/4	7 years
Gary Britton*	4/4	7 years
Alan McIntosh*	3/3	2 years
David O'Beirne	4/4	3 years
Orla O'Gorman	1/1	< 1 year
Julie Sinnamon	1/1	< 1 year

* Gary Britton and Alan McIntosh stepped down from the Committee on 10 November 2021.

With new Board members and two departures during the year, there have been a number of changes to the Board's key Committees as part of our consistent focus on Board refreshment and diversification of the Board's skillset. Gary Britton and Alan McIntosh stepped down from the Nomination Committee and both Orla O'Gorman and Julie Sinnamon were appointed. I stepped down from the Audit & Risk Committee and both Orla O'Gorman and Julie Sinnamon were appointed. All changes were effective from 10 November 2021.

Audit & Risk Committee	Remuneration Committee	Nomination Committee
Gary Britton (Chair)	Linda Hickey (Chair)	Giles Davies (Chair)
Linda Hickey	Gary Britton	Julie Sinnamon
Julie Sinnamon	Giles Davies	Orla O'Gorman
Orla O'Gorman	David O'Beirne	David O'Beirne

Role of the Committee

The Committee is responsible for Board recruitment and will conduct regular assessments of the Board's composition against the Company's strategic priorities and the main trends and factors affecting the long-term success and future viability of the Company. The Committee's key objective is to ensure that the Board comprises individuals with the necessary skills, knowledge, experience and diversity (including gender diversity) to ensure that the Board is effective in discharging its responsibilities.

The Committee strongly believes that diversity and developing an inclusive culture is a key driver of business success and the Committee is committed to having a diverse and inclusive management team which provides a range of perspectives, insights and critical challenge needed to support good decision-making, helping with risk management and strategic planning.

Committee Responsibilities and Key Activities
Details of the key areas of responsibility of the Committee and the time spent on each area during 2021 are set out below:

Board Composition
The Committee has sought to balance the composition of the Board and its Committees and to refresh them progressively over time. In discharging its responsibilities, the Committee regularly reviews the structure, size and composition of the Board and its Committees, including skills, knowledge, independence and diversity, to ensure they are aligned with the Group's strategy. Our Non-Executive Directors are drawn from a wide range of industries and backgrounds, including capital markets, legal, investment banking, entrepreneurial, environmental and financial industry experience and have a wealth of experience in complex organisations with global reach.

The Committee recognises the importance of the Board's awareness of and preparations for the future, and ensuring that the skills, experience and knowledge of individuals reflect the changing demands of the business, all while upholding the culture and values of the Group. Building on the work done in 2020 that set out clear skills against the evolution of our strategy, during the year, a Non-Executive Director succession plan was developed from this. This provides a structured and systematic approach to refreshing the Board.

Board Diversity
The Committee and Board are committed to ensuring that together the Directors possess the requisite diversity of skills, experience, knowledge and perspectives to support the long-term success of the Company. In this regard, the role of diversity in promoting balanced and considered decision making which aligns with the Group's purpose, values and strategy is fully recognised. All Board appointments are made on an objective and shared understanding of merit, in line with required competencies relevant to the Company as identified by the Committee, and consistent with the Board's Diversity Policy.

The Committee will identify suitable candidates based on merit against objective criteria and with due regard for the benefits of diversity on the Board including social and ethnic background, cognitive and personal strengths as well as diversity of gender. Where there is a known requirement to improve the diversity of the Board, the Committee will ask to see a higher proportion of candidates fitting the diversity criteria. However, the final selection will, as stated, always be on merit.

The Committee will once again review the composition of the Board in the coming year, taking into account the recommendations set out in the Hampton Alexander Review (which recommends that at least 33% of Board and Executive Committee members of FTSE 350 companies should be female), and from an Irish perspective, Balance for Better Business, which sets a target for 33% and 25% representation on Irish Boards and Executive Committees, respectively, by 2023. We are pleased to report that, following the changes to the Board during 2021, at the year end the female representation was 30% (three out of ten). Following David O'Beirne stepping down at the 2022 AGM, 33% of the Board will be female.

The Committee also oversees the development of a diverse pipeline for future succession to Board and senior management appointments, including reviewing the gender balance of senior management and its direct reports. As at 31 December 2021, the Senior Leadership Team had 33% female representation, and 27% of our total workforce were female. Further details on our Equality, Diversity and Inclusion agenda can be found in our 2021 Sustainability Report.

Non-Executive Directors and Planning for the Future
To support strategic succession planning for Non-Executive Directors, led by the Company Secretary, during 2020, a skills matrix was developed to ensure the Board and its Committees have and maintain the necessary skills to deliver the Group's strategic priorities. During 2021, we found the matrix extremely useful as we announced significant changes to Board and Committee composition. Further details on our diverse Board and the skillsets of our Non-Executive Directors are detailed on page 93.

Workforce Engagement
The changes instigated by the revisions to the UK Code in 2018 have spurred greater engagement between Board members and the views of workers. While, at Cairn, we believe the employee voice has always played a role in Board decisions and deliberations, it has challenged us to go further.

Through our director responsible for workforce engagement, David O'Beirne, and our Chief People Officer, Maura Winston, the Committee received regular updates on the welfare of employees, employee initiatives including learning and development programmes and the detailed results of the employee engagement survey conducted during the year. One of the key elements of engagement with the workforce was our employee engagement survey. While we are fully aware that these surveys do not represent a full engagement strategy, they provide key insight into employee satisfaction and are part of the Committee and the Board's tools in monitoring culture.

In addition, as restrictions allowed, David attended two sites in November and met directly with employees without management present. The areas covered were culture generally, life in Cairn and the challenges and success stories. David in particular noted that the discussions were informal, open, honest, informative and overall very positive. One area where certain issues were raised related to the pace and increasing workload which had the ability to add to day-to-day stresses. It was also recognised by employees that they felt supported and were happy with the levels of communications from management, particularly throughout the COVID-19 lockdowns when there had been a lot of job market uncertainty. The fact that career prospects and opportunities for progression were evident throughout the business was highlighted as a particular positive from the employee base.

As a Committee, we will continue to review direct workforce engagement practices as a means of understanding how successful our strategy is, what are people are thinking and, ultimately, as a means of understanding whether our culture and values are effectively being brought to light throughout the organisation.

A DIVERSE AND EFFECTIVE BOARD

GENDER

Female
Male

ROLE

Executive
Non-Executive

TENURE

< 2 years
3-6 years
7-9 years

INDEPENDENCE

Non-independent
Independent

The Chairman was independent on appointment and is not included in the overall assessment of independence.

Non-Executive Director Skills Matrix

Key Skills Identified for Calm	John Reynolds	Gary Britton	Giles Davies	Linda Hickey	Alan McIntosh	David O'Beirne	Orla O'Gorman	Julie Sinnamon
Leadership, Strategy & Commercial	●	●	●	●	●	●	●	●
Industry Relevant Background		●		●	●			
Policy & Government Engagement	●	●	●			●	●	●
Sustainability	●		●	●			●	●
Capital Markets	●			●	●		●	
Financial & Risk Management	●	●	●	●	●		●	●

Giles Davies
Chair of the Nomination Committee

"2021 was a year of continued integration of ESG metrics into our remuneration framework, further aligning reward and strategy"

Linda Hickey
Chair of the Remuneration Committee

Dear Shareholder

Performance Overview

As detailed throughout the Annual Report, performance across the Group this year has been exceptional, with growth across all our key indicators, including new homes sales, gross margin and cash flow. While we would be pleased with such performance in any year, it is testament to the resilience of our business and the strength of our people to be able to achieve such results following the impact of the pandemic. In addition to the strong financial performance achieved, the Committee also noted the strength of personal contributions from the Executive Directors. During 2021, the business continued to be highly cash generative, resulting in the reinstatement of dividend payments, increasing our headcount and recommencing our share buyback programme.

Implementation of Policy - 2021

Both executive directors are being awarded a maximum bonus, at 150% and 115% of salary for the CEO and CFO, respectively, which is reflective of the delivery of strong performance. The increased bonus potential for the CEO and CFO had been deferred during 2020 in light of the onset of the COVID-19 pandemic. Having gained a clearer line of sight over future performance expectations, and as the impact of the pandemic on business started to subside, the Committee determined it was appropriate to put in the place the revised limits, which remain reasonable versus direct and market peers.

The maximum financial EBIT target of €45m was exceeded resulting in a full payout for the 50% of the bonus based on financial performance, in line with the wider financial performance detailed above. Over the past two years, we have also looked to be a leader in integrating ESG and stakeholder measures throughout our reward structure. Specifically, during FY 2021, 20% of bonuses were based on a customer metric, which was also subject to a health & safety underpin, two clear priorities in our aims of creating and protecting value. This portion of the bonus also paid out in full, reflecting the largest volume of unit closings by management and the customer team in a single year, despite restrictions on viewings for a portion of the year. Health and safety performance remained strong, resulting in no changes being made to the customer performance outturn. Further details on the 30% personal and strategic performance measures are set out on pages 98 and 99. Under this portion of the bonuses, both Executive Directors received full pay-outs for a range of contributions during the year which set the foundation for record financial results and future growth.

There were no LTIP awards eligible to vest in 2021, as the first award under the plan was granted to the CFO in 2020 and the CEO commenced participation in 2021.

Shareholder Engagement

The Board believes regular engagement with shareholders is a cornerstone of good governance, ensuring there are established channels of communication and providing an opportunity to gauge views on the Company's strategy, remuneration and governance.

Throughout the first half of 2021, and on occasion since then, I engaged with a significant number of our major shareholders to detail our proposal to include the CEO in the LTIP for the first time. At the 2021 AGM, the Directors' Remuneration Report received the support of 75% of shareholders. While pleased that the majority of shareholders supported the resolution, based on our engagement with shareholders before and after the AGM, certain shareholders did not support the proposal based on concerns related to the timing of the CEO's inclusion in the LTIP. Throughout the entire process, as a Committee, we were responsive to shareholder feedback, which led to material changes to our final decisions, including a reduction in award level. The Committee and the Board are fully satisfied that the decision was in the best interests of the Company and its shareholders and hope the performance in 2021 was evidence of that.

Outside of the discussion around the CEO's revised incentive arrangements, certain shareholders also noted the absence of any market-based performance measure (i.e. TSR) under the current LTIP. The absence of a relevant listed peer-set renders the use of Relative TSR unsuitable as an appropriate metric, and the Committee was mindful that an Absolute TSR metric, which it has used in the past, could result in windfall gains in the current environment. Since the AGM, we have continued to engage with shareholders on a range of issues, and will continue to ensure targets set under the LTIP will be stretching as the business continues to grow and scale. One of the key aspects of our approach to pay is to keep raising the bar, which we will continue to do. As detailed below, we have responded to certain aspects of shareholder feedback and have included a new Return on Equity ('ROE') measure in the LTIP, which is designed to further align with shareholder experience and drive the delivery of long-term performance.

As a Board and a business, we will continue to engage with shareholders as regularly as possible, to ensure there is consistent fostering of mutual understanding of our expectations. We will be reaching out to shareholders again in 2022 as part of our consultation on a new remuneration policy, to be put to shareholders at the 2023 AGM.

Future Implementation

There are no significant changes to the remuneration policy approved by shareholders at the 2020 AGM. Instead, the Committee has implemented certain changes to the incentive plans for 2022, with an evolution of measures in line with the growing maturity of the business and our refined approach to sustainability and ESG.

With a view to rebalancing the financial and non-financial metrics in the annual bonus, we have reduced the weighting of the personal goals metric from 30% to 20% of the total opportunity, with the weighting of the financial metric, EBIT, increased to 60%. The weighting of the stakeholder measure will remain unchanged at 20%; however, a people component will also be included to reflect the importance of culture and talent in the delivery of Cairn's long-term strategy. Against a backdrop of COVID-19, our focus on attracting and retaining the best talent has only increased, with a growing recognition that a robust and sustainable people strategy is necessary to support our efforts to scale. The stakeholder metric for 2022 will be based on an even mix between people and customer measures and will continue to include a Health and Safety underpin.

Under the LTIP, we are making two changes to the incentive measures. On the financial side, ROE (defined as profit after tax divided by total equity at year end) will be included as a metric for 2022 awards, in line with shareholder feedback received over the past number of years, as well as to reflect the growing maturity of the business. As we integrate it into the remuneration policy, it will represent 20% of the overall award for 2022. ROE has been a very important KPI for the business, as it reflects the importance of returns on the provision of long-term capital, which enables our business to grow and scale.

In line with our commitment to sustainability, we are also refining our focus on ESG measures under the LTIP. As homebuilders, what we do can have a profound and permanent impact on the land we develop, which has led to our inclusion of biodiversity as a measure in the 2022 LTIP, weighted at 20% of the overall award. Biodiversity is a key tenet of our sustainability strategy and is an area our stakeholders increasingly understand and value. As we focus on the creation of environmentally sustainable and ecologically friendly developments, we have decided to incorporate these considerations into our remuneration policy, demonstrating a level of responsiveness not just to shareholder feedback, but also our attempts to be a leader as we develop our approach to sustainability.

Within our annual bonus plan, awards for 2022 will also have ESG measures under the strategic focus areas of our customer experience and our people agenda weighted at 10% each, totalling 20% of the award. Payout under the annual bonus plan for ESG measures will be contingent on the achievement of a strong and sustained performance under our health and safety strategy.

In terms of wider workforce remuneration, the Save as You Earn ('SAYE') plan is expected to be withdrawn from Irish markets and as such, is not currently open to new registrations. Since its approval in 2019, the SAYE has proven very popular at all levels of the organisation. While there are currently no service providers in the market offering that type of plan, as a Company, we consider it important to ensure all employees continue to receive an opportunity to share in the success of the business, a key facet of our people strategy. As such, it is intended that during 2022, an Approved Profit-Sharing Scheme ('APSS') will be established and offered to employees from 2023. The APSS will allow employees to invest part of their annual bonus, plus salary, in Company shares in a tax-efficient manner.

Separate to the SAYE, each year the Committee oversees the award of LTIP to all eligible employees, not just Executive Directors. In doing so, a town hall is called with all LTIP grant recipients to explain the target-setting process and advising that the targets set apply to all recipients, including Executive Directors in each grant year. The objectives for the coming three year performance period, and how they as employees can impact on the achievement of the targets set is also discussed. During 2022, the Committee will be involved in refining the reward principles that apply to all levels of the organisation.

Conclusion

We thank each of our shareholders for their continued confidence in, and support for, our business. We trust you will agree that reward for 2021 is appropriate and reflective of the record performance of the business in the year.

Linda Hickey
Chair of the Remuneration Committee

REMUNERATION AT A GLANCE

The purpose of this section is to provide an overview of the Group's performance in 2021 as well as the remuneration received by our Executive Directors. This section also highlights the proposed approach to the implementation of our 2020 Remuneration Policy (the '2020 Remuneration Policy') in 2022.

2021

FIXED PAY AND SHAREHOLDING

Base Salary

€425,000
(CEO)

€375,000
(CFO)

Pension
15% of base salary

Benefits
Health insurance and car allowance

ANNUAL BONUS

2021 Annual Bonus Earned

€637,500
(CEO)

€431,250
(CFO)

2021 Annual Bonus Outcome

Measure	Weighting	Outcome
EBIT	50%	100%
Stakeholder	20%	100%
Personal/Strategic	30%	100%

2021 Bonus Delivery

CEO

150%
Total

125%
Delivered in cash

25%
Delivered in shares

CFO

115%
Total

115%
Delivered in cash

LONG TERM INCENTIVE PLAN

2021 LTIP Grant

€637,500
(CEO)

€562,500
(CFO)

Performance Conditions

Measures	Weighting	Threshold	Target
EPS	80%	14.2c	23.7c
Stakeholder	20%	Customer Experience with Health & Safety underpin	

2022

FIXED PAY AND SHAREHOLDING

Base Salary

€425,000 (CEO) — **0% movement**

€375,000 (CFO) — **0% movement**

Pension
15% of base salary

Benefits
Health insurance and car allowance

ANNUAL BONUS

Target % of base salary

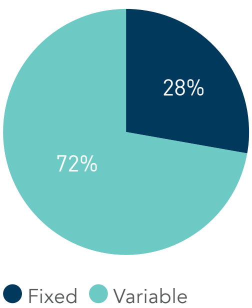
150%
(CEO)

115%
(CFO)

2022 Annual Bonus Framework

Measure	Weighting
EBIT	60%
ESG Measures	20%
Personal/Strategic	20%

CEO (Maximum Performance)



LONG TERM INCENTIVE PLAN

Target awards % of base salary

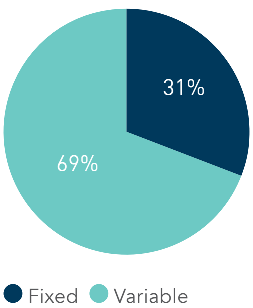
150%
(CEO)

150%
(CFO)

Performance Conditions

Metric	Weighting
EBIT	60%
ROE	20%
ESG Measures	20%

CFO (Maximum Performance)



IMPLEMENTATION OF THE 2020 REMUNERATION POLICY DURING 2021

Single Total Figure of Remuneration

Remuneration Outcomes for Executive Directors for the Year Ended 31 December 2021

The table below sets out the details of the remuneration paid to the Executive Directors for the year ended 31 December 2021, with comparatives for the prior year ended 31 December 2020.

	Salary		Retirement Benefit		Allowances		Recruitment Bonus		Total Fixed		Annual Incentive		Total Variable		Total Remuneration		Ratio of Fixed to Variable	
Executive Director	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Michael Stanley	**425**	425	**64**	85	**10**	10	**–**	–	**499**	520	**638**	–	**638**	–	**1,137**	520	**44:56**	100:0
Shane Doherty(1)	**375**	273	**56**	41	**15**	11	**–**	185	**446**	510	**431**	–	**431**	–	**877**	510	**51:49**	100:0

(1) Mr Doherty was appointed to the Board on 13 April 2020.

Pension

The maximum pension contribution for incumbent Executive Directors was reduced from 25% to 15% of salary in 2019, bringing it further in line with the broader employee population; this reduction applied to the current Chief Executive Officer equally over the two years from 2019 to 2021, with his contribution now at 15% of salary. The current Chief Financial Officer joined the Company on a 15% contribution. For all new appointments, pension contributions will be aligned with levels available to the majority of the employee base.

2021 Annual Bonus

The maximum bonus opportunity for 2021 was 150% of salary for the Chief Executive Officer and 115% of salary for the Chief Financial Officer. Annual incentives were based on a mix of financial, stakeholder and personal objectives. The financial and non-financial measures employed were a mix of EBIT (50% of maximum), customer satisfaction with a health and safety underpin, and personal objectives relating to strategy, land bank, risk, brand, talent development and technology and innovation.

There were full pay-outs under each component of the bonus, which the Committee considers aligned with financial performance, strategic developments, the personal contribution of Executives and the stakeholder experience. Further details are set out below:

	Measure	Weighting	Threshold (20%)	Target (50%)	Max (100%)	2021 Performance	Payout
Financial	EBIT	50%	€35.0m	€41.9m	€45.0m	€58.4m	100%
Non-Financial	Customer (Health & Safety underpin)	20%	N/A	N/A	N/A	See below	100%
	Personal & Strategic	30%	N/A	N/A	N/A	See below	100%

The overall macroeconomic environment and the uncertainty brought about by lockdowns presented difficulties for the setting of targets in 2021, particularly toward the start of the year and this was reflected in the guidance issued to the market in March 2021. With the frequent changes to the potential date for the reopening of our construction sites, and in order to avoid any cliff-edge events at the year end with respect to target setting, our guidance reflected our two-year ambition of selling 2,500 units over 2021 and 2022. The 2021 target of 950-1,050 units to be built and 1,450-1,550 units in 2022, were the base figures upon which our EBIT targets were derived. In 2021, we recorded the construction of 1,120 units, leading us to exceed our EBIT target, and a full pay-out under the financial elements of the bonus.

Led by the Executive Directors, the Customer team agreed the sale of over 1,400 new homes in 2021 and successfully facilitated the closing of 1,120 homes to new customers, the largest volume of unit closings in a single year by the Company, despite the challenges of the pandemic. The three pillars employed under the customer segment of the bonus scheme were Delivery, Experience and Aftercare, and performance under each pillar is set out below:

Pillar	Objective	Target	Performance
Delivery	Measure delivery of product on time and in line with customer expectations	75% of homes on target	99% of homes on target
Experience	Capture experience & insights from 10% of customer base to influence future performance	Positive feedback from direct engagement with 10% of customer base Net Promoter Score: 40	Consistently positive feedback from new customers Net Promoter Score: 55 (equivalent to 5 stars on the UK's Home Building Federation ('HBF') model) Positive feedback received from all institutional customers
Aftercare	Measure after care performance against agreed criteria	Strong performance in wider categories, including case review	80% of cases reviewed, triaged, and assigned to aftercare within 1 – 5 days 95% of customers responded to within a 24hr window and a 96% case closure rate within the 30-day SLA (Service Level Agreement)

As we finish another challenging year, and also a year of strong results, the performance of both the Chief Executive Officer and Chief Financial Officer has been a key driver in restoring significant growth to our business. As we come to the second anniversary of the pandemic, the protection of our business and workforce throughout this period, as well as the continuous efforts towards further developing and communicating our strategy through continuous stakeholder engagement, have been core elements of their contributions. Their performance against their specific objectives is set out below:

Chief Executive Officer - Michael Stanley

Area	Aims and Measures	Performance Review
Strategy & Leadership	Define and lead strategy to continue to grow and scale the business	Defined the refreshed Corporate Strategy as presented to the Board in November 2021, which detailed ambitious growth targets and is based on an evolving and considered approach to Cairn's expansion nationally which will be delivered through a regional model. Execution of this strategy is underpinned by an integrated and scalable operating platform and delivering on an innovation agenda across Cairn and its mature and growing supply chain. The CEO's personal contribution to this task demonstrated keen leadership skills and commercial and strategic acumen, in line with the ask set by the Committee.
Landbank & Portfolio	Identify & influence market opportunities to capture addressable opportunity across all customer segments Strategic management of existing landbank to balance market demand, maximise revenue and deliver unit targets	The CEO led, identified and executed on significant market opportunities to a broad and widening customer pool. Over 1,400 new homes agreed for sale in the year across social (the State and Approved Housing Bodies), private and multi-family buyers. The CEO's management of the Company's landbank was driven by agile decision-making with regard to existing land use and product mix in line with planning changes to deliver Cairn's strongest ever performance on new home completions and strong operating cashflow generation. In addition, strategic land acquisitions were executed as part of Cairn's long-term portfolio management strategy.
Risk	Risk balanced approach and best in class risk governance	The CEO has driven the management of the public health crisis across the extended Cairn team to include the subcontractor base and our supply chain, including critical financial and operational support initiatives to underpin the long-term viability of critical partners whilst securing stronger relationships and loyalty as a result of these efforts over the period.
Brand	Exceptional leadership to support corporate reputation, brand and position within the external market	Instrumental in efforts to influence solutions on Ireland's housing crisis and utilised Cairn's scaled platform and leading market position to engage with a broad pool of key stakeholders and policy-makers, thereby enhancing Cairn's reputation both as a critical enabler in delivering new homes at scale and pace across all tenures, and its relevance to all of its key stakeholders and policy-makers.
Talent Management	Embed new leadership team to support delivery of targets and strengthen future succession Continue to engage and support staff, partners and customers through continued uncertainties and COVID impacts.	Focussed significantly on the ongoing development of the Leadership Team including the delivery of an Executive Leadership Programme covering individual and team coaching, succession planning and career mapping, underpinned by an improved business reporting and engagement rhythm. During the year, under the CEO's leadership, Cairn achieved the highest staff engagement annual scores despite the difficult backdrop and secured the Great Place to Work certification in the first year of application.

Chief Financial Officer - Shane Doherty

Area	Aims and Measures	Performance Review
Strategy & Leadership	Support the CEO in the definition and leadership of strategy to grow and scale the business	In supporting the CEO's refreshed Corporate Strategy, the CFO led the development of key themes specifically on the financial components, focussing on value creation, capital allocation and long-term shareholder value, underpinned by benchmarking around value creation trends.
Financial Frameworks	Provide the financial frameworks and roadmap to enable all business leaders to drive towards profit and cash maximisation Drive commercial decision making across all functions to align outcomes/performance with company targets	The CFO led, and detailed to the Board, a proactive all-encompassing and risk aware modelling of key initiatives to ascertain the impact on the Company's returns profile as measured by growth in NAV (Net Asset Value), IRR (Internal Rate of Return) and NPV (Net Present Value). This discipline and heightened focus on returns-based modelling was an important prelude to the Group introducing ROE (Return on Equity) as a key short and medium-term target into both its remuneration framework and market guidance. In addition, the CFO developed an IRR tool around strategic investments and acquisitions which included realtime P&Ls on pricing and cost changes.
Risk, Governance & Reporting	Ensure excellence in all matters pertaining to the Board, specifically around reporting, governance and strategy in a PLC environment	In reviewing the contribution of the CFO, feedback was extremely positive. In particular, ensuring best in class governance and risk oversight has resulted in significant improvements to the risk management framework, governance and reporting.
Relationship Management	Cultivate and develop key relationships with existing shareholders, banks and the wider Investor community	The CFO has continued to strengthen and deepen trust and relationships with all of our key investors, through ongoing structured and individual engagements. In addition, we successfully completed the onboarding of a second corporate broker, which was further evidence of his capability to build lasting and critical relationships that benefit the business and shareholders.
Technology & Innovation	Create a robust core IT function and support innovation agenda	During a year characterised by work from home, cyber security threats and macro disruption, the core IT function demonstrated robustness to all challenges. As a means of ensuring continued success, the CFO led the expansion of the team through investment in key senior people. This investment further consolidated the function whilst both protecting and underpinning the integrity of the business.

Bonus Deferral

As part of the revisions to the bonus framework announced in 2020, and implemented during 2021, any portion of bonus paid out over 125% of salary for the CEO would be deferred into shares. The following was the resulting breakdown of the pay-out for 2021:

Name	Maximum Bonus (% of salary)	Payout (% of salary)	Actual Bonus Awarded	Value of Bonus Deferred into Shares
Michael Stanley (CEO)	150%	150%	€637,500	€106,250

Vesting of Awards in 2021

No share awards vested to any Executive Director or prior Director in 2021.

Awards Granted During the Past Year

On 19 May 2021, the following conditional share awards were granted under the LTIP to Michael Stanley, CEO and Shane Doherty, CFO:

Name	Number of Shares Granted	Share Price at Date of Grant	Face Value at Date of Grant
Michael Stanley (CEO)	612,981	€1.04	€637,500
Shane Doherty (CFO)	540,865	€1.04	€562,500

Following the conclusion of the 2021 AGM, the Committee confirmed the grants to the two Executive Directors. The 2021 LTIP targets were:

Metric	Weighting	Threshold Target (25% vesting)	Maximum Target (100% vesting)
Cumulative EPS	80%	14.2c	23.7c
Stakeholder Measures: • Customer Satisfaction • Health and Safety	20%	Stakeholders measures will pay out based on customer satisfaction performance. In order for the stakeholder measure to begin to pay out, a Health & Safety gateway must be achieved. The gateway will require a sustained and strong level of Health & Safety performance over the performance period which will be assessed by the Audit & Risk Committee which will then make a recommendation to the Remuneration Committee.	

As detailed in previous Annual Reports, upon joining the Company, the Chief Financial Officer received an LTIP award of €700,000, within the exceptional limit permitted by the Policy. The award was formally granted in September 2020 and is eligible to vest following the completion of the performance period at the conclusion of the year ended 31 December 2022 based on the following performance measures and targets:

Metric	Weighting	Threshold Target (25% vesting)	Maximum Target (100% vesting)
Cumulative EPS	80%	9.0c	15.0c
Stakeholder Measures: • Customer Satisfaction • Health and Safety	20%	Stakeholders measures will pay out based on customer satisfaction performance. In order for the stakeholder measure to begin to pay out, a Health & Safety gateway must be achieved. The gateway will require a sustained and strong level of Health & Safety performance over the performance period which will be assessed by the Audit & Risk Committee which will then make a recommendation to the Remuneration Committee.	

The primary measure for these awards, cumulative EPS over the three year performance periods was designed to provide an easily understandable and transparent framework for all stakeholders during a period of significant disruption and will motivate participants to deliver our strategy over the performance period. Vesting between threshold and maximum targets will be calculated on a straight-line basis. The targets for the financial measures were set after a rigorous review of internal forecasts and took into account external expectations of future performance.

In the context of the effect on markets of COVID-19, the Committee will continue to monitor the risk of 'windfall gains' and will take this into account when determining the final vesting outcome for the 2020 and 2021 awards. The overall shareholder experience over the performance period will also play a role in the Committee's determination of final vesting levels.

Non-Executive Directors' Remuneration Details

No changes were proposed or made to Non-Executive Director fees during 2021. The fees paid to Non-Executive Directors in respect of the year ended 31 December 2021 with comparatives for the prior year ended 31 December 2020 are set out below. All remuneration for Non-Executive Directors is fixed with no variable elements.

	Base Fee		Committee Chair Fee		SID Fee		Total	
Non-Executive Director	2021 €'000	2020 €'000	2021 €'000	2020 €'000	2021 €'000	2020 €'000	2021 €'000	2020 €'000
John Reynolds	150	150	–	–	–	–	**150**	150
Andrew Bernhardt	60	60	–	–	–	–	**60**	60
Gary Britton	60	60	15	15	–	–	**75**	75
Giles Davies	60	60	12	12	10	10	**82**	82
Linda Hickey	60	60	12	12	–	–	**72**	72
Jayne McGivern (1)	41	60	–	–	–	–	**41**	60
Alan McIntosh	60	60	–	–	–	–	**60**	60
David O'Beirne	60	60	–	–	–	–	**60**	60
Orla O'Gorman (2)	8	–	–	–	–	–	**8**	–
Julie Sinnamon (3)	17	–	–	–	–	–	**17**	–

(1) Jayne McGivern stepped down from the Board in September 2021 and the fees paid are reflective of her time spent in the role.
(2) Orla O'Gorman joined the Board in November 2021 and the fees paid are reflective of time spent in the role.
(3) Julie Sinnamon joined the Board in September 2021 and the fees paid are reflective of time spent in the role.

Payments for Loss of Office

There were no payments for loss of office paid during 2021.

Payments to Former Directors

There were no payments to former Directors during 2021.

IMPLEMENTATION OF THE 2020 REMUNERATION POLICY IN 2022

This section provides an overview of the how the Committee is proposing to implement the Policy in 2022.

As noted in the Committee Chair's statement, Cairn's approach to remuneration is evolving in line with strategy and our growth as a business, while also taking into account external pressures and factors. In particular, there has been continued integration of ESG measures into incentive plans. In addition, the inclusion of a return on equity measure reflects consistent feedback from a number of shareholders. While it was not felt that the business had reached sufficient maturity in previous years, it was considered more appropriate to include an ROE measure now, particularly in light of the strength of performance in 2021.

Base Salary

Over prior benchmarking exercises and reviews, it has become clear that base salaries at Cairn remain low relative to Irish listed and UK sector comparable peers and are below median. Despite this fact, the Committee has not sought to adjust base salaries for 2022.

It should also be noted that the Chief Executive Officer has not had a base salary increase since the Company was founded in 2015, reinforcing the commitment to restrained fixed salaries in preference for variable, performance based pay.

Executive Director	Base Salary
Michael Stanley (Chief Executive Officer)	€425,000
Shane Doherty (Chief Financial Officer)	€375,000

Pension and Benefits

The Chief Executive Officer and Chief Financial Officer will receive a pension contribution worth 15% of salary. Any future Executive Director's pension contribution will be set at the level for the wider workforce.

Annual Bonus

Key features of the annual bonus plan for Executive Directors for 2022 remains as follows:

- The maximum annual bonus potential is 150% and 115% of base salary for the Chief Executive Officer and Chief Financial Officer respectively.
- Any portion of bonus earned over 125% of salary will be deferred into shares for two years; and,
- Annual bonuses awarded in respect of performance in 2022 will be subject to potential withholding (malus) or recovery (clawback).

The annual bonus for 2022 for Executive Directors will be determined based on the following criteria:

Measure	Percentage of Max Opportunity
Earnings Before Interest and Tax ('EBIT')	60%
Personal and Strategic Objectives	20%
ESG Measures	20%

The selection of measures and targets takes into account the Company's strategic priorities. The personal and strategic measures will continue to include areas of strategic importance that may not be linked to a financial measure but are central to the Company's long-term performance and provide additional insight into the unique contributions of our executives in driving our strategy. EBIT reflects a controllable and understandable measure at all levels of the business, and the broad scope of insight it provides has led us to increase its weighting from 50% to 60% of the bonus, with a corresponding reduction of 10% on the personal and strategic objectives.

As we develop and integrate ESG and sustainability factors into remuneration policy, the stakeholder measure, which accounts for 20% of the bonus opportunity will be focused on positive performance against quantitative people and customer satisfaction measures. To further sharpen this approach, the Committee defined two metrics under the stakeholder metric, i) Customer satisfaction and ii) People, each weighed equally at 10% of the bonus. With the underlying and overarching role of health and safety considerations across all our operations, the stakeholder metric will continue to be subject to a health and safety underpin. The achievement of the underpin will only be confirmed following a review by the Audit & Risk Committee based on all key health and safety priorities throughout the year.

While the focus of targets, in terms of time-horizon and level, remain distinctly separate, the Committee is aware that there is a level of overlap between the stakeholder measures employed under the bonus scheme and that of the LTIP. This was commenced with the customer metric, which is weighted at 10% in the bonus opportunity, and will also apply to the third year of the 2020 LTIP and the second year of the 2021 LTIP, accounting for 20% of these awards. From 2022, the customer metric will no longer be included in the LTIP.

When initially including an ESG and stakeholder measure, the Committee was of the view that the inclusion of a customer measure under both the annual bonus and long-term incentive plans was appropriate as we drove further scaling of the business, reflecting the steps taken across the value chain to put the customer at the heart of our product offering including investments and emphasis on quality checking and product improvements.

For 2022, as detailed below, a biodiversity measure will be included in the LTIP, with a weighting of 20% of the award. Over the second half of 2021, significant effort was put in to ensuring that the biodiversity measure was quantitative and designed to impact the behaviour of participants and the evolution of our biodiversity strategy. The Committee is satisfied that the measure for 2022 has achieved these initial aims and as further measures are detailed in best practice guidelines, we will consistently review the continued appropriateness of its design and the stretch ambitions therein in future year grant cycles.

Long-Term Incentives

In April 2022, awards will be made at 150% of base salary for both the CEO and CFO. Awards will vest subject to the criteria set out below over a three-year performance period up to 31 December 2024. Awards will be subject to a two year holding period following any vesting. During 2021, following an extensive review of incentive measures and our sustainability strategy, we adopted a biodiversity metric into the LTIP to replace the customer metric which will remain in the Annual Bonus plan. Furthermore, as part of the Committee's review process and shareholder feedback, we have incorporated a Return on Equity metric in the LTIP. These are reflected in the updated LTIP structure going forward:

Measure	Weighting
Earnings Per Share ('EPS')	60%
Return on Equity ('ROE')	20%
ESG: Biodiversity Measures	20%

The Committee is in the process of setting challenging three-year targets for the 2022 LTIP awards, taking into account growth objectives, business plans and internal and external forecasts. Following the strong results in 2021, we intend to keep the stretch of this metric, as the business continues to deliver superior and sustainable growth. As set out previously, return on equity is a key metric for the business, as it is for shareholders' ability to understand the Company's financial performance and long-term prospects. While we have confirmed the Biodiversity targets (detailed below) for the 2022 LTIP, the targets applying to the financial metrics will be disclosed in the RNS announcement detailing their grant in early April 2022.

In order to ensure that our focus on biodiversity is reflected in management reward, we have incorporated a biodiversity measure (at 20% of the overall award) in our long-term incentive plan, adding to the focus on customer, people and health and safety incorporated into the annual bonus plan. Biodiversity is a key strategic priority for Cairn, in that it leverages our existing capabilities to achieve broader sustainability aims, while also enhancing our brand in line with the evolving market expectations. Furthermore, as it is set to become part of future legislative requirements, and given its inextricable role in addressing climate change, the Committee believes that the inclusion of a biodiversity metric in the LTIP will provide additional support to drive the necessary change to achieve our ambitious targets. With the support of the sustainability team and our external consultants, our approach, which is summarised below, will be based on the proportion of units across our biodiversity net gain sites relative to all units commenced in 2022 and going forward:

Metric	Weighting	Threshold	Target	Maximum
Units Commencing on Biodiversity Net Gain sites as a Percentage of All Units Commencing	20%	25%	30%	40%

Projects will be assessed individually and by a consultant ecologist, with the input and assistance of our internal landscape architect as part of the planning process. The biodiversity loss and gain of each site will be calculated based on the UK's Department for Environment, Food & Rural Affairs (DEFRA) metrics. DEFRA metrics are used to calculate how a development, or a change in land management, will change the biodiversity value of a site, a strategic pillar for our aim of creating places where people love to live, and protecting the environment everywhere the Company operates. Further details of this assessment are provided in our Sustainability Report and are inclusive of items such as Baseline Habitat Assessments, habitats for retention, assessment of habitats being created, DEFRA metrics used to calculate loss and/or gain, and, meeting any shortfall with potential offsite provision.

The Committee was very pleased to be able to confirm a quantitative target for biodiversity in 2022, aligning with a key strategic priority for our business (as detailed in our Sustainability Report) and equally importantly, for society as a whole. In Ireland, we work primarily on greenfield sites, which means our standards must be higher to keep those sites green, as opposed to enhancing brownfield sites. As we continue to integrate this KPI throughout our business and reward framework, we will continue to raise our ambitions and stretch the targets as appropriate. The target outlined above was confirmed after rigorous evaluations of our landbank and future planning aims, a factor which will be integrated into any future target-setting.

A holding period for the LTIP awards granted for the financial year 2022 will apply for two years from the vesting date. No further performance conditions attach to the LTIP awards during the holding period.

Directors' & Secretary's Interests in the Long Term Incentive Plan ("LTIP")

Details of outstanding share awards granted to the Directors' and the Company Secretary under the LTIP are set out below:

Number of Shares Under Award										
At 1 January 2021	Granted During the Year	Exercised During the Year	Lapsed During the Year	At December 2021	Market Price at Date of Award €	Exercise Price €	Market Price at Date of Vesting	Date of Award	Vesting Date	Expiry Date
Michael Stanley (Chief Executive Officer)										
–	612,981	–	–	612,981	1.04	Nil	N/A	18.05.21	18.05.24	17.05.28
				612,981						
Shane Doherty (Chief Financial Officer)										
921,053	–	–	–	921,053	0.76	Nil	N/A	22.09.20	22.04.23	21.09.27
–	540,865	–	–	540,865	1.04	Nil	N/A	18.05.21	18.05.24	17.05.28
				1,461,918						
Tara Grimley (Company Secretary)										
96,507	–	–	96,507	–	1.09	Nil	N/A	19.12.18	19.04.21	18.12.25
63,348	–	–	–	63,348	1.326	Nil	N/A	15.04.19	15.04.22	14.04.26
141,612	–	–	–	141,612	0.76	Nil	N/A	22.09.20	22.04.23	21.09.27
	103,486	–	–	103,486	1.04	Nil	N/A	18.05.21	18.05.24	17.05.28
				308,446						

Directors' & Secretary's Interests in Other Share Plans

The CFO held options at 31 December 2021 to acquire 21,951 shares through the Company's Save as You Earn ('SAYE') scheme in April 2024. The Company Secretary held options at 31 December 2021 to acquire 30,664 shares through the SAYE scheme in April 2023. The SAYE scheme is a Revenue approved savings plan where participants are granted a right to acquire discounted shares in the Company following a three year savings period. The Company Secretary also held a right at 31 December 2021 over 47,511 shares under the Restricted Share Unit ('RSU') Plan. The RSU is a time vested award and these shares are due to vest in May 2022.

Directors' & Secretary's Interests in Ordinary Share Capital

The interests of the Directors' and Company Secretary who held office at 31 December 2021 in the issued ordinary share capital of the Company are set out in the table below. The interests disclosed below include both direct and indirect interests in shares.

Director	No. of Ordinary Shares at 31 December 2021	No. of Ordinary Shares at 31 December 2020 (or date of appointment if later)
John Reynolds (Chairman)	129,174	129,174
Michael Stanley (Chief Executive Officer)	21,557,409	21,557,409
Shane Doherty (Chief Financial Officer)	–	–
Andrew Bernhardt (Non-Executive Director)	–	–
Gary Britton (Non-Executive Director)	130,000	130,000
Giles Davies (Non-Executive Director)	50,000	50,000
Linda Hickey (Non-Executive Director)	75,000	75,000
Alan McIntosh (Non-Executive Director)	40,141,464	40,141,464
David O'Beirne (Non-Executive Director)	–	–
Orla O'Gorman (Non-Executive Director)	–	–
Julie Sinnamon (Non-Executive Director)	–	–
Tara Grimley (Company Secretary)	82,031	–

All of the interests noted above are beneficially owned. Aside from the interests disclosed above and the Founder Shares and Deferred Shares held by the Founder Directors disclosed on page 107, the Directors and the Company Secretary had no interests in the share capital of the Company or any other group undertaking at 31 December 2021.

There were no changes in the above Directors' and Secretary's interests between 31 December 2021 and 22 March 2022 with the exception of Michael Stanley who purchased 87,101 shares on 4 March 2022 in satisfaction of bonus deferral obligations. The Company's Register of Directors Interests (which is open to inspection) contains full details of Directors' shareholdings and other interests. The Company has a policy on dealing in shares that applies to all Directors. Under this policy, Directors are required to obtain clearance from the Company before dealing in Company shares. Directors are restricted from dealing during designated close periods and at any other time when they are in possession of Inside Information (as defined by the Market Abuse Regulation).

Change in Remuneration of the Directors Compared to the Average Employee

The table below shows the annual percentage change in remuneration paid to the Executive and Non-Executive Directors in comparison to the average overall percentage change for employees (excluding Executive Directors) across the Group (on a full-time equivalent basis) over the past five years.

Director	2017 v 2016	2018 v 2017	2019 v 2018	2020 v 2019	2021 v 2020	2021 €'000
John Reynolds (Chairman)	25%	20%	0%	0%	0%	150
Michael Stanley (Chief Executive Officer)	-14%	15%	5%	-46%	119%	1,137
Shane Doherty (Chief Financial Officer)(1)	–	–	–	N/A	72%	877
Andrew Bernhardt (Non-Executive Director)	18%	15%	0%	0%	0%	60
Gary Britton (Non-Executive Director)	8%	7%	0%	0%	0%	75
Giles Davies (Non-Executive Director)	18%	15%	0%	0%	0%	82
Linda Hickey (Non-Executive Director)(2)	–	–	N/A	47%	0%	72
Jayne McGivern (Non-Executive Director)(2)	–	–	N/A	20%	-32%	41
Alan McIntosh (Non-Executive Director)(3)	-13%	-55%	-75%	0%	0%	60
David O'Beirne (Non-Executive Director)(2)	–	–	N/A	20%	0%	60
Orla O'Gorman (Non-Executive Director)(4)	–	–	–	–	100%	8
Julie Sinnamon (Non-Executive Director)(4)	–	–	–	–	100%	17
Tim Kenny(5)	N/A	218%	5%	-100%	N/A	–
Group Performance						
Profit Before Tax	312%	530%	56%	-75%	240%	50,235
Average Remuneration on a full-time equivalent basis of employees						
Employees of the Group	-5%	-2%	15%	2%	2%	95

(1) Mr Doherty was appointed as an Executive Director on 13 April 2020.
(2) Ms Hickey, Ms McGivern and Mr O'Beirne were appointed as Non-Executive Directors on 12 April 2019, 1 March 2019 and 1 March 2019 respectively. Ms McGivern resigned as a Director on 3 September 2021.
(3) Mr McIntosh stepped down as an Executive Director in August 2018 to become a Non-Executive Director.
(4) Ms O'Gorman and Ms SInnamon were appointed on 10 November 2021 and 17 September 2021 respectively.
(5) Mr Kenny was appointed as an Executive Director on 22 August 2017 and resigned effective 7 January 2020.

Relative Importance of Spend on Pay

The table below shows total employee remuneration (excluding LTIP awards) and distributions to shareholders, in respect of 2021 and 2020.

	2021	2020
Total Employee Remuneration	**€25.2m**	€21.0m
Distributions to Shareholders*	**€19.9m**	€23.3m

* Dividends and purchase of own shares in 2020 and 2021

Directors' Shareholding as Percentage of Salary

The table below sets out the percentage of base salary held in shares in the Company by the Executive Directors, as at 31 December 2021, based on the closing share price of €1.13.

Name	Base Salary	No. of Shares Held	Percentage of Salary Held
Michael Stanley (Chief Executive Officer)	€425,000	21,557,409	5,732%
Shane Doherty (Chief Financial Officer)*	€375,000	–	–

*S Doherty has five years from date of appointment to meet the minimum shareholding requirements under the Remuneration Policy

Statement of Shareholder Voting

The Company is committed to ongoing shareholder dialogue and takes shareholder views into consideration when formulating remuneration policy and practice. As set out in the Chair's statement, a significant minority of votes were registered against the Remuneration Report at the 2021 AGM and the Board and the Committee has engaged extensively with shareholders as a means of understanding any continuing concerns. The following table sets out the actual votes at the 2021 Annual General Meeting in respect of the Directors' Remuneration Report and at the 2020 AGM for the Remuneration Policy.

Directors' Remuneration Report	For	Against	Withheld*
Number of Votes	261,138,666	87,496,920	3,735,876
Percentage	74.90	25.10	–
Remuneration Policy	**For**	**Against**	**Withheld***
Number of Votes	593,745,820	548,848	16,799,417
Percentage	99.91	0.09	–

* A vote withheld is not a vote in law and is therefore excluded from the calculation of votes for and against the resolution.

Advisors

The Committee's independent advisor during the year was Mercer Kepler, having been appointed in September 2016 following a competitive tender process. Mercer Kepler attends Committee meetings on an ad hoc basis and provides advice on remuneration for Executive Directors, benchmarking analysis, and updates on market developments and best practice. Mercer Kepler is a founding member of the Remuneration Consultants Group and adheres to its code of conduct. The Committee reviews the performance of its advisors annually and remains satisfied that Mercer Kepler provides independent and objective remuneration advice to the Committee and does not have any connections with Cairn that may impair its independence. The fees paid to Mercer Kepler in respect of work carried out for the Committee in the year under review amounted to €27,885.

In addition to Mercer Kepler, the Committee also sought periodic advice from FTI Consulting ("FTI"), engaged by the Company to provide independent advisory corporate governance support to the Board, as well as both the Nomination and Remuneration Committees. The Committee is satisfied that the advice from FTI was objective and independent and that FTI does not have any connections with Cairn that may impair its independence.

COMMITTEE RESPONSIBILITIES

The Committee currently consists of four Non-Executive Directors whose collective role includes ensuring that the Group's remuneration arrangements are aligned with the Group's strategic priorities. The Terms of Reference of the Committee include the determination of the remuneration packages for Executive Directors, the Company Secretary and other members of the senior management team. The Chairman and the Executive Directors determine the fees for the Non-Executive Directors. The Terms of Reference for the Committee are reviewed annually and are updated as appropriate and are available on the Group's website, www.cairnhomes.com

The below table sets out the Committee membership including their attendance and tenure:

Committee Member	Meeting Attendance	Committee Tenure
Linda Hickey (Chair)	6/6	3 years
Andrew Bernhardt*	6/6	7 years
Gary Britton	6/6	7 years
Giles Davies	6/6	7 years
David O'Beirne	6/6	3 years

* A Bernhardt stepped down from the Committee on 31 December 2021.

The Company Secretary acts as Secretary to the Committee. During the year, the Chief Executive Officer, Chief Financial Officer and the Chief People Officer attended meetings on an ad hoc basis at the invitation of the Committee and provided information and support as requested. However, no individual was present when their own remuneration was being discussed.

Our Role

The Committee's role is to determine and agree the Remuneration Policy for Executive Directors and senior management and to monitor and report on it. The Committee's responsibilities, delegated by the Board as set out in its Terms of Reference, are to:

- Determine the remuneration packages of the Chairman, Chief Executive Officer, Chief Financial Officer and oversee the remuneration for certain other senior managers, including salary, annual incentive, pension contributions and compensation payments;
- Oversee remuneration structures for senior management and to oversee any major changes in employee benefits structures throughout the Company;
- Nominate Executive Directors and management for inclusion in the LTIP, to grant awards under the LTIP, to determine whether the criteria for the vesting of awards have been met and to make any necessary amendments to the rules of the LTIP;
- Ensure that contractual terms on termination or redundancy, and any payments made, are fair to the individual and the Company;
- Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the Terms of Reference for any consultants who advise the Committee; and
- Obtain up to date information about remuneration in other companies of comparable scale and complexity.

Key Responsibilities and Activities during 2021

An overview of the Committee's activities during 2021 are laid out in the table below:

EXECUTIVE REMUNERATION

- Reviewed annual performance of the Executive Directors.
- Determined fixed and variable remuneration for Executive Directors and senior management.
- Set 2021 LTIP targets.
- Ensured LTIP awards were linked to succession planning.
- Assessed efficacy and stretch of LTIP targets through all cycles.

GOVERNANCE

- Reviewed and made progress against the remuneration strategy agreed to execute the Remuneration Policy.
- Worked with the Committee's consultants during 2021 to ensure rigour of Committee analysis and decisions as well as reviewing remuneration trends and market practice.
- Considered and approved the Directors' Remuneration Report and remuneration disclosure requirements.
- Reviewed and approved its annual agenda and Terms of Reference.

Additional Interests of Founder Shareholders who are Founder Directors

In addition to the shareholdings noted on page 103, the Founder Directors have the following additional interests. Following changes made during 2021, the CEO relinquished all entitlements to his Founder Shares.

	No. of Deferred Shares at 31 December 2021	No. of Founder Shares at 31 December 2021	No. of Deferred Shares at 31 December 2020	No. of Founder Shares at 31 December 2020
Founder Directors				
Michael Stanley	**9,990,000**	**Nil**	9,990,000	6,713,752
Alan McIntosh	**9,990,000**	**9,591,075**	9,990,000	9,591,075
Total	**19,980,000**	**9,591,075**	**19,980,000**	**16,304,827**

The Founder Shares are convertible into Ordinary Shares subject to the performance condition, which is the achievement of a compound annual rate of return of 12.5% in the Company's share price.

The Founder Shares do not carry a right to a dividend or voting rights. The performance condition was tested initially over the first test period in 2016 (the first test period was 1 March 2016 to 30 June 2016), and is tested again over the six subsequent test periods (from 1 March to 30 June).

The Performance Condition is that for a period of 15 or more consecutive business days during the relevant test period, the closing price exceeds such price as is derived by increasing the adjusted issue price by 12.5% for each test period, starting with the first in 2016 and ending with the last in 2022, such increase to be on a compound basis.

In calculating whether the performance condition is satisfied during any test period, any dividends, returns of capital or distributions declared in the 12 months ending at the end of the relevant test period are added to the closing price.

If the performance condition is satisfied, the Company may elect within 20 business days of the date on which the satisfaction of the performance condition was notified to the holders of Founder Shares, to convert Founder Shares into such number of Ordinary Shares which, at the highest average closing price of an Ordinary Share during the test period, have an aggregate value equal to the Founder Share Value. The 'Founder Share Value' shall be calculated as 20% of the TSR in the periods described below.

TSR is calculated as the sum of the increase in market capitalisation, plus dividends, returns of capital or other distributions in each case in the relevant period, being:

i. the first time the performance condition is satisfied, the period from initial public offering to the test period in which the performance condition is first satisfied; and
ii. (for subsequent test periods, the period from the end of the previous test period in respect of which Founder Shares were last converted or redeemed to the test period in which the performance condition is next satisfied. In each test period, the increase in market capitalisation is calculated by reference to the highest average closing price.

The effect of this is that the calculation of TSR rebases to a 'high watermark' equal to the market capitalisation used to calculate the most recent conversion or redemption of Founder Shares, so that the holders of Founders Shares only receive 20% of the incremental increase in TSR since the previous conversion or redemption.

The calculation of Founder Share Value is made without reference to the 12.5% per annum hurdle so that once the performance condition is satisfied, the holders of Founder Shares are entitled to share in 20% of the TSR, not just that element of TSR above the hurdle contained in the performance condition.

Subject to satisfying the performance condition there is no limitation on the amount to be converted into ordinary shares (or otherwise issued as ordinary shares at nominal value to fulfil the Founder Share Value) or paid out in cash, other than the seven year limit.

Rather than convert the Founder Shares into Ordinary Shares, the Board may elect (subject to compliance with the Companies Act 2014 and provided the Company has sufficient distributable reserves) to redeem such Founder Shares for payment of a cash equivalent to that holder of Founder Shares.

All New Ordinary Shares issued in respect of the conversion of Founder Shares are subject to a one year lock-up period, with 50% of the New Ordinary Shares remaining subject to a further one year lock-up period thereafter.

The holders of Deferred Shares do not have any voting rights and are not entitled to receive dividends other than the right to receive €1 in aggregate for every €100,000,000,000 paid to the holders of ordinary shares.

The Directors present their report to the shareholders together with the audited financial statements for the year ended 31 December 2021.

Principal Activities, Business Review and Future Developments

Cairn Homes plc is one of Ireland's leading homebuilders, constructing high quality new homes with an emphasis on design, innovation and customer service. At 31 December 2021, the Group consisted of the Company, Cairn Homes plc, and a number of subsidiaries, which are detailed in note 26 to the consolidated financial statements. Shareholders are referred to the Chairman's Statement, Chief Executive Officer's Statement and the Chief Financial Officer's Report which contain a review of operations and the financial performance of the Group for 2021, the outlook for 2022 and the key performance indicators used to assess the performance of the Group. These are deemed to be incorporated in the Directors' Report.

Results for the Year

The Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021 and the Consolidated Statement of Financial Position at that date are set out on pages 119 and 120 respectively. The Group's profit for the year ended 31 December 2021 was €43.2 million (2020: €12.7 million).

Dividends

The Company paid an interim dividend of 2.66 cent per ordinary share on 8 October 2021 to shareholders on the record date of 17 September 2021. The Board have also proposed a final dividend of 2.80 cent per ordinary share for the year ended 31 December 2021. Subject to shareholder approval at the Company's Annual General Meeting on 12 May 2022, the proposed final dividend of 2.80 cent per ordinary share will be paid on 17 May 2022 to ordinary shareholders on the Company's register at 5.00 p.m. on 22 April 2022.

Directors

The names of the Directors and a biographical note on each appear on pages 74 and 75. In accordance with the provisions contained in the UK Corporate Governance Code (the "Code"), all Directors at that time retired at the Annual General Meeting of the Company on 18 May 2021 and, being eligible, offered themselves for re-election, and all were re-elected to the Board on the same day.

Ms Jayne McGivern and Mr Andrew Bernhardt resigned as Directors on 3 September 2021 and 31 December 2021 respectively. Ms Julie Sinnamon was appointed as a Director on 17 September 2021 and Ms Orla O'Gorman was appointed as a Director on 10 November 2021.

On 3 March 2022, the Company announced that Mr David O'Beirne would not be seeking re-election at the upcoming Annual General Meeting and as such, will step down from the Board on 12 May 2022.

Any Director appointed to the Board by the Directors will be subject to election by the shareholders at the first Annual General Meeting held following his/her appointment. Furthermore, under the Company's Constitution, one third of all Directors must retire by rotation at each Annual General Meeting and may seek re-election. However, in accordance with the provisions of the Code, the Board has decided that all Directors should retire at the 2022 Annual General Meeting and offer themselves for re-election.

Directors' and Company Secretary's Interests

Details of the Directors' and Company Secretary's share interests and interests in unvested share awards of the Company are set out in the Directors' Remuneration Report on pages 103 and 107.

Share Dealing

The Company has in place a share dealing code which gives guidance to the Directors and certain employees of the Company to be followed when dealing in the shares of the Company or any other type of securities issued by or related to the Company. It is designed to ensure that these individuals neither abuse, nor set themselves under suspicion of abusing, information about the Company which is not in the public domain. It is also designed to ensure compliance with the EU Market Abuse Regulation (596/2014) which came into effect on 3 July 2016. A copy of the Share Dealing Code is available on the Company's website at www.cairnhomes.com.

Share Capital

The Company has four authorised classes of shares: Ordinary Shares; A Ordinary Shares; Founder Shares and Deferred Shares. As at 31 December 2021 and 22 March 2022, the latest practicable date prior to printing this report, the Company had 749,932,223 and 718,596,096 Ordinary Shares in issue respectively, each with a nominal value of €0.001, all of which are of the same class and carry the same rights and obligations. The Company also had 19,182,149 Founder Shares and 19,980,000 Deferred Shares in issue at the same dates.

The percentage of the total issued share capital represented by each class of shares on the above dates was:

	% of Total Issued Share Capital	
Share Class	**31 December 2021**	**22 March 2022**
Ordinary Shares	**95.04**	94.83
Founder Shares	**2.43**	2.53
Deferred Shares	**2.53**	2.64

Further information on the Company's share capital, including the rights attached to different classes of shares, is set out in note 17 to the consolidated financial statements.

The Company has a Long Term Incentive Plan in place, the details of which are set out in the Directors' Remuneration Report and in note 18 to the consolidated financial statements.

Substantial Shareholdings

As at 31 December 2021 and 22 March 2022, the Company had been notified of the following details of interests of over 3% in the ordinary share capital of the Company.

Except as disclosed below, the Company has not been notified as at 22 March 2022, the latest practicable date prior to printing this report, of any interest of 3% or more in its ordinary share capital, nor is it aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

Shareholder	Notified Holding 22 March 2022	%	Notified Holding 31 December 2021	%
Lansdowne Partners International Ltd	73,383,907	10.21%	68,095,173	9.08%
Fidelity Investments Limited	70,972,927	9.88%	65,465,178	8.73%
Fidelity Management & Research Company	56,759,581	7.90%	56,759,581	7.57%
Ameriprise Financial	54,625,693	7.60%	54,625,693	7.28%
Mr. Alan & Mrs. Deirdre McIntosh(1)	40,141,464	5.59%	40,141,464	5.35%
T. Rowe Price Associates, Inc	36,730,886	5.11%	37,399,952	4.99%
The Capital Group Companies, Inc.	28,685,000	3.99%	50,799,200	6.77%
PM Capital Limited	22,847,283	3.18%	22,847,283	3.05%
Norges Bank	22,446,031	3.12%	Below 3%	Below 3%
Mr. Michael Stanley	21,644,510	3.01%	Below 3%	Below 3%
Total Shares in Issuance	**718,596,096**		**749,932,223**	

(1) Alan McIntosh (Non-Executive Director of Cairn), his spouse Deirdre McIntosh and Emerald Everleigh Limited Partnership (the "LP"), are the beneficial owners of the interests described above. 500,000 shares are owned by Alan McIntosh directly, 32,897,957 shares are owned by Deirdre McIntosh directly and 6,743,507 shares are owned by the LP. The LP is ultimately owned by a discretionary trust (constituted under English and Welsh law) and Alan McIntosh and Deirdre McIntosh are the beneficiaries of that trust.

Principal Risks and Uncertainties

Under Irish company law, the Group is required to give a description of the Principal Risks and Uncertainties which it faces. These Principal Risks and Uncertainties are set out in the Risk Report on pages 62 to 73 and are deemed to be incorporated in the Directors' Report.

Accounting Records

The Directors are responsible for ensuring that adequate accounting records are maintained by the Group as required by Sections 281-285 of the Companies Act, 2014. The Directors believe that they have complied with this requirement through the employment of suitably qualified accounting personnel and the maintenance of appropriate accounting systems. The accounting records of the Company are maintained at the registered office: 7 Grand Canal, Grand Canal Street Lower, Dublin 2, D02 KW81.

Takeover Regulations 2006

For the purposes of Regulation 21 of Statutory Instrument 255/2006 "European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006", the details provided on share capital in note 17 to the consolidated financial statements, substantial shareholdings above, and the disclosures on Directors' remuneration and interests in the Directors' Remuneration Report on pages 94 to 107 are deemed to be incorporated in this section of the Directors' Report.

Transparency Regulations 2007

For the purposes of information required by Statutory Instrument 277/2007 "Transparency (Directive 2004/109/EC) Regulations 2007" concerning the development and performance of the Group, the following sections of this Annual Report shall be treated as forming part of this Directors' Report:

1. The Chairman's Statement on pages 06 to 11, the Chief Executive Officer's Statement on pages 12 to 17 and the Chief Financial Officer's Report on pages 60 and 61.
2. The Corporate Governance Report on pages 78 to 86.
3. The Principal Risks and Uncertainties on pages 65 to 72.
4. Details of Earnings Per Share on pages 144 and 145.
5. Details of the Capital Structure of the Company on pages 136 to 138.

Corporate Governance Regulations

As required by company law, the Directors have prepared a Corporate Governance Report which is set out on pages 78 to 86 and which, for the purposes of Section 1373 of the Companies Act 2014, is deemed to be incorporated in this part of the Directors' Report. Details of the capital structure and employee share schemes are included in notes 17 and 18 to the consolidated financial statements respectively.

Non-Financial Information Statement

The Group aims to comply with the requirements of the Non-Financial Reporting Directive (SI 360/2017) and these requirements are addressed throughout the Strategic Report and Corporate Governance Report.

The following non-financial information constitutes our Non-Financial Information Statement, pursuant to the EU Directive 2014/95/EU and covers the requirements in respect of the environment, people, social and community issues, human rights, anti-bribery & corruption, and is intended to help stakeholders understand our position on these non-financial matters.

Certain of the non-financial information required pursuant to the EU Directive 2014/95/EU is also provided by reference to the following location:

Non-financial	Information Section	Pages
Description of our Business Model	Business Model	26 and 27
Environmental, Social & Employee Matters	Sustainability Report	See our website for further information
Human Rights, Bribery & Corruption	Sustainability Report	See our website for further information
Our Policies	Sustainability Report	See our website for further information
Principal Risks	Risk Report	62 to 73
Non-Financial Key Performance Indicators	Our Strategy and Sustainability Report	28 to 49 and within our Sustainability Report available on our website

Our Annual Report and Sustainability Report collectively contains a range of non-financial information. We have a variety of policies and guidance that support our key outcomes for all our stakeholders. Policies, guidance and statements of intent are in place to ensure consistent governance and are available to view within our inaugural Sustainability Report and on our website at www.cairnhomes.com.

Directors' Compliance Statement

The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014, the Market Abuse (Directive 2003/6/EC) Regulations 2005, the Prospectus (Directive 2003/71/EC) Regulations 2005, the Transparency (Directive 2004/109/EC) Regulations 2007, and Tax laws ("relevant obligations").

The Directors confirm that:

- A compliance policy statement has been drawn up setting out the Group's policies that in their opinion are appropriate with regard to such compliance;
- Appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations; and
- A review has been conducted, during the financial year, of those arrangements and structures.

Going Concern and Longer Term Viability

The Directors' statements on going concern and longer term viability are included in the Risk Report on page 73.

Subsidiaries

Information on the Company's subsidiaries is set out in note 26 to the consolidated financial statements.

Political Contributions

No political contributions were made by the Group during the year that require disclosure in accordance with the Electoral Acts 1997 to 2002 and the Electoral Political Funding Act 2012.

Post Balance Sheet Events

Information in respect of events since the year end is contained in note 32 to the consolidated financial statements.

Audit & Risk Committee

The Group has an established Audit & Risk Committee comprising of four independent Non-Executive Directors. Details of the Committee and its activities are set out on pages 87 to 90.

External Auditor

KPMG, Chartered Accountants, were appointed statutory auditor on 10 June 2015 and pursuant to Section 383(2) of the Companies Act 2014 will continue in office. A resolution authorising the Directors to fix their remuneration will be proposed at the forthcoming 2022 Annual General Meeting.

Disclosure of Information to the External Auditor

Each of the Directors who held office at the date of approval of the Directors' Report confirms that:

- So far as they are aware, there is no relevant audit information of which the External Auditor is unaware; and
- That they have taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the External Auditor is aware of such information.

Approval of Financial Statements

The Financial Statements were approved by the Board on 25 March 2022.

Signed on behalf of the Board

Shane Doherty

Michael Stanley
Director

Shane Doherty
Director

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the consolidated and company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare consolidated and company financial statements for each financial year. Under that law, the Directors are required to prepare the consolidated financial statements in accordance with IFRS as adopted by the European Union and applicable law including Article 4 of the IAS Regulation. The Directors have elected to prepare the company financial statements in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the profit or loss of the Group for that year. In preparing each of the consolidated and company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company, and which enable them to ensure that the financial statements of the Company comply with the provisions of the Companies Acts 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by the Company's subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014 and Article 4 of the IAS Regulation. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Company's website www.cairnhomes.com. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement as required by the Transparency Directive and UK Corporate Governance Code

Each of the Directors, whose names and functions are listed on pages 74 and 75 of this Annual Report, confirm that, to the best of each person's knowledge and belief:

- the consolidated financial statements, prepared in accordance with IFRS as adopted by the European Union, and the company financial statements, prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014, give a true and fair view of the assets, liabilities and financial position of the Group and Company at 31 December 2021 and of the profit of the Group for the year then ended;
- the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, provides the information necessary to assess the Group's position and performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Michael Stanley
Director

Shane Doherty
Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CAIRN HOMES PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cairn Homes plc ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2021 contained within the reporting package 635400DPX6WP2KKDOA83-2021-12-31-en.zip, which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and related notes, including the summary of significant accounting policies set out in note 3 for the Group and note 1 for the Company. The financial reporting framework that has been applied in their preparation is Irish Law, including the Commission Delegated Regulation 2019/815 regarding the single electronic reporting format (ESEF), and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2021 and of the Group's profit for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the consolidated financial statements and company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the consolidated financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were appointed as auditor by the Directors on 10 June 2015. The period of total uninterrupted engagement is the six years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. In our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period.

The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were currently unforeseen factors leading to one or a combination of the following: inability to undertake construction or sales activities for an extended period of time; material reductions in sales arising from a deterioration in employment levels and consumer confidence; material reduction in credit availability in the mortgage market; increased materials, labour and finance costs.

We evaluated the going concern assessment by carrying out the following procedures among others:

- considering the cash and undrawn bank loan facilities available to the Group, the related covenants in the facility agreement which are currently applicable in the going concern period, and the expected ability of the Group to refinance existing bank facilities which are scheduled to expire on 31 December 2022;
- analysing the base-case scenario cashflow projections prepared by management showing forecast available liquidity and considering the reasonableness of the underlying assumptions; and
- analysing downside scenario cashflow projections prepared by management illustrating the impact of materially reduced sales compared to the base-case scenario and examining the reasonableness of management's conclusion that liquidity would be maintained throughout the going concern period in this scenario.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

In relation to the Group's and the Company's reporting on how they have applied the UK Corporate Governance Code and the Irish Corporate Governance Annex, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Key audit matters: our assessment of risks of material misstatement
Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters are unchanged relative to the prior year. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Group: Carrying values of inventories €940.0 million (2020: €968.2 million) and profit recognition
Refer to pages 89 and 90 (Audit and Risk Committee Report), page 128 (accounting policy for inventories) and Note 14 to the consolidated financial statements (financial disclosures – inventories)

Description of the key audit matter
Inventories consist of the costs of land, materials, design and related production and site development costs to date, less amounts recognised as cost of sales on properties which have been sold. The carrying value of development land and work in progress depends on key assumptions relating to forecast selling prices for houses or apartments, site planning (including planning consent), build costs and other direct cost recoveries, all of which contain an element of uncertainty.

The Group recognises profit on each sale, based on the particular unit sold, by reference to the overall expected site margin. As site development and the resulting sale of residential units can take place over a number of reporting periods the determination of profit is dependent on the accuracy of the assumptions used in the forecasts about future selling prices, build costs and other direct costs. There is a risk that one or all of the assumptions may be inaccurate with a resulting impact on the carrying value of inventories or the amount of profit recognised.

How the matter was addressed in our audit
Our audit procedures included, among others:

a) We documented our understanding of the processes, and tested the design and implementation of relevant controls, over the accuracy and completeness of the input data and assumptions made in the Group's financial models which support the carrying value of development land and work in progress, and the allocation of costs to individual residential units.

b) We inspected management's detailed year-end assessments of the net realisable value of development sites. These calculations were primarily based on residual value calculations whereby the estimated total costs of the development were deducted from total forecast sales proceeds. We challenged the key data inputs and assumptions in the following ways, among others:
   - inspecting forecast residential unit sales prices for consistency with sales prices achieved for similar properties;
   - agreeing a sample of forecast costs to supplier agreements or other relevant documentation from third parties and, for sites not yet in development, considering the consistency of estimates for the major cost categories with the estimates for sites in development;
   - evaluating the assumptions in relation to forecast numbers of units to be constructed based on appropriate documentary support;
   - enquiring of management as to whether there were any site-specific factors which may indicate that an individual site could be impaired; and
   - considering wider market evidence relating to the demand for housing in Ireland.

c) For sites in development, we compared actual revenues and costs to estimates to assess whether net realisable values were updated and that the overall expected sales margins were adjusted accordingly. We evaluated the sensitivity of margins on these sites to changes in sales prices and costs and considered whether this indicated a risk of impairment of the inventories balance.

d) For completed sales in the year, we tested the accuracy of the release from inventories to cost of sales recorded in the general ledger for consistency with the financial cost models for the relevant sites.

e) For new development land acquisitions in the year, we inspected purchase contracts and other supporting documentation to agree the costs of acquisition, including related direct purchase costs and we agreed amounts paid to corroborating documentary evidence.

f) We agreed a sample of additions to construction work in progress during the period to invoices/payment certificates and examined whether these additions were construction related and had been appropriately recorded as part of the costs of the relevant site.

g) We considered the adequacy of the Group's disclosures regarding the carrying value of development land and work in progress.

We found that the Group had appropriate processes in place to regularly update forecasts of development site profitability to take account of costs incurred, updated forecast costs to complete and estimated sales prices. We found that the profit margins recognised on sales during the year appropriately reflected the costs attributable to units sold based on the Group's financial models.

We found that, for sites not yet in development, the assumptions for numbers and mix of units to be built were supported by appropriate documentation, and the estimates of sales prices and costs used in the assessment of the net realisable value of these sites were reasonable compared to similar sites in development.

Our audit procedures on the key assumptions underpinning the year-end assessments of the net realisable value of development sites, and the related sensitivity analysis, did not identify any misstatements in relation to the Group's conclusion that inventories are stated at the lower of cost and net realisable value and therefore are not impaired.

We found that the costs of new development site acquisitions during the year, and of the sample of additions to construction work in progress inspected, were appropriately recorded. We also found that the disclosures in the financial statements relating to inventories are adequate to provide an understanding of the accounting policy and key assumptions relating to the Group's inventories and profit recognition.

Group: Revenue recognition €424.0 million (2020: €261.9 million)
Refer to page 128 (accounting policy for revenue) and Note 6 to the consolidated financial statements (financial disclosures – revenue)

Description of the key audit matter
A relatively high proportion of total revenue was recorded in the latter part of the year, which required particular emphasis on the recognition of revenue in the correct accounting period. Also, as well as traditional sales of residential units to private individuals, the Group has other types of contractual arrangements with certain customers for the sale of multiple units, which require particular consideration in relation to the application of the relevant accounting standard.

How the matter was addressed in our audit
Our audit procedures included, among others:

a) We documented our understanding of the processes in relation to revenue recognition. We tested the design and implementation of relevant controls over the existence of revenue for individual and multiple-unit sales, and the completeness and accuracy of multiple-unit sales.

b) We agreed a sample of sales of residential units and residential sites to signed contracts and cash proceeds and examined whether there was appropriate evidence that control over those properties had transferred to customers prior to the year-end, and hence that revenue had been recognised in the correct accounting period.

c) We evaluated the approach adopted by management in relation to the timing and amount of revenue to be recognised in accordance with the relevant accounting standard from material contracts with customers for the sale of multiple units. In this regard, we independently inspected the related contract documentation and considered the appropriate application of the revenue recognition model in the relevant accounting standard, including whether revenue should be recognised (i) at a point in time or (ii) over time.

We found that the Group had appropriate processes in place in relation to the recording of revenue.

Appropriate documentary evidence was available for all of the sample of sales of residential units and residential sites that we tested and as a result we found that revenue had been accurately recorded for those sales in the year.

We found that the approach taken in the financial statements by the Group for the recognition of revenue from contracts for the sale of multiple units, whereby the revenue in the year was recognised at a point in time on legal completion of those particular sales, was consistent with the requirements of the relevant accounting standard.

Company: Amounts due from subsidiary undertakings €621.6 million (2020: €635.3 million)
Refer to Note 6 to the Company financial statements (financial disclosures – Amounts due from Subsidiary Undertakings).

Description of the key audit matter
The Company financial statements include material amounts due from subsidiary undertakings. Due to the financial position of the Group, this was not considered to give rise to a significant risk of material misstatement. However, due to the materiality of the amounts due from subsidiary undertakings in the context of the Company financial statements, this is considered to be the area that had the greatest focus of our overall audit of the Company financial statements.

How the matter was addressed in our audit
Our audit procedures included among others:

a) We agreed the amounts due from each subsidiary to the counterparty balance as included in the matrix of intercompany balances which eliminate on consolidation.

b) We reviewed the financial position of each subsidiary undertaking.

c) We considered the results of management's assessment of the recoverability of intercompany balances and the rationale for their conclusion that no expected credit loss provision was required.

We found management's assessment of the carrying value of the amounts due from subsidiary undertakings to be appropriate.

Our application of materiality and an overview of the scope of our audit
The materiality for the consolidated financial statements as a whole was set at €2.4 million (2020: €2.4 million). This has been calculated for the year ended 31 December 2021 with reference to a benchmark of profit before taxation, which is a benchmark typically applied for listed groups which have reached a mature stage. Materiality represents approximately 4.8% of this benchmark, which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group.

In the prior year, in our view profit before taxation was not the most appropriate benchmark on which to base materiality because the impact of Covid-19 significantly reduced the level of profit in 2020. The use of a profit before taxation benchmark for 2020 would have led to a low level of materiality that was not commensurate with the scale of the Group. We calculated materiality for 2020 with reference to a benchmark of revenue and it represented approximately 0.9% of that benchmark. In assessing materiality in absolute terms for 2020 we also had regard to the level of total assets and net assets.

We report to the Audit and Risk Committee any corrected and uncorrected misstatements we identified through our audit with a value in excess of €0.12 million (2020: €0.12 million), in addition to other audit misstatements below that threshold that we believe warrant reporting on qualitative grounds.

We subjected all of the Group's reporting components to audits for group reporting purposes. The work on all components was performed by the Group audit team.

Materiality for the Company financial statements as a whole was set at €1.6 million (2020: €1.6 million), determined with reference to a benchmark of total assets, of which it represents 0.24% (2020: 0.24%).

We used materiality to assist us to determine what risks were significant risks and to determine the audit procedures to be performed including those discussed above.

Other information
The Directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' Report, 2021 Highlights, At a Glance section, Chairman's Statement, Chief Executive Officer's Statement, Market Overview, Business Model, Our Strategy section, Strategy in Action, Stakeholder Engagement, Sustainability section, Chief Financial Officer's Report, Risk Report, Board of Directors section, Senior Leadership Team section, Corporate Governance Report, Audit & Risk Committee Report, Nomination Committee Report, Directors' Remuneration Report and Company Information section.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:
- we have not identified material misstatements in the Directors' Report;
- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

Disclosures of principal risks and longer-term viability
Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the directors' confirmation within the Viability Statement on page 73 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other corporate governance disclosures
We are required to address the following items and report to you in the following circumstances:
- Fair, balanced and understandable: if we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- Audit and Risk Committee Report: if the section of the Annual Report describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee;
- Statement of compliance with UK Corporate Governance Code: if the directors' statement does not properly disclose a departure from provisions of the UK Corporate Governance Code specified by the Listing Rules of Euronext Dublin and the UK Listing Authority for our review;
- if the directors' statement relating to Going Concern required under the Listing Rules of Euronext Dublin and the UK Listing Authority set out on page 73 is materially inconsistent with our audit knowledge

We have nothing to report in these respects.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Report on pages 78 to 86 and the Directors' Report, that:
- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2006 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;
- based on our knowledge and understanding of the company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and
- the Directors' Report contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Report.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified
We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception
The Companies Act 2014 requires us to report to you if, in our opinion:
- the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made;
- the Company has not provided the information required by Section 1110N in relation to its remuneration report for the financial year ended 31 December 2020.

We have nothing to report in this regard.

The Listing Rules of Euronext Dublin and the UK Listing Authority require us to review:
- the Directors' Statements, set out on page 73 in relation to going concern and longer-term viability;
- the part of the Corporate Governance Report on pages 78 to 86 relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review; and
- certain elements of disclosures in the report to shareholders by the Remuneration Committee of the Board of Directors.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Directors' responsibilities
As explained more fully in their statement set out on page 112, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation and not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for

The purpose of our audit work and to whom we owe our responsibilities
Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

R. McCarthy

Ryan McCarthy
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

25 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 €'000	2020 €'000
Continuing operations			
Revenue	6	**423,983**	261,883
Cost of sales		**(340,112)**	(219,180)
Gross profit		**83,871**	42,703
Administrative expenses	7	**(25,489)**	(18,257)
Operating profit		**58,382**	24,446
Finance costs	8	**(8,147)**	(9,660)
Profit before taxation		**50,235**	14,786
Tax charge	10	**(6,994)**	(2,077)
Profit for the year attributable to owners of the Company		**43,241**	12,709
Other comprehensive income		**–**	–
Total comprehensive income for the year attributable to owners of the Company		**43,241**	12,709
Basic earnings per share	27	**5.8 cent**	1.7 cent
Diluted earnings per share	27	**5.8 cent**	1.7 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	Note	2021 €'000	2020 €'000
Assets			
Non-current assets			
Property, plant and equipment	11	**1,165**	1,447
Right of use assets	12	**490**	722
Intangible assets	13	**1,434**	552
		3,089	2,721
Current assets			
Inventories	14	**940,000**	968,184
Trade and other receivables	15	**28,482**	11,388
Current taxation		**1,379**	2,028
Cash and cash equivalents	16	**40,028**	34,526
		1,009,889	1,016,126
Total assets		**1,012,978**	1,018,847
Equity			
Share capital	17	**789**	788
Share premium	17	**199,616**	199,616
Other undenominated capital	17	**40**	40
Share-based payment reserve	18	**11,795**	7,572
Retained earnings		**566,537**	542,556
Total equity		**778,777**	750,572
Liabilities			
Non-current liabilities			
Loans and borrowings	19	**72,461**	202,793
Lease liabilities	20	**74**	490
Deferred taxation	22	**3,808**	4,562
		76,343	207,845
Current liabilities			
Loans and borrowings	19	**77,094**	–
Lease liabilities	20	**558**	334
Trade and other payables	23	**80,206**	60,096
		157,858	60,430
Total liabilities		**234,201**	268,275
Total equity and liabilities		**1,012,978**	1,018,847

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company							
	Share Capital							
	Ordinary shares €'000	Deferred shares €'000	Founder shares €'000	Share premium €'000	Other undenominated capital €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000
As at 1 January 2021	749	20	19	199,616	40	7,572	542,556	750,572
Total comprehensive income for the year								
Profit for the year	–	–	–	–	–	–	43,241	43,241
	–	–	–	–	–	–	43,241	43,241
Transactions with owners of the Company								
Equity-settled share-based payments (Note 18)	–	–	–	–	–	4,911	–	4,911
Shares issued on vesting of share awards	1	–	–	–	–	–	–	1
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards	–	–	–	–	–	(688)	688	–
Dividends paid to shareholders (Note 24)	–	–	–	–	–	–	(19,948)	(19,948)
	1	–	–	–	–	4,223	(19,260)	(15,036)
As at 31 December 2021	750	20	19	199,616	40	11,795	566,537	778,777

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company									
	Share Capital									
	Ordinary shares €'000	Deferred shares €'000	Founder shares €'000	Share premium €'000	Other undenominated capital €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
As at 1 January 2020	**771**	**20**	**19**	**199,616**	**18**	**8,002**	**552,796**	**761,242**	**2,496**	**763,738**
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	**12,709**	**12,709**	–	**12,709**
	–	**–**	**–**	**–**	**–**	**–**	**12,709**	**12,709**	**–**	**12,709**
Transactions with owners of the Company										
Purchase of own shares (Note 17)	(22)	–	–	–	22	–	(23,346)	**(23,346)**	–	**(23,346)**
Equity-settled share-based payments (Note 18)	–	–	–	–	–	(33)	–	**(33)**	–	**(33)**
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards	–	–	–	–	–	(397)	397	**–**	–	**–**
Acquisition of shares in subsidiary from non-controlling shareholder (Note 28)	–	–	–	–	–	–	–	**–**	(2,496)	**(2,496)**
	(22)	**–**	**–**	**–**	**22**	**(430)**	**(22,949)**	**(23,379)**	**(2,496)**	**(25,875)**
As at 31 December 2020	**749**	**20**	**19**	**199,616**	**40**	**7,572**	**542,556**	**750,572**	**–**	**750,572**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 €'000	2020 €'000
Cash flows from operating activities		
Profit for the year	**43,241**	12,709
Adjustments for:		
Share-based payments expense/(credit)	**3,499**	(277)
Finance costs	**8,147**	9,660
Depreciation of property, plant and equipment	**205**	203
Depreciation of right of use assets	**404**	361
Amortisation of intangible assets	**200**	135
Taxation	**6,994**	2,077
	62,690	**24,868**
Decrease/(increase) in inventories	**30,081**	(70,176)
(Increase)/decrease in trade and other receivables	**(17,094)**	313
Increase in trade and other payables	**19,938**	8,410
Tax paid	**(7,098)**	(3,973)
Net cash from/(used in) operating activities	**88,517**	**(40,558)**
Cash flows from investing activities		
Purchases of property, plant and equipment	**(410)**	(182)
Purchases of intangible assets	**(1,082)**	(14)
Net cash used in investing activities	**(1,492)**	**(196)**
Cash flows from financing activities		
Purchase of own shares	**–**	(23,751)
Proceeds from loans and borrowings	**170,000**	194,000
Repayment of loans and borrowings	**(224,000)**	(140,000)
Acquisition of shares in subsidiary from non-controlling shareholder	**–**	(2,496)
Dividends paid	**(19,948)**	–
Repayment of lease liabilities	**(364)**	(314)
Interest and other finance costs paid	**(7,211)**	(8,969)
Net cash (used in)/from financing activities	**(81,523)**	**18,470**
Net increase/(decrease) in cash and cash equivalents in the year	**5,502**	**(22,284)**
Cash and cash equivalents at beginning of the year	**34,526**	56,810
Cash and cash equivalents at end of the year	**40,028**	**34,526**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Basis of Preparation

(a) Reporting entity

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, D02 KW81. These consolidated financial statements cover the year ended 31 December 2021 for the Company and its subsidiaries (together referred to as "the Group"). The Group is predominantly involved in the development of residential property for sale.

(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations approved by the International Accounting Standards Board (IASB), as adopted by the European Union (EU), and those parts of the Companies Act 2014 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

(c) New standards and interpretations

The following standards and interpretations were effective for the Group for the first time from 1 January 2021. They did not have a material effect on the consolidated results of the Group:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform* – Phase 2;
- Amendments to IFRS 16, COVID-19 *Related Rent Concessions beyond 30 June 2021*;
- Amendments to IFRS 4 Insurance Contracts – deferral of effective date of IFRS 9;

The following standards and interpretations are not yet endorsed by the EU. The potential impact of these standards on the Group is under review:

- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*;
- Amendments to IFRS 17, *Insurance contracts*: Initial application of IFRS 17 and IFRS 9;
- Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*;
- Amendments to IAS 8, *Definition of Accounting Estimates*;
- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a single transaction*;
- Amendments to IFRS 10 and IAS 28, *Sale of contribution of Assets between an investor and its Associate or Joint Venture*;

The following amendments to standards have been endorsed by the EU, and are effective from 1 January 2022. The Group has not adopted these amendments early. The potential impact of these amendments on the Group is under review:

- A number of narrow-scope amendments to IFRS 3, IAS 16 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;
- Amendments to IAS 37 Onerous contracts, clarification on cost of fulfilling contracts.

(d) Functional and presentation currency

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

(e) Going concern basis of accounting

The COVID-19 pandemic has had an impact on the Group during the year ended 31 December 2021, resulting in an interruption in development activity in the earlier part of the year. The Group entered the COVID-19 pandemic from a position of strength and continues to operate from that position with a long-term strategy that focuses on minimising financial risk and maintaining financial flexibility. The business has strong liquidity, a robust balance sheet and sustainable, lowly leveraged debt facilities.

To mitigate any risk the Group applies a prudent cash management policy ensuring the production activities in the near term are focused towards forward sold inventories, inventories which will continue to be attractive to buyers, and directing housing production pipeline towards new family homes which are at the lower end of the price band. The Group has also expanded its regional footprint during 2021 with further expansion planned in 2022 and continues to have a broad and widening customer base.

The Group did not avail of any wage subsidy support from the Irish Government during 2021 or 2020.

The Group held €40 million of cash at 31 December 2021 (31 December 2020: €34.5 million) and has strong liquidity with the Group's loan facilities being repayable between 31 December 2022 and 31 July 2026. While some of the Group's loan facilities are repayable on 31 December 2022, a refinancing process is underway. This is considered to be a routine matter with no foreseeable issues given the Group's financial position and strong outlook. The Group had undrawn revolving credit facilities of €194 million as at 31 December 2021 (€140 million as at 31 December 2020).

1. Basis of Preparation continued

(e) Going concern basis of accounting continued

During the thirteen-week shutdown period at the beginning of the year during which the majority of the Group's construction sites were closed or operating at significantly reduced capacity (some construction activity continued on new homes contracted to close by 31 January 2021, social homes contracted to close by 31 March 2021 and utility connections during this period), the Group successfully maintained operational momentum, making detailed preparations for a safe return to work, which allowed build programmes to restart efficiently on a phased basis from 12 April 2021. All residential sites were successfully reopened, under strict compliance with operating procedures adhering to social distancing requirements. The Group also commenced construction on two new sites in the second half of the year and five new sites since the start of 2022. While COVID-19 has had an impact on gross and operating margins, the business has recovered well and has seen an improvement in gross margins, a strong recovery in sales and an increase in profitability when compared the prior year. The Group is also encouraged by the level of underlying demand in the market as evidenced by the strength of our forward sales pipeline. This level of demand continued into the early months of 2022 with our enquiry lists across all our active selling sites remaining at historic highs and particularly strong interest in our starter home and trade-up/down commuter locations.

The Directors have carried out a robust assessment of the principal risks facing the Group and have considered the impact of these risks on the going concern of the business. In making this assessment, consideration has been given to the uncertainty inherent in financial forecasting including future market conditions for construction costs and sales prices. Where appropriate, severe but plausible downside-sensitivities have been applied to the key factors affecting the future financial performance of the Group.

Having considered the Group's forecasts and significant liquidity, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these consolidated financial statements and there are no material uncertainties in that regard which are required to be disclosed.

The significant accounting policies applied in the preparation of these financial statements are set out in Note 3.

2. Key Judgements and Estimates

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

The significant accounting judgement impacting these financial statements is:

- scale and mix of each development and the achievement of associated planning permissions.

This may involve assumptions on new or amended planning permission applications. This judgement then feeds into the process of forecasting expected profitability by development which is used to determine the profit that the Group is able to recognise on its developments in each reporting period and the net realisable value of inventories.

The key sources of estimation uncertainty impacting these financial statements are:

- forecast selling prices; and
- carrying value of inventories and allocations from inventories to cost of sales (see notes 3 (f) and 14).

Due to the nature of the Group's activities and, in particular the scale of its development costs and the length of the development cycle, the Group has to allocate site-wide development costs between units completed in the current year and those in future years. It also has to forecast the costs to complete on such developments and make estimates relating to future sales prices. Forecast selling prices are inherently uncertain due to changes in market conditions. These estimates impact management's assessment of the net realisable value of the Group's inventories and also determine the extent of profit or loss that should be recognised in respect of each development in each reporting period. Note 14 includes disclosures on the impact of COVID-19 on judgements and estimates in relation to profit margins and carrying values of inventories.

In making such assessments and allocations, there is a degree of inherent estimation uncertainty. The Group has developed internal controls designed to effectively assess and review profit recognition and carrying values of inventories including the appropriateness of estimates made.

3. Significant Accounting Policies

The accounting policies set out below have been applied in these financial statements.

(a) Basis of consolidation

The consolidated financial statements include the results of Cairn Homes plc and all its subsidiary undertakings for the year ended 31 December 2021.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the separately identifiable net assets and liabilities acquired.

3. Significant Accounting Policies continued

(a) Basis of consolidation continued

Business combinations continued

Any goodwill that arises is capitalised and tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration that meets the definition of a financial instrument are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Changes in the ownership interest in a subsidiary that do not result in loss of control are recognised in equity.

Non-controlling interests, as stated in the statement of financial position, represents the portion of the equity of subsidiaries which is not attributable to the owners of the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Property, plant and equipment

Property, plant and equipment are initially recognised at cost. Depreciation is provided using the straight-line method to write off the cost less any residual value over the estimated useful life of the asset on the following basis:

- Leasehold improvements 7 years;
- Motor vehicles 4 years; and
- Computers & equipment 3-7 years

The assets' useful economic lives and residual values are reviewed and adjusted, if appropriate, at each financial reporting date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(c) Leases

All assets held by the Group under lease agreements which are greater than twelve months in duration are recognised as right-of-use assets within the statement of financial position representing its rights to use the underlying asset. The present value of future payments to be made under those lease agreements is recognised as a liability representing its obligation to make lease payments.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date or date of application of IFRS 16 if later. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is subsequently increased by the interest costs on the lease liability and decreased by the lease payments made. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs, and subsequently at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the lease term from the lease commencement date.

The right-of-use asset and lease liability recognised under IFRS 16 represents the Group's lease on the central support office and leased vehicles. The right-of-use assets and related lease liabilities have been determined by discounting the lease payments over the expected term of the leases at discount rates reflecting the Group's incremental borrowing rate at inception.

(d) Intangible assets

Computer software

Acquired computer software is capitalised as intangible assets on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software costs are amortised over their estimated useful lives from seven to ten years for specialised software which is expected to provide benefits over those periods. Other costs in respect of computer software are recognised as an expense or capitalised as part of inventory costs as incurred.

3. Significant Accounting Policies continued

(d) Intangible assets continued

Computer software continued

The assets' useful lives and residual values are reviewed and adjusted, if appropriate, at each financial reporting date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(e) Revenue

Revenue represents the fair value of consideration received or receivable, net of value-added tax. Revenue is recognised at the point in time when control over the property has been transferred to the customer, which occurs at legal completion. Revenue is measured at the transaction price agreed under the contract.

Booking and contract deposits on units sold by the Group are held by the Group's legal advisors, externally to the Group, until legal completion of the sale, at which point all such deposits and the final payment are paid to the Group and recognised as revenue. Where a contract, on which a contract deposit has been paid, is not completed, the Group will recognise the forfeited deposit (arising in accordance with the contract's terms) as revenue. Where a multiple unit contract involves a number of phases being delivered over phased delivery dates, the Group recognises revenue on legal completion of each phase when control passes to the customer, with each phase having its own pre-agreed pricing for a defined number of units and a pre-determined handover date. Rental income is recognised on a straight-line basis over the life of the operating lease. This income principally arises from properties let on a short-term basis.

(f) Inventories

Units in the course of development and completed units are valued at the lower of cost and net realisable value. Cost includes the cost of land, raw materials, stamp duty, direct labour, direct wages and salaries and development costs, but excludes indirect overheads. Land purchased for development, including land in the course of development, is initially recorded at cost. For development property acquired through business combinations, cost is the sum of the fair value at acquisition plus subsequent direct costs. The Group's developments can take place over several reporting periods and the Group has to allocate site-wide development costs between units built in the current year and in future years. It also has to estimate the costs to completion of such developments. In making these assessments, which impact on estimating the appropriate amounts from inventories to be recognised as cost of sales on units sold, there is a degree of inherent uncertainty.

The Group is predominantly involved in the development of residential property units for sale. Because the nature of such individual units is that they are produced in large quantities on a repetitive basis over a relatively short period of time, the Group's inventories are not considered to be qualifying assets for the purposes of capitalisation of borrowing costs.

Inventories are carried at the lower of cost and net realisable value, such that provision is made, where appropriate, to reduce the value of inventories to their net realisable value.

Where a site has commenced selling units, the Group compares the margin recognised on a site in the year to the forecast margin on a site over the life of the development, taking account of updated sales prices and cost estimates. Where a site has not yet commenced selling, the Group compares the most recent forecast to prior forecasts for that site. The Group assesses whether any such updated margin forecasts indicate that the inventory balance needs to be adjusted to reflect the net realisable value.

Where a site purchased for redevelopment includes existing rental properties which will be demolished or vacated as part of the planned redevelopment of the site, the full cost of the site is classified within inventories.

Contract deposits for purchases of development property are recognised as deposits when paid and are transferred to inventories on legal completion of the contract when the remainder of the contract price is paid.

(g) Share-based payments

The Group has issued equity-settled share-based payments to certain employees (long-term incentive awards, restricted share unit awards and share options) and founders (Founder Shares).

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity over the vesting period of the awards. The amounts recognised as an expense are adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions, where applicable at the vesting date.

The amount recognised as an expense is not adjusted for market conditions not being met. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(h) Taxation

Tax expense comprises current tax and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised in other comprehensive income or equity.

Current tax is the expected tax payable on taxable profit or loss for the period and any adjustment to tax payable in respect of previous years.

3. Significant Accounting Policies continued

(h) Taxation continued

It is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

The measurement of uncertain tax positions within tax assets and liabilities requires judgement in interpreting tax legislation and current case law in order to estimate the amount to be recognised. In line with accounting standards, the Group reflects the effect of an uncertainty using either the 'most likely amount' method or the 'expected value' method, as appropriate for the particular uncertainty.

(i) Pensions

The Group operates defined contribution schemes for employees. The Group's contributions to the schemes are charged to profit or loss in the year in which the contributions fall due.

(j) Construction bonds receivables

Construction bonds are development bonds that are put in place with local authorities or utilities providers until sites are fully completed and conditions of planning have been met. All construction bonds are considered current assets as they will be realised in the Group's normal operating cycle, which is such that a proportion of construction bonds will not be recovered within 12 months. Construction bonds not recoverable in 12 months are disclosed in note 15.

(k) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances in bank accounts with no notice or on short-term deposits which are subject to insignificant risk of changes in value.

Any cash and bank balances that are not available for use by the Group are presented as restricted cash. Amounts of restricted cash which are restricted from being exchanged or used to settle a liability for at least 12 months after the end of the reporting year are classified as non-current assets.

(l) Provisions

Provisions are recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

(m) Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity through retained earnings.

(n) Exceptional items

Items that are material in size and unusual or infrequent are presented as exceptional items in the statement of profit or loss and other comprehensive income. The Directors are of the opinion that the separate presentation of exceptional items, where applicable, provides helpful information about the Group's underlying business performance.

(o) Segmental reporting

Operating segments are reported in a manner consistent with the internal organisational and management structure and the internal reporting information provided to the Chief Operating Decision Maker ("CODM") (designated as the Board of Directors), which is responsible for allocating resources and assessing performance of operating segments.

3. Significant Accounting Policies continued

(p) Finance income and costs

Interest income and expense is recognised using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income, interest expense and fees paid and received over the relevant period. Commitment fees in relation to undrawn loan facilities are accounted for on the accruals basis, within finance costs.

The Group is required to capitalise borrowing costs directly attributable to the acquisition, construction and production of a qualifying asset, as part of the costs of that asset. Inventories which are produced in large quantities on a repetitive basis over a short period of time are not qualifying assets. The Group does not generally produce qualifying assets.

(q) Financial instruments

(i) Financial assets and financial liabilities

Under IFRS 9, financial assets and financial liabilities are initially recognised at fair value and are subsequently measured based on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Group's designation of such instruments. IFRS 9 requires that all financial assets and financial liabilities be classified as fair value through profit or loss ("FVTPL"), amortised cost or fair value through other comprehensive income ("FVOCI").

(ii) Classification of financial instruments

The following summarises the classification and measurement the Group has elected to apply to each of its significant categories of financial instruments:

Type	IFRS 9 classification
Financial assets	
Cash and cash equivalents	Amortised cost
Trade and other receivables	Amortised cost
Financial liabilities	
Loans and borrowings	Amortised cost
Trade payables and accruals, including deferred consideration	Amortised cost
Amounts owed to related parties	Amortised cost

(iii) Trade and other receivables

Trade and other receivables are initially recognised at fair value when they are originated and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, which are measured using an expected credit loss model. Any interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(iv) Financial liabilities

Financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

(v) Derecognition and modification of financial liabilities

The Group derecognises a financial liability when it is extinguished (when its contractual obligations are discharged or cancelled, or expire).

The Group also derecognises a financial liability when there is a substantial modification of the liability. A substantial modification is deemed to have occurred when the present value of the cash flows under the modified terms, discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows under the original terms. If the financial liability is deemed to have been substantially modified, a new financial liability is recognised at fair value. The difference between this fair value and the previous carrying amount of the financial liability prior to its derecognition is recognised in profit or loss.

A non-substantial modification of a financial liability is deemed to have occurred when the present value of the cash flows under the modified terms, discounted using the original effective interest rate, is less than 10% different from the discounted present value of the remaining cash flows under the original terms, and there are no other qualitative factors which indicate that a substantial modification has occurred. For non-substantial modifications, the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and any resulting gain or loss is recognised in profit or loss. For non-substantial modifications where the impact is that the interest on floating rate liabilities has been repriced at current market terms, the original effective interest rate is adjusted to reflect the current market terms at the time of the modification. Any costs and fees directly attributable to the modification of the financial liability are recognised as an adjustment to the carrying amount of the modified financial liability and amortised over its remaining term under the effective interest method. Any unamortised costs attributable to the original financial liability, with the exception of unamortised arrangement fees, are recognised as an adjustment to the carrying amount of the modified financial liability and amortised over the remaining term of the modified liability under the effective interest method. Unamortised arrangement fees relating to the original financial liability are recognised in profit or loss on modification.

4. Measurement of Fair Values

Certain of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is defined in IFRS 13, *Fair Value Measurement*, as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

- *Level 1:* quoted prices, (unadjusted) in active markets for identical assets or liabilities;
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further disclosures about the assumptions made in measuring fair values are included in Note 29 Financial Instruments and Risk Management.

5. Segmental Information

Segmental information is presented on the same basis as that used for internal reporting purposes. *Operating segments* are reported in a manner consistent with the internal reporting provided to the CODM. The CODM has been identified as the Board of Directors of the Company.

Having considered the criteria in IFRS 8 Operating Segments and considering how the Group manages its business and allocates resources, the Group has determined that it has one reportable segment. The Group is managed as a single business unit, building and property development. As the Group operates in a single geographic market, Ireland, no geographical segmentation is provided.

6. Revenue

	2021 €'000	2020 €'000
Residential property sales	**419,406**	246,881
Residential site and other sales	**4,217**	14,651
Revenue from contracts with customers	**423,623**	261,532
Other revenue		
Income from property rental	**360**	351
	423,983	261,883

	2021 €'000	2020 €'000
Residential property sales		
Houses	**220,306**	211,522
Apartments	**199,100**	35,359
	419,406	246,881

7. Administrative Expenses

	2021 €'000	2020 €'000
Employee benefits expense (Note 9)	**16,911**	10,170
Other expenses	**8,578**	8,087
	25,489	18,257

8. Finance Costs

	2021 Total €'000	2020 Total €'000
Interest expense on financial liabilities measured at amortised cost	**6,671**	9,061
Other finance costs	**1,451**	569
Interest on lease liabilities	**25**	30
	8,147	9,660

Interest expense includes interest and amortised arrangement fees and issue costs on the drawn term loans, revolving credit facility and loan notes. Other finance costs include commitment fees on the undrawn element of the revolving credit facility.

9. Statutory and Other Information

(i) Employees

The average number of persons employed by the Group (including Executive Directors) during the year was:

	2021	2020
Number of employees	**239**	209

The aggregate payroll costs of these employees were:

	2021 €'000	2020 €'000
Wages and salaries	**24,251**	20,158
Social welfare costs	**2,713**	2,115
Pension costs – defined contribution schemes	**906**	853
Share-based payments charge/(credit)	**4,911**	(33)
	32,781	23,093
Amounts capitalised into inventories	**(15,703)**	(12,923)
Amounts capitalised into intangibles	**(167)**	–
Employee benefits expense	**16,911**	10,170

(ii) Other information

	2021 €'000	2020 €'000
Net foreign currency loss/(gains) recognised in profit or loss	**47**	(3)
Auditor's remuneration		
Audit of Group, Company and subsidiary financial statements	**308**	295
Other assurance services	**20**	20
Tax advisory services	**68**	30
Other non-audit services	**98**	48
	494	393
Auditor's remuneration for the audit of the Company financial statements was €15,000 (2020: €15,000).		
Directors' remuneration		
Salaries, fees and other emoluments	**2,519**	1,523
Pension contributions – defined contribution schemes	**120**	126
	2,639	1,649

10. Taxation

	2021 €'000	2020 €'000
Current tax charge for the year		
Corporation tax – current year	**7,664**	2,281
Adjustment in respect of prior year	**84**	318
	7,748	2,599
Deferred tax credit for the year (Note 22)	**(754)**	(522)
Total tax charge	**6,994**	**2,077**

The tax assessed for the year differs from the standard rate of tax in Ireland. The differences are explained below.

	2021 €'000	2020 €'000
Profit before tax	**50,235**	**14,786**
Tax charge at standard Irish income tax rate of 12.5%	**6,279**	1,848
Effects of:		
Amounts deductible for tax purposes at higher rate of tax	**–**	(39)
Income not subject to tax	**–**	(79)
Expenses not deductible for tax purposes	**631**	29
Adjustment in respect of prior year	**84**	318
Total tax charge	**6,994**	**2,077**

11. Property, Plant and Equipment

	Leasehold improvements €'000	Motor vehicles €'000	Computers & equipment €'000	2021 Total €'000
Cost				
At 1 January 2021	483	77	3,156	**3,716**
Additions	–	–	410	**410**
At 31 December 2021	**483**	**77**	**3,566**	**4,126**
Accumulated depreciation				
At 1 January 2021	(325)	(30)	(1,914)	**(2,269)**
Depreciation	(69)	(19)	(604)	**(692)**
At 31 December 2021	**(394)**	**(49)**	**(2,518)**	**(2,961)**
Net book value				
At 31 December 2021	**89**	**28**	**1,048**	**1,165**

11. Property, Plant and Equipment continued

Depreciation of €0.487 million (2020: €0.51 million) in relation to construction related assets was included in construction work in progress in inventories. All property, plant and equipment is pledged as security against the Group's borrowings (Note 19).

	Leasehold improvements €'000	Motor vehicles €'000	Computers & equipment €'000	2020 Total €'000
Cost				
At 1 January 2020	483	77	2,974	3,534
Additions	–	–	182	182
At 31 December 2020	**483**	**77**	**3,156**	**3,716**
Accumulated depreciation				
At 1 January 2020	(256)	(11)	(1,291)	(1,558)
Depreciation	(69)	(19)	(623)	(711)
At 31 December 2020	**(325)**	**(30)**	**(1,914)**	**(2,269)**
Net book value				
At 31 December 2020	**158**	**47**	**1,242**	**1,447**

12. Right of Use Assets

	2021 €'000	2020 €'000
Cost		
At 1 January	**1,443**	1,443
Additions	**172**	–
At 31 December	**1,615**	**1,443**
Accumulated depreciation		
At 1 January	**(721)**	(360)
Depreciation	**(404)**	(361)
At 31 December	**(1,125)**	**(721)**
Net book value		
At 31 December	**490**	**722**

Following the adoption of IFRS 16 in 2019, the Group recognised a right-of-use asset in respect of the lease of its central support office property. On initial application of IFRS 16, the asset and related lease liability (Note 20) were determined by discounting the lease payments over the expected remaining term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate at 1 January 2019. The additions during the year ended 31 December 2021 related to vehicle leases and were determined by discounting the lease payments over the expected remaining term of the leases at a discount rate of 2.6% reflecting the Group's incremental borrowing rate during the year.

13. Intangible Assets

	2021 €'000	2020 €'000
Software		
Cost		
At 1 January	**1,117**	1,103
Additions	**1,082**	14
At 31 December	**2,199**	**1,117**
Accumulated amortisation		
At 1 January	**(565)**	(430)
Amortisation	**(200)**	(135)
At 31 December	**(765)**	**(565)**
Net book value		
At 31 December	**1,434**	**552**

14. Inventories

	2021 €'000	2020 €'000
Land held for development	**671,652**	690,347
Construction work in progress	**268,348**	277,837
	940,000	968,184

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

The cost of inventories includes direct labour costs and other direct wages and salaries as well as the cost of land, raw materials, and other direct costs. In the thirteen-week shutdown period during which sites were closed in 2021 due to the pandemic, the Group continued to capitalise direct labour costs in inventories in relation to direct labour costs which continued on permitted works on social and affordable housing, other units with sales contracted to close by 31 January 2021 and utility connections. During the year ended 31 December 2021 €0.3 million (31 December 2020: €nil) of other direct wages and salaries for employees in construction related roles were estimated to be non-productive and were expensed and included in administrative expenses. All other direct wages and salaries for employees in construction related roles incurred during this period were included in the cost of inventories, as the Group's operational activities did continue in the areas of site planning, scheduling, and design activities.

As the build costs on each site can take place over a number of reporting periods the determination of the cost of sales to release on each sale is dependent on up to date cost forecasting and expected profit margins across the various developments. The directors review forecasting and profit margins on a regular basis and have incorporated any additional forecasted costs arising from the extension of development timetables and changes to work practices arising from the ongoing COVID-19 pandemic. Nearer term costs are largely fixed as they are in most cases fully procured, and others are variable and particular focus has been given to these items to ensure they are accurately reflected in forecasts and profit margins.

There is a risk that one or all of the assumptions may require revision as more information becomes available, with a resulting impact on the carrying value of inventories or the amount of profit recognised. The risk is managed through ongoing site profitability reforecasting with any necessary adjustments being accounted for in the relevant reporting period. The Directors considered the evidence from impairment reviews and profit forecasting models across the various active and not yet in development sites. These sites costs and profit margins have been reviewed at year end and judgments and estimates carefully considered to ensure they have incorporated any anticipated impact of the ongoing COVID-19 pandemic. Based on the review performed there were no indications that any sites were impaired.

Under IFRS, instances where market capitalisation (quoted share price multiplied by the number of ordinary shares in issue) is below net assets are considered to be a potential indicator that assets may be impaired. The Group's principal assets are represented by inventories. Such assets are stated at the lower of cost and net realisable value and are therefore, in any event, assessed for impairment (i.e. any evidence that the net realisable value was less than the carrying amount) as at 31 December 2021. On 31 December 2021, the market capitalisation of the Group was higher than the net assets of the Group.

All active sites on which construction has commenced are profitable and due to the forecasting process by which cost of sales is determined as referred to above, the Directors therefore concluded that the net realisable value of active sites was greater than their carrying amount at 31 December 2021 and hence those sites were not impaired.

14. Inventories continued

All sites on which construction has not yet commenced were also assessed for impairment at 31 December 2021. This assessment was based on the current development plan for the site, reflecting the number and mix of units expected to be built. For each of these sites, the forecast revenue based on current market prices was greater than the sum of the site cost and the estimated construction costs. The Directors therefore concluded that the net realisable value of sites on which construction has not yet commenced was greater than their carrying amount at 31 December 2021 and hence those sites were not impaired.

There were no reasonably foreseeable changes in assumptions that would have resulted in an impairment of inventories at 31 December 2021.

As a result of the detailed reviews undertaken the directors are satisfied with the carrying values of inventories (development land and work in progress), which are stated at the lower of cost and net realisable value, and with the methodology for the release of costs on the sale of inventories.

The total amount charged to cost of sales from inventories during the year was €338.0 million (2020: €218.4 million).

15. Trade and Other Receivables

	2021 €'000	2020 €'000
Trade receivables	**15,269**	1,265
Prepayments	**845**	860
Construction bonds	**10,864**	8,332
Other receivables	**1,504**	931
	28,482	**11,388**

Trade receivables relate to remaining amounts due in relation to residential property sales to institutional investors.

The Directors consider that all construction bonds are current assets as they will be realised in the Group's normal operating cycle, which is such that a proportion of construction bonds will not be recovered within 12 months. It is estimated that €5.5 million (2020: €4.6 million) of the construction bond balance at 31 December 2021 will be recovered after more than 12 months from that date.

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

Trade receivables of €1.3 million and prepayments €0.9 million have been reclassified from other receivables for the year ended 31 December 2020 for consistency with the current year presentation.

16. Cash and Cash Equivalents

	2021 €'000	2020 €'000
Cash and cash equivalents	**40,028**	**34,526**

Cash deposits are made for varying short-term periods depending on the immediate cash requirements of the Group. All deposits can be withdrawn without significant changes in value and accordingly the fair value of cash and cash equivalents is identical to the carrying value.

17. Share Capital and Share Premium

Authorised	Number	2021 €'000	Number	2020 €'000
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**

17. Share Capital and Share Premium continued

Issued and fully paid	Number	Share capital €'000	Share premium €'000	Total €'000
As at 31 December 2021				
Ordinary Shares of €0.001 each	749,932,223	750	199,597	200,347
Founder Shares of €0.001 each	19,182,149	19	19	38
Deferred Shares of €0.001 each	19,980,000	20	–	20
Total issued and fully paid		**789**	**199,616**	**200,405**

Issued and fully paid	Number	Share capital €'000	Share premium €'000	Total €'000
As at 31 December 2020				
Ordinary Shares of €0.001 each	749,450,129	749	199,597	200,346
Founder Shares of €0.001 each	19,182,149	19	19	38
Deferred Shares of €0.001 each	19,980,000	20	–	20
Total issued and fully paid		**788**	**199,616**	**200,404**

The Company has four authorised classes of shares: Ordinary Shares; A Ordinary Shares; Founder Shares; and Deferred Shares.

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per Ordinary Share at meetings of the Company.

The holders of Founder Shares are not entitled to receive dividends and do not have voting rights at meetings of the Company save in relation to a resolution to wind up the Company or to authorise the Directors to issue further Founder Shares. Founder Shares entitle Prime Developments Ltd ("PDL") (the ultimate beneficiaries of PDL are Alan McIntosh, a Director, and his spouse) and Kevin Stanley to receive 20% of the Total Shareholder Return (which is the increase in the market capitalisation of the Company, plus dividends, returns of capital or distributions in the relevant periods) (the Founder Share Value), over the seven years following the Initial Public Offering in 2015, subject to the satisfaction of the Performance Condition, being the achievement of a compound rate of return of 12.5% per annum in the Company's share price, as adjusted for any dividends, returns of capital or distributions paid in the period. The Founder Shares will be converted into Ordinary Shares or paid out in cash, at the option of the Company, in an amount equal to the Founder Share Value. Subject to satisfying the Performance Condition there is no limitation on the amount to be converted into Ordinary Shares (or otherwise issued as Ordinary Shares at nominal value to fulfil the value of 20% of Total Shareholder Return achieved) or paid out in cash, other than the seven year limit referred to above.

The Chief Executive Officer Michael Stanley signed a Deed of Surrender on 17 May 2021 relinquishing any future entitlements from the remaining 6,713,752 Founder Shares held by him at the time. All rights, title and interest in those 6,713,752 Founder Shares were surrendered to the Company for nil consideration on 17 May 2021 but were in place up to this point.

The following restrictions apply to the transfer of Founder Shares before they are converted to Ordinary Shares: any Founder Shareholder may at any time transfer some or all of the Founder Shares held by him to a family member or (one or more) trustees to be held under a Family Trust and/or any other Founder Shareholder. None of the Founder Shares transferred to the above mentioned parties may subsequently be transferred save to a person or a party to which the shares in question could have been transferred as defined above.

The following restrictions apply to the Ordinary Shares which are issued as a result of the Founder Shares conversions:
- during the period of 365 days from the date of conversion, none of the Founders will, without the prior written consent of the Board, offer, sell or contract to sell, or otherwise dispose of such Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing; and
- for a second period of 365 days commencing one year following conversion of Founder Shares into Ordinary Shares, the Founders shall be entitled to offer, sell, or contract to sell, or otherwise dispose of 50% of such Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing but the lock-up restriction described above will continue to apply to the remaining 50% of such Ordinary Shares during that second period of 365 days.

The total number of Ordinary Shares impacted by these restrictions amounted to Nil at 31 December 2021 (2020: Nil).

The holders of Deferred Shares do not have voting rights at meetings and are not entitled to receive dividends except for the right to receive €1 in aggregate for every €100,000,000,000 paid to the holders of Ordinary Shares.

The holders of A Ordinary Shares (Nil issued) are not entitled to receive dividends and do not have voting rights at meetings of the Company.

17. Share Capital and Share Premium continued

Share Issues

On 4 May 2021, the Company issued 482,094 (2020: 116,066) Ordinary Shares at a nominal value of €0.001 per share in respect of the vesting of awards under the restricted share unit plan.

Share buyback programmes

Further to the authority granted at the Annual General Meeting on 22 May 2019, the Company commenced a €25 million share buyback programme on 13 September 2019. As at 31 December 2019, the total cost of shares repurchased under the buyback programme was €22,646,683. In accordance with the share buyback programme, all repurchased shares were subsequently cancelled. 18,128,083 repurchased shares were cancelled in the year ended 31 December 2019. This programme completed on 13 January 2020.

On 16 January 2020, the Company announced an extension of that €25 million share buyback programme to include up to a further €35 million, thereby increasing the size of the overall share buyback programme to €60 million. This programme was suspended on 24 March 2020, as a consequence of the emergence of the COVID-19 pandemic, when the total number of shares repurchased under the buyback programme was 39,449,108 at a total cost of €46.0 million. The total number of shares repurchased under the buyback programme in the period from 1 January 2020 to 24 March 2020 was 21,321,025 at a total cost of €23.3 million. All repurchased shares were cancelled.

On 13 January 2022, the Company commenced a new €75 million share buyback programme and all repurchased shares under this programme are subsequently cancelled. In total, in the period from 13 January 2022 to 22 March 2022, the Company repurchased 31,336,127 shares at a total cost of €38.8 million.

Other Undenominated Capital	2021 €'000	2020 €'000
At 1 January	**40**	18
Nominal value of own shares purchased	**–**	22
At 31 December	**40**	40

18. Share-Based Payments

Founder Shares

A valuation exercise was undertaken in 2015 to fair value the Founder Shares (the terms of which are outlined in Note 17), which resulted in a non-cash charge in the period to 31 December 2015 of €29.1 million, with a corresponding increase in the share-based payment reserve in equity such that there was no overall impact on total equity. This non-cash charge to profit or loss for the period ended 31 December 2015 was for the full fair value of the award relating to the Founder Shares, all of which was required to be recognised up front under the terms and conditions of the Founder Share agreement. No charge has been or will be recognised in subsequent years.

The valuation exercise was completed using the "Monte Carlo" simulation methodology and the following key assumptions:

- Share price volatility of 25% per annum, based on a basket of comparative UK listed entities;
- Risk free rate of 0.1% per annum;
- Dividend yield of 3% per annum, effective from 2018; and
- 15% discount based on restrictions on sale once Founder Shares convert to Ordinary Shares

There were no conversions of Founder Shares to Ordinary Shares during the year ended 31 December 2021 or 31 December 2020.

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 10,717,994 shares made to employees remain outstanding as at 31 December 2021 (2020: 7,659,629). The shares will vest on satisfaction of service and performance conditions attaching to the LTIP, to include earnings per share performance and other stakeholder metrics over a 3 year period.

The 2021 LTIP awards are subject to both financial and non-financial metrics. 80% of the award will vest subject to the achievement of cumulative EPS targets over the three year performance period from 2021 to 2023. 20% of the award will vest subject to the achievement of stakeholder metrics which includes customer satisfaction performance with a health and safety underpin.

Awards to Executive Directors and senior management are also subject to an additional two year holding period after vesting.

The EPS-related performance condition is a non-market performance condition and does not impact the fair value of the EPS-based awards at the grant date, which is equivalent to the share price at grant date.

The Group recognised a charge related to the LTIP during the year ended 31 December 2021 of €3.296 million (2020: €0.561 million credit) of which €2.407 million (2020: €0.598 million credit) was charged to administrative expenses in profit or loss and a charge of €0.889 million (2020: €0.037 million) was included in construction work in progress within inventories. The net credit recognised during the year ended 31 December 2020 arose due to the charge in respect of the 2020 LTIP net of a credit in relation to the non-vesting of the 2018 LTIP EPS-based awards and the expected non-vesting of the 2019 LTIP EPS-based awards.

18. Share-Based Payments continued

Long-Term Incentive Plan continued

Cairn engaged extensively with shareholders during 2020 with respect to the Chief Executive Officer, Michael Stanley, participating in the Company's LTIP from 2021 onwards. One of the conditions of participation was an agreement that the Chief Executive Officer would surrender any future entitlements, pursuant to the Founder Share Agreement, from the remaining 6,713,752 Founder Shares held by him at the time. The Chief Executive Officer signed a Deed of Surrender on 17 May 2021 relinquishing any future entitlements from those Founder Shares. All rights, title and interest in those 6,713,752 Founder Shares were surrendered to the Company for nil consideration.

The number of outstanding conditional share awards under the LTIP are as follows:

	2021 '000	2020 '000
Outstanding at beginning of year	**7,659,629**	3,889,750
Forfeited during the year	**(227,429)**	(515,943)
Lapsed during the year	**(2,026,297)**	(1,347,512)
Granted during the year	**5,312,091**	5,633,334
Outstanding at end of year	**10,717,994**	7,659,629

Dividend Equivalents

The Group operates a dividend equivalent scheme linked to its equity settled LTIP. Under this scheme employees are entitled to shares or cash (the choice of settlement is as determined by the Group) to the value of dividends declared over the LTIP's vesting period based on the number of shares that vest. The Group recognised a charge related to dividend equivalents during the year ended 31 December 2021 of €0.285 million (2020: €nil) of which €0.206 million (2020: €nil) was charged to administrative expenses in profit or loss and a charge of €0.079 million (2020: €nil) was included in construction work in progress within inventories.

Restricted share unit plan

The Group operates a restricted share unit plan, which was approved at the Annual General Meeting on 20 May 2020, under which conditional awards of 1,175,267 (2020: 482,094) shares made to employees remain outstanding as at 31 December 2021. The fair value of the awards at the grant date is equivalent to the share price at the grant date. The shares will vest on satisfaction of service over a 1 year period. The Group recognised a charge related to these restricted share units during the year ended 31 December 2021 of €1.040 million (2020: €0.348 million) of which €0.782 million (2020: €0.266 million) was charged to profit or loss and €0.258 million (2020: €0.082 million) was included in construction work in progress within inventories. During the year, the Group issued 482,094 ordinary shares at a nominal value of €0.001 per share due to the vesting of awards granted in May 2020 under the terms of the 2020 restricted share unit plan.

Save as you earn scheme

The Group operates a Revenue approved savings related share option scheme ("save as you earn scheme"), which was approved at the May 2019 Annual General Meeting, under which the Group recognised a charge during the year ended 31 December 2021 of €0.290 million (2020: €0.179 million) of which €0.104 million (2020: €0.055 million) was charged to profit or loss and €0.186 million (2020: €0.124 million) was included in construction work in progress within inventories.

Share Options

500,000 ordinary share options were issued in the year ended 31 December 2015, to a Director at that time and none have been exercised as at 31 December 2021. 250,000 of these options vested during 2018 and the remaining 250,000 vested during 2019. The exercise price of each ordinary share option is €1.00. At grant date, the fair value of the options that vested during 2018 was calculated at €0.219 per share while the fair value of options that vested during 2019 was calculated at €0.220 per share. The related charge to profit or loss during the year ended 31 December 2021 was €nil (2020: €nil).

19. Loans and Borrowings

	2021 €'000	2020 €'000
Current liabilities		
Bank and other loans		
Repayable within one year	**77,094**	–
	77,094	–
Non-current liabilities		
Repayable as follows:		
Between one and two years	**–**	130,399
Between two and five years	**72,461**	29,956
Greater than five years	**–**	42,438
	72,461	202,793
Total borrowings	**149,555**	202,793

The Group has a €77.5 million term loan (fully drawn at 31 December 2021 and 31 December 2020) and €200 million revolving credit facility with Allied Irish Banks plc, Ulster Bank Ireland DAC and Barclays Bank Ireland plc, which are repayable by 31 December 2022. €6 million of the revolving credit facility is represented by a construction bond facility (these are development bonds that can be put in place with local authorities until sites are fully completed and conditions of planning have been met). While these loan facilities are repayable on 31 December 2022, a refinancing process is underway. This is considered to be a routine matter with no foreseeable issues given the Group's financial position and strong outlook.

Additionally, the Group has €72.5 million of loan notes with Pricoa Private Capital Group, repayable on 31 July 2024 (€15 million), 31 July 2025 (€15 million) and 31 July 2026 (€42.5 million).

These debt facilities are secured by a debenture incorporating fixed and floating charges and assignments over all the assets of the Group. The carrying value of inventories as at 31 December 2021 pledged as security is €940 million.

The Group had undrawn revolving credit facilities of €194 million at 31 December 2021 (€140 million as at 31 December 2020).

The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs of €0.4 million (2020: €1.2 million).

20. Lease Liabilities

	2021 €'000	2020 €'000
Current liabilities		
Lease liabilities		
Repayable within one year	**558**	334
	558	334
Non-current liabilities		
Lease liabilities		
Repayable as follows:		
Between one and two years	**55**	490
Between two and five years	**19**	–
	74	490
Total lease liabilities	**632**	824

Following the adoption of IFRS 16 in 2019, the Group recognised a lease liability in respect of the lease of its central support office property. On initial application of IFRS 16 the lease liability and related right-of-use asset (Note 12) were determined by discounting the lease payments over the expected remaining term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate at 1 January 2019. The additions during the year ended 31 December 2021 related to vehicle leases and were determined by discounting the lease payments over the expected remaining term of the leases at a discount rate of 2.6% reflecting the Group's incremental borrowing rate during the year.

20. Lease Liabilities continued

The movements in total lease liabilities during 2021 and 2020 were as follows:

	2021 €'000	2020 €'000
At 1 January	**824**	1,138
Additions	**172**	–
Interest on lease liabilities	**25**	30
Lease payments	**(389)**	(344)
At 31 December	**632**	824

The undiscounted remaining contractual cash flows at 31 December 2021 were as follows:

		Contractual cash flows			
As at 31 December 2021	Total €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000
Lease liability	**(652)**	**(201)**	**(373)**	**(59)**	**(19)**

The undiscounted remaining contractual cash flows at 31 December 2020 were as follows:

		Contractual cash flows			
As at 31 December 2020	Total €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000
Lease liability	**(858)**	(172)	(172)	(514)	–

21. Reconciliation of Movement of Liabilities to Cash Flows Arising from Financing Activities

	Liabilities			
	Loans and borrowings (Note 19) €'000	Accrued interest and other finance costs €'000	Lease liabilities €'000	Total €'000
Balance at 1 January 2021	**202,793**	**707**	**824**	**204,324**
Cash flows from financing activities				
Proceeds from borrowings	170,000	–	–	**170,000**
Repayment of loans	(224,000)	–	–	**(224,000)**
Interest and other finance costs paid	–	(7,211)	–	**(7,211)**
Repayment of lease liabilities	–	–	(364)	**(364)**
Total changes from financing cash flows	**(54,000)**	**(7,211)**	**(364)**	**(61,575)**
Other changes				
Amortisation of borrowing costs	762	–	–	**762**
Interest and other finance costs for the year	–	7,385	–	**7,385**
Recognition of lease liabilities for new leases	–	–	172	**172**
Total other changes	**762**	**7,385**	**172**	**8,319**
Balance at 31 December 2021	**149,555**	**881**	**632**	**151,068**

21. Reconciliation of Movement of Liabilities to Cash Flows Arising from Financing Activities continued

	Liabilities			
	Loans and borrowings (Note 19) €'000	Accrued interest and other finance costs €'000	Lease liabilities €'000	Total €'000
Balance at 1 January 2020	**148,041**	**768**	**1,138**	**149,947**
Cash flows from financing activities				
Proceeds from borrowings	194,000	–	–	**194,000**
Repayment of loans	(140,000)	–	–	**(140,000)**
Interest and other finance costs paid	–	(8,969)	–	**(8,969)**
Repayment of lease liabilities	–	–	(314)	**(314)**
Total changes from financing cash flows	**54,000**	**(8,969)**	**(314)**	**44,717**
Other changes				
Amortisation of borrowing costs	752	–	–	**752**
Interest and other finance costs for the year	–	8,908	–	**8,908**
Total other changes	752	8,908	–	**9,660**
Balance at 31 December 2020	202,793	707	824	**204,324**

22. Deferred Taxation

Movement in net deferred tax liability:	2021 €'000	2020 €'000
Opening balance	**4,562**	5,084
Credit to profit or loss	**(754)**	(522)
As at year end	**3,808**	4,562

Deferred tax arises from temporary differences relating to tax losses (deferred tax asset of €0.07 million at 31 December 2021) and land held for development (net deferred tax liabilities of €3.878 million at 31 December 2021). The movements in gross deferred tax assets and liabilities are set out below.

2021	Deferred tax assets €'000	Deferred tax liabilities €'000	Net deferred tax liability €'000
Opening balance	**744**	**(5,306)**	**(4,562)**
Credit/ (charge) to profit or loss	**(61)**	**815**	**754**
Closing balance	**683**	**(4,491)**	**(3,808)**

2020	Deferred tax assets €'000	Deferred tax liabilities €'000	Net deferred tax liability €'000
Opening balance	**744**	**(5,828)**	**(5,084)**
Credit to profit or loss	–	522	522
Closing balance	**744**	**(5,306)**	**(4,562)**

There are unrecognised deferred tax assets of €0.129 million at 31 December 2021 (2020: €0.129 million).

23. Trade and Other Payables

	2021 €'000	2020 €'000
Trade payables	**21,060**	15,285
Amounts owed to related parties (Note 25)	**–**	7,000
Deferred consideration	**10,000**	–
Accruals	**28,277**	22,166
VAT liability	**19,726**	14,522
Other creditors	**1,143**	1,123
	80,206	60,096

Deferred consideration relates to development land purchased during the year.

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

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

24. Dividends

On 8 September 2021 the Board declared an interim dividend of 2.66 cent per ordinary share. This interim dividend was paid on 8 October 2021 to shareholders on the register on the record date of 17 September 2021. Based on the ordinary shares in issue, the amount of dividends paid was €19.9 million (2020: €nil). Details of proposed dividends subsequent to the year end are set out in Note 32.

25. Related Party Transactions

On 27 October 2020, the Group acquired a 1.35 acre site in Stillorgan, Co. Dublin known as "the Esmonde Motors site" which adjoins its existing Blakes development site for a total consideration of €14 million, €7 million of which was paid on completion in October 2020 with the remaining €7 million paid in July 2021 (Note 23). The seller of the Esmonde Motors site was The Emerald Fund ICAV (acting on behalf of the Emerald Opportunity Investment Fund) ("Emerald"). Alan McIntosh, co-founder and non-executive Director of Cairn, and his spouse are the beneficiaries of a discretionary trust that is the ultimate owner of Emerald and as such Alan McIntosh is considered a related party.

A Circular was posted to shareholders on 11 September 2020 detailing the particulars of the transaction including details of the independent, Red Book valuation from Hooke & McDonald, the property valuation advisors engaged by the Company, as well as advice provided to the Company by Goodbody Stockbrokers UC and A&L Goodbody solicitors. Shareholders voted in favour of the transaction at an Extraordinary General Meeting of the Company held on 12 October 2020.

Key management personnel compensation (which comprise the Board of Directors of the Company) was as follows:

	2021 €'000	2020 €'000
Short-term employee benefits	**2,519**	1,523
Post-employment benefits (pension contributions – defined contribution schemes)	**120**	126
Share-based payment expense – LTIP	**657**	187
Total key management personnel compensation	**3,296**	1,836

26. Group Entities

The Company's subsidiaries as at 31 December 2021 are set out below. All of the Company's subsidiaries are resident in Ireland, with their registered address at 7 Grand Canal, Grand Canal Street Lower, Dublin 2. All Group companies operate in Ireland only.

		Company's holding	
Group company	**Principal activity**	**Direct**	**Indirect**
Cairn Homes Holdings Limited	Holding company	100%	–
Cairn Homes Properties Limited	Holding of property	–	100%
Cairn Homes Construction Limited	Construction company	–	100%
Cairn Homes Butterly Limited	No activity in period	100%	–
Cairn Homes Galway Limited	Holding of property	100%	–
Cairn Homes Killiney Limited	Holding of property	100%	–
Cairn Homes Navan Limited	No activity in period	100%	–
Cairn Homes Finance Designated Activity Company	Financing activities	100%	–
Cairn Homes Montrose Limited	Holding of property	100%	–
Balgriffin Investment No.2 HoldCo Designated Activity Company	Holding company	100%	–
Cairn Homes Property Holdco Limited	Holding company	–	100%
Cairn Homes Property Management Limited	No activity in period	–	100%
Cairn Homes Property Holding One Limited	No activity in period	–	100%
Cairn Homes Property Holding Two Limited	No activity in period	–	100%
Cairn Homes Property Holding Three Limited	No activity in period	–	100%
Cairn Homes Property Holding Four Limited	No activity in period	–	100%
Cairn Homes Property Holding Five Limited	No activity in period	–	100%
Cairn Homes Property Holding Six Limited	No activity in period	–	100%
Cairn Homes Property Holding Seven Limited	No activity in period	–	100%
Cairn Homes Property Holding Eight Limited	No activity in period	–	100%
Balgriffin Investment No.2 Designated Activity Company	No activity in period	–	100%

27. Earnings Per Share

The basic earnings per share for the year ended 31 December 2020 is based on the earnings attributable to ordinary shareholders of €43.2 million (2020: €12.7 million) and the weighted average number of ordinary shares outstanding for the period.

	2021 €'000	**2020 €'000**
Profit for the year attributable to the owners of the Company	**43,241**	12,709
Numerator for basic and diluted earnings per share	**43,241**	12,709
	Number of Shares	**Number of Shares**
Weighted average number of ordinary shares for the year (basic)	**749,771,525**	752,029,760
Dilutive effect of restricted share unit awards and options	**1,215,267**	482,095
Denominator for diluted earnings per share	**750,986,792**	752,511,855
Earnings per share (cent)		
– Basic	**5.8**	1.7
– Diluted	**5.8**	1.7

There is no dilution in respect of Founder Shares. It is assumed, as is required under IAS 33, that the test period for the Founder Share conversion calculation is from 1 September 2021 to 31 December 2021, however the actual test period for determining the Founder Share conversion in 2021 is 1 March 2022 to 30 June 2022. Based on the assumed test period, no ordinary shares would be issued through conversion of Founder Shares as the relevant performance condition was not met.

Additional ordinary shares may be issued under the Founder Share scheme in 2022 if the performance condition under the rules of the scheme is reached (Note 17).

27. Earnings Per Share continued

There is no dilution in respect of the LTIP as the performance conditions are not met as at 31 December 2021. The diluted earnings per share calculation reflects the dilutive impact of restricted share unit awards and share options (Note 18).

28. Non-Controlling Interests

The non-controlling interest at 31 December 2019 of €2.5 million related to the 25% share of the net assets of a subsidiary entity, Balgriffin Investment No. 2 HoldCo DAC (Note 26), which was held by National Asset Management Agency ("NAMA"). Cairn Homes plc held the remaining 75% of the equity share capital in this subsidiary which was involved in the development of residential property. On 3 July 2020, Cairn Homes plc acquired NAMA's 25% share for €2.5 million which increased its holding to 100% of the equity share capital of Balgriffin Investment No. 2 HoldCo DAC from that date.

			Ownership interest held by non-controlling interest %	
Name	**Principal activities**	**Country of incorporation**	**2021**	**2020**
Balgriffin Investment No. 2 HoldCo DAC	Holding company for property development company	Ireland	**0%**	0%

29. Financial Instruments and Risk Management

The Group has exposure to the following risks arising from financial instruments:
- credit risk;
- liquidity risk; and
- market risk.

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

(a) Risk management framework

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit & Risk Committee keeps under review the adequacy and effectiveness of the Group's internal financial controls and the internal control and risk management systems.

(b) Credit risk

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

Exposure to credit risk

Group management, in conjunction with the Board, manages the risk associated with cash and cash equivalents by depositing funds with a number of Irish financial institutions and AAA rated international institutions.

None of the trade and other receivables (excluding prepayments) of €27.6 million at 31 December 2021 were past due. These trade and other receivables have been reviewed, and considering the nature of the counterparties which are real estate institutional investors and public sector bodies no credit losses are expected. As a result, no expected credit loss provision has been recognised.

The maximum amount of credit exposure is therefore:

	2021 €'000	2020 €'000
Trade and other receivables (excluding prepayments)	**27,637**	10,528
Cash and cash equivalents	**40,028**	34,526
	67,665	45,054

Expected credit losses in relation to all financial assets are immaterial.

(c) Liquidity risk

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

29. Financial Instruments and Risk Management continued

(c) Liquidity risk continued

The Group monitors the level of expected cash inflows on receivables together with expected cash outflows on trade and other payables and commitments. All trade and other payables at 31 December 2021 are considered current with the expected cash outflow equivalent to their carrying value.

Management monitors the adequacy of the Group's liquidity reserves (comprising undrawn borrowing facilities as detailed in Note 19 and cash and cash equivalents as detailed in Note 16 i.e. available funds) against rolling cash flow forecasts. In addition, the Group's liquidity risk management policy involves monitoring short-term and long-term cash flow forecasts. The Group had undrawn revolving credit facilities of €194 million at 31 December 2021 (2020: €140 million).

	2021 €'000	2020 €'000
Financial liabilities due in less than one year		
Trade payables and accruals	**49,337**	37,451
Deferred consideration	**10,000**	–
Amounts owed to related parties	**–**	7,000
Lease liabilities	**558**	334
Borrowings	**77,094**	–
	136,989	44,785
Financial liabilities due after more than one year		
Lease liabilities	**74**	490
Borrowings	**72,461**	202,793
	72,535	203,283
Available funds:		
Cash and cash equivalents	**40,028**	34,526
Revolving credit facilities undrawn	**194,000**	140,000
	234,028	174,526

The Board has reviewed the Group financial forecasts and associated risks for the period beyond one year from the date of approval of the financial statements. The forecasts reflect key assumptions, based on information available to the Directors at the time of the preparation of the financial forecasts.

These forecasts are based on:

- detailed forecasting by site for the period 2022-2024, reflecting trends experienced up to the date of preparation of the financial forecasts; and
- future revenues for 2022-2024 based on management's assessment of trends across principal development sites.

While some of the Group's loan facilities are repayable on 31 December 2022, a refinancing process is underway. This is considered to be a routine matter with no foreseeable issues given the Group's financial position and strong outlook (Note 1 (e)). The Directors expect that the Group will meet all of its obligations as they fall due on the basis that there is expected to be sufficient liquidity available to the Group for the period beyond one year from the date of approval of these financial statements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

		Contractual cash flows					
31 December 2021	**Carrying amount €'000**	**Total €'000**	**6 months or less €'000**	**6-12 months €'000**	**1-2 years €'000**	**2-5 years €'000**	**>5 years €'000**
Trade payables and accruals	49,337	(49,337)	(49,337)	–	–	–	–
Deferred consideration	10,000	(10,000)	–	(10,000)	–	–	–
Lease liabilities	632	(652)	(201)	(373)	(59)	(19)	–
Loans and borrowings	149,555	(161,668)	(2,225)	(79,726)	(2,436)	(77,281)	–
	209,524	**(221,657)**	**(51,763)**	**(90,099)**	**(2,495)**	**(77,300)**	**–**

29. Financial Instruments and Risk Management continued
(c) Liquidity risk continued

31 December 2020	Carrying amount €'000	Contractual cash flows Total €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000	>5 years €'000
Trade payables and accruals	37,451	(37,451)	(37,451)	–	–	–	–
Amounts owed to related parties	7,000	(7,000)	–	(7,000)	–	–	–
Lease liabilities	824	(858)	(172)	(172)	(514)	–	–
Loans and borrowings	202,793	(222,529)	(3,059)	(3,059)	(137,618)	(35,460)	(43,333)
	248,068	**(267,838)**	**(40,682)**	**(10,231)**	**(138,475)**	**(35,460)**	**(43,333)**

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

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

(ii) Interest rate risk
At 31 December 2021, the Group had the following facilities:
(a) €277.5 million term loan and revolving credit facilities with Allied Irish Bank plc, Ulster Bank Ireland DAC and Barclays Bank Ireland plc that had principal drawn balances of €77.5 million (term loan) (2020: €77.5 million) and €nil (revolving credit facility, excluding €6 million construction bond facility) (2020: €54 million) at a variable interest rate of Euribor (with a 0% floor), plus a margin of 2.6% (2020: 2.8%). The Group has an exposure to cash flow interest rate risk where there are changes in Euribor rates; and
(b) a €72.5 million (2020: €72.5 million) private placement of loan notes with Pricoa Capital which have a fixed coupon of 3.36% (2020: 3.36%).

Cash flow sensitivity analysis for variable-rate instruments
A reasonably possible change of 100 basis points in Euribor benchmark interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant and the rate change is only applied to the loans that are exposed to movements in Euribor.

31 December 2021	Profit or loss 100 bp increase €'000	Profit or loss 100 bp decrease €'000	Equity 100 bp increase €'000	Equity 100 bp decrease €'000
Variable-rate instruments – borrowings	**(1,283)**	**–**	**(1,283)**	**–**
Cash flow sensitivity (net)	**(1,283)**	**–**	**(1,283)**	**–**

31 December 2020	Profit or loss 100 bp increase €'000	Profit or loss 100 bp decrease €'000	Equity 100 bp increase €'000	Equity 100 bp decrease €'000
Variable-rate instruments – borrowings	(1,602)	–	(1,602)	–
Cash flow sensitivity (net)	(1,602)	–	(1,602)	–

The Group is also exposed to interest rate risk on its cash and cash equivalents. These balances attract low interest rates and therefore a relative increase or decrease in their interest rates would not have a material effect on profit or loss.

(e) Capital management
The Board's policy is to maintain a strong capital base (defined as shareholders' equity) so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Group takes a conservative approach to bank financing and the net debt to total asset value ratio was 10.8% at 31 December 2021 (2020: 16.5%). Net debt is defined as loans and borrowings (Note 19) less cash and cash equivalents (Note 16). Net debt of €109.5 million as at 31 December 2021 (31 December 2020: €168.3 million) comprised of drawn debt of €149.5 million (net of unamortised arrangement fees and issue costs) (31 December 2020: €202.8 million) and available cash of €40 million (31 December 2020: €34.5 million). The €58.8 million decrease in net debt in 2021 versus 2020 was mainly as a result of higher sales volumes.

29. Financial Instruments and Risk Management continued

(e) Capital management continued

Further to the authority granted at the Annual General Meeting on 22 May 2019, the Company commenced a €25 million share buyback programme on 13 September 2019. As at 31 December 2019, the total cost of shares repurchased under the buyback programme was €22,646,683. In accordance with the share buyback programme, all repurchased shares were subsequently cancelled. 18,128,083 repurchased shares were cancelled in the year ended 31 December 2019. This programme completed on 13 January 2020.

On 16 January 2020, the Company announced an extension of that €25 million share buyback programme to include up to a further €35 million, thereby increasing the size of the overall share buyback programme to €60 million. This programme was suspended on 24 March 2020, as a consequence of the emergence of the COVID-19 pandemic, when the total number of shares repurchased under the buyback programme was 39,449,108 at a total cost of €46.0 million. The total number of shares repurchased under the buyback programme in the period from 1 January 2020 to 24 March 2020 was 21,321,025 at a total cost of €23.3 million.

On 13 January 2022, the Company commenced a €75 million share buyback programme. In total, in the period from 13 January 2022 to 22 March 2022, the Company repurchased 31,336,127 shares at a total cost of €38.8 million.

Dividends of €19.9 million were paid by the Company during the year ended 31 December 2021 (2020: €nil). Details of proposed dividends subsequent to the year end are set out in Note 32.

(f) Fair value of financial assets and financial liabilities

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

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

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- **Level 3:** valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

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

Asset/Liability	Carrying value	Level	Method	Assumptions
Borrowings	Amortised cost	2	Discounted Cash Flow	Valuation based on future repayment and interest cashflows discounted at a year-end market interest rate.

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

	2021 Carrying value €'000	Fair value Level 1 €'000	Fair value Level 2 €'000	Fair value Level 3 €'000
Financial assets measured at amortised cost				
Trade and other receivables (excluding prepayments)	27,637			
Cash and cash equivalents	40,028			
	67,665			
Financial liabilities measured at amortised cost				
Trade payables and accruals	49,337			
Deferred consideration	10,000			
Borrowings	149,555		149,555	
	208,892			

29. Financial Instruments and Risk Management continued

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

	2020 Carrying value €'000	Fair value Level 1 €'000	Level 2 €'000	Level 3 €'000
Financial assets measured at amortised cost				
Trade and other receivables (excluding prepayments)	10,528			
Cash and cash equivalents	34,526			
	45,054			
Financial liabilities measured at amortised cost				
Trade payables and accruals	37,451			
Amounts owed to related parties	7,000			
Borrowings	202,793		202,793	
	247,244			

30. Other Commitments and Contingent Liabilities

Pursuant to the provisions of Section 357, Companies Act 2014, the Company has guaranteed the liabilities and commitments of its subsidiary undertakings for their financial years ending 31 December 2021 and as a result such subsidiary undertakings have been exempted from the filing provisions of Companies Act 2014. Details of the Group's subsidiaries are included in Note 26 and all subsidiaries listed there are covered by the Section 357 exemption.

As at 31 December 2021 Cairn Homes Properties Limited had contracted as follows:

- To sell 150 apartments at Shackleton Park, Lucan, Co. Dublin to Carysfort Capital for €48.6 million (incl. VAT). These apartments are currently under construction with a phased delivery across 2022.
- To sell 342 apartments at Griffith Wood, Griffith Avenue, Dublin 9 to Greystar for €176.5 million (incl. VAT). 88 of these units were completed and sold in 2021 for €45.4 million (incl. VAT) with the remaining 254 apartments under construction with a phased delivery in 2022 for €131.1 million (incl. VAT).

At 31 December 2021, the Group had a contingent liability in respect of construction bonds in the amount of €3.4 million.

On 23 December 2021 the Group entered into a 10 year lease agreement for a new office with a lease commencement date of 01 January 2022 with an initial annual rent of €0.8 million.

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

31. Profit or Loss of the Parent Company

The parent company of the Group is Cairn Homes plc. In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual statement of profit or loss and other comprehensive income to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's loss after tax for the year ended 31 December 2021, determined in accordance with IFRS as adopted by the EU, is €8.4 million (2020: loss of €6.2 million).

32. Events After the Reporting Period

On 13 January 2022, the Company commenced a €75 million share buyback programme. In total, in the period from 13 January 2022 to 22 March 2022, the Company repurchased 31,336,127 shares at a total cost of €38.8 million.

On 03 March 2022, the Company proposed a final 2021 dividend of 2.8 cent per ordinary share. This final dividend will be paid on 17 May 2022 to shareholders on the record date of 22 April 2022. Based on the ordinary shares in issues at 22 March 2022, the amount of dividends proposed is €20.1 million. However, in view of the ongoing share buyback programme it is not possible to precisely determine the total amount at this stage.

33. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 25 March 2022.

COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	Note	2021 €'000	2020 €'000
Assets			
Non-current assets			
Property, plant and equipment	2	**401**	344
Right of use assets	3	**361**	722
Intangible assets	4	**1,434**	552
Investments in subsidiaries	5	**36,809**	36,809
		39,005	38,427
Current assets			
Amounts due from subsidiary undertakings	6	**621,596**	635,303
Trade and other receivables	7	**540**	576
Cash and cash equivalents		**1,031**	3,031
		623,167	638,910
Total assets		**662,172**	677,337
Equity			
Share capital	8	**789**	788
Share premium	8	**199,616**	199,616
Other undenominated capital		**40**	40
Share-based payment reserve	9	**11,795**	7,572
Retained earnings		**406,321**	433,983
Total equity		**618,561**	641,999
Liabilities			
Non-current liabilities			
Lease liabilities	10	**–**	490
		–	490
Current liabilities			
Trade and other payables	11	**43,109**	34,514
Lease liabilities	10	**502**	334
		43,611	34,848
Total liabilities		**43,611**	35,338
Total equity and liabilities		**662,172**	677,337

On behalf of the Board

Michael Stanley
Director

Shane Doherty
Director

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital							
	Ordinary shares €'000	Deferred shares €'000	Founder shares €'000	Share premium €'000	Other undenominated capital €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000
As at 1 January 2021	**749**	**20**	**19**	**199,616**	**40**	**7,572**	**433,983**	**641,999**
Total comprehensive loss for the year								
Loss for the year	–	–	–	–	–	–	(8,402)	**(8,402)**
	–	–	–	–	–	–	(8,402)	**(8,402)**
Transactions with owners of the Company								
Equity-settled share-based payments (Note 9)	–	–	–	–	–	4,911	–	**4,911**
Shares issued on vesting of share awards	1	–	–	–	–	–	–	**1**
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards	–	–	–	–	–	(688)	688	**–**
Dividends paid to shareholders (Note 8)	–	–	–	–	–	–	(19,948)	**(19,948)**
	1	**–**	**–**	**–**	**–**	**4,223**	**(19,260)**	**(15,036)**
As at 31 December 2021	**750**	**20**	**19**	**199,616**	**40**	**11,795**	**406,321**	**618,561**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital							
	Ordinary shares €'000	Deferred shares €'000	Founder shares €'000	Share premium €'000	Other undenominated capital €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000
As at 1 January 2020	**771**	**20**	**19**	**199,616**	**18**	**8,002**	**463,109**	**671,555**
Total comprehensive loss for the year								
Loss for the year	–	–	–	–	–	–	(6,177)	**(6,177)**
	–	–	–	–	–	–	(6,177)	**(6,177)**
Transactions with owners of the Company								
Purchase of own shares	(22)	–	–	–	22	–	(23,346)	**(23,346)**
Equity-settled share-based payments	–	–	–	–	–	(33)	–	**(33)**
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards	–	–	–	–	–	(397)	397	**–**
	(22)	**–**	**–**	**–**	**22**	**(430)**	**(22,949)**	**(23,379)**
As at 31 December 2020	**749**	**20**	**19**	**199,616**	**40**	**7,572**	**433,983**	**641,999**

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 €'000	2020 €'000
Cash flows from operating activities		
Loss for the year	**(8,402)**	(6,177)
Adjustments for:		
Share-based payments expense/(credit)	**3,499**	(277)
Finance costs	**21**	30
Interest income	**–**	(4,879)
Depreciation of property, plant and equipment	**200**	201
Depreciation of right of use assets	**361**	361
Amortisation of intangible assets	**200**	135
	(4,121)	(10,606)
Decrease/(increase) in amounts due from group undertakings	**15,121**	(80,710)
Decrease/(increase) in trade and other receivables	**36**	(187)
Increase in trade and other payables	**8,595**	12,575
Net cash from/(used in) operating activities	**19,631**	**(78,928)**
Cash flows from investing activities		
Loan repayments from subsidiary undertakings	**–**	102,548
Purchases of property, plant and equipment	**(257)**	(107)
Purchases of intangible assets	**(1,082)**	(14)
Net cash (used in)/from investing activities	**(1,339)**	**102,427**
Cash flows from financing activities		
Purchase of own shares	**–**	(23,751)
Dividends paid	**(19,948)**	–
Acquisition of shares in subsidiaries from non-controlling shareholder	**–**	(2,496)
Repayment of lease liabilities	**(322)**	(314)
Interest paid	**(22)**	(30)
Net cash used in financing activities	**(20,292)**	**(26,591)**
Net decrease in cash and cash equivalents in the year	**(2,000)**	(3,092)
Cash and cash equivalents at beginning of year	**3,031**	6,123
Cash and cash equivalents at end of year	**1,031**	**3,031**

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Significant Accounting Policies

The individual financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014. As described in Note 31 of the consolidated financial statements, the Company has availed of the exemption from presenting its individual statement of profit or loss and other comprehensive income. The Company's loss after tax for the year ended 31 December 20201 is €8.4 million (2020: loss of €6.2 million).

The significant accounting policies applicable to these individual company financial statements which are not reflected within the accounting policies for the consolidated financial statements are detailed below.

(a) Investments in subsidiaries

Investments in subsidiaries are accounted for in these individual financial statements on the basis of the direct equity interest, rather than on the basis of the reported results and net assets of investees. Investments in subsidiaries are carried at cost less any impairment.

(b) Intra-group guarantees

The Company has given guarantees in respect of borrowings and other liabilities arising in the ordinary course of business of the Company and subsidiaries. The Company considers these guarantees to be insurance contracts and accounts for them as such. These guarantees are treated as contingent liabilities until such time as it becomes probable that a payment will be required under such guarantees.

2. Property, Plant and Equipment

	Leasehold improvements €'000	Computers & equipment €'000	2021 Total €'000
Cost			
At 1 January 2021	483	694	**1,177**
Additions	–	257	**257**
At 31 December 2021	**483**	**951**	**1,434**
Accumulated depreciation			
At 1 January 2021	(325)	(508)	**(833)**
Depreciation	(69)	(131)	**(200)**
At 31 December 2021	**(394)**	**(639)**	**(1,033)**
Net book value			
At 31 December 2021	**89**	**312**	**401**

	Leasehold improvements €'000	Computers & equipment €'000	2020 Total €'000
Cost			
At 1 January 2020	483	587	1,070
Additions	–	107	107
At 31 December 2020	**483**	**694**	**1,177**
Accumulated depreciation			
At 1 January 2020	(256)	(376)	(632)
Depreciation	(69)	(132)	(201)
At 31 December 2020	**(325)**	**(508)**	**(833)**
Net book value			
At 31 December 2020	**158**	**186**	**344**

3. Right of Use Assets

	2021 €'000	2020 €'000
Cost		
At 1 January	**1,443**	1,443
Additions	**–**	–
At 31 December	**1,443**	1,443
Accumulated depreciation		
At 1 January	**(721)**	(360)
Depreciation	**(361)**	(361)
At 31 December	**(1,082)**	(721)
Net book value		
At 31 December	**361**	722

Following the adoption of IFRS 16 in 2019, the Company recognised a right-of-use asset in respect of the lease of its central support office property. On initial application of IFRS 16, the asset and related lease liability were determined by discounting the lease payments over the expected remaining term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate at 1 January 2019.

4. Intangible Assets

For further information on Intangible Assets refer to Note 13 of the consolidated financial statements.

5. Investments in Subsidiaries

Cost	2021 €'000	2020 €'000
At the beginning of the year	**36,809**	34,313
Additions during the year	**–**	2,496
At the end of the year	**36,809**	36,809

Details of subsidiary undertakings are given in Note 26 of the consolidated financial statements.

Additions during 2020 relate to 25% of the equity share capital of Balgriffin Investment No. 2 HoldCo DAC. On 3 July 2020, Cairn Homes plc acquired NAMA's 25% shareholding in that company for €2.5 million which increased its holding to 100%.

6. Amounts due from Subsidiary Undertakings

	2021 €'000	2020 €'000
Amounts due from subsidiary undertakings	**621,596**	635,303
	621,596	635,303

All amounts due from subsidiary undertakings are repayable on demand.

The amounts owed by subsidiaries have been reviewed and no credit losses are expected based on the financial position of subsidiaries. In circumstances where a subsidiary had a net liability position at year end management assessed the future economic benefits expected to be generated by that subsidiary to ensure balances were recoverable. As a result, no expected credit loss provision has been recognised (see Note 12).

7. Trade and Other Receivables

	2021 €'000	2020 €'000
Prepayments	**540**	576
	540	576

8. Share Capital and Share Premium

For further information on Share Capital and Share Premium refer to Note 17 of the consolidated financial statements.
For further information on dividends refer to Note 24 of the consolidated financial statements.

9. Share-Based Payments

For further information on Share-Based Payments refer to Note 18 of the consolidated financial statements.

10. Lease liabilities

	2021 €'000	2020 €'000
Current liabilities		
Lease liabilities		
Repayable within one year	**502**	334
	502	334
Non-current liabilities		
Lease liabilities		
Repayable as follows:		
Between one and two years	**–**	490
	–	490
Total lease liabilities	**502**	824

The movements in total lease liabilities during 2021 and 2020 were as follows:

	2021 €'000	2020 €'000
At 1 January	**824**	1,138
Interest on lease liabilities	**22**	30
Lease payments	**(344)**	(344)
At 31 December	**502**	824

Following the adoption of IFRS 16 in 2019, the Company has recognised a lease liability in respect of the lease of its central support office property. On initial application of IFRS 16 the lease liability and related right-of-use asset were determined by discounting the lease payments over the expected remaining term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate at 1 January 2019.

The undiscounted remaining contractual cash flows at 31 December 2021 were as follows:

	Contractual cash flows				
As at 31 December 2021	Total €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000
Lease liability	**(515)**	**(172)**	**(343)**	**–**	**–**

The undiscounted remaining contractual cash flows at 31 December 2020 were as follows:

	Contractual cash flows				
As at 31 December 2020	Total €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000
Lease liability	**(858)**	(172)	(172)	(514)	–

11. Trade and Other Payables

	2021 €'000	2020 €'000
Trade payables	**271**	97
Accruals	**6,346**	2,937
Amounts due to subsidiary undertakings	**16,290**	16,290
VAT liability	**19,726**	14,552
Payroll taxes	**476**	638
	43,109	**34,514**

12. Financial Instruments

The carrying value of the Company's financial assets and liabilities, comprising amounts due from and to subsidiary undertakings, other receivables, cash and cash equivalents, trade payables and accruals are a reasonable approximation of their fair value.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's amounts due from subsidiary undertakings and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Exposure to credit risk

Company management, in conjunction with the Board, manages the risk associated with cash and cash equivalents by depositing funds with a number of Irish financial institutions and AAA rated international institutions.

The amounts owed by subsidiaries have been reviewed and no credit losses are expected based on the financial position of subsidiaries. In circumstances where a subsidiary had a net liability position at year end management assessed the future economic benefits expected to be generated by that subsidiary to ensure balances were recoverable. As a result, no expected credit loss provision has been recognised.

The maximum amount of credit exposure is therefore:

	2021 €'000	2020 €'000
Amounts due from subsidiary undertakings	**621,596**	635,303
Cash and cash equivalents	**1,031**	3,031
	622,627	638,334

Expected credit losses in relation to all financial assets are immaterial.

(b) Liquidity risk

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

The Company monitors the level of expected cash inflows on receivables together with expected cash outflows on trade and other payables and commitments. All trade and other payables at 31 December 2021 are considered current with the expected cash outflow equivalent to their carrying value.

12 Financial Instruments continued

(b) Liquidity risk continued

	2021 €'000	2020 €'000
Financial liabilities due in less than one year		
Trade payables and accruals	**6,617**	3,034
Amounts due to subsidiary undertakings	**16,290**	16,290
Lease liabilities	**502**	334
	23,409	19,658
Financial liabilities due after more than one year		
Lease liabilities	**–**	490
	23,409	20,148
Available funds:		
Cash and cash equivalents	**1,031**	3,031
Revolving credit facilities undrawn	**194,000**	140,000
	195,031	143,031

The Company has access to the Group's revolving credit facilities (see Note 29 of the consolidated financial statements). As a result the Directors expect that the Company will meet all of its obligations as they fall due on the basis that there is expected to be sufficient liquidity available to the Company for the period beyond one year from the date of approval of these financial statements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

		Contractual cash flows					
31 December 2021	Carrying amount €'000	Total €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000	>5 years €'000
Trade payables and accruals	6,617	(6,617)	(6,617)	–	–	–	–
Amounts due to subsidiary undertakings	16,290	(16,290)	(16,290)	–	–	–	–
Lease liabilities	502	(515)	(172)	(343)	–	–	–
	23,409	**(23,422)**	**(23,079)**	**(343)**	**–**	**–**	**–**

		Contractual cash flows					
31 December 2020	Carrying amount €'000	Total €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000	>5 years €'000
Trade payables and accruals	3,034	(3,034)	(3,034)	–	–	–	–
Amounts due to subsidiary undertakings	16,290	(16,290)	(16,290)	–	–	–	–
Lease liabilities	824	(858)	(172)	(172)	(514)	–	–
	20,148	**(20,182)**	**(19,496)**	**(172)**	**(514)**	**–**	**–**

The company is not exposed to significant currency risk or interest rate risk.

Relevant disclosures on Group financial instruments and risk management are given in Note 29 of the consolidated financial statements.

13. Related Party Transactions

Under IAS 24, *Related Party Disclosures*, the Company has related party relationships with key management and with its subsidiary undertakings (see Note 26 of the consolidated financial statements). During the year the Company had the following transactions with its subsidiary undertakings:

- Cairn Homes Construction Limited, management fee income €1.4 million (2020: €1.2 million).
- Cairn Homes Properties Limited, management fee income €14.6 million (2020: €5.8 million).

For amounts due from and to subsidiary undertakings please refer to Note 6 and Note 11.

Key management personnel compensation is set out in Note 25 of the consolidated financial statements.

14. Events after the Reporting Period

On 13 January 2022, the Company commenced a €75 million share buyback programme. In total, in the period from 13 January 2022 to 22 March 2022, the Company repurchased 31,336,127 shares at a total cost of €38.8 million.

On 03 March 2022, the Company proposed a final 2021 dividend of 2.8 cent per ordinary share. This final dividend will be paid on 17 May 2022 to shareholders on the record date of 22 April 2022. Based on the ordinary shares in issues at 22 March 2022, the amount of dividends proposed is €20.1 million. However, in view of the ongoing share buyback programme it is not possible to precisely determine the total amount at this stage.

15. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 25 March 2022.

COMPANY INFORMATION

Directors
John Reynolds (Non-Executive Chairman)
Michael Stanley (Chief Executive Officer)
Shane Doherty (Chief Financial Officer)
Gary Britton (Non-Executive)
Giles Davies (Non-Executive)
Linda Hickey (Non-Executive)
Alan McIntosh (Non-Executive)
David O'Beirne (Non-Executive)
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