

CAIRN

Built For Good

CAIRN HOMES PLC

Annual Report 2022



IN THIS REPORT

INTRODUCTION

Cairn is a home and community builder, leading the market in creating sustainable foundations upon which Ireland can thrive.

With a mature and scaled operating platform, our business has the resources and capabilities to deliver a choice of new homes where people want to live now and into the future.

We are a purpose driven company...

building sustainable communities where people can thrive.

READ MORE →
p02

...with a mature and scaled operating platform...

delivering new homes across all tenures of the market in award winning developments.

READ MORE →
p18

...and a clear vision for the future.

leading the future of homebuilding in Ireland by valuing people, progress and potential for all.

READ MORE →
p26 to 45

2022 FINANCIAL HIGHLIGHTS

2022 was another strong year for Cairn in which we grew revenue by 46% and our return on equity by 5% to 11%. We delivered growth in all key financial metrics as we continue to scale our long-term, sustainable and profitable business.

REVENUE

+46%

2022	€617.4m
2021	€424.0m
2020	€261.9m

GROSS PROFIT

+60%

2022	€134.2m
2021	€83.9m
2020	€42.7m

GROSS MARGIN

+190bps

2022	21.7%
2021	19.8%
2020	16.3%

OPERATING PROFIT

+76%

2022	€103.0m
2021	€58.4m
2020	€24.4m

OPERATING MARGIN

+290bps

2022	16.7%
2021	13.8%
2020	9.3%

BASIC EPS/DPS*

+5.7/+0.6 cent

2022	11.5c/6.1c
2021	5.8c/5.5c
2020	1.7c/0.0c

NET DEBT

+€39.8m

2022	-€149.3m
2021	-€109.5m
2020	-€168.3m

ROE**

+5%

2022	11%
2021	6%
2020	2%

SHAREHOLDER RETURNS***

+€77.1m

2022	€117.0m
2021	€39.9m
2020	€0.0m

* Earnings per Share ("EPS") is defined as profit attributable to owners of the Company divided by the weighted average number of ordinary shares for the period. Calculated as €81.0m / 703.0m shares (2021: €43.2m / 749.8m shares)
Dividend per Share ("DPS") is defined as the sum of interim dividend paid plus final dividend proposed for a financial year. Calculated as 3.0 cent interim dividend paid plus 3.1 cent final dividend proposed (2021: 2.7 cent interim dividend plus 2.8 cent final dividend)

** Return on Equity ("ROE") is defined as profit after tax divided by total equity at year end. Calculated as €81.0m / €751.8m (2021: €43.2m / €788.8m)

*** Shareholder Returns is defined as ordinary dividends paid and proposed for the period plus share buybacks. Calculated as €42.0m interim (paid) and final (proposed) ordinary dividends plus €75.0m share buyback programme (completed) (2021: €39.9m interim paid and final dividend proposed)

2022 NON-FINANCIAL HIGHLIGHTS

We continue to leverage the significant sustainable components of our end-to-end operating platform

CLONBURRIS

Secured planning permission for our first phase of 569 new homes and commenced significant infrastructure works in advance of formal site commencement in January 2023.

READ MORE → p42

SUSTAINABILITY TO THE FORE

Scope 1, 2 and 3 carbon targets set and awarded an upgraded A- CDP (Carbon Disclosure Project) rating.

READ MORE → p52

ESTABLISHED DELIVERY PARTNER FOR THE STATE

Nearly 500 new Social & Affordable homes delivered to State entities in 2022.

READ MORE → p13 and 47

2022 OPERATIONAL HIGHLIGHTS

NEW SITE COMMENCEMENTS

8

and a 30% increase in unit commencements

RECORD SALES LEVELS

1,600+

new homes agreed for sale

ENERGY EFFICIENT HOMES

1,526

A2 rated new home closed sales

AT A GLANCE
WHO WE ARE

At Cairn it's not about what we build, but why

"Our commitment is to build homes that have been thoughtfully designed, are sustainable and in the best locations."

John Reynolds
Chairman

We create homes that will stand for generations to come and create communities where everyone can thrive. Our vision includes people, progress and potential for all.

Cairn is a leading Irish home and community builder committed to building homes within sustainable neighbourhoods where people can thrive. Cairn's corporate objective is to deliver sustainable new homes, including houses, duplexes and apartments, to our expanding and multiple markets at pace and scale, building communities that serve our country's present and future needs. This can only be produced from a scalable operating platform, through established supply chain partnerships and on development sites from a historic low-cost c. 16,800 unit landbank. In our view, this is the most immediate, direct and delivery-focused way to make a real and meaningful impact in the Irish housing market.

AT A GLANCE

HOW WE OPERATE

We continued to grow and strengthen our scaled end-to-end operating platform in 2022 to turn land into places where people love to live.

People

We were again certified as a Great Place to Work in 2022 as well as being ranked as one of the Top 20 Large Companies to work for in Ireland, validating the initiatives and work we are implementing around our culture, employee value proposition and career development. Equality, Diversity and Inclusion have been fully embedded in our culture with regular employee-led forums to discuss ideas and generate initiatives, as recognised by our Irish Centre for Diversity Silver award.

READ MORE →
p34

Operations

Our "Better Ways to Build" initiative ensures our competitive and market advantage continues through driving operational productivity and efficiencies into the future, focused on: significant investment in IT and digital construction, product development, faster assembly in a more productive off and on-site environment; standardisation through our Library of Houses and Apartments; production controls measuring on-site performance; lean construction principles and adaption across construction teams; and embedding innovation into every aspect of our business.

READ MORE →
p36

Communities

Creating sustainable, vibrant and cohesive communities where people love to live is at the heart of everything we do. In 2022, we expanded and extended our Home Together Initiative to three new developments, all of which have seen a huge uptake by residents. Through initiatives including coffee mornings, street feasts and neighbourhood network teams, we have continued to drive community creation across our developments after we have built our new homes.

READ MORE →
p32

AT A GLANCE

WHAT MAKES US DIFFERENT

Proven capability, capacity and track record

Our commitment to quality and sustainable placemaking is what sets us apart – we take a holistic approach that looks at the place, the homes, and most importantly the people that will live in the communities we create to ensure that they are homes for life.

Proven Track Record

We have invested nearly €1 billion in land since 2015, with a c.16,800 unit landbank today. We have brought over 12,000 homes successfully through planning and more than 7,250 customers have chosen a Cairn Home since 2016, including over 5,800 who have moved into their new home.

Ireland's Largest Self-Build Apartment Developer

With 3,700 apartments delivered or under construction across 23 of our developments, we have an unrivalled track record in the design, construction and delivery of scaled apartment schemes. We will commence a further 900 apartments in 2023.

Capital Discipline and Allocation

We are committed to creating and delivering shareholder value now and into the long-term. For the year ended 31 December 2022, we delivered €117 million in shareholder returns, an increase of €77 million from 2021. With a disciplined approach to balance sheet efficiency and capital allocation, we continue to make progress towards our 15% ROE target, having delivered an 11% ROE in 2022.

Enhancing our Customers Experience

Our commitment to our customers continues long after a new home sale closes. We launched our Customer Portal in 2022, an interactive resource which allows homeowners to access important information online about their new home and utilise a self-serve ticketing system to log any aftercare issues. The portal will be rolled out to all buyers in 2023.

Design

Placemaking lies at the heart of our development designs, with our award-winning developments testament to our dedication in building sustainable and lasting communities. Our customer-focused product evolution is now more important than ever as people now view their family homes as a place to both live and work.

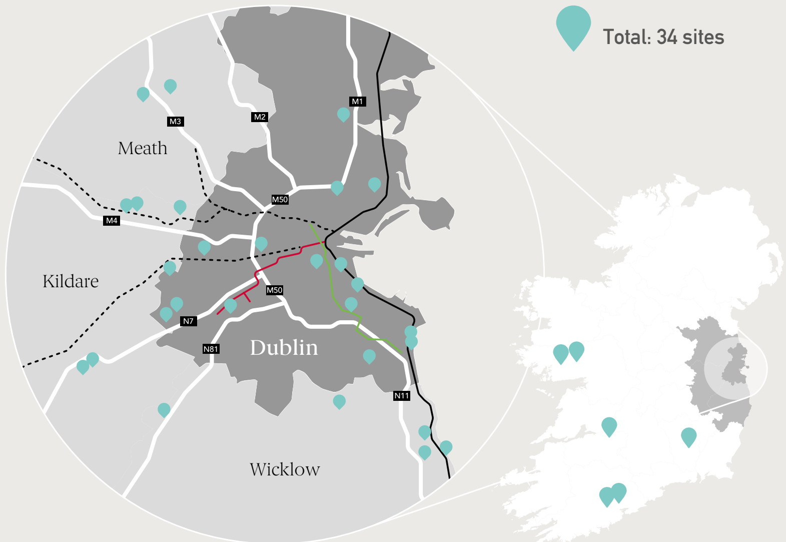
Scale and Procurement Advantages

We will continue to accrue the benefits of our investment in our scaled and established delivery platforms into the future. As an industry leading procurer of labour and material, with €469 million procured in 2022, our successful supply chain partnership strategy and approach is reflected in consistently strong engagement scores across our entire supply chain.

AT A GLANCE

OUR PORTFOLIO

We continued to expand our construction activities nationwide in 2022, commencing new sites in Cork, Limerick and Kilkenny. We have a landbank of c. 16,800 units across 34 sites nationwide.



- High capacity public transport routes
- Coastal commuter train
- Rapid city train red line
- Rapid city train green line
- Commuter rail

Total landbank
16,800 units

In planning
26%

SDZ (effective full planning permission)
31%

Full planning permission
32%

Residentially zoned
9%

Subject to zoning
2%

Unit cost
Housing c. 12,600
€30k

Apartments (c. 4,200)
€66k

Average
€39k

SOME KEY DEVELOPMENTS

Clonburris (Dublin 22)
We received planning permission for our first phase of 569 new homes during 2022. As the lead developer, we expect to deliver the first 75 of our 5,500 new homes in Clonburris to customers in the second half of 2023, growing to 350 new homes in 2024.

Harpur Lane (Kildare)
Commenced within one month of acquisition in December 2021, our first homeowners moved into their new homes in this 211 unit development in Q4 2022. Strong commuter belt location with excellent public transport links.

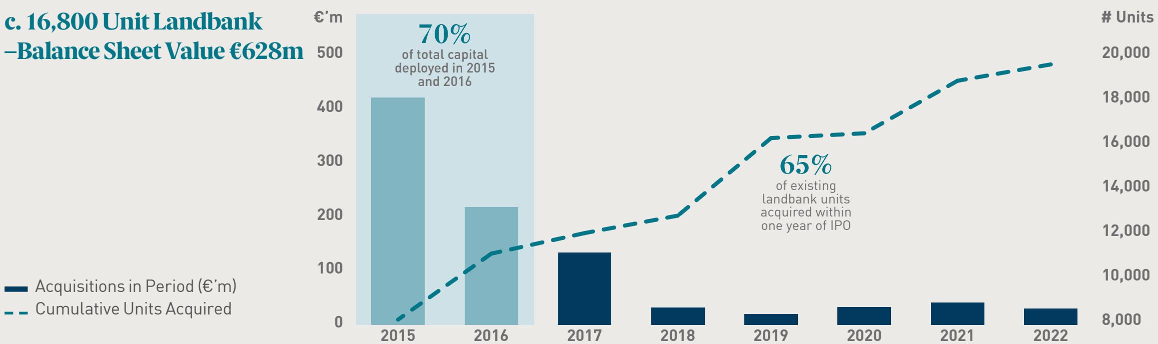
Citywest (Dublin 24)
The third and final phase of our Citywest development showcases our market leading expertise in apartment construction. We began construction of the final 405 units in early 2022, with the first of six blocks to be delivered in mid-2023.

Bayly & Woodland (Cork)
Our developments in Douglas will offer a mix of 472 houses, duplexes and apartments. Bayly and Woodland are Cairn's first developments in Cork and are located in Douglas, one of Cork City's most established and desirable residential suburbs.

Linden Demesne (Kildare)
Comprising 194 houses, apartments and duplexes, our first sales launch sold out in November 2022 in this strong commuter belt location where we have already delivered 380 new homes in the first two phases of our nearby Mariavilla development.

Castletroy (Limerick)
Located just 7km from Limerick city centre and 3km from the University of Limerick, the development comprises 226 houses, duplexes and apartments which we will deliver to the market in 2023 and 2024.

c. 16,800 Unit Landbank –Balance Sheet Value €628m



AT A GLANCE
SYNDICATE REFINANCE

New €277.5m Sustainability Linked Syndicate Facility

We completed a refinancing of our €277.5 million syndicate facility into a Sustainability Linked term loan and revolving credit facility with AIB, Bank of Ireland and Barclays Bank Ireland in July 2022.

This is a new five year committed facility providing our business with continued flexibility as we continue to grow. The cost of funds on the €77.5 million term loan element is fixed for three years.

This is the largest sustainability linked loan facility of its type arranged in the Irish homebuilding sector and a tangible illustration of Cairn's commitment to delivering our sustainability strategy.

The €77.5 million term loan and €200 million revolving credit facility interest rates are in part linked to Cairn meeting agreed sustainability performance targets, which are fully aligned to our broader sustainability strategy in the key areas of decarbonisation, biodiversity and people.

Following the refinance, we are maintaining our total debt facilities at €350 million.

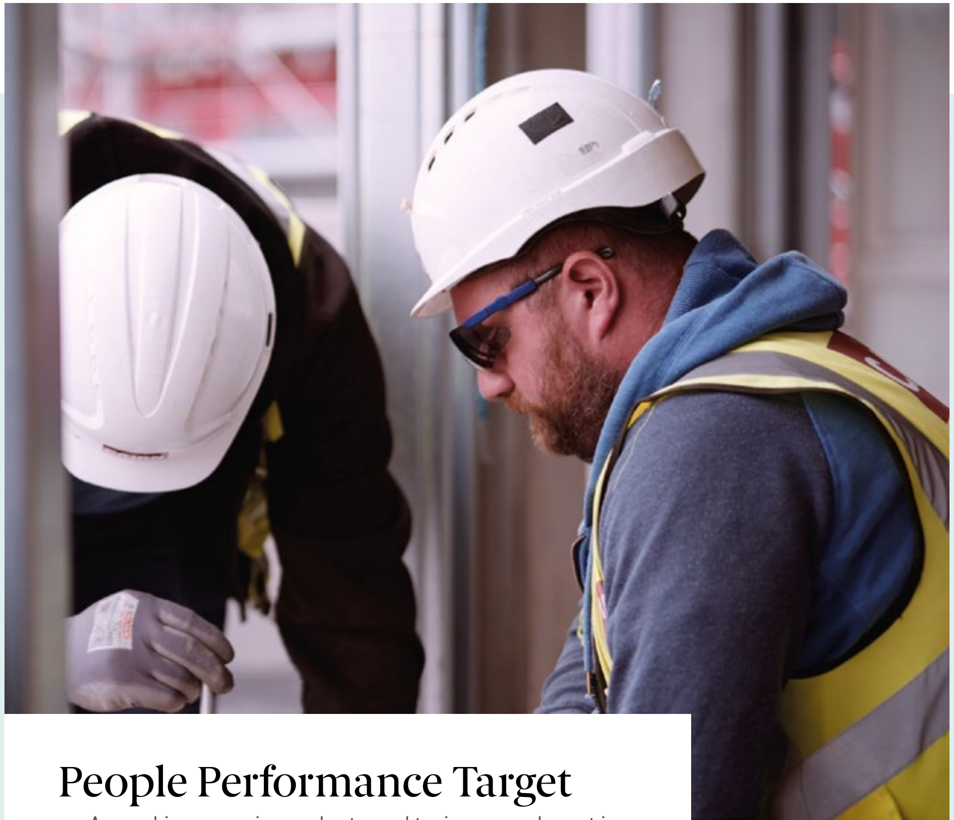
READ OUR SUSTAINABILITY REPORT →
www.cairnhomes.com/about/sustainability

Decarbonisation Performance Target

- An annual reduction of Scope 1, 2 & 3 carbon emissions benchmarked to the Science-Based Targets initiative.
- Scope 1 & 2 carbon emisisons absolute reduction target of 46.2% by 2030 and Scope 3 carbon emissions reduction target of 61% per square metre by 2030.

Biodiversity Performance Target

- Annually increasing target for biodiversity net gain across all of our new developments, measured as a percentage of overall units commenced, starting at 37% in 2022.



People Performance Target

- Annual increase in graduate and trainee enrolment in Cairn as a percentage of overall employment, starting at 8% in 2022.

CHAIRMAN'S STATEMENT

"Our commitment is to build homes that are thoughtfully designed and built for good."

John Reynolds
Chairman of the Board

Our focus at Cairn is not simply building houses. Our commitment is to build homes that have been thoughtfully designed, are sustainable and deliver high quality for our customers.

Our increasing scale and efficient business model have enabled us to play a leading role in our sector in the development and delivery of nearly 5,800 high quality, A-rated new homes in Ireland since 2016. We are an ambitious business, with the objective to continue to grow and sustain our position as one of Ireland's leading home and community builders. We also aspire to remain a business which contributes to our society, is an attractive place to work and which delivers strong returns for our shareholders.

2022 SHAREHOLDER RETURNS

€117m

Year in Review

2022 was largely characterised by the backdrop of high inflation, increasing interest rates and unpredictable energy markets driving up the cost of living. Our exceptional financial and operational performance in 2022 in facing these challenges demonstrates the strength and resilience of our team and our business.

We are pleased to have delivered strong growth in 2022 across all key financial and operational metrics. With a 36% increase in our sales completions to 1,526 new homes, our revenue grew by 46% to €617.4 million and our operating profit by 76% to €103.0 million.

Shareholder Returns

Our continued strong financial performance and balance sheet liquidity position underpins our disciplined approach to capital allocation, balanced between shareholder returns and ongoing reinvestment in growing our business as we demonstrated in 2022. Our intention is to sustain a progressive annual dividend for shareholders at between 40% – 50% of profit after tax and we are committed to distributing surplus cash flow and capital to shareholders. We paid an interim dividend of 3.0 cent per ordinary share in October 2022 and also completed a €75 million share buyback programme in the same month.

Notwithstanding the somewhat uncertain macroeconomic environment, the strength of our 2022 performance and our operating cashflow generation means we are proposing a final 2022 dividend of 3.1 cent per ordinary share subject to approval at our 2023 AGM. This will result in a total dividend of 6.1 cent per ordinary share, a 0.6 cent increase on the prior year. We also announced a €40 million share buyback programme on 2 March 2023 as part of our ongoing capital returns programme.

Health and Safety

The Board and Senior Leadership Team are committed to the absolute 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 the number one priority for everyone in Cairn.

The Company continued to invest heavily in health and safety during 2022 and retained our Grade A Safe-T rating, the construction sector specific safety management system accreditation. In the context of a year when Cairn opened eight new sites nationwide, this is testament to the significant resources and importance which we place on promoting, progressing and enhancing our health and safety agenda.

People

Our people are our most important asset and the driving force behind our success to date and our ambitious growth agenda. Continuous engagement with our workforce is essential in maintaining and enhancing the positive culture which our business has created and aspires to. We have nominated a Director responsible for workforce engagement to ensure the Board is apprised of the views of the workforce, further details of which are noted in the Nomination Committee Report. We also conduct semi-annual engagement surveys with employees to hear their views and this feedback is provided to the Board. We are pleased that the majority of the feedback from these surveys was positive with some constructive suggestions to focus on in the year ahead. Further details of those survey responses are available in the People section of the Strategic Report.

Sustainability & Reporting

Having published our inaugural standalone Sustainability Report in 2022, I believe it is now apparent to all that our sustainability agenda is woven into every aspect of our business and our culture. We followed this up by setting ambitious and meaningful targets during the remainder of 2022 in respect of decarbonisation and biodiversity net gain, while we also improved and evolved many ongoing initiatives connected to our people strategy.

The successful €277.5 million refinance of our syndicate facility into a sustainability linked term loan and revolving credit facility was a further milestone for our business in directly linking our debt funding to our sustainability agenda.

The proactive and tangible progress which we demonstrated during 2022 illustrates the importance of a sustainable future for everybody in Cairn, and the responsibility which we are placing on our business to deliver this.

Further details on all our sustainability and ESG initiatives are available in on pages 52 to 67 and also in our 2022 Sustainability Report.

Board Composition and Effectiveness

Following the significant recent refreshment of the Board, with the addition of Orla O'Gorman and Julie Sinnamon towards the end of 2021, the only change to the Board this year was David O'Beirne's retirement following the 2022 AGM. We are extremely grateful to David for his contribution to the Board during his tenure, particularly in overseeing the Board's employee engagement efforts.

From the external Board evaluation carried out last year, there were two specific areas of focus for us during 2022, relating to how we monitor culture and the development of training programmes for Directors.

On culture, we continue to refine interactions with employees, led by our Chief People Officer, Maura Winston, as well as our strategy for reward and performance throughout the organisation. Together with external support, we are also developing a structured and comprehensive training plan, and continuously seek external counsel on matters where the Board requires upskilling and education, particularly in the complex area of ESG reporting.

Diversity continues to be highlighted by investors and other stakeholders and is a key priority for Cairn. We have elevated the importance of diversity and inclusion throughout the organisation in 2022 and at the end of the year, female employees made up 26% of our total workforce and females made up 33% of our Senior Leadership Team. At Board level, gender diversity is thus far 33% female, in line with the current expectations of the Balance for Better business targets in Ireland. The Nomination Committee is however acutely aware of the breadth of diversity beyond gender and is seeking ways to promote greater ethnic, disability and other forms of diversity in the organisation and recruitment practices.

"Our people are our most important asset and the driving force behind our success to date and our ambitious growth agenda."

2022 SHARE BUYBACK
€75m

2023 SHARE BUYBACK
€40m

Stakeholder Engagement

As a Board, we appreciate the importance of dialogue with our shareholders, our workforce, and other key stakeholders. We ensure a continuous flow of engagement and that the feedback is taken into account in our decision making. An active programme of engagement also provides useful insight into the Company's culture. As part of our commitment to oversee Cairn's culture and values, the Board hears from employees through our Workforce Engagement Director, and directly during site visits of which there were five during 2022.

As a Board and a business, we have been acutely aware of the impact of the challenges that the increased cost of living is having on our employees and further details on the supports provided during 2022 and planned supports for 2023 are detailed in the Directors' Remuneration Report.

In the context of continuing to operate in an inflationary environment, our supply chain collaboration efforts have proved to be key in managing our competitive price points and delivery of productivity improvements and efficiencies, while also mitigating against build cost inflation. We focused on enhancing our supply chain depth across over 150 core, strategic and development partners, leveraging our scale with central procurement initiatives which ultimately has led to greater penetration of manufacturers at source which is providing greater product and pricing control.

We are proud to play a leading role in providing new homes across the full spectrum of customers, including first-time buyers, trade-up/down, institutional, and the various State agencies. Engaging with customers and ensuring an effective, two-way feedback is very important. As part of our commitment to create and indeed enhance an exceptional customer experience, we launched our new online Customer Care Portal this year. This is an interactive online application providing our customers with all information on their new homes in a digital format and through which we manage our aftersales service. Given our commitment to not just building A-rated, sustainability-led homes, but also long-lasting communities, we do not see our commitment to customers as ending at the point of sale.

Outlook

The sustainable strength of our business is an outcome of the effort and commitment of our employees and leadership team. As we emerged from the pandemic, and continue to navigate the current inflationary environment, we are confident that the efficiency, scale and innovation of our business, supported by the strong fundamentals of the Irish economy, will ensure we are in a position to continue to grow. By increasing our annual volumes, revenue and profitability, we will continue to create value. By doing this, we will deliver strong returns for our shareholders. As a business, we are equally committed to our other stakeholders. We will continue to place a relentless focus on being an employer of choice through the strength of our culture, a lasting partner to our customers through the quality of our A-rated new homes, and a responsible environmental steward through our focus on sustainability and biodiversity across all of our developments.

As we enter a new year, we will continue to anticipate and respond to changes in our operating environment. Our shareholders and stakeholders can remain confident in our ability to successfully do so, based on the strength of our balance sheet, our continued scaling and the purposeful business approach that positions us to play a leading role in creating places where people love to live. Finally, our performance in 2022 and the strong prospects for Cairn reflect the performance of our colleagues, subcontractors and supply chain partners. On behalf of the Board, I would like to express our gratitude to our team for their continuous hard work and commitment during the past year, ably led by our CEO, Michael Stanley.

John Reynolds
Chairman

"Our sustainability agenda is woven into every aspect of our business and our culture."

CEO STATEMENT

"Our investment in quality and sustainability is at the heart of everything we do."

Michael Stanley
CEO

2022 was a milestone year for Cairn. In our first full year out of the pandemic, we demonstrated our position at the forefront of the Irish housing market in becoming the first company in Ireland to deliver over 1,500 new homes in a calendar year.

Our business has followed a measured strategy to date in creating an operating platform and building out a talented team which has enabled us to successfully scale our business, deliver sustainable annual growth and create meaningful value for all of our stakeholders.

Our Strategy and 2022 in Review

Cairn's corporate objective is to deliver sustainable new homes, including houses, duplexes and apartments, to our expanding and multiple markets at pace and scale, building communities that serve our country's present and future needs. This can only be produced from a scalable operating platform, through established supply chain partnerships and on development sites from a historic low-cost c. 16,800 unit landbank. Having handed over the keys on over 5,800 new homes to our homeowners since 2016 and agreed the sale of over 7,250 new homes to date, Cairn has a proven track record as a high quality, scaled and ambitious homebuilder.

Our strategy has evolved as we have continued to grow and having made significant progress in: building our new homes to the highest health and safety and quality standards; product evolution and our delivery capability; our people, processes and technology; and our sustainability journey and credentials. Together with our design and construction capability on scaled apartment schemes, I believe this gives us a unique competitive advantage and supports sustainable growth across our multiple and expanding markets into the future. I am more excited than ever to lead the Cairn team as we leverage our scale to meet both the significant opportunities, and challenges, in the period ahead.

I am very proud of the contribution which our business had made in helping to address what the Government recognises as the number one societal issue in our country today – the housing crisis. Our ability to deliver innovative A-rated housing of the highest quality, across all tenures, nationwide, was evidenced in both the industry and peer recognition we received in 2022. As a business and leadership team, we were delighted to be recognised as Developer of the Year at the prestigious National Property Awards in May.

As economies around the world faced the threat of recession and economic stagnation in 2022 and the early months of 2023, the strength and resilience of the Irish economy is significant. Ireland recorded its first exchequer surplus in 2022 since 2007, which is noteworthy when one considers the dire economic realities our country faced after the global financial crisis, and more recently in navigating the economic and social impact of the pandemic during 2020 and 2021.

Our scaled delivery platform delivered 1,526 new home sales completions in 2022. Cairn is today playing an increasingly influential role in tackling Ireland's housing crisis across all tenures. Delivery of this scale and nature is enabled by a huge reinvestment in our business. During 2022 we invested nearly

€470 million in work-in-progress which was enabled by our operating profit which grew to €103 million. This included a 30% increase in our new home commencements to c. 1,800, at a time when broader industry commencements fell 12%. Against a strong demand backdrop, our €339m closing work in progress investment is 1.6 times covered by our record closed and forward order book of 1,503 new homes with a net sales value of €534 million as at 1 March 2023.

To be a successful long-term business, we need to generate sustainable profits to support our scaled delivery platform which will enable us to continue to increase our annual volumes and create value for all of our stakeholders. Our strong financial and operational performance during 2022, with growth across all of our key metrics, and the significant reinvestment in our business is reflective of the confidence we have in our market and our continued growth. We have successfully implemented our strategy and we will continue to accrue the benefit of our scale and investment into 2023 and beyond.

I am particularly proud of the significant progress we continued to make in executing our sustainability strategy throughout 2022, how we have weaved this into our broader strategic objectives and critically into our ways of working. As a business at the forefront of our industry, it is appropriate that we set meaningful and ambitious, yet challenging environmental targets, none more so than our Scope 1, 2 and 3 decarbonisation targets. For us, sustainability is not just about our impact on the environment, it also incorporates social considerations and responsible business practices. These considerations continue to inform and drive our sustainability agenda.

The Markets We Serve & Government Policy

As we continue to grow and build a reputation for delivering quality built new homes, we are equally expanding our product offering across our multiple sales channels: business to customer ("BTC"), business to Government ("BTG") and business to business ("BTB") in meeting the housing needs of our market.

Housing output, a fundamental requirement for our functioning economy and society, remains Ireland's biggest challenge but Government policies and initiatives under Housing for All are increasing and we are seeing clear evidence that they are starting to have an impact.

Cairn's performance in 2022 was supported by strong levels of demand from first time buyers, many of whom are now able to avail of impactful Government supports including Help to Buy and the recently launched First Home shared equity scheme. Considering the level of embedded build cost inflation throughout the last two years (€35,000 per new home built) coupled with significant interest rate increases, many of these customers would not otherwise be able to access new homes. It is imperative that the Government continues to scale these impactful initiatives to benefit those customers who aspire to own a home. The Government has also committed to support the construction of apartments for sale to owner-occupiers in the private market through the €450 million Croí Cónaithe (Cities) Scheme. This initiative aims to bridge the current viability gap between the cost of building apartments and private market sale prices with funding of up to €140,000 per unit available. Our Douglas scheme in Cork has been approved for participation.

The Government has set a target of delivering 144,000 new social and affordable homes through various State entities by 2030. Over the last two years, Cairn has become a more established delivery partner for various State entities, including Local Authorities, Approved Housing Bodies and the Land Development Agency. In 2022, Cairn was one of the largest providers of new Social & Affordable housing in Ireland, having delivered almost 500 new A-rated homes. This included a substantial number of apartments in our larger developments. It is pleasing to see affordable rental homes through initiatives like the Cost Rental Equity Loan are also being prioritised by the Government. Cairn today is a strategically important and credible partner for the State in helping to achieve this objective.

Cairn is the largest self-build apartment developer in Ireland with nearly 1,800 apartments delivered to date across 12 developments and a further 1,900 apartments under construction across 11 of our new developments. We will commence a further 900 apartments during 2023. Ireland suffers from a significant undersupply of apartments adjacent to areas of high employment and to offer scaled solutions for Social & Affordable housing needs. At 10%, Ireland has the lowest percentage of its population living in apartments in Europe, where the average is over 50%. Scaling the delivery of new, quality built and energy efficient affordable and private rental apartments in urban locations and on transport links is now critically important. We are actively responding to this dual imperative as a market leader in the accelerated delivery of well-designed and located scaled apartment developments.

Outlook

The Irish economy entered 2023 in a position of relative strength. Against the backdrop of strong demand for new homes, Irish household debt to deposit ratios are at all-time lows and savings at record levels which somewhat mitigates against rising interest rates. Our housing market remains structurally undersupplied and the demand for our product, as evidenced by our record 1,503 closed and forward order book at 1 March 2023, remains exceptionally strong. Importantly, the Government is responding with decisive and impactful policies. Cairn is now a mature business supported by a well-invested operating platform.

Our business will continue to succeed and we will grow our volumes, revenue and profitability. We will continue to apply a strategic approach to capital allocation and our significant cash generation in the years ahead will allow us to distribute surplus capital to our shareholders while achieving our targeted 15% ROE. I look forward to the challenges and opportunities that lie ahead with confidence and to leading the Cairn team as we continue to generate value and deliver for all of our stakeholders.

The Cairn Team

None of our sustainable growth and development would have been possible without the hard work of the incredible Cairn team. I would like to echo the Chairman's gratitude to all of my colleagues on another year of continued dedication and diligence to deliver for Cairn, our customers and our wider stakeholders.

Michael Stanley
CEO

MARKET OVERVIEW

Strong economic performance driving demand

Ireland entered 2023 from an economic position of relative strength and further robust growth looks set to underpin sustained demand for housing, albeit at a more modest level, in what continues to a be a structurally undersupplied market.

Modified Domestic Demand ("MDD"), an indicator that best captures the performance of the domestic Irish economy, which excludes some of the effect of multinational activity, grew by 8.2% in 2022. MDD is forecast by the Central Bank of Ireland to grow by 3.1% in 2023, above the Euro Area average GDP growth of 0.9% forecast by the European Commission.

The performance of the Irish economy since the unwinding of pandemic restrictions is best reflected in the labour market. At the end of 2022, there were 2.57 million people in employment in Ireland and unemployment stood at 4.2%, with the country close to full employment. There was a record net increase of 24,000 jobs in the multinational and foreign direct investment sector firms supported by the IDA. Over 300,000 people now work for these firms for the first time.

EXCHEQUER SURPLUS IN 2022

€5bn

POPULATION GROWTH SINCE 2016

8%

Record exchequer returns

Ireland's public finances remain in good health, with record levels of tax collected in 2022. Income tax receipts were €30.7 billion in the year, up 15%, reflecting both employment and wage growth in the economy, with wages growing by 4.2% year on year in 2022 Q4. Corporation tax receipts have also buoyed the public finances with a record tax take of €22.6 billion, up over €7 billion annually. Ireland was one of only 4 countries in the EU27 projected by the IMF to record a Government surplus in 2022, with a further surplus expected in 2023. These surpluses come after Budget 2023 including a cost-of-living, personal and business support package totalling €11 billion across both 2022 and 2023, and a €6 billion transfer to Ireland's National Reserve or "rainy day" fund across the two years. This leaves the Government in a strong position to continue to support households amidst the current cost-of-living pressures and to implement policies to meet the targets and objectives of the Housing for All plan.

Supportive demographics

Census 2022 recorded a population of 5.1 million people living in Ireland, the highest level in over 170 years, and an increase of nearly 8% since 2016. With net inward migration of 60,000 in the year to April 2022, Ireland had the second youngest population in the EU in 2022 with a median age of 38.5. Our demographics underpin the strong structural demand for housing in Ireland which will continue into the future. In 2022, 29,851 new homes were completed in Ireland, a 45% increase on 2021. The Housing Commission, established under the Programme for Government, believes Ireland requires between 42,000 and 62,000 every year until 2050 to meet demand.

ECONOMIC BACKDROP

STRONG EMPLOYMENT RECOVERY

2.57m

Number of people in employment at December 2022, representing Ireland's highest ever labour market participation.

HOUSEHOLD SAVINGS CONTINUE TO GROW

€38bn

Household savings growth between December 2019 and December 2022.

RECORD EXCHEQUER RECEIPTS IN 2021

€83.1bn

Tax collected by the exchequer in 2022.

ECONOMIC GROWTH

3.1%

Forecast MDD growth in 2023.

POPULATION GROWTH

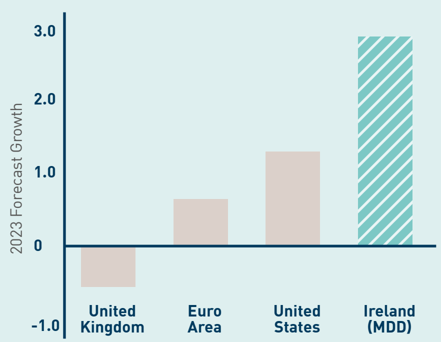
6.57m

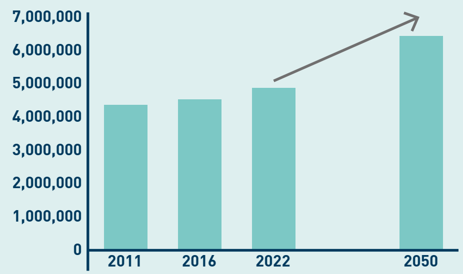
Projected population in 2050 (Housing Commission estimates)

STRUCTURAL HOUSING DEMAND

42k – 62k

Annual new homes required until 2050 (Housing Commission estimates).

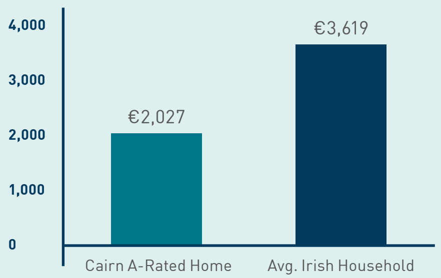




* Sources: European Commission, CSO, Dept. of Finance, CBI, IMF, Housing Commission, ESRI and DHLGH.

With Government supports ownership is significantly cheaper than rental

Energy Costs of a Cairn Starter Home*



	A2-Rated	C2-Rated
Annual Cost	€2,027	€3,619
Annual Saving	**€1,592**	
Monthly Cost	€169	€302
Monthly Saving	**€133**	

Monthly Cost of Our New Homes With Government Supports

	Renting	Owning – with Help to Buy & First Home Scheme
Monthly Rent/Mortgage (at 4%)	€2,600	€1,253
Monthly Energy Cost	€302	€169
Monthly Total	**€2,902**	**€1,422**
Monthly Saving	–	**€1,480**
Monthly Saving (Mortgage Rates at 5%)	–	**€1,324**
Mortgage Debt Servicing Ratio – 4%		**27.1%**
Mortgage Debt Servicing Ratio – 5%		**30.5%**

* This analysis is based on a comparison to average house and energy consumption data from the Central Statistics Office. A home value of €375,000 and deposit of €10,000 is assumed.

** Assumes a 30-year mortgage at a 5-year fixed rate of 4.3% with AIB, less a 30bps Green Mortgage discount for an A2 rated new home (as at 24 March 2023).

*** Debt Servicing Ratio defined as monthly mortgage cost divided by net monthly income.

Supportive mortgage market

In 2022, total mortgage approvals volumes were up 9%, while drawdowns volumes were up 21%, with drawdowns among first-time buyers up over 10%. This is a strong forward indicator of pent-up mortgage demand following the pandemic. Overall, gross mortgage lending grew by 34% in 2022 and is forecast by Goodbody to grow by 11% in 2023. The decision of the Central Bank of Ireland to amend its macroprudential rules, increasing the amount that first-time buyers can borrow from 3.5 to 4.0 times their annual income is likely to lead to further growth in mortgage volumes in 2023. Irish retail bank balance sheets are in a healthy position with average Core Tier 1 capital ratios of 16%. Irish interest rates for new mortgages have changed from being the second most expensive in the Euro Area in 2021 to the third lowest in December 2022. Despite the increase in wholesale financing costs Irish mortgage interest rates have to date remained relatively stable as a result of the ratio of household deposits to household loans standing at close to 1.5 times, compared to 0.54 times in 2008. Notwithstanding this, we expect mortgage rates to rise in 2023.

Irish households continue to exhibit strong saving behaviour since the pandemic began in 2020 despite mounting cost of living pressures. Irish households savings grew by €38 billion between the end of 2019 and the end of 2022, with nearly €8 billion added during 2022. Irish household debt to income ratios fell below the Euro Area average in 2021, having previously been the third most indebted in Europe.

Government policy tangibly supporting housing supply

The Government's Housing for All plan has committed €4 billion annual capital investment in housing to meet ambitious annual targets across social, affordable rental and ownership, and private ownership housing. This reflects the scale of the Government investment needed to deliver an average of nearly 10,000 social and 6,000 affordable new homes annually to 2030.

First Home shared equity scheme

One of the key pillars of Housing for All's support for home-ownership in the private market is the First Home scheme launched in July 2022. The State takes an equity share of up to 30% in new homes (or 20% with Help to Buy) in order to help first time buyers bridge the gap between their deposit and the price of a new home. The regional price caps for this scheme increased by €25,000 on 1 January 2023, including up to €475,000 in Dublin. There has been significant interest to date in the scheme, with over 1,150 approvals under the scheme since it began.

Housing remains the number one political and societal priority for the Irish Government.

Help to Buy

The Help to Buy ("HTB") scheme is a further incentive for first time buyers looking to buy their first home. The scheme allows first time buyers to claim an income tax rebate of up to €30,000 for the purchase of a new eligible home costing less than €500,000. Budget 2023 confirmed that HTB will continue until the end of 2024 at its current level.

Supports for private apartment ownership

Croí Cónaithe (Cities) is a €450 million support aimed at increasing the delivery of apartment schemes for private purchasers in Ireland's cities. This initiative will provide funding of up to €140,000 per unit for uncommenced eligible apartment developments that will be sold to owner-occupiers, with the aim of bridging the viability gap between the sales price of apartments and the cost of development.

Planning reform

The Government published the Planning and Development Bill 2022 which aims to make the Irish planning system clearer and more efficient to ensure that housing and infrastructure can be more easily delivered. It is also intended to provide greater certainty through mandatory timelines for decision making. The new legislation is expected to support the delivery of the new housing and mitigate some of the uncertainty and delays that have impacted the Irish planning system in recent years.

Ambitious Government targets to support housing supply

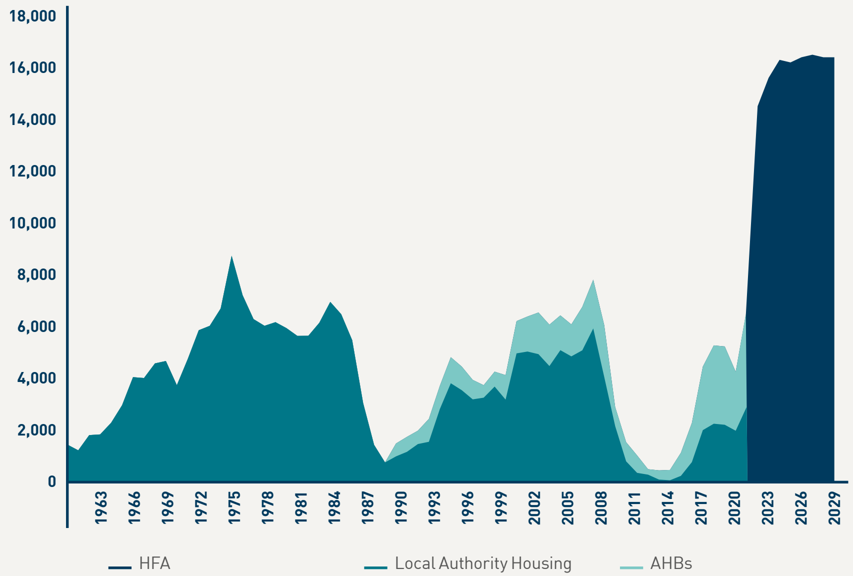
€4bn
ANNUAL CAPITAL BUDGET

144,000
SOCIAL AND AFFORDABLE HOMES DELIVERED BY 2030

€140,000
PER UNIT SUBSIDY FOR APTS UNDER CROÍ CONAITHE

40,500
TARGETED ANNUAL HOUSING DELIVERY IN 2030

AMBITIOUS SCALE OF SOCIAL AND AFFORDABLE HOUSING DELIVERY



BUSINESS MODEL

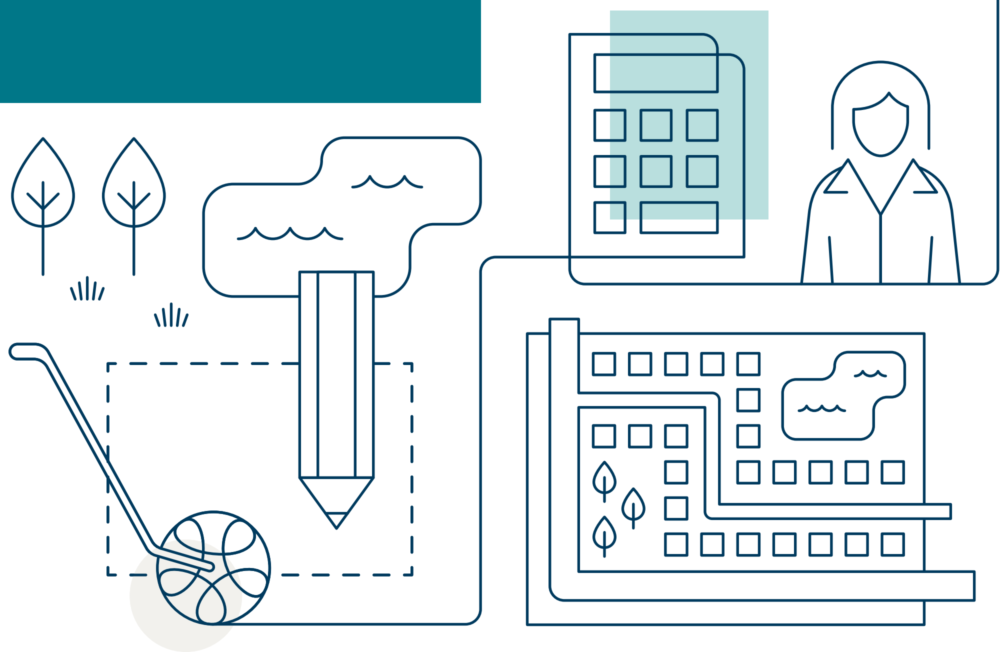
Adding value at every step of our business model

The Cairn "Gateway Process" sets out our standardised and established quality checkpoints and where we add value throughout our product lifecycle, to ensure collaborative, effective and consistent delivery of our new homes and communities.

1. Planning

Our initial consideration and attention focuses on how to best position the "development concept" in the context of the site location, planning environment, technical and design variables for our preferred unit mix and our delivery capacity. Our approach to on and off-site innovation, modern methods of construction and sustainable products which we will use in the delivery of our A-rated new homes on our site are discussed at this stage.

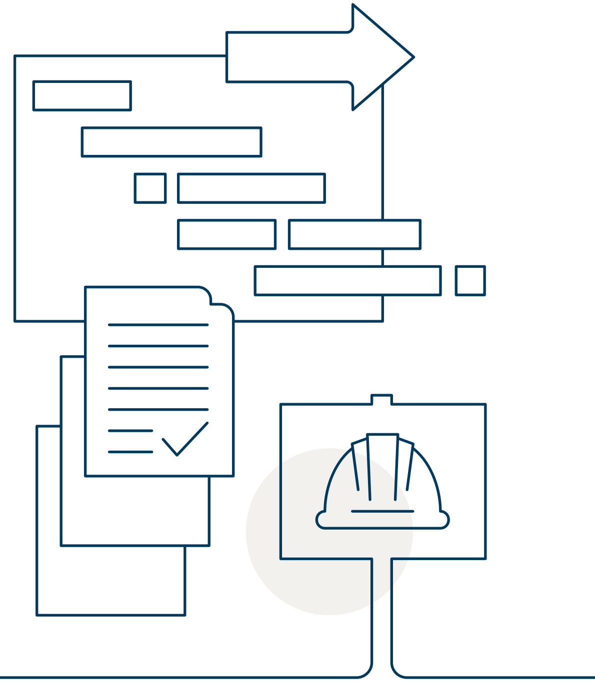
READ MORE →
p20



2. Pre-construction

Once the development concept is agreed, it is then clearly refined to cohesively balance the cost of delivery, our sales and construction programme strategies and satisfying our planning obligations to maximise value in the end product we will deliver for our customers.

READ MORE →
p21



3. Commercial

Our detailed design progresses throughout the planning phase to enable us to establish our start on site budgets. This facilitates early engagement with all large and high value construction work packages pre-site commencement. We provide our established and committed supply chain partners with long-term visibility over our development pipeline which ensures we can create value through our supply chain interactions.

READ MORE →
p22

4. Construction

Our site project team are mobilised to start on site with a construction programme of works aligned with the sales strategy and approved development budget. Following site commencement, a monthly reporting rhythm, communicating site status, risks and opportunities and commercial performance starts which is a critical underpin of the Construction Gateway.

READ MORE →
p23

5. Sales

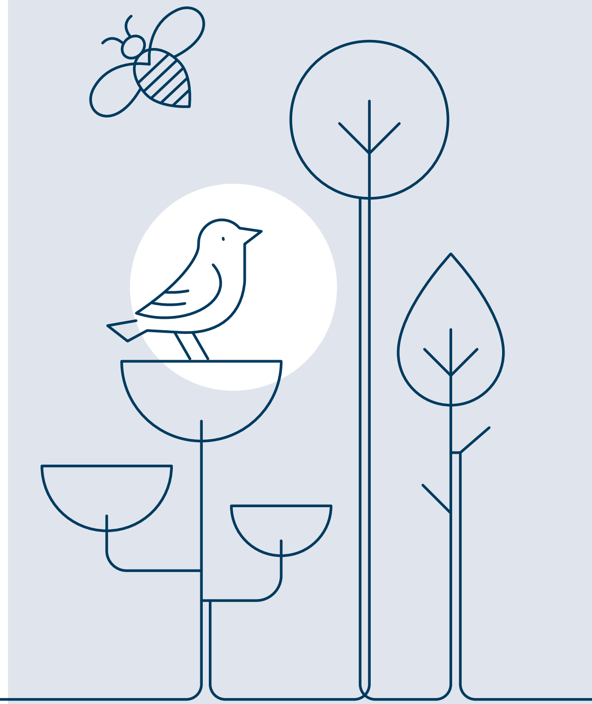
Our sales strategy is regularly reviewed and challenged to ensure we remain agile to changing market conditions. As our first new home closings approach, customer engagement strategies in advance of legal completion are implemented to facilitate the efficient and timely handover of each new home.

READ MORE →
p24

6. Customer Care

Our customer journey does not finish when we hand over our new homes. Our dedicated and specialist customer aftercare team manages these relationships post-closing. Our Cairn Customer Portal is an interactive resource which allows new homeowners to access important information about their new home from anywhere, anytime and through any device – from operating manuals, warranties, maintenance information and FAQs through to notifications of events and news about their neighbourhood. Within the portal, there is a self-serve online ticketing system to log any aftercare issues.

READ MORE →
p25



7. Added Value

Value added over 60+ years as further decarbonisation takes place, with the new home becoming more energy efficient as time goes on. Our nZEB (Nearly Zero Energy Buildings) A2 BER (Building Energy Rating) new homes deliver immediate savings for homeowners with energy cost savings of c. €133 per month compared to the average C2-rated Irish household.

OUR BUSINESS MODEL
HOW WE ADD VALUE

STAGE #1

Planning

We lead and manage the design and lodgement of new development designs and planning applications to ensure key stakeholder objectives are achieved, whilst maximising the commercial outcome in a timely manner.

2022 saw Cairn submit its highest ever number of planning applications through the SHD (Strategic Housing Development), SDZ (Strategic Development Zone), LRD (Large-scale Residential Developments) and standard local authority planning processes.

Our largest pending application relates to our Montrose site which consists of 688 apartments, a 192 bed hotel, a café and restaurant, an artisan food shop and crèche. The masterplan for this development was granted approval by the local authority, Dublin City Council, in December 2022 and we expect this application to progress in 2023.

We obtained five main grants comprising the majority of the nearly 1,700 new homes granted full planning permission during 2022.

CASE STUDY

The largest development to benefit from a positive permission was in Parkside where An Bord Pleanála granted planning permission in April 2022 for 730 new homes consisting of 698 apartments and 32 duplexes, a retail unit and crèche, all of which are currently being delivered on site. This is the final phase of our successful Parkside development where we have delivered nearly 600 houses since 2015.

17
SUCCESSFUL GRANTS OF PLANNING IN 2022

1,700
NEW HOMES GRANTED PLANNING PERMISSION IN 2022

STAGE #2

Pre-construction

Cairn continues to leverage our pre-construction capability, with our unique advantage of mobilising pre-construction and design during the planning process enabling us start on site immediately when we receive planning grants.

Our pre-construction function facilitates our readiness for site commencements by supporting and coordinating critical business function requirements with collaborative decision making and information exchange. A key element that enables our preconstruction capability is our library of homes, where we employ a standardised approach with controlled flexibility of our product designs across both housing and apartments. This allows us to fast track our pre-construction timeline, which starts at planning lodgement, to progress with confidence on design. This in turn provides more certainty and predictability on budget, procurement, delivery, sales, handover and ultimate occupation of the new homes we build.

Our library of homes, covering both houses and apartments, is underpinned by elements of fixed design standards and/or standard components to facilitate delivery of our new homes at pace and scale. We combine off-site components with modern on-site methods. This promotes a repeatable process which drives optimum efficiency and productivity and on-time delivery of our new homes.

CASE STUDY

Innovative Housing Construction – Library of Homes

- An important element of our delivery strategy continues to be standardisation.
- We have a Library of Homes which we use to form the design and delivery of our schemes.
- The internal layout and each of our house types are broadly identical.
- Front elevation changes and tweaks to specification and finishes depending on price points are the only differentiating factor.

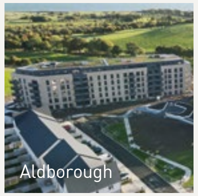
Cairn three-bedroom semi-detached new home: five different elevations on the same house type:

STANDARDISATION AND TECHNOLOGY DRIVE INNOVATION AND PRODUCTIVITY

CASE STUDY

Efficient and Timely Apartment Delivery – Library of Apartments

1. Similar to houses, we follow a design-led approach that is repeatable across our apartment schemes, with standard 1, 2 and 3 bed apartment layouts typical for most units in each scheme.
2. All apartment facades are different but the design and construction techniques are identical.



A REPEATABLE PROCESS THAT DRIVES OPTIMUM PRODUCTIVITY

OUR BUSINESS MODEL CONTINUED
HOW WE ADD VALUE

STAGE #3

Commercial

Our commercial function supports Cairn's operating efficiencies by constantly considering value engineering opportunities and implementing these to capture the benefits.

In leveraging our scaled annual procurement power, with nearly €470 million in labour and materials procured in 2022, we create deeper relationships with key manufacturers, allowing us to secure supply certainty of key materials at market leading rates. In 2022, we continued to develop sustainability metrics within the supply chain. We introduced Hydrotreated Vegetable Oil (HVO) fuel for our mobile equipment, generators, and construction equipment fleets across all our sites. This will significantly reduce our use of traditional diesel and deliver a reduction in our Scope 1 CO_2 emissions and other harmful pollutants and will contribute towards the ongoing decarbonisation of the construction industry.

CURRENT PROCUREMENT ORDER BOOK

+€400m

TOP 20 SUBCONTRACTORS ACCOUNT FOR

60%

OF ALL PROCUREMENT SINCE IPO (€45M EACH)

CASE STUDY

Cairn has collaborated with a logistics partner to deliver a distribution hub on our Clonburris site. This will serve the development during its seven year construction programme. Our subcontractors will have the opportunity to acquire the materials to be used in delivering our c. 5,500 new homes will be delivered to the distribution hub in bulk. Using an onsite platform, location specific materials will be picked and packed in accurate volumes and delivered onsite to our subcontractors on a just in time basis for each trade.

This will deliver a number of benefits for Cairn and our supply chain including increasing efficiency, maximising productivity and reducing waste and traffic movements. These benefits will positively contribute to our broader sustainability strategy, by reducing the environmental impact of the construction of the Clonburris SDZ and greatly improving the health & safety environment within active construction areas.

STAGE #4

Construction

Cairn continues to invest heavily in developing our delivery platform, with a 30% growth in our new home commencements resulting in a record number of 1,526 new homes delivered in 2022 across 16 sites. We will increase our output again and deliver up to 1,800 homes in 2023.

Through our "Better Ways to Build" dedicated continuous improvement programme, we focus on innovation, productivity and scaled efficiencies to drive operational delivery excellence and maintain our competitive and market advantage. Key areas include:

- significant investment in IT and digital construction and uptake of new technologies and systems;
- product and site development by advancing OSM (off-site manufacturing), MMC (modern methods of construction), DFMA (design for manufacture and assembly) and design with supply chain partners;
- faster assembly in a more productive off and on-site environment;
- standardisation through our Library of Homes and Apartments (standard internal layouts with different external design options), promoting repeatability;
- production controls measuring on-site performance;
- lean construction principles and adaptation across production teams; and
- innovation and the formal governance framework which we have established for onboarding and tracking our innovation ideas from proof of concept, through to due diligence and testing in advance of wide-scale implementation.

CASE STUDY

We Get Planning – We Build

Demonstrating our capability to consistently fast track and deliver apartments using our integrated delivery platform, Cairn self-delivered several fast-track apartment schemes in 2022:

	Units	Planning Grant	Preconstruction Lead-in	Programme Start Date	Completion Date	Programme Duration
Griffith Wood, Dublin 9	385	27 March 2019	6 months	December 2019	**Phase 1** December 2021 **Final** June 2022	30 months (including two construction lockdowns)
Shackleton Park, Lucan	138	19 February 2020	3 months	May 2021	December 2022	20 months
Aldborough, Greystones	174	6 July 2021	4 months	July 2021	December 2022	18 months

OUR BUSINESS MODEL CONTINUED

HOW WE ADD VALUE

STAGE #5

Sales

With a focus on meeting the diverse needs of our expanding and multiple sales channels, we are dedicated to selling high-quality, A-rated new homes to a broad mix of private individuals, State agencies and institutional buyers.

2022 saw a broadening of our customer base, as we continued to provide value and timely delivery for our private customers, institutional purchasers and our partners in Local Authorities, Approved Housing Bodies and the Land Development Agency.

We witnessed exceptional levels of demand from first time buyers, many of whom are now able to avail of impactful Government supports including Help to Buy and the recently launched First Home shared equity scheme.

We also increased our commercial offering, providing a balance of retail, childcare and office spaces to create places for our customers to live, work and relax across some of our residential developments.

CASE STUDY

Our Archers Wood development in Delgany is a prime example in the delivery of a scaled, mixed tenure housing delivery with superb community facilities, services and shared spaces. With a balanced mix of private, affordable rental and social homes, Cairn is demonstrating a sustainable and equitable model for delivering new homes to a more diverse customer base through our proven operating model. Our focus on large, multi-phase, multi-year developments containing all product types (Archers Wood consists of 429 houses, duplexes and apartments) enables us to execute our sales strategies accordingly.

1,526
NEW HOMES DELIVERED IN 2022, INCLUDING:

495
SOCIAL & AFFORDABLE NEW HOMES

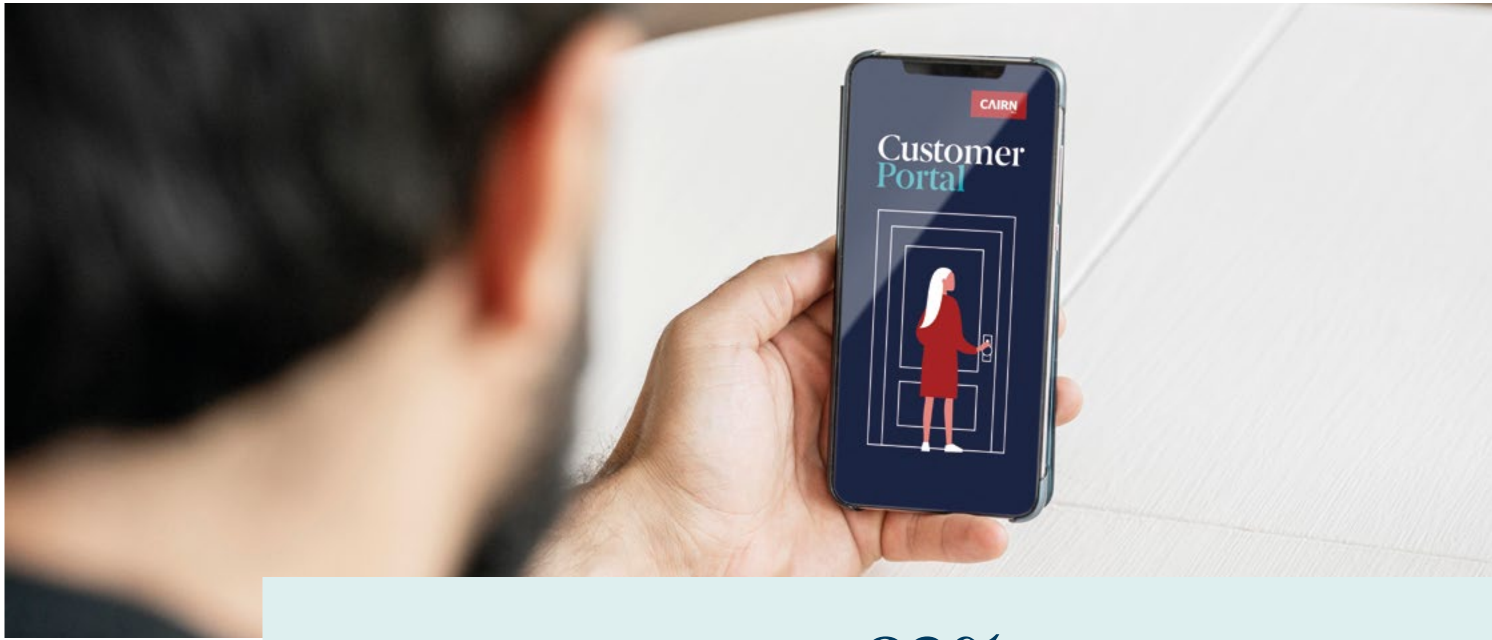
STAGE #6

Customer Care

Customer Experience is of critical importance to Cairn to all of our customers and throughout the home buying process.

From the start of the customer journey, we focus on providing clear, accurate and concise information about our homes, their features and relevant paths to ownership available to our customers such as the First Home shared equity scheme and the Help to Buy initiative. Our Customer Care team is there to support and guide our customers and are easily accessible by phone, email, and through our bespoke customer care portal, ensuring that all customers can reach out whenever they need advice or assistance.

When our customers move into their new homes, we place great importance on engaging with them as a community as well as individual families. This is reflected in our wider community actions such as our Home Together initiative, community libraries and local grass roots engagement.



CASE STUDY

Customer Care Portal

As part of our ongoing commitment to delivering best-in-class customer experience to our homeowners, we launched our Customer Care Portal in May 2022. This is an engaging and interactive self-service platform that acts as a central hub of knowledge with a library of documentation including home owners manuals, warranties and a list of FAQs. If customers cannot find the information they require there is a ticketing capability that will automatically generate a case, which is raised to our Customer Care team to answer their query.

82%

OF HOMEOWNERS ACROSS OUR NEW DEVELOPMENTS ENGAGE WITH OUR CUSTOMER CARE PORTAL

96%

OF ISSUES RAISED WERE CLOSED WITHIN 30 DAYS

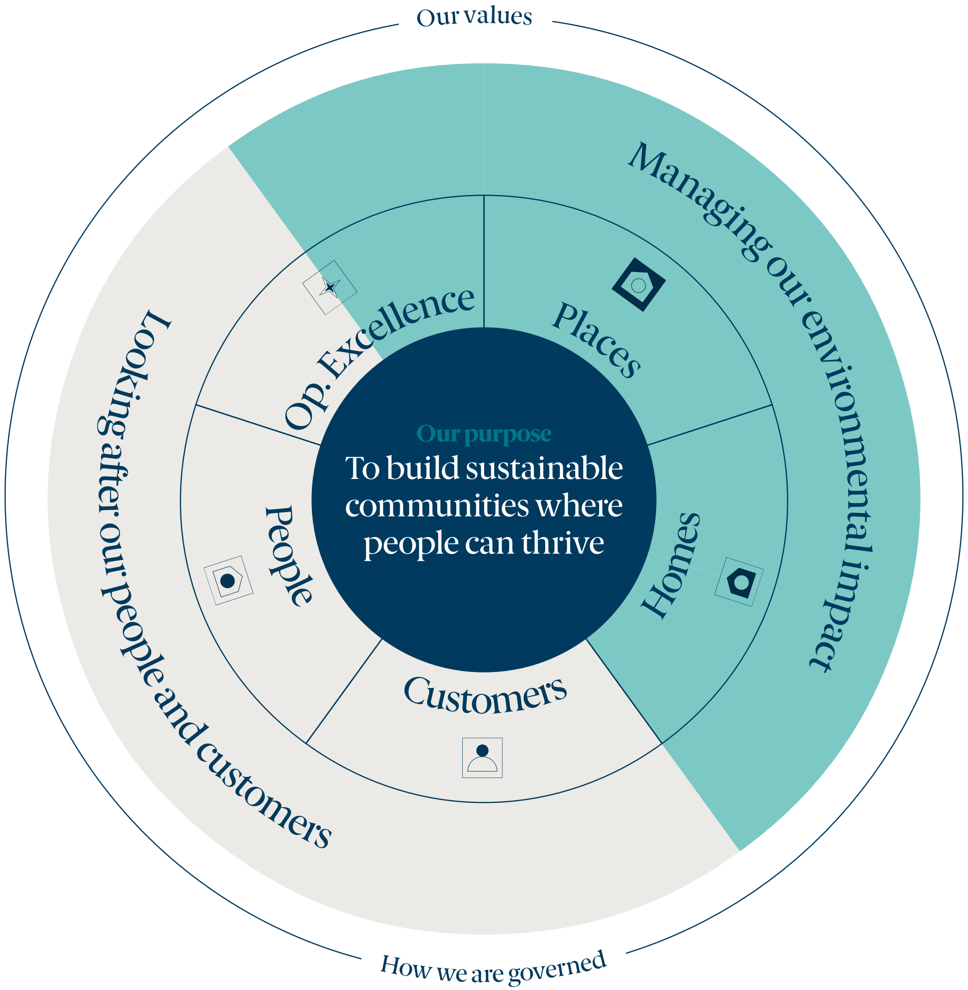
OUR STRATEGY

Making a meaningful impact in the Irish new homes market underpinned by our commitment to deliver quality built new homes.

With a target of delivering 1,750 to 1,800 new homes in 2023 across all tenures, our growth strategy allows us to respond to the continuing strong demand for new homes across our multiple and expanding sales markets.

Our Values:

- Collaboration
- Honest & Straight Talking
- Committed & Engaged
- Agile & Innovative
- Commercially Minded



Strategic priorities for 2023

Places

- Commence up to 5 biodiversity net gain developments
- Deliver our first new homes at Clonburris
- Register all new sites with the IGBC Home Performance Index scheme

Homes

- Deliver 1,750-1,800 new A-rated homes
- Increase our Social & Affordable delivery by c. 60% to 800 new homes
- Commence up to 8 new developments

Customers

- Full roll-out of Dynamics 365 including a new marketing application
- Expand our Home Together initiative
- Expand our Customer Care Portal to all new customers

People

- Stay connected with our workforce
- Develop new skills, knowledge and behaviour
- Inspire through our actions

Operational Excellence

- Further develop our digital construction strategy
- Continue to implement an assembly approach to our construction activities
- Enhance our Programme Management Office capability

"Cairn's corporate objective is to deliver sustainable new homes, including houses, duplexes and apartments, to our expanding and multiple markets at pace and scale, building communities that serve our country's present and future needs."

Michael Stanley
CEO

STRATEGY IN ACTION

Places

Building places where people love to live is at the heart of everything we do.

Placemaking is a holistic approach to the design and development of a new residential site. At Cairn, we focus on the positives and potential of a site. We define high level principles to achieve a well-designed, quality built, vibrant and sustainable development with a network of public spaces that promote and enhance residents' health and wellbeing.

This holistic approach is evidenced in our recent award winning developments, including:

- Mariavilla – Private Housing Project of the Year 2022 and the Irish Landscape Institute Award for Biodiversity; and
- Oak Park – Nature Conservation & Sustainability Award 2022 (ALCI Awards).

What we will do in 2023

Biodiversity will continue to be a key area of focus that promotes and guides our placemaking initiatives. In keeping with this, we aim to complete the following projects in 2023:

- Three Trouts Way, a raised boardwalk through a wet alder woodland at our Archers Wood development in Delgany. Additionally we will complete a new footbridge over the Three Trouts Stream which will flank Archers Wood and lead to a full size soccer pitch and a play area at the heart of the development.
- Plant over 20,000 native trees in Archers Wood.
- Commence a new development in Newcastle; a scheme of 280 houses, duplexes and apartments which is designed around a green link running through its centre which will culminate in a new 2 hectare public park including playing fields, sports courts, play spaces, a community orchard and allotments.
- Construct a 750 metre Greenway along the Douglas Stream at our Castletreasure development in Cork.
- Complete a new Greenway and Woodland Park at Linden Demesne.
- Commence up to 5 biodiversity net gain developments.

What we did in 2022

We maintained a high standard of design and innovation, informed at all times by our broader biodiversity strategy and objectives. In delivering 1,526 new homes across 16 developments in 2022, our focus was on ensuring the delivery of prosperous places for communities to live.

The communities we make are exceptional, safe and sustainable. They provide residents with amenities alongside quality built new homes across all tenures. From a biodiversity perspective, our strategy is to leave a better natural environment when we complete our new residential developments, providing residents with an opportunity to connect with a more biodiverse landscape.

Significant milestones in our placemaking throughout 2022 included delivering:

- seven play areas in our Graydon (2), Griffith Wood, Archers Wood, Whitethorn (2) and Hawkins Wood developments;
- two full size soccer pitches in Archers Wood and Graydon;
- two Multi Use Games Areas; in Archers Wood and Graydon;
- a tennis court in Archers Wood;
- public artwork in Griffith Wood; and
- a nesting box project implemented in Archers Wood in collaboration with Birdwatch Ireland; including barn owl and woodpecker boxes;

Additionally, we also:

- Secured full planning permission for Phase 1 (569 new homes) at our Clonburris development (please refer to our Clonburris case study on page 42 for further detail);
- Completed the Greystones Enterprise Centre – 29,000 sq. ft of shared work space and an innovation hub adjacent to our Hawkins Wood development;
- Commenced our first two Biodiversity Net Gain developments at Parkside and Citywest;
- Completed green linkages between Glenheron View and Glenheron Park and Charlesland; creating new safe walking and cycling routes to schools, sports facilities, shops and local services;
- Constructed 240 metres of new footpaths along Priory Road in Delgany;
- Continued to plant six new trees for each new home completed; and
- Completed new crèches in Griffith Wood, Archers Wood, Oak Park and Whitethorn.

"As we leverage the scale of our business, we are confident of continuing to fulfil our purpose of creating places where people love to live."

John Reynolds
Chairman

100%

OF CAIRN SITES HAD A BIODIVERSITY IMPACT ASSESSMENT COMPLETED, FULLY ALIGNED TO OUR BIODIVERSITY STRATEGY.

€105m

INVESTED TO DATE IN INFRASTRUCTURE BENEFITTING LOCAL COMMUNITIES.

STRATEGY IN ACTION CONTINUED

Homes

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

NEW HOME SALES AGREED SINCE 2016

7,250+

CLOSED AND FORWARD SALES IN MARCH 2023

1,503

What we will do in 2023

- Deliver 1,750-1,800 new homes across all tenures.
- Commence up to 8 new developments underpinning our continuing growth.
- Continue the construction of nearly 1,600 apartments currently under construction across 11 of our new developments and commence an additional 900 apartments.
- Grow our regional offering and continue to extend our development and sales footprint beyond the Greater Dublin Area.
- Bring a number of new schemes to the market across all price points from starter homes to premium apartments.
- Deliver new homes in a timely and efficient manner utilising our Library of Houses and Apartments design approach.
- Elevate our extensive design consultant briefing library to a full 3D BIM (Building Information Modelling) components library covering all home types and components.
- Leverage our digital construction strategy to evolve our home designs technically so they can meet our ambitious sustainability and environmental targets by further embedding Modern Methods of Construction (MMC) and Off Site Manufacturing (OSM).

What we did in 2022

- Delivered successful product evolution including the development of our standardised homes into our library of homes and apartments, while also strategically designing flexibility so each home can be adapted to suit the customer needs and local site requirements.
- Constructed all homes using MMC underpinned by an ongoing transition to faster assembly in a more productive off and on-site environment from traditional on-site construction.
- Focused on broadening our product range of homes with strategic design specifications developed for specific customer pools, so all of our sales channels can acquire a new home that matches their needs.
- Commenced construction on eight new developments, our largest ever number of site commencements evidencing our scaled operating platform.
- Launched five new schemes in 2022 in addition to ongoing sales launches across other selling sites – Hawkins Wood (Greystones), Mercer Vale (South Dublin), 1-9 Priory (Delgany), Harpur Lane (Leixlip) and Linden Demesne (Maynooth).
- Delivered 495 A-Rated Social & Affordable new homes to various State agencies, establishing our position as the counterparty of choice for State agencies.
- Adopted the Home Performance Index, Ireland's national certification for new homes. A Home Performance Index certified home gives our customers assurance that we have considered how the design and construction of our homes will impact wellbeing, reduce energy costs, and at the same time protect the environment (please refer to page 40 for further detail on our adoption of this certification).
- Carried out strategic research to improve the energy efficiency of our homes, further developing and enhancing our approach to low energy design.
- Focused on our core starter home market, delivering competitively priced housing at price points where first-time buyers can avail of Government supports and access mortgage finance.
- Developed our technology and innovation capability to support the delivery of our homes.
- Introduced a series of Operational Dashboard Innovations to support timely new home delivery.

"Our operating platform, and experienced team will enable us to focus on driving growth and innovation in the Irish housing market."

Michael Stanley
CEO

INCREASE IN UNIT COMMENCEMENTS IN 2022

30%

NEW HOMES AGREED FOR SALE IN 2022

1,600+

Customers

With a focus on meeting the diverse needs of a rapidly expanding customer base, we are dedicated to selling high-quality new homes to a broad mix of private individuals, state agencies and institutional buyers.

What we will do in 2023

- Full rollout of Dynamics 365 across our business, including a new marketing application allowing for more accurate tracking of the customer journey.
- Expansion of our Home Together initiative to additional developments, with all customer surveys and interviews informing our approach to enhancing this successful initiative.

What we did in 2022

- Successfully moved 1,526 new customers and families into their new homes, including 495 social and affordable homes.
- Agreed the sale of over 1,600 new homes.
- Diversified our customer base, becoming a more established delivery partner for State entities.
- Augmented our Customer Satisfaction Framework to include the Likert Scale, allowing us to identify trends and make data-driven decisions, leading to more effective and efficient customer service and providing us with performance benchmarks and targets.
- 86% of customers rated the Cairn Customer Experience at 4 or higher on the 5 point Likert Scale.
- Invested in both practical and IT solutions across the customer journey to provide clear, accurate and concise information around our homes, their features and relevant paths to ownership.
- Designed and executed an external marketing campaign to educate customers about the First Homes Scheme and Help to Buy initiatives.
- Enhanced the Customer Care Portal with informational content to assist homeowners in maximising the efficiency of the homes.
- Expanded the Customer Care portal to new developments.
- Resolved over 96% of Customer Care cases within 30 days.
- Increased reporting capabilities in the Customer Care Portal so commonalities across new schemes can be detected and addressed.
- Expanded the "Home Together" initiative which we launched in 2021, aimed at creating resilient and self-sustaining communities, into a 3-year programme from 2022. The original three developments moved into Year 2 of the programme, while three new developments (Donnybrook Gardens, Whitethorn in Naas and Graydon in Newcastle) were added, experiencing Year 1.
- Increased our commercial offering providing a balance of retail, childcare and office spaces, adding to the amenities enjoyed by our customers.
- Introduced a number of community libraries across developments. Working alongside Children's Books Ireland, the libraries were filled with books themed around building communities.

96%
CUSTOMER CARE TEAM CASES RESOLVED WITHIN 30 DAYS

68%
RESIDENTS SAID THEIR NEIGHBOURHOOD IS PERFECT FOR THEM

KEY PERFORMANCE INDICATORS:

97%
OF HOMES CLOSED WITHIN THE TIMEFRAME ADVISED TO CUSTOMERS

86%
OF CUSTOMERS RATED THEIR CAIRN CUSTOMER EXPERIENCE A 4 OR HIGHER USING THE 5 POINT LIKERT SCALE

100%
OF CUSTOMERS RESPONDED TO WITHIN A 24 HOUR WINDOW AND A 96% CASE CLOSURE RATE WITHIN THE 30 DAY SERVICE LEVEL AGREEMENT

STRATEGY IN ACTION CONTINUED

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.

2022 was a year of significant scaling where we grew our team by 30% across both our construction and control support functions. To facilitate this, we implemented numerous initiatives to attract and retain top talent by ensuring Cairn is the Employer of Choice within the industry.

What we will do in 2023

- Cairn is entering a new phase of maturity where we capitalise on the continued learning, collective expertise and intellectual property of our people as they grow within our business.
- In 2023 we will work towards creating an environment where people can thrive, building upon the place where everyone feels Connected, Developed, and Inspired.
- We will invest in our people and promote our culture of learning and growth, while continuing to provide health and wellbeing offerings that have a positive impact on our people and their families.

What we did in 2022

At the heart of Cairn, you will find our people living the values of our Employee Value Proposition ("EVP"). Here are some of the ways we have Connected, Developed and Inspired in 2022:

Connect

- Listened to our employees and continued our focus on regular employee feedback and action planning through engagement surveys. We improved our eNPS (employee Net Promoter Score) score and were certified as a Great Place to Work for a second consecutive year and also recognised as one of the Top 20 Best Large Workplaces in Ireland.
- Expanded our Health & Wellbeing (H&W) program, partnerships, and employee benefits including: quarterly H&W forums, Irish Life health insurance extended to families, Wellness Crew quarterly webinars, subsidised lunches and enhanced family leave including fully paid maternity and paternity leave.
- Enhanced cross-functional engagement and communication through our central communication platform, Culture Committee initiatives and company-wide celebrations.
- A return to the office post-pandemic enabled us to build upon our collaborative culture, also aided by our relocation to a new Central Office.
- Embedded our employer brand and value proposition through all talent initiatives and recruitment activity. This included enhanced presence at career fairs (UK/Ireland) from our recruitment team and key speaker attendance from our Senior Managers in colleges.
- Focused on our Equality, Diversity & Inclusion (ED&I) agenda through our employee-led quarterly forums.
- Enhanced our family leave which has enabled our people to have a greater work life balance.

Develop

- Identified ambitious "rising stars" across the business and supported development opportunities for them, including increased exposure to operational forums, career pathways, mentoring and leadership development.
- Continued investment in the growth and development of our senior leaders, people managers, and targeted functional roles.
- Published our new Learning and Development Policy to provide employees with an understanding of what we offer in this space.
- Designed functional-specific training pathways and technical training opportunities including construction forums, commercial training content library, 3 pillar menu of development actions (professional, technical and personal) and internal CPD (Continuous Professional Development) series.

Inspire

- In partnership with local youth groups, we introduced pre-apprentice site visits to provide access and exposure to trades and future opportunities in the industry to young people.
- Invested in future talent through our Female Transition Year program, a schools mentoring program with Business in the Community ("BITC") and launched a new Graduate program with an annual training calendar and career planning support.
- Launched our Children's Books Ireland initiative in partnership with Rush National School with the purpose of inspiring the next generation of Homebuilders, challenging the traditional perceptions of what it means to work in construction. This initiative is to build upon our TY and graduate programmes, reaching children at a younger age.
- Partnered with Make-A-Wish Foundation to raise funds and awareness on their 30th anniversary, helping them to grant wishes and raise much-needed funds so they can continue to bring hope and strength to young children across Ireland with life-threatening medical conditions.

Cairn was recognised as one of the Best Workplaces in Ireland in 2022 (and in 2023) in terms of workplace culture across all industries. This was the culmination of our focus on Connecting, Developing and Inspiring our people through trust and respect and a shared commitment to both individual and company success. For employees, this means long-term career development, personal well-being, leadership training, professional and personal support, and career progression with sustainable and stable foundations. This recognition is based on the direct feedback from our employees, provided as part of an extensive and anonymous survey about workplace experience.

We were delighted to host our first Cairn family event "Santa's Grotto" in December 2022 with invitations extending to the families of every Cairn employee.

"Cairn operates a flat structure where everyone is encouraged to be their best selves. Empowerment is at the heart of everything in Cairn. Coupled with that, we encourage people to be challenging and respectful at the same time."

Masters Graduate, 2022

EMPLOYEES WHO BELIEVE THAT CAIRN IS A GREAT PLACE TO WORK

83%

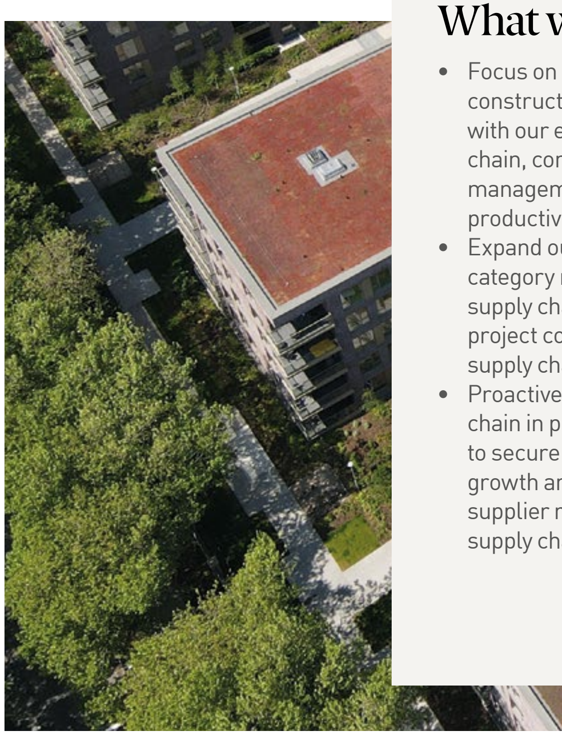
EMPLOYEES WHO ARE OFFERED TRAINING OR DEVELOPING FURTHER PROFESSIONALLY

87%

STRATEGY IN ACTION CONTINUED
OPERATIONAL EXCELLENCE

Operational Excellence

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

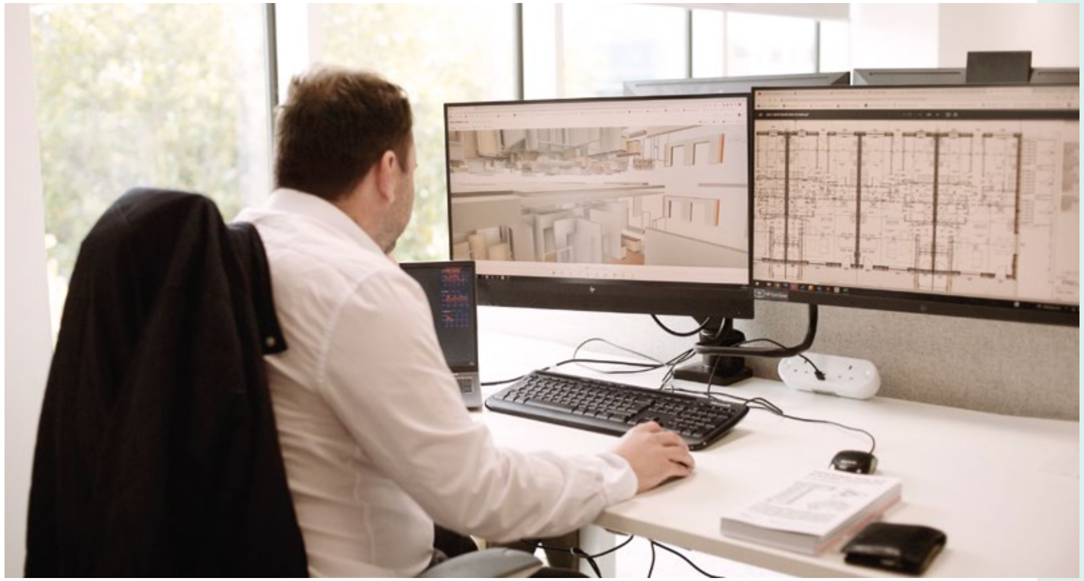


What we will do in 2023

- Focus on developing our digital construction strategy in conjunction with our external partners and supply chain, concentrating on information management, reporting, process, productivity and design collaboration.
- 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 implement a manufacturing and assembly approach to grow our capability around OSM and MMC, improving efficiency to our delivery and removing constraint risks within the supply chain.
- Develop our sustainability roadmap and embrace as a critical metric of our supply chain.
- Grow our Programme Management Office capability with cross functional reporting and data capture.
- Focus our innovation initiatives around driving delivery effectiveness in an inflationary environment, through product development, assembly, production controls and standardisation.

What we did in 2022

- Leveraged our scaled buying power with nearly €470 million procured and invested in our construction activities to create closer relationships with key manufacturers, allowing us to secure supply certainty of key materials at the most competitive rates. This has also served to mitigate against prevailing build cost inflation in a year with substantial commodity, materials and labour cost increases with build cost inflation of €20,000 or 8% per new home built.
- Secured planning consent for nearly 1,700 new homes.
- Completed a number of developments including Shackleton Park (Lucan), Griffith Wood (Dublin 9), Aldborough and Hawkins Wood (both Greystones).
- Advanced our digital construction strategy with the implementation of BIM (Building Information Modeling) for the purposes of logistics planning.
- Focused on enhancing productivity analysis to improve project efficiencies for Cairn and our supply chain.
- Expanded our use of predictive analysis to manage capacity resource and spend expectations in collaboration with our supply chain.
- Continued to embrace MMC and maintain a process of assessment and refinement of new MMC to our construction process.
- Supported Cairn's operating efficiencies by constantly considering value engineering opportunities and implementation to capture the benefits.



- Continued to develop sustainability metrics within the supply chain. A key success for 2022 was the introduction of Hydrotreated Vegetable Oil (HVO) fuel for our mobile equipment, generators, and construction equipment fleets across all our sites.
- Launched our interactive digital health & safety platform (forms, guides etc) and delivered three new health and safety training initiatives: scaffolding management, lifting supervisor and advanced slinging training.
- Delivered a 3.3% reduction in first aid and accident events, notwithstanding our significantly increased construction activities.
- Retained a Safe T Cert rating of A, maintaining the highest industry standards of health and safety across our construction sites.
- Partnered with external stakeholders on product development and an ever increasing use of OSM, including three-storey timber frame duplexes (first in Ireland), fully fabricated steel balconies, parapet details, extending soil stabilisation technology to 5 of our site commencements, prefabricated SFS (Steel Frame Systems) panels and the commencement of a passive housing trial
- Developed our Quality audit & reporting capability using an integrated dashboard with a focus on site works and compliance documentation.
- Formalised our approach to improving the customer journey at handover and occupation, enabling greater certainty and timely delivery to customer expectations and Cairn standards.

"We are focused on innovation, productivity and scaled efficiencies to drive operational excellence and maintain our competitive and market advantage."

RETAINED SAFE T CERT RATING IN 2022

A

INVESTED IN CONSTRUCTION IN 2022

€470m

STRATEGY IN ACTION CONTINUED

OPERATIONAL EXCELLENCE

CASE STUDY

Health & Safety Management

The Health & Safety team started an "Excellence in Health and Safety Awards" initiative in June 2022 for subcontractors on every active site. Subcontractors are nominated by the Cairn site teams for actively promoting safety measures on site, which can include adhering to the 5-point PPE (Personal Protective Equipment) rules or for clearly carrying out their duties in a safe manner. Weekly winners are entered into a draw to win a monthly voucher, and the winners of these awards are announced on Cairn's internal social media platform, CairnLive, by the Health & Safety team.

As part of CIF Safety Month 2022 and to promote Cairn's new partnership with the Lighthouse Club (a construction industry charity), roadshows were held on several sites to deliver information to site personnel on the support and advice services offered by the charity. This coincided with World Mental Health Day on 10 October 2022, and Cairn used the opportunity to provide promotional material to site personnel, encouraging them to have a time out to think about their mental health.

One of Cairn's key themes during Safety Week centred on working at height. We arranged for an external lifting consultant to visit 10 Cairn sites and provide a talk on working at height, how it should be managed and the control measures that should be in place.

Across the week a number of interactive tools and equipment workshops took place, demonstrating the correct and safe use of equipment and tools specific to subcontractor roles. To close out Safety Month, Cairn's final key theme was safety by example, with the site teams showcasing good examples of safety throughout the week and awarding prizes.

CASE STUDY
Switch to HVO Fuels

Scope 1 carbon emissions are direct greenhouse emissions that occur from sources which are controlled or owned by an organisation.

In the final quarter of 2022, we made immense strides in reducing our Scope 1 emissions in our daily operations by switching our diesel fuel consumption to HVO fuel.

60% of Cairn's Scope 1 emissions result from the amount of diesel we consume on site in our generators and teleporters.

HVO Fuel is considered one of the cleanest fuel alternatives. It is fully compatible with regular diesel and therefore can be used in its place with no special filters or adjustments needed.

By switching to HVO Fuel, we will reduce our CO_2 emissions from fuel by 90%. This switch will also deliver Cairn an 85% reduction in other harmful emissions such as particulate matter.

CASE STUDY
Site Investigation and Soil Optimisation

Our research has highlighted that the key areas for Cairn are:

- The fuels we use directly
- The preparation of our sites
- The materials we buy to construct homes
- The energy our customers use living in the homes we build

Over the last three years we have placed significant focus on site preparation and evolved our approach.

In 2020, our technical and commercial teams demonstrated the benefits of introduced rapid impact compaction to our Innovation Forum and Cairn's construction team became the first company in Ireland to use this technology.

This brought soil management to the forefront of our minds and in 2021 the technical team worked with expert engineering consultants to develop a broader soil management strategy that worked from a target of net zero soil import and export through detailed technical analysis of site levels.

This strategy was implemented across a number of our 2022 new site commencements including Castletroy in Limerick and Donabate in Dublin.

STRATEGY IN ACTION CONTINUED
CASE STUDY

PLACES

Green Building Certifications Case Study

In 2022 Cairn registered five projects with the Irish Green Building Council's Home Performance Index scheme, and also registered Clonburris with the International WELL Building Institute's WELL Community scheme.

These third party verified schemes will allow Cairn to measure the sustainability initiatives already being implemented on our sites and communicate the quality and sustainability of our homes to purchasers, investors and the wider market in an easily-digestible fashion.

Initiatives can be tracked and measured and we can benchmark progress from scheme to scheme and year to year.

Our design and construction teams will be enabled to work together towards setting and achieving quality and sustainability targets in a more focussed, effective manner.

"Our sustainability agenda is woven into every aspect of our business and our culture."

John Reynolds
Chairman

HOME PERFORMANCE INDEX

Home Performance Index provides a high level of transparency with respect to ESG criteria driving lower investment risk. It is recognised by GRESB (Global Real Estate Sustainability Benchmark) as a full points certification and was awarded 5 out of 5 for best practice and transparency by the European Construction Sector Observatory.

It also aligns with the EU Taxonomy and is specifically tailored to the Irish Residential sector, gaining a 5-star rating from the European Commission for good practice and transferability.

The schemes registered with the Home Performance Index are:

- Parkside 5B
- Citywest
- Dunboyne Road
- Navan
- Leixlip

It is intended to add all new schemes as they commence on site in 2023.

LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN (LEED)

We reached Practical Completion stage on our first significant Commercial Office buildings – the Weaver Buildings in Greystones. These will be LEED Gold-certified workspaces.

WELL COMMUNITY

We chose the WELL Community rating specifically for Clonburris, our flagship "New Green Town" development as it builds upon the building-level HPI and LEED standards (giving full recognition to our HPI-certified homes and LEED-certified commercial buildings) and aims to positively impact on people throughout the public places where they spend their days. A WELL Community functions to protect health and wellbeing across all aspects of community life.

The standard focuses on ten concepts to support the development of health-focussed, integrated and supported communities:

- Air Quality
- Water Quality
- Light
- Movement (walkable/ public transport/bike sharing/etc.)
- Thermal Comfort
- Sound
- Materials
- Community
- Mind (inc. restorative green and blue spaces, play spaces, streetscape greenery)
- Nourishment

"The vision for a WELL Community is inclusive, integrated and resilient, fostering high levels of social engagement."

STRATEGY IN ACTION CONTINUED

CASE STUDY

PEOPLE

PLACES

HOMES

CUSTOMERS

OPERATIONAL EXCELLENCE

Creating a new Dublin Community

Clonburris represents a once in a generation opportunity to create a vibrant and sustainable community and suburb with top-class amenities in a well-designed and planned environment.

Located on the soon to be electrified Dublin-Kildare railway line and the Grand Canal, Clonburris is a new town in the Dublin suburbs just 13km from both the city centre and Dublin airport, and a 5-minute drive from the M50. When complete, Clonburris will deliver more than 9,000 new homes for up to 25,000 new residents, including a substantial number of Social & Affordable new homes. The Government is supporting the development of Clonburris through a €186 million Urban Renewal Development Fund grant.

Cairn was granted full planning permission in August 2022 for the first phase of our Clonburris development, and the construction of 569 high quality, energy efficient new family homes, incorporating 173 houses, 148 duplexes and 248 apartments, began in January 2023. We expect to deliver 75 new homes in 2023 growing to 350 in 2024.

“Cairn will be the lead developer at Clonburris where we will build 5,500 of the total 9,000 new homes planned over the coming years.”

Michael Stanley
CEO

SOCIAL AMENITIES

- 8 new schools
- 10 crèches
- 90 hectares of parks
- 12.5km of walkways and cycleways
- 3.5km canal frontage
- 2 train stations serving Dart and South West

COMMUNITY/CIVIC

- Community centres
- Local community/youth activity
- Places of worship
- Public library
- Health centre
- Fire station

IN NUMBERS

RESIDENTS TO BE HOUSED
25,000

NEW HOMES
9,000

CAIRN NEW HOMES
5,500

MULTI-ANNUAL CLONBURRIS SDZ INFRASTRUCTURE GOVERNMENT GRANT
€186 million

TARGETING IRELAND'S FIRST BIODIVERSITY NET GAIN TOWN

STRATEGY IN ACTION CONTINUED

CASE STUDY

PEOPLE

PLACES

HOMES

CUSTOMERS

OPERATIONAL EXCELLENCE

Quality Management System

Over the past 12 months we have revised, updated and implemented new quality control and quality assurance measures to ensure our product is best in class and exceeds our customers expectations.

Benchmarks

We have adopted standardised lists of benchmarks across all projects that set out the "gold standard" of repeatable works packages across all our projects. These are used by multiple stakeholders as a reference point and basis of comparison to drive a consistent standard of workmanship.

We have made improvements to our suite of quality checklists that cover all stages of construction and ensure that all works completed on Cairn sites are to the highest standards.

Training

In conjunction with Engineers Ireland, Cairn hosted four training seminars during September and October 2022 to provide a detailed insight into the requirements and our statutory obligations under the Building Control Amendment Regulations ("BCAR"). These informative key sessions provided Cairn staff with increased awareness of BCAR and their responsibilities to ensure compliance with the regulations.

Monthly Quality Audit

Since early 2022 we have rolled out an updated Monthly Quality Audit that examines and reviews compliance of our quality processes and procedures at every Cairn site. This consists of a physical walk-through and desktop audit inspection of our centralised Document Management System

The monthly quality audit scores are benchmarked against Key Performance Indicators and are consistently reviewed to both ensure quality targets are being achieved at an individual site and portfolio level. This enables the Quality Team to identify trends and provide quality feedback to our active sites and the wider business in real time.

IN NUMBERS

TRAINING SEMINARS HOSTED

4

QUALITY AUDITS

Monthly

Through engagement and learnings as we continue to grow...

People

How did 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 asking employees how we can better support their health and well-being to understanding their development needs, we survey our employees every six months so that they have the opportunity to share their views.

What did we learn?

Well-being, flexibility, recognition, and culture along with growth and exposure are key insights from our surveys. We implemented several well-being initiatives which complemented our investment in people development, some highlights include, extending our offering of full health insurance up to the value of €3,000 for family and fully paid maternity and paternity leave.

What are the outcomes and plan moving forwards in 2023?

The valuable feedback employees have provided, alongside Great Place To Work recommendations, will contribute to our overall HR strategy and will be used in organisational and functional action plans to address focus areas and further enhance existing processes and ways of working.

Customers

How did we engage?

We maintain an open dialogue with our customers from first enquiry through to aftercare through our CRM systems, customer care team and portal and in person conversations.

What did we learn?

Our customer care portal and CRM system provide us with clear insights allowing us to identify any commonalities across developments which in turn allows us to optimise our processes, service levels and product use.

What are the outcomes and plan moving forwards in 2023?

Continual refinement and improvement of our Customer Satisfaction Framework and implementation of insights to our processes and product.

Supply Chain

How did we engage?

Cairn's Supplier Relationship Management ("SRM") programme continues to increase our engagement with our supply chain and reinforce our commitment to long term sustainable partnerships. 2022 focused on active pipeline planning and providing future commitment with our supply chain, whilst maintaining competitiveness as a key part of our procurement and SRM process. We maintained open channels of communication and regular engagement with our supply chain throughout the year and obtained a strong NPS (Net Promoter Score) score in our 2022 Subcontractor Survey.

What did we learn?

Cairn now has a pool of over 300 subcontractors and suppliers and of these, 88% of our top 25 subcontractors have been with us for 5+ years and all for 3+ years. As Cairn's relationship with our supply chain has grown and matured, so too has our relationship strategy as our regular meeting agendas move away from performance and quality topics towards continuous improvement and innovation across health and safety, productivity and design. ESG has been a focus area over the last year, with awareness raised with the supply chain through workshops and improvement targets, in addition to the provision of training and supports.

What are the outcomes and plan moving forwards in 2023?

The first phase of Cairn's apprenticeship support scheme was launched in Q4 2022, aimed at rewarding high achievement and promoting retention beyond the traditional apprenticeship period. 2023 will see further rollout and promotion of this initiative. Scope 3 carbon emissions improvements will be another critical focus area for next year for our supply chain.

Communities

How did we engage?
In 2022 Cairn continued to expand upon our hugely successful Home Together initiative, moving participating neighbourhoods onto the next stage and introducing three more developments to the programme.

What did we learn?
2022 showed the tailored approach required for individual developments, which varies according to their features, demographics and cultural makeup. From this we learnt the importance of engaging with wider community stakeholders and existing networks, so as to fully appreciate the differing characteristics of each development.

What are the outcomes and plan moving forwards in 2023?
We will continue to expand our Home Together initiative and engage with community leaders to support their vision of growth, supported by further expansion of community programmes to engage with local stakeholders such as schools, libraries, community liaison coordinators and local councillors.

Shareholders

How did we engage
Executive Directors and the Investor Relations team proactively engage with investors throughout the year through financial results, presentations, meetings, roadshows, conferences, site visits, telephone and conference calls.

We also engage via our regulatory reporting through our annual report, sustainability report, full year results, half year results, trading updates and our Annual General Meeting.

This year we conducted an extensive ESG Materiality Assessment, our second since 2020. Conducting this survey with a representative group of shareholders allowed us to fully understand their salient ESG issues.

What did we learn
Shareholders are valuing the re-emergence of in person meetings and the opportunity to visit our sites. Requests for site visits with both Executive Directors and Senior Leadership Team members have been a recurring theme of our shareholder engagement in 2022.

The results of our Materiality Assessment are detailed in our 2022 Sustainability Report.

What are the outcomes and plan for moving forwards in 2023
We anticipate a full return to in person result roadshows and conferences in 2023. Given the demand we experienced for in-person meetings in 2022 we will look to fully engage with all meeting opportunities, where appropriate, with our shareholder base and also broaden our targeting strategy and initiatives.

Policymakers and Government

How did we engage
We regularly engage with key policymakers and state entities at local and national government level through proactive and transparent communication. Cairn is in a unique and willing position to provide valuable and relevant insights into all aspects of the sector, including planning, design and construction to help in meeting the objectives of "Housing for All".

What did we learn
Government policies are having a positive impact with committed capital funding for scaled Social & Affordable delivery in addition to positive demand side supports now making a meaningful impact in addressing the housing crisis.

What are the outcomes/plans moving forward in 2023.
Position Cairn as the trusted delivery partner of new homes in Ireland across all buyer profiles by reinforcing awareness of our capability through our scale, pace and track record.

CHIEF FINANCIAL OFFICER'S STATEMENT

"2022 saw a return to a full trading year after two years of public health restrictions and construction sector lockdowns and enabled us to deliver a record trading year."

Shane Doherty
Chief Financial Officer

Revenue

2022 saw a return to a full trading year after two years of public health restrictions and construction sector lockdowns and enabled us to deliver a record trading year. Revenues grew by 46% to €617.4 million (2021: €424.0 million), and included €610.8 million from 1,526 closed residential new home sales (2021: €419.4 million from 1,120 closed sales).

Our closed sales had an average selling price, including VAT ("ASP") of €454,000 (2021: €425,000) with the increase primarily mix driven with more higher ASP apartments sold at Griffith Wood. We strive to drive value and quality for our customers and our first time buyer homes remain competitively priced, at an ASP of €415,000 including VAT (2021: €397,000) at a time when we have absorbed approximately €20,000 build cost inflation per new home built.

Gross Profit and Operating Profit

Gross profit of €134.2 million (2021: €83.9 million) equated to a gross margin of 21.7% (2021: 19.8%), helped by an improved product mix and supply chain efficiencies, trending to 21.9% in the second half of the year. Margin was helped by improved mix with more apartments sold as well as improved pricing and supply chain efficiencies, partially offset by the continued impact of build cost inflation.

Operating profit of €103.0 million (2021: €58.4 million) was 76% ahead of 2021 and is after operating expenses of €31.2 million (2021: €25.5 million). The uptick in operating expenses reflects our continued and considered investment in core areas of our growing business. Operating margin of 16.7% (2021: 13.8%) represents continued operating leverage expansion with top line growth outstripping cost increases.

Profit after Tax and Earnings per Share

Finance costs for the year were €9.6 million (2021: €8.1 million). The growth in our business and our continued scaling ambitions resulted in significantly increased working capital investment throughout the year. This was reflected in average higher drawings and increased borrowing costs in a rising interest rate environment under committed debt facilities compared to 2021.

Profit after tax for the period of €81.0 million compared to €43.2 million in 2021, resulting in earnings per share of 11.5 cent (2021: 5.8 cent).

Balance Sheet Efficiency

Total assets were €1,025.3 million at 31 December 2022 (2021: €1,013.0 million), with net assets of €751.8 million at that date (2021: €778.8 million). With €81 million profit after tax, we delivered a return on equity ("ROE") of 11%, a significant increase on the prior year at 6%.

Our well capitalised balance sheet included inventories at 31 December 2022 of €967.3 million (31 December 2021: €940.0 million), comprising land held for development of €628.3 million (31 December 2021: €671.7 million) and construction work in progress ("WIP") of €339.0 million (31 December 2021: €268.3 million). The net WIP investment over the course of 2022 supports strong forward sales momentum, with eight new site commencements in the period indicating the continued growth of our operational scale.

We had net debt of €149.3 million at 31 December 2022 (2021: €109.5 million), comprising drawn debt of €171.0 million (net of unamortised arrangement fees and issue costs) (2021: €149.5 million) and available cash of €21.7 million (2021: €40.0 million).

The €39.8 million increase in net debt was due to a number of factors including €115.8 million of capital distribution outflows and a net WIP increase of €70.7 million after allowing for a significant WIP investment in the year of €469.3 million (2021: €266.5 million), fully aligned to our growth ambitions.

Available liquidity (cash and undrawn facilities) of €199.2 million (2021: €234.0 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 15.4% (2021: 11.7%), reflective of our lowly leveraged balance sheet.

During 2022 we successfully refinanced our €277.5 million syndicate facility into a Sustainability Linked term loan and revolving credit facility with AIB, Bank of Ireland and Barclays Bank Ireland, with a maturity date of June 2027. This maintains our total debt facilities at €350 million. The sustainability performance targets underpinning the new green facilities are linked directly to key elements of our sustainability strategy including decarbonisation, biodiversity and people.

Cash Flow

We generated €93.9 million of cash from operations in 2022 (2021: €88.5 million), including €120.7 million in the second half of the year from 979 new home completions. Our cash generation was also aided by improved profitability and a reduction in land and held at year end. This operating cash generation was after we invested €32.1 million in strategic land acquisitions in the year. We also returned €75.1 million to shareholders through our share buyback programme and a further €40.7 million through ordinary dividends during the year.

Capital Allocation

We take a disciplined approach to capital allocation, balanced between ongoing investment in growing our business and shareholder returns, and remain committed to distributing surplus cash flow and capital to shareholders. Cairn also continues to explore specific returns accretive market opportunities which may result in increased profitability and enhanced shareholder returns in the medium-term, subject to meeting and exceeding our internal returns hurdles.

For the year ended 31 December 2022, we returned €117 million to shareholders, including the Board proposed final dividend of 3.1 cent per ordinary share which, when combined with the interim dividend of 3.0 cent per ordinary share, will represent a total dividend for the year of 6.1 cent per ordinary share, equivalent to €42 million. We also completed a €75 million share buyback programme during 2022 with 65.3 million shares repurchased, and subsequently cancelled, at an average purchase price of €1.15.

Looking forward to 2023, Cairn will continue to pay a progressive interim and final dividend and we also announced a €40 million share buyback programme which commenced on 3 March 2023 as part of our ongoing shareholder returns programme.

We expect to deliver annual growth in volumes, revenue and profitability into the future, supporting medium and long-term significant cash generation, and continue to make progress towards our 15% ROE target.

Operating Review

Record Delivery of New Homes

With continued strong demand across multiple and expanding sales markets and across all price points, we agreed more than 1,600 homes for sale in the year. We invested in new developments and launched new first time buyer and trade-up/down schemes to meet the strong demand from private purchasers at a time when the broader industry appears to have contracted. We successfully launched new schemes at Hawkins Wood (Greystones), Mercer Vale (South Dublin), 1 – 9 Priory (Delgany), Harpur Lane (Leixlip) and Linden Demesne (Maynooth) during the year in addition to ongoing sales launches across other selling sites.

Our first time buyers continue to avail of impactful Government supports, including Help to Buy and the new First Home shared equity scheme which was launched in July 2022. Buyers in this category are now able to access support from the Government of up to 30% of the purchase price of their new home. These initiatives will broaden our first time buyer addressable market into 2023 and provide permanent and affordable home ownership solutions for families who would not otherwise be able to access new homes. First time buyers availed of the First Home shared equity initiative across five of our developments in the second half of the year and the €25,000 increase in regional price caps announced in January 2023 will support more first time buyers across our schemes in 2023.

Cairn has become a more established delivery partner for various State entities over the last two years, including Approved Housing Bodies (AHB), Local Authorities and the Land Development Agency who are the key conduits for delivering the Government's ambitious new Social & Affordable housing targets under Housing for All. Cairn was one of the largest providers of new Social & Affordable housing in Ireland in 2022 and delivered 495 new A-rated homes. This included a substantial number of apartments in our larger developments. We believe that significant opportunities exist for Cairn to leverage our proven operating platform and delivery capability and partner with the State, AHBs, Local Authorities and the Land Development Agency over the coming years in delivering new Social & Affordable homes at scale and pace across our c. 16,800 unit landbank. In 2023, we will continue to use this scale and capacity to create value for the State and increase our delivery to over 800 new Social & Affordable homes nationwide.

Demand for large, newly-built apartment developments on multi-modal transport links and in areas of high employment remains very strong. Having delivered nearly 1,800 apartments across 12 developments to date, we are the largest self-build apartment developer in Ireland. Additionally, we have a further 1,900 apartments under construction across 11 developments. We have a strong track record and proven capability and expertise in the design and construction of scaled apartment developments, and remain the counterparty of choice in the market for delivering new, A-rated apartments. During 2022, an evolving market saw the Government become an important buyer of our apartments. A number of State agencies entered the market seeking to acquire scaled, high-density apartment developments for the Social & Affordable rental market. There is significant, well-funded, depth to this new buyer pool across Local Authorities, Approved Housing Bodies and the Land Development Agency underpinned and supported by the strategy and objectives of Housing for All.

Increased Investment in Delivering More High Quality New Homes

Our proven delivery platform enabled us to commence construction on eight new sites in 2022: new apartment developments at Citywest (Dublin 24) and Parkside (Dublin 13); new starter home developments at Swanbrook, Navan (Co. Meath), Castletroy, Limerick City, Donabate (Dublin) and Callan Road, Kilkenny City; and new trade-up/down development at Linden Demesne, Maynooth and Harpur Lane, Leixlip (both Co. Kildare). We also commenced new phases across a number of existing sites. Our construction activity expansion continued into the early months of 2023 with new starter home site commencements at Clonburris (Dublin 22) and Blessington (Co. Wicklow). Our pre-construction design and development teams continue to progress design team appointments, construction programme planning, phasing plans and procurement across our future sites, with our construction teams commencing enabling works across a number of scheduled 2023 site commencements.

We expect to grow our delivery platform further in 2023, with an anticipated 1,750 – 1,800 sales completions in 2023 providing housing solutions across all tenures. We invested in almost 1,800 new home commencements in 2022, representing a 30% increase on 2021 production. New home commencements, excluding one-off housing, in the broader sector contracted by 12% nationally in the year to 22,262 new homes (source: CSO) and annually rolling commencements fell by 24% between March and December 2022, highlighting the funding and viability challenges facing the broader sector at a time when we continue to play a leading role in driving new homes supply.

Productivity and Efficiencies in our Delivery Platform

Through our "Better Ways to Build" dedicated continuous improvement programme, we focus on innovation, productivity and scaled efficiencies to drive operational delivery excellence and maintain our competitive and market advantage. Key areas include:

- significant investment in IT and digital construction and uptake of new technologies and systems;
- product and site development by advancing OSM (off-site manufacturing), MMC (modern methods of construction), DFMA (design for manufacture and assembly) and design with supply chain partners;
- faster assembly in a more productive off and on-site environment;
- standardisation through our Library of Homes and Apartments (standard internal layouts with different external design options), delivering productivity improvements through repeatability;
- production controls measuring on-site performance;
- lean construction principles and adaptation across production teams; and
- innovation and the formal governance framework which we have established for onboarding and tracking our innovation ideas from proof of concept, through to due diligence and testing in advance of wide-scale implementation.

Supply Chain Strategy

The scale of our new site commencements and commitment to growth is reflected in the significant increase in our investment in work-in-progress during the period, with a spend of €469 million comparing to €267 million in 2021, a year in which our construction sites were effectively closed for 3 months during the second construction lockdown. We continue to leverage the significant sustainable components of our end-to-end operating platform including our planning capability, established supply chain, delivery platform and people. Our supply chain strategy remains focused on leveraging this growing scale as Ireland's largest procurer of residential construction labour and materials through our deep pool of trusted subcontractors and suppliers who have grown their businesses through our operating platform. We have a current committed procurement order book in excess of €400 million on active sites (orders placed and prices fixed on labour and materials) and our top 20 subcontractors account for 60% of all procurement since IPO (an average in excess of €45 million each), working across an average of 17 developments each.

Our strategy is centred on securing, supplementing and where necessary, substituting across our supply chain. We pay promptly and always take account of our supply chain's cash requirements. We utilise predictive analysis in category management to assist in mitigating future resource pressures and a subcontractor relationship management model based on category tiering across core, strategic and development partnerships with our supply chain. We also engage in regular communication and collaboration and crucially provide development pipeline visibility. Our successful supply chain partnership strategy and approach was reflected in our strong subcontractor engagement scores during the year. This is an annual survey which we undertake and enables us to gain feedback, recommendations and insights into areas for us to focus on.

Both our product offering and methods of construction have evolved considerably in recent years. In managing supply chain relationships, we have greater penetration of manufacturers at source. Our design teams specify our specific product requirements and we are the key stakeholder in the use of supply chain products, thus providing greater pricing and product control which feeds into greater efficiencies on site and ultimately de-risks delivery. We also continue to explore and implement more efficient practices to supplement our design specifications through value engineering and our delivery model.

Build cost inflation ("BCI") was a significant factor for our business during 2022 with the cost of building our homes increasing by c. €20,000 per new home. The cost of building new homes in Ireland remains significantly elevated compared to just two years ago with our build costs having increased by c. €35,000 per new home in this period. Inflation persisted into the second half of the year, largely driven by the impact of increased energy costs in manufacturing processes, and the early months of 2023, albeit at much more moderate levels. As things stand, we expect total BCI for FY23 to be c. €10,000 (c. 4%) per new home across infrastructure, labour and materials.

In addition to existing developments under construction, we commenced construction of eight new developments in 2022 and two in the early months of 2023. There are currently 3,500 people (including direct employees, subcontractors and other sector professionals) working across our active sites on a daily basis, a strong validation of the depth of our supply chain.

Planning

We obtained five main grants of planning permission during 2022 comprising nearly 1,700 new homes. In addition, we currently have a number of planning applications in the single-step Strategic Housing Development ("SHD"), the fast-track Strategic Development Zone ("SDZ") and new Large Scale Residential Development ("LRD") planning processes, including our planning application and new masterplan for our Montrose site, comprising 688 apartments and a 192 bedroom hotel, which has been granted approval by the local authority.

Outlook

We continue to look forward to both the near and medium-term with confidence following the significant operational and financial progress we have made since 2021. Our closed and forward order book of 1,503 units at 1 March 2023, with a net sales value of €534 million, includes completions forecast for both 2023 and 2024 trading periods and already underpins more than two-thirds of our delivery target of 1,750 – 1,800 new homes for 2023. Our well-located land bank, significant WIP investment, substantial available liquidity and expected operating cashflow generation leaves us well placed to continue on our scaling journey, whilst being able to reinvest in our long-term sustainable business and deliver meaningful 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.

REVENUE
€617.4m

DIVIDENDS PER SHARE
6.1 cents

GROSS MARGIN
21.7%

LAND AND WIP
€967.3m

OPERATING PROFIT
€103.0m

TOTAL EQUITY
€751.8m

EARNINGS PER SHARE (BASIC)
11.5 cents

NET DEBT
€149.3m

SUSTAINABILITY

Our Commitment to Sustainability

At Cairn we seek to leave a legacy of community and sustainability that will endure long after our work is done. This idea guides our work and is the driving force behind our commitment to decarbonising the built environment, sustainable building practices, quality, health and safety, and respect for our people.

READ OUR SUSTAINABILITY REPORT →
www.cairnhomes.com/about/sustainability

SUSTAINABILITY CONTINUED
CEO STATEMENT

In 2022 we continued to deliver homes at scale amidst the ongoing Irish housing crisis – our purpose and vision are focused on delivering homes and creating positive social impacts when and where they are most needed.

Sustainability is central to our strategy for growth – we are determined to continue to supply homes in this market and equally determined that those homes are energy efficient, high-quality homes that our customers love.

In responding to the housing crisis, we are mindful of our impacts on people and planet. We acknowledge that, at least for the time being, the work of building necessitates carbon intensive materials such as concrete and steel and that once those buildings become homes, ongoing energy demand is created. It is incumbent upon us as a leading homebuilder to show leadership in innovation towards reducing our negative impacts and to continue to augment the positive impacts of our work in every way we can.

To that end, in 2022 we fully measured our scope 3 carbon footprint, deeply analysing life cycle assessments of our products and undertaking scenario analysis to assess the most impactful changes we can make – creating a roadmap to a decarbonised built environment. In so doing, we acknowledge the risks that climate change poses to our business, to our industry, to our planet. It is imperative that we act on this information and work together with our supply chain, to reduce our carbon footprint and mitigate against those risks.

SCOPE 3 EMISSIONS TARGET REDUCTION

61%

overall reduction per sqm by 2030

SCOPE 1&2 EMISSIONS TARGET REDUCTION

46.2%

reduction by 2030 from a 2019 baseline

We submitted our Greenhouse Gas (GHG) reduction targets, covering Scope 1-3, for verification to the corporate gold standard Science Based Targets initiative (SBTi) which requires reductions of at least 7.1% per annum. Our targets will see our business reduce absolute Scope 1 & 2 emissions by 46.2% by 2030 from a 2019 baseline year (4.2% pa) and our Scope 3 emissions by 61% per square metre (sqm) by 2030 versus 2019 (7.1% per sqm pa for the remaining duration of that period), all aligned with a 1.5 degrees celsius maximum global warming future.

Health and Safety is our number one priority, and I am proud to present the advances we have made, maintaining our A rated Safe-T Cert and broadening our work on mental health on site. This is a material issue for our people – we cannot create sustainable communities without due regard for those who work tirelessly on our sites to bring that vision to life. We want everyone to get home safely every day.

Going beyond health and safety, our "Employee Value Proposition" reflects the fullness of each employee's experience at Cairn and can be measured across a number of touch points. This year we retained our Great Place to Work certification with some notable results detailed on page 60. This is attributed to the strides we have made in creating a sense of belonging for all, with best-in-class compound facilities on site and a state-of-the-art A-rated office facility where our shared services teams can enjoy the benefit of collaborative spaces for informal get togethers. All-team events at our new offices allowed us to come together and socialise in ways we have missed over the last three years and provided a fun environment for our expanding teams to get to know one another.

As part of our commitment to sustainable communities we have expanded our pilot Home Together programme for community building. This initiative brings new neighbours together and creates a magnet for the wider community, integrating the new residents of our sustainable Cairn development with the local area.

It is gratifying to hear feedback from our customers who have experienced the benefit of Home Together following the isolation of the pandemic. This acknowledges the importance of community in all of our lives and allows those connections to deepen.

Looking to 2023 and beyond, I am excited to see the changes we can pursue, reducing embodied and operational carbon, creating urban habitats to support biodiversity, evolving our approach to creating a workplace where everyone can flourish and feel a sense of belonging, all in support of our vision of leading the future of homebuilding in Ireland.

> "We are creating sustainable communities that will thrive long after our work is done."
>
> **Michael Stanley**
> CEO

SUSTAINABILITY CONTINUED

HIGHLIGHTS

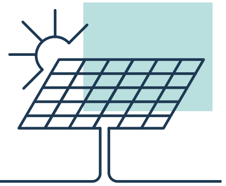
A year of advancing our ESG agenda

2022 was a year of progress for Cairn – we have refined our priorities by revisiting our materiality assessment and gathering deeper data on the impact of our actions. The highlights of our success in this are spread across the entire business, from our new strategy for decarbonisation, to the work on protecting biodiversity on site and above all protecting our workforce through consistent focus on Wellbeing, Health and Safety.

Scope 3 target reduction

61%

overall reduction per sqm by 2030



Scope 1&2 target reduction

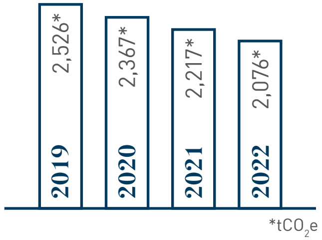
46.2%

absolute reduction by 2030 from a 2019 baseline

Scope 1&2 GHG emissions reductions

-17.8%

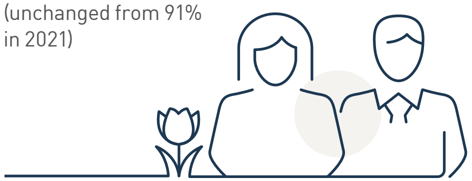
vs. 2019



ED&I agenda

91%

of our employees feel that Cairn is an inclusive workplace (unchanged from 91% in 2021)



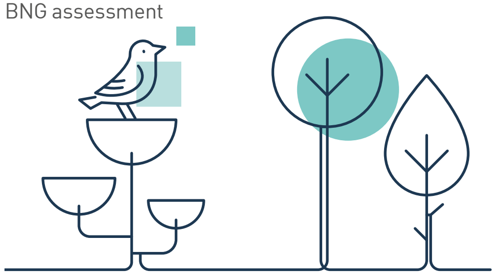
CDP Grade A-

CDP grade A- achieved for our second full submission

Biodiversity

100%

of sites subject to BNG assessment

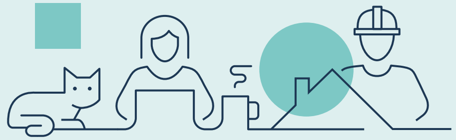


Health and Safety

Safe-T Cert Grade A maintained

People agenda

We undertake regular surveys to better understand how to create a workplace where people thrive, constantly seeking improvement



87%

of employees stated they are offered training and development to further their careers – an increase of 6% compared to 81% in 2021*

82%

overall culture score as part of the GPTW – unchanged from 82% in 2021*

Having achieved Bronze status in 2021, we moved to Silver in the Investors in Diversity pathway with the Irish Centre for Diversity

* Data collected anonymously as part of the independently assessed Great Place to Work (GPTW) survey.

SUSTAINABILITY CONTINUED

OUR VISION

Our Vision for sustainability at Cairn

We seek to leave a legacy of community and sustainability that will endure long after our work is done, contributing to thriving communities in Ireland where sustainability is ingrained in our culture.

Guiding Principle

Sustainable communities is the ultimate guiding principle that guides our work, the driving force behind our commitment to quality, health and safety, sustainable building practices and respect for our people.

Governance

The Board maintains oversight and is ultimately responsible for our performance. Three Board Committees have specific remits to oversee individual strands of our sustainability strategy. You can read more about this on page 10 of our 2022 Sustainability Report.

Our Sustainability Strategy

Our journey to a comprehensive sustainability strategy commenced in earnest in 2020 with our first materiality assessment. This year we undertook our second assessment to fully understand our "double materiality" using a combination of surveys, in-depth stakeholder consultations and workshops.

It is clear, following two materiality assessments, that the most material environmental impacts we have are connected to climate and biodiversity. Our social impacts are centred on our employees and the communities they create, while the supply of affordable homes has become increasingly important.

The housing crisis in Ireland was a recurring theme across stakeholder consultations in 2022; our stakeholders have asked that Cairn show leadership in working to solve the crisis through increasing supply and particularly by working with local authorities and Approved Housing Bodies to provide housing to those most in need.

To become a trusted partner for Government in the pursuit of a collaborative approach in alleviating the housing crisis, Cairn must maintain our focus on sustainable construction. The Irish Government Climate Action Plan sets out a 40% reduction target for our sector by 2030, and this is aligned to global commitments.

For our customers and employees alike, the current cost of living crisis is a challenge. We build energy efficient A-rated, NZEB compliant, quality homes, and we fit heat pumps as standard removing the need for fossil fuel central heating. This reduces the cost of living for our customers over the long term. We provided almost 500 social and affordable homes to this standard in 2022 and we are proud to take a leading role in boosting supply in an under-served market.

However we are not content to stay still, we continue to push for innovation in the way we build, the standards we achieve, and in reducing the embodied carbon in the materials we use. Climate action will be a defining material impact on our strategy going forward. In 2022 we submitted carbon reduction targets for scopes 1, 2 and 3 to the SBTi for verification and expect these to be validated in 2023.

SUSTAINABILITY CONTINUED

DEFINING OUR PRIORITIES: MATERIALITY

Our Priorities – Materiality

We updated our materiality assessment in 2022 to ensure that we have fully understood our sustainability impacts and that our values align with the expectations of internal and external stakeholders.

Materiality Assessment: Our Approach

The first step was to examine our core business activities and relationships and identify the broad impacts of these on both society and the planet. This was informed by expert guidance, our legal and regulatory obligations, and consideration of wider economic, environmental, and social challenges.

Surveys and consultations with stakeholders then helped us to evaluate the significance of the issues. This part of the process mirrored the format of our 2020 materiality assessment to ensure comparability. Initial survey results provided a baseline for deeper consultations with our stakeholders, uncovering more detail on strength of feeling, depth of knowledge and the ways in which individuals rationalise the process of prioritising material impacts. The consultations were semi-structured and covered a variety of areas to gather an in-depth view of our materiality.

The risks and opportunities facing our business arising from the potential impacts of people and planet on our business was assessed through a rigorous risk assessment process.

READ MORE →
p12, 2022 Sustainability Report
www.cairnhomes.com/about/sustainability

Materiality Matrix

The chart opposite shows the output of the assessment. Impacts most relevant to stakeholders are represented on the vertical axis of the materiality matrix shown on the right. An internal workshop determined the relationship with topics material to Cairn as a business – this is represented on the horizontal axis. Thus the most important impacts are represented in the top right hand corner.

This matrix, along with developing a materiality threshold, enabled the prioritisation of the most significant impacts for reporting.

1. Climate Action
2. Biodiversity
3. Equality, Diversity and Inclusion
4. Responsible Sourcing
5. Affordability and supply of housing
6. Health and Safety
7. Fairness & Ethics
8. Transparency
9. Communities
10. Energy efficiency
11. Efficient use of raw materials
12. Air quality
13. Supply of skilled labour
14. Fire safety
15. Workplace wellbeing
16. Sustainable transport
17. Excellence in customer service
18. Smart buildings
19. Waste management

SUSTAINABILITY CONTINUED
CLIMATE ACTION

Emissions occur throughout our value chain from the materials we purchase, to the preparation of a site for building, through to the activity on site as homes are built, and finally once our customers move in. Our Scope 3 emissions are linked to the energy demand created by those living in our homes.

The links between biodiversity, including water stewardship, and climate are well established. At Cairn we see the reduction of the impact our activities have on biodiversity on our sites not just as a standalone activity but as an extension of our work to reduce our climate impacts.

SCOPE 1 & 2 COMBINED TARGET

46.2%

absolute reduction by 2030 from a 2019 baseline

SCOPE 3

7.1%

minimum per sqm per year to 2030

We submitted our targets for reducing our Scope 1, 2, and 3 GHG emissions to the corporate gold standard SBTi (Science Based Targets Initiative) and we expect to have these targets validated in 2023.

We have already taken action and there is more to come, through our next steps and strategic priorities:

Our Main Sources of Emissions	Action Taken	Next Steps	Strategic Priorities
Direct Emissions SCOPE 1 & 2 Reducing diesel and switching to renewable energy READ MORE → p39	Switch to Hydrotreated Vegetable Oil ("HVO") and moving away from gas as a fuel for homes	Continue our move to 100% certified renewable electricity sources	We are committed to reducing our Scope 1 & 2 emissions as much as possible. With this in mind, we are investigating switching our fleet to electric vehicles.
Groundworks and site preparation SCOPE 3 Soil management and site investigation and preparation prior to work commencing READ MORE → p39	2020: Soil stabilisation through rapid impact compaction. 2021: broader soil management to include detailed surveys and maps which analyse the level and conditions of the site before works commence. This allows us to target net zero soil import and export by maximising the onsite "cut and fill"	Continue to target net zero soil import and export by maximising the onsite "cut and fill"	2023 and beyond: we will continue to enhance our site investigation and design analysis to optimise how we build and to ensure we reduce our impact on the environment as much as possible.
Embodied Carbon SCOPE 3 Actions relating to the materials: Concrete, timber, glass, metals, plastics and waste	We use timber frames as standard, modular balconies and bathroom pods	Reduce waste by increasing the use of pre-fabricated elements	Research & development: using our Life Cycle Assessment ("LCA") outputs and existing research as a guide, we will focus on component level changes (e.g. roof trusses and balconies) to reduce our emissions.
Emissions SCOPE 3 From the use of the home (actions relating to the energy used by the home over its lifetime) including heating, hot water, lighting and appliances. Our LCA research has shown that this is one of the priority areas for achieving Scope 3 emissions reductions.	Heat pumps, double glazed, minimum BER A rated	We will pilot an ultra low energy demand home and focus on educating our customers as to best use of their home via our Customer Care Portal.	We aim to build homes with ultra low energy demand as standard. This will mean we focus on increased insulation, triple glazed windows, mechanical ventilation with heat recovery and other adaptations.

SUSTAINABILITY CONTINUED
BIODIVERSITY

Our Biodiversity Key Mission

Our key mission in 2023 is to enhance our efforts towards our ultimate goal of achieving Biodiversity Net Gain (BNG) on all of our developments.

We have tied achieving our BNG Targets to Executive remuneration, ensuring it is front and centre in our corporate actions.

We continue to support the All-Ireland Pollinator Plan with our Pollinator Friendly planting and landscape works across all of our developments and have been acknowledged by the National Biodiversity Data Centre as a Pollinator Friendly business since 2018. As of 2022, all of our pollinator plan activities up to 2021 have been mapped on the All-Ireland Pollinator Plan website.

We have continued to be supporters of Birdwatch Ireland, an independent conservation organisation, and have collaborated with them on implementing a significant nesting box project as part of our Archers Wood development including the installation of barn owl and woodpeckers nesting boxes.

Site-specific projects are bolstered further by our pollinator-friendly strategies across all Cairn schemes. These include:

- 100% of sites have had a biodiversity assessment
- Pollinator-friendly mixes of perennials and flowering shrubs in all front gardens
- Native tree planting in open spaces and private gardens
- Mixed bulb drifts of pollinator-friendly plants
- The provision of a packet of pollinator-friendly bulbs and information to every new homeowner

Harpur Lane, Leixlip, Co. Kildare

In our Harpur Lane development in Leixlip we supplemented the existing planting with hundreds of new native trees and understory planting. In addition, we planted 250 sqm of wildflower meadow along an existing water stream, which has been retained and remodelled with naturally built-up small stone weirs to oxygenate the water. We also installed bird and maternal bat roosts on site during construction which is on-going.

Linden Demesne, Maynooth, Co. Kildare

In our Linden Demesne development, in addition to the retention and regeneration of 150m of native hedgerow habitat, we are planting for the succession of hundreds of new trees, all of native species. A water pond is being designed to enrich the habitat.

Every garden is supplied with native floral planting and a birdbox based on designs supplied by Birdwatch Ireland.

Parkside, Dublin 13

Now in development, this also will be one of our first ever certified Biodiversity Net Gain developments. A full biodiversity survey has been commissioned and a planting and action plan is ongoing. Engagement and planting with local schools has already begun.

Clonburris, Dublin 22

Starting this year, Clonburris will be our flagship development for sustainability. Last year we harvested haws from the hawthorn trees on the site, and they are now in their first-year propagating in a nursery, allowing for sustained mature replanting. A biodiversity survey has taken place and a full plan targeting Biodiversity Net Gain is in development.

Hawkins' Wood, Greystones, Co. Wicklow

In addition to our standard Pollinator-friendly mixes of perennials and flowering shrubs in all front gardens, and native tree planting in open spaces and private gardens, we designed a showcase biodiversity garden to promote the individual actions our customers can take in their own spaces.

Citywest Phase 3, Dublin 24

Now in development, this will be one of our first ever Biodiversity Net Gain developments and is due for completion in 2023 – 2024. A full biodiversity survey has been commissioned and a planting and action plan is ongoing.

Graydon, Newcastle, Dublin 22
In our Graydon Development we have developed a 2.0 hectare public park with extensive native tree planting and meadow seeding. Overall, 3,400+ trees have been delivered at Graydon of which 2,965 are native.

Mercer Vale, Cherrywood, Dublin 18
We planted a new native hedgerow in our Cherrywood housing scheme. We are using pollinator-friendly mixes of perennials and flowering shrubs in all front gardens. Native trees in open spaces and private gardens create habitats for the future.

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

The apartment blocks at this development have been seeded as green roofs. We also sowed wildflower meadows in our courtyards and grounds.

We continue to support the All-Ireland Pollinator Plan with our Pollinator Friendly planting and landscape works across all of our developments.

SUSTAINABILITY CONTINUED

WELLBEING & EQUALITY, DIVERSITY AND INCLUSION (ED&I)

We aim to create a place where people love to work through our focus on diversity and inclusion

Business in the Community Ireland

To support our ED&I strategy, this year we continued our partnership with Business in the Community Ireland (BITCI). As part of this partnership, we took part in their mentoring programme, where Cairn employees partnered with Leaving Cert students in Delivering Equality of Opportunity in Schools ("DEIS") schools in Dublin, to mentor them through part of their 5th and 6th year. 12 students were chosen to meet 12 employees monthly to help support them through their Leaving Cert preparation and give career guidance. This initiative began in May 2022 and will continue to April 2023 for this cohort.

BUSINESS IN THE COMMUNITY IRELAND

Irish Centre for Diversity

We continued our Partnership with the Irish Centre for Diversity ("ICD") by rolling out their "Silver survey" and achieving "Silver" Status in February 2023. The results of this will inform our roadmap for 2023 to achieve the Gold accreditation.

Investors in Diversity SILVER

Volunteer Days

To encourage our employees' desire to get involved and support those less fortunate, this year Cairn introduced "volunteer days". We introduced two paid volunteers days for our employees to use to support charities and causes close to them. These can be used for either team or singular initiatives.

Our Health and Wellbeing Offering

This year we expanded our Health and Wellbeing programme for employees further than ever before.

The key actions we took as part of this expansion were:

- celebrated Employee Appreciation Day with pizza lunches and a half day for all employees.
- launched our "Take a break" campaign which encouraged employees on site and in central office to take a break during the day and chat with colleagues.
- expanded IrishLife healthcare from couples to dependents. This resulted in a further uptake of this benefit.
- increased our maternity and paternity leave pay from 75% of salary to 100% of salary for both.
- increased our paid sick leave entitlement to 10 days.
- quarterly Wellness Seminars provided to all employees by our Wellness Partner such as "Sleep Hygiene", "Building Resilience" and "Money Management".
- all policies were rewritten to align to updated legislation to give clear guidance to employees on their entitlements.
- increased the number of societies and clubs for our people to join based on their interests e.g. Golf Society and Theatre Club.

91% of employees feel Cairn treat employees fairly regardless of their sexual orientation, gender, race or age

KEY RESULTS:

EMPLOYEE RESPONSE RATE

93%

RESPONDENTS WHO SAID CAIRN IS A GREAT PLACE TO WORK

83%

LISTED IN

Top 20

of the Best Large Workplaces at the GPTW awards

We have retained our Great Place to Work accreditation for a second consecutive year

Great Place To Work. Certified DEC 21 – DEC 22 IRELAND

Task Force on Climate-related Financial Disclosure (TCFD)

Governance

The Board is ultimately responsible for ESG at Cairn while the Executive Directors (CEO and CFO, who are board members) maintain full strategic and operational oversight of the 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.

At each Board meeting (approximately eight per year), progress towards our strategic objectives is discussed, together with factors that are affecting or may affect those objectives and our strategy. Climate-related issues are 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.

The Audit & Risk Committee maintains oversight of the risk register, monitors our response to risk and has identified the impacts of climate change as a principal risk. 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. This is reflected in the inclusion of sustainability within our LTIP (Long Term Incentive Plan), which in turn is underpinned by sustainability metrics incorporated into our remuneration frameworks (approved by the Remuneration Committee), ensuring that targets and objectives of employees, including Executive Directors, and the business, are aligned.

The Chief Executive Officer retains responsibility for defining the strategic direction of the business and Cairn's climate-related performance. Operationally, our Senior Leadership Team, supported by Cairn's ESG Team and Innovation Forum, direct the management of climate-related risks and opportunities. 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 promoting Company values. Through our People Strategy, the Chief People Officer ensures that climate-related issues, and our response to them, are 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.

Our disclosure is in line with latest TCFD guidance, recommendations, and publications. We will continue to enhance our TCFD disclosure in line with latest guidance and supplement our responses.

All employees in Cairn, regardless of seniority, are responsible for supporting the delivery of goals and objectives, and identifying and managing risks.

SUSTAINABILITY CONTINUED

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX CONTINUED

Strategy

Our risk management framework, which identifies climate-related issues as a principal risk and uncertainty, considers all risks on the basis of three horizons.

The climate-related risks and opportunities presented here were identified through our climate-related scenario analysis. Further details of this analysis can be found on page 64.

RISK TIME HORIZON EXPLAINED

Here and now
Risks to the immediate term (one year or less) goals and objectives of the business

Medium-term
Risks with a horizon of between 1 year and 4 years

Long-term
Risks with a horizon of more than 4 years

Climate-related risks are categorised into "transitional risks", being the risks related to the transition to a lower carbon economy and "physical risks" being risks arising from the physical effects of climate change.

	TCFD Risk/ Opportunity Type	Description	Time horizon	Response
Transitional Risk	Technology	Risk that Cairn may be unable to transition to low carbon options at the pace needed. For example, there are often public/local authority obstacles to using reused materials within Cairn sites. And where these obstacles are overcome, there may be issues with securing a reliable supply of those materials on a large scale. Some targets for reduction would require timber frame in apartments, which is not currently the norm. There is also a consideration that financiers may not lend to potential customers if units are not built to certain specifications e.g. no brick and clad.	Long-Term	Our Technical team continues to review low carbon products, systems and processes for our housetypes. We are members of the Irish Green Building Council and actively participate in the Healthy Homes Ireland Forum with the aim of delivering greener, healthier homes.
Transitional Risk	Emerging Regulation	Emerging regulation poses a risk to Cairn. Increasing carbon pricing may lead to an increase in material costs as manufacturers face increased costs. There is also increasing regulation on energy efficiency, which Cairn must keep up with. There is focus on retrofit of existing buildings and quotas on new builds in Net Zero scenarios for Ireland. Cairn does not currently retrofit and may be limited in output in these scenarios. Broader planning conditions expected to include more environmental mitigation, specifically related to biodiversity and climate resilience.	Medium-Term	We have submitted a Science Based Target for validation by the Science Based Targets Initiative in line with a 1.5°C pathway. This will guide our internal strategy towards the same goal as national and EU regulation to keep in line with the Paris Agreement and mitigate risk from emerging regulation.
Transitional Opportunity	Products and Services	Scenarios to keep in line with national climate reduction targets show all new builds should be A rated and have heat pumps as a heating source. This demand may come from any or all parts of our customer base including individual homebuyers and institutional buyers, particularly Government agencies.	Medium-Term	All of our new houses have heat pumps by default and all of our homes have a BER rating of A3 or above. We are also researching passive house standards to further reduce energy demand for the homes we build.
Physical Risk	Chronic Physical	In extreme scenarios, there is expected to be an increase in heatwaves and temperatures overall in Ireland. Homes sold by Cairn need to be able to withstand these rising temperatures and not overheat more than 2-3% of the year. An increase in dry periods may also lead to an increase in dust on site. The implication of excess dust exiting the site is that there can be a work stoppage, or site closure by the EPA, County Councils or the HSA. A decrease in rain in the summer may also lead to stress on water systems. Increased rain in winter may lead to a higher risk of accidents and could mean that homes need to be designed differently to account for changing subsidence patterns.	Long-Term	Our technical, construction and environmental teams are analysing the impact of shifts in climate patterns such as prolonged increasing temperatures on our house types. As an ongoing project they are assessing mitigating overheating in our homes through altering our home designs and any impacts that would have on costs. We closely monitor weather forecasts to ensure worker safety, and make preparations or adjust build schedules where needed. Remediations are designed on a site by site basis, informed by a pre-commencement risk assessment and responsive mitigation plan based on: (i) implementation of a robust dust minimisation plan during specified weather conditions (e.g. wind, dry spells, etc.); (ii) regular water suppression of site haul roads and other areas that are in close proximity to sensitive receptors; (iii) implementation of dust fogging systems for high-risk sites; and (iv) systematic dust suppression.
Physical Risk	Acute Physical	Rising sea levels and increased rainfall in winter are expected to lead to a higher risk of flooding in Ireland. This may pose an issue for Cairn if potential customers face challenges when looking for mortgage approval or home insurance due to changing flood plains. For example, where homes are built on areas that were not deemed to be flood plains during development but are expected to become floodplains in a >3°C scenario.	Long-Term	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 developed to respond to site specific risk and mitigate the cost impact. Flood risk assessments are a key part of our land appraisals.

SUSTAINABILITY CONTINUED

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX CONTINUED

Strategy continued

Climate change represents a principal risk and uncertainty to our strategic intent. We reviewed two scenarios to identify climate risks and opportunities, aligned to 1.5°C and >3°C models, to inform our strategy.

Scenario Analysis

This year we underwent a more detailed scenario analysis than in 2021, constructing a bespoke scenario relevant to our industry. Quantitative measures have been used to assess climate related risk and opportunities impacts. However, the assessment of risk impact is still ongoing while we refine this assessment process.

We reviewed two climate scenarios this year to identify climate related risks and opportunities. The first scenario was a transitional scenario in line with a 1.5°C world which included inputs from Ireland's Climate Action Plan 2021, International Energy Authority (IEA) Net Zero by 2050 Scenario, the London Energy Transformation Initiative (LETI) and the Irish Green Building Council. The second scenario was a transitional scenario in line with a >3°C world and based on climate modelling from EPA Ireland. This showed Ireland's climate from 2041-2060 modelled with the IPCC Representative Concentration Pathway (RCP) 8.5 scenario. This climate related scenario analysis helped to identify material risks and opportunities and inform our strategy for managing these risks.

Where possible, we have estimated the potential financial impact of climate related risks and opportunities. The transitional and physical climate risks and opportunities of our product directly influence our financial planning through three key processes outlined below:

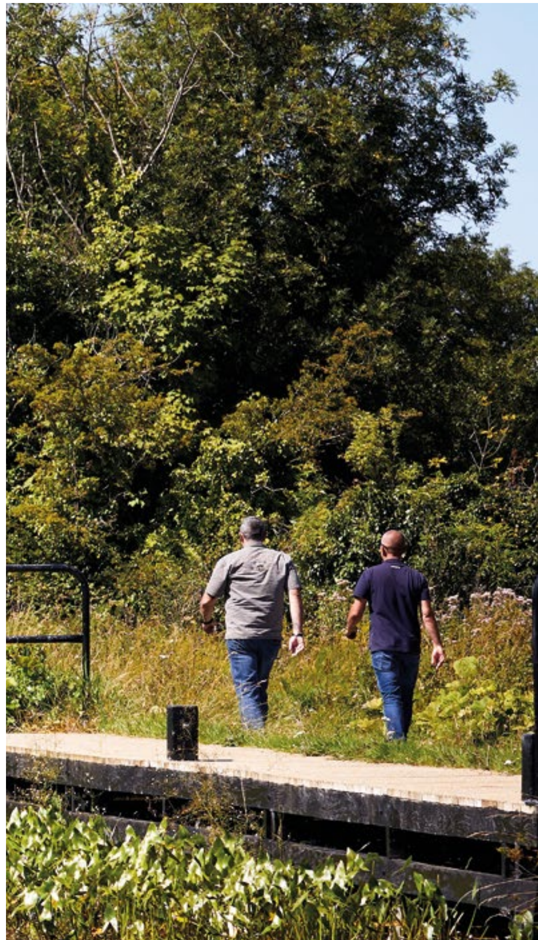
1. Risks and opportunities influence financial planning through ongoing cost benefit analyses of new technologies and options for more sustainable construction or green building. The known and material environmental benefits of new technologies are noted and addressed in a qualitative manner in this analysis while financial impacts on costs and revenues are recorded in monetary terms.

2. Project-level financial appraisal that accounts for the additional costs associated with mitigating known risks as well as savings or increased revenue associated with climate opportunities. This includes a tender assessment for each element procured. Cost of all known inputs then form the budget for the project.

3. Strategic cost planning for the business as a whole is undertaken annually and is based on projections of costs and revenues for future developments and operations including those associated with climate risks and opportunities. This process covers an eight-year time horizon.

We recognise that climate change represents a principal risk and uncertainty to our strategic intent. Consequently, 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 informs our strategy and goals creating a positive feedback process in which climate-related risks and opportunities play a fundamental role in defining strategy, with goals and objectives to mitigate or capitalise on opportunities having budgeted cost and margin impacts.

In 2022, we set Science-Based Targets for our scope 1, 2 and 3 emissions to drive down future carbon emissions and have aligned to 1.5°C. While completing this process we modelled various reduction targets on current and future developments. This exercise has allowed us to understand the potential changes that will be required operationally from the business and the outcomes they will cause. We have linked our carbon reduction commitments to a sustainability linked loan to ensure action.



Risk Management

Our risk management framework assesses climate-related risks and opportunities, through engagement at all levels of the business to ensure comprehensive identification and evaluation. 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).

The purpose of the risk management process is 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.

Risk management is an important tool and 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, we seek 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 if 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.

Our approach to the assessment of risk is consistently applied based on 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.

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.

SUSTAINABILITY CONTINUED

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX CONTINUED

Risk Management continued

Metrics and Targets

For the 2022 reporting period we are disclosing the metrics to assess and manage climate related risks and opportunities as set out within the "Disclosures and Performance" section of our 2022 Sustainability Report.

As a homebuilder, we operate in an energy intensive industry. Emissions are the key driver of global temperature rises 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. Our Scope 1 and 2 emissions are reported under GRI-305-1 and GRI-305-2. Our Scope 3 emissions are reported under GRI-305-3.

This year we solidified our commitments to change for the better at Cairn and lead the way for our industry:

- submitted science-based targets to the SBTi for scope 1, 2, and 3;
- completed an updated materiality assessment to better understand the impacts of our activities;
- continued our support for Business in the Community Ireland's Low Carbon Pledge, showing leadership by achieving the goal of setting Science Based Targets.

We have taken our commitments further by incorporating sustainability into our remuneration frameworks. This demonstrates the importance we place on accountability for our sustainability commitments.
We have:

- incorporated environmental metrics on biodiversity net gain into our long-term incentive plan; and
- incorporated 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.

PERFORMANCE*

KPI	Code	2022	2021
Gross direct (Scope 1) GHG emissions	GRI305-1	1,777 tCO_2e	1,522 tCO_2e
Gross market-based energy indirect (Scope 2) GHG emissions	GRI305-2	299 tCO_2e	695 tCO_2e
Gross other indirect (Scope 3) GHG emissions by category (including embodied carbon)	GRI305-3	209,685 tCO_2e (1.41 per square metre)	177,138 tCO_2e (1.49 per square metre)
Total energy consumption within the organisation	GRI302-1	10,647,906 kWh	10,211,304 kWh
Total weight of waste generated including breakdown by disposal route	306-3, 306-4	12,810 tonnes 3.9% sent to landfill (495t) 96% recycled or recovered (1,096t recycled and 11,219t recovered).	6,810.7 tonnes 4.0% sent to landfill (272t) 96% recycled or recovered (538t recycled and 6,001t recovered).
Percentage of sites with biodiversity impact assessments	Industry	100% of our developments meet this standard.	100% of our developments meet this standard.

* Further details on our Global Reporting Initiative ("GRI") reporting is detailed within our 2022 Sustainability Report.

As you can see from the table above, our combined Scope 1 and Scope 2 GHG emissions have reduced by 6.4% in 2022 vs. 2021, and our Scope 3 GHG emissions on a per square metre basis, have reduced by 5.4% over the same period.

"I am particularly proud of the significant progress we continued to make in executing our sustainability strategy throughout 2022, how we have weaved this into our broader strategic objectives and critically into our ways of working."

Michael Stanley
CEO

Informing business decisions through effective risk management

The identification and management of the uncertainties that affect our business is central to ensuring we are able to meet our strategic, operational and financial objectives. The investment we have made in our risk controls underpins this, creating a systematic and proactive process for risk management that provides meaningful insights into the risk landscape we operate in, whilst informing our strategy and supporting operational delivery.

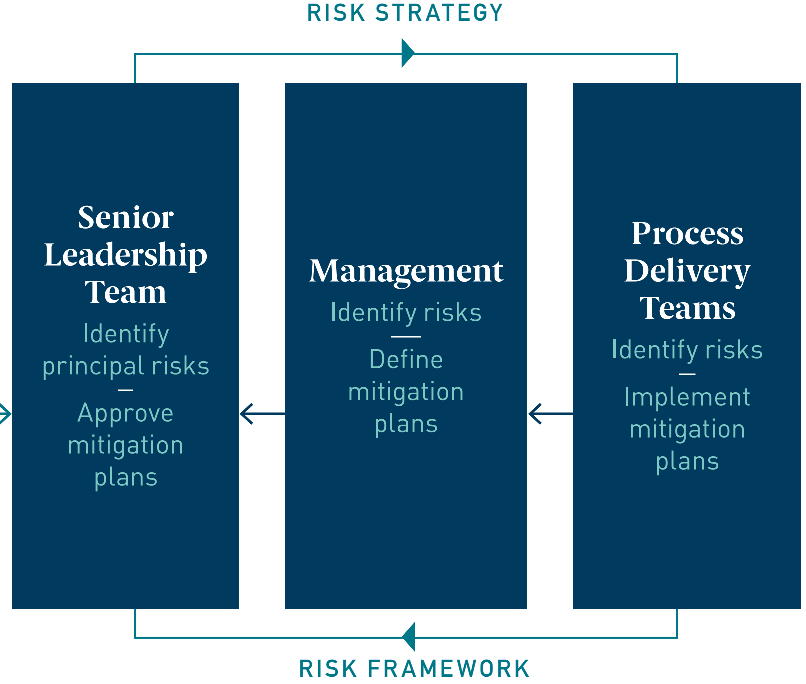
Risk Governance

Board of Directors

The Board has overall responsibility for ensuring the level of risk to which Cairn is exposed to is appropriate to its objectives and risk profile; it is also responsible for setting the risk appetite and overseeing the effectiveness of the process for identifying, assessing and managing risk.

Audit & Risk Committee (“ARC”)

The ARC monitors the effectiveness of Cairn’s risk management framework and its implementation, on behalf of the Board, and maintains oversight of the Group’s risk register. This includes ensuring the Group’s principal risks and uncertainties are identified, assessed and controlled, and that the potential impact of risks on the Group’s strategy are mitigated. The ARC receives from management a comprehensive risk report at each of its meetings, where it also reviews and considers the Group’s risk register.



The risk management framework operated by Cairn is intended to ensure the effective identification and management of risk, in accordance with Cairn’s overall risk appetite, its strategic objectives, and accepted risk management standards. This framework is established throughout Cairn’s process delivery teams and facilitates comprehensive risk identification, an upward reporting of risks and opportunities, and an effective approval and oversight of mitigation plans by management and the Senior Leadership Team. As part of this framework, the Senior Leadership Team determines the strategic approach to risk, establishes our structure for risk management, and ensures the most significant risks for the business are identified, understood, and effectively managed.

The Risk Management Process

Cairn is committed to ensuring its risk management process matches its strategic, operational, and financial objectives. This process is always being reviewed to ensure it is effective and meaningful.

To help ensure our strategic plans positively respond to changes in the risk landscape, our risk management process also seeks to identify future risks: those which may emerge in the medium to long-term. This has specifically included detailed consideration of the transitional and physical risks related to climate change, which are separately identified in the TCFD section on page 61.

Informing strategy

The risk management process, and the risks it identifies, is fundamental to the development of Cairn's strategy, the ongoing monitoring of that strategy, and its persistent review. The risks associated with the Group's business are deeply understood by management and the opportunities they present are reflected in how Cairn has developed and grown its business. In turn, the process of developing the Group's strategy informs how the management of risks, and opportunities, should be adjusted to ensure success.

Identification of risks

Facilitated by professional risk advisers, all levels of the business support risk identification and evaluation. This includes process delivery teams, who are tasked with identifying risks that could impact strategic goals and operational activities.

The Senior Leadership Team actively engages in this process and meets formally throughout the year to review risks identified by functional management, augment those risks with risks identified by the Senior Leadership Team, and ensure new and emerging risks are identified and managed.

Alignment of risks

Once 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 inflation. 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 then specifically manage.

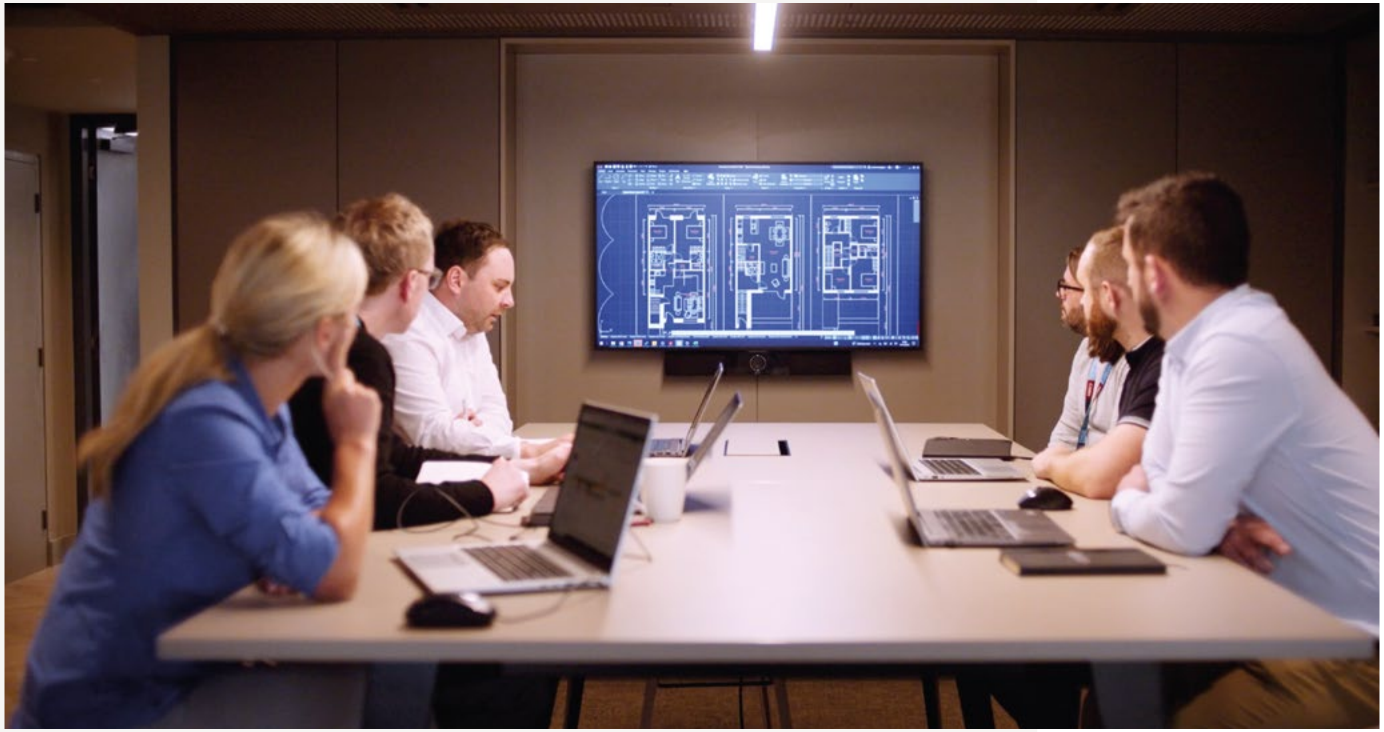
Assessment of risks

Our assessment of risk first requires us to consider how likely it is the risk will occur, and then the impact of the risk on Cairn 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.

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. Supported by a comprehensive risk register, plans for managing risks 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.

Risk Management in Action



Addressing product mix

Cairn's core target market is private buyers, with a particular focus on starter homes for first-time buyers. We are also Ireland's largest self-build apartment developer with nearly 1,800 apartments delivered to date across 12 developments, and a further 1,900 apartments under construction across 11 of our new developments.

However, Cairn is also proud to be one of the largest providers of new Social & Affordable housing in Ireland, having delivered almost 500 new A-rated homes in 2022. This included a substantial number of apartments in our larger developments.

The Group fully recognises the risks associated with an over-reliance on any single buyer type, as confirmed through Cairn's risk management process, so our strategy has always been to achieve our ambitious growth targets across multiple and expanding buyer profiles.

With our strong track record, as well as our design and construction capability and expertise in high density developments, we remain the counterparty of choice in the market for delivering new, A-rated apartments. The demand for large, new apartment developments on multimodal transport links and in areas of high employment remains very strong, in particular from State agencies. We have worked hard to create meaningful relationships, through a partnership approach, with the deep pool of State agencies who are actively seeking new turnkey Social & Affordable homes.

Anticipating and predicting the risks associated with changing economic conditions, and identifying how this could provide better opportunities for State agencies and Approved Housing Bodies, to meet their Social & Affordable housing targets, has been fundamental in informing our strategy and supporting our growth plans.

Working closely with State agencies, Cairn has ensured it properly understands their needs and can anticipate demand. With this knowledge, and to support the State in maximising this opportunity, Cairn has ensured that our mixed-tenure, A-rated developments are capable of addressing the needs of each of our private and public sector markets. This has been underpinned by a risk informed strategy in designing and progressing market appropriate planning permissions, ensuring Cairn's developments meet anticipated future demand whilst securing a scaling delivery pipeline which can meet this pent-up annual demand into the long-term.

In 2023, we will continue to use our scale and capacity to create value for the State and we will increase our delivery to over 800 new Social & Affordable homes nationwide.

Principal Risks and Uncertainties

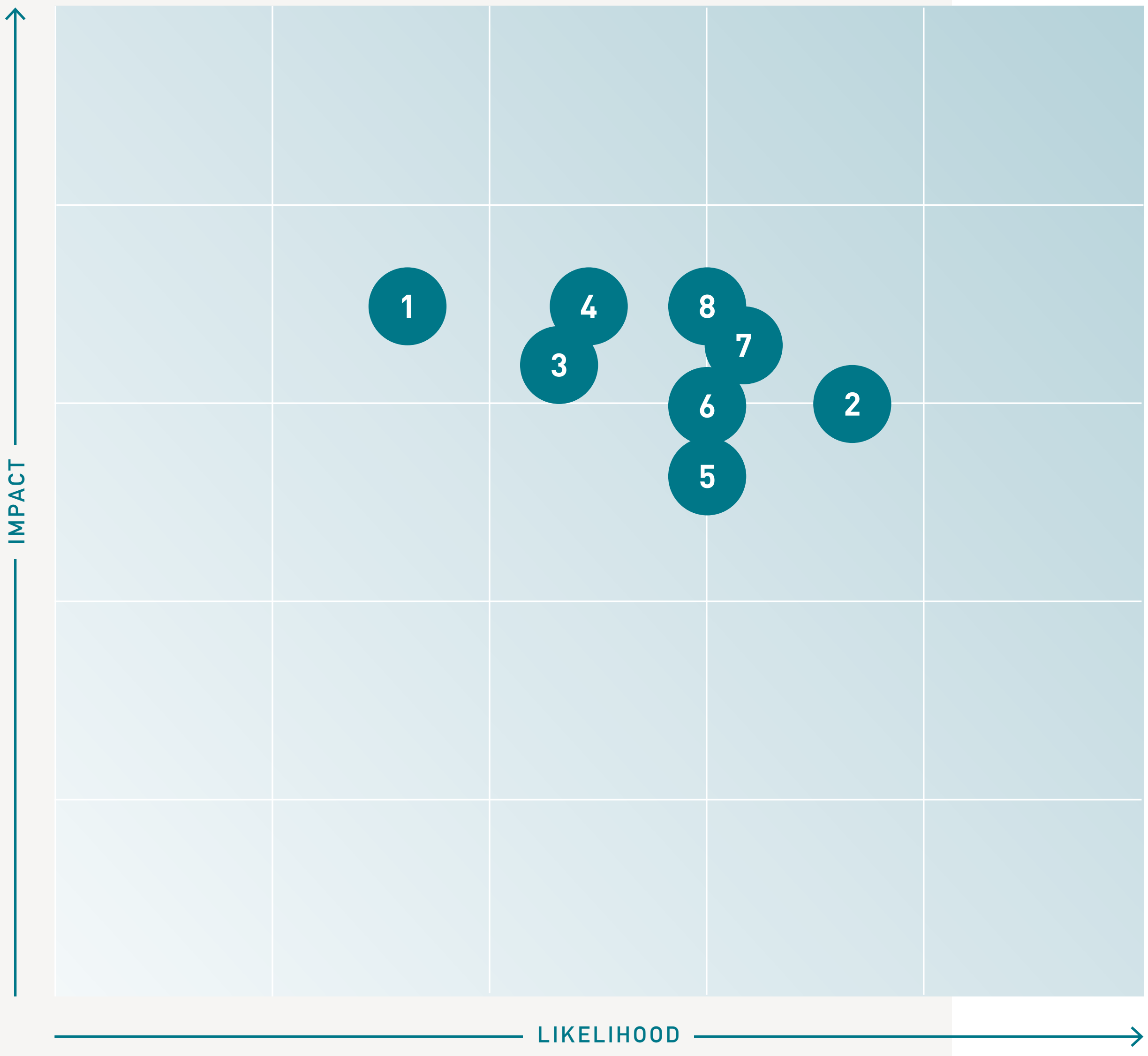
The risk management process described above has supported the identification of eight principal risks that, should they arise, could have a material impact on the Group's ability to meet its strategic and financial objectives. These risks are described in further detail from page 72. These principal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

The risk heat map shows the risk weighting of each principal risk. Management's view of the risk trend is shown in the summary of each principal risk.

Principal Risks

1. **Economic:** Economic conditions, including mortgage availability and affordability, may adversely affect house prices and sales rates.
2. **Policy:** Local and national policy or regulation in respect of residential property development adversely impacts the Group.
3. **Brand:** Brand reputation is damaged through Cairn's failures or the failures of its supply chain.
4. **Financial:** Cairn substantively fails to meet financial targets or obligations, suffers unexpected financial loss, or misstates its financial position.
5. **Development:** Developments fail to meet the operational or financial targets set for them.
6. **Compliance:** Cairn fails to meets its legal and regulatory obligations (such as health & safety or data protection).
7. **People:** Cairn fails to recruit, engage, and retain the right employees, in the right positions, to deliver its strategy.
8. **Climate:** Cairn fails to anticipate and address the strategic, market, regulatory, and operational impacts of climate change.

Risk heat map



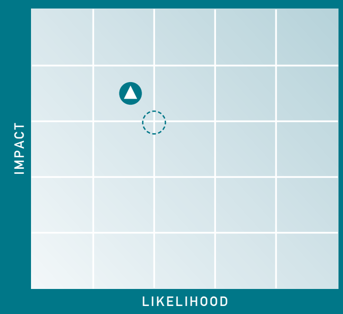
Principal risk: Economic

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

Risk Landscape: The pandemic and subsequent war in Ukraine precipitated significant global economic inflation and a slowdown in economic growth. Notwithstanding these macro pressures, Ireland continued to suffer from a significant shortfall of housing supply relative to demand, and house price inflation continued, albeit at a slower rate as the year progressed.

An increasing interest rate environment has led to reduced demand from institutional buyers for scaled apartment developments. However, this has been more than offset by significantly increased demand from State agencies looking to meet the shortfall of housing stock through high quality, sustainable and well-progressed developments. Cairn has proactively developed multiple routes to market, and created strong and established relationships across all buyer pools.

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 impacts of changing economic conditions are minimised.



Risk Trend
- Risk increased
- Risk decreased
- Risk unchanged
- 2021 position

RISK FACTORS	RESPONSE	RISK TREND AND STATUS	STRATEGIC PRIORITY
Cairn's product mix is impacted by specific economic/policy factors. This could impact the saleability of current or planned schemes and/or limit the scope for future schemes.	Cairn actively manages the mix of its broadening customer base, ensuring the potential risk of over reliance on a specific buyer pool is mitigated by our strategy of focussing on multiple routes to market and maintaining that flexibility in our product mix across private, State and institutional buyers. Large schemes are designed for mixed tenure delivery and this is a fundamental part of the Cairn business case. Cairn's development mix means it is able to quickly adapt to changing market conditions with both existing stock and planned developments. **Risk Owner:** Chief Financial Officer	There is very limited risk of Cairn's existing stock and planned developments being reliant on specific economic or policy factors.	OPERATIONAL EXCELLENCE

RISK FACTORS	RESPONSE	RISK TREND AND STATUS	STRATEGIC PRIORITY
Economic factors, including inflation, rising interest rates, adverse mortgage conditions, or falling employment, create uncertainty in the demand for residential housing.	As a key part of its strategic activity, the Group is active in ensuring it can anticipate all emerging aspects of Irish housing market conditions to ensure its current and future development activities match anticipated market demand. This includes monitoring mortgage availability, the impacts from CBI mortgage rules and regulations, mortgage lending, mortgage market participants and mortgage interest rates, and is a standing agenda item at the Board. **Risk Owner:** Chief Financial Officer	General consensus amongst Irish economists is that expected interest rate rises will not adversely impact house prices given the lack of supply, the level of demand and the cost of renting. This is evidenced by mortgage/ownership costs still being significantly below rental costs, and stable levels of mortgage approval. Notwithstanding this, the Irish economy is expected to grow at a slower pace in 2023.	OPERATIONAL EXCELLENCE
Land value reductions adversely impact the Group's balance sheet and its current land cost advantage in respect of planned developments.	The Group continues to actively manage its landbank and associated carrying value to ensure that at all times the landbank does not exceed the requirements of its future growth ambitions in a profitable manner. **Risk Owner:** Chief Financial Officer	The market for development land continues to support development land values.	OPERATIONAL EXCELLENCE

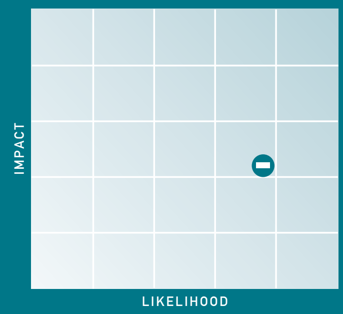
Principal risk: Policy

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

Risk Landscape: During the year revised county development plans were developed and published by some local authorities. Cairn actively engaged in the consultation process where it was appropriate to do so. A small number of published plans have given rise to concerns for Cairn, as they have sought to limit future developments based on underestimated prospective housing needs and demand.

The Strategic Housing Development ("SHD") planning process scheme ended in 2022, replaced by the Large-Scale Residential Development ("LRD") planning process. This will be monitored closely to understand the specific risks associated with it. However, it is anticipated that changes to the State's main planning oversight body, as well as the Government's proposed Planning and Development Bill, if passed, may help to overcome some of the factors that can cause delays in planning grants.

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



Risk Trend
- Risk increased
- Risk decreased
- Risk unchanged

RISK FACTORS	RESPONSE	RISK TREND AND STATUS	STRATEGIC PRIORITY
Planning applications, including existing SHDs and prospective LRDs can be adversely affected by planning delays, objections, appeals or judicial reviews. This can lead to delayed starts on sites and the potential for increased development costs.	The Group designs and submits planning applications that optimise planning potential whilst responding effectively to anticipated planning policy and broader community concerns. Cairn engages with national and local planning authorities through the defined legislative processes, and with other relevant stakeholders, to identify concerns and issues at the earliest possible stage. Planning authorities are fully informed through comprehensive planning applications which seek to reduce the risk of refusals and/or significant conditions. Monitoring of planning policy informs the Group's design and development strategy. **Risk Owner:** Director of Commercial and Procurement	The Strategic Housing Development planning process expired in 2022 and has been replaced with the Large-Scale Residential Development process. In time, we expect the LRD process to progress applications more efficiently whilst effectively managing stakeholder engagement. However, the balance of our SHD applications may continue to experience delays, the impact of which is being actively managed by Cairn.	HOMES PLACES

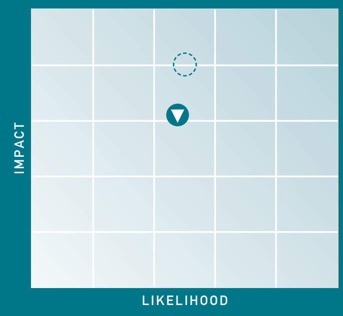
RISK FACTORS	RESPONSE	RISK TREND AND STATUS	
Changes to zoning and planning policy as part of revised county development plans ("CDP") impact the ability to develop Cairn's landbank in the current expected timelines.	Notwithstanding Cairn's engagement in the CDP process circumstances may arise where revised CDPs potentially impact the ability of Cairn to commence or complete developments as anticipated. For some of these potentially impacted developments, Cairn has commenced a process to challenge the CDPs adopted. **Risk Owner:** Director of Commercial and Procurement	Revised CDPs have been published by a number of local authorities. Cairn will continue to monitor new CDPs in 2023.	HOMES PLACES
Housing policy changes impact Cairn's fundamental business model.	The Group's core target market remains first time buyers, and also includes other private buyers (trade-up, trade-down and retail investors), State agencies and institutional buyers across all tenures. The Group is now actively engaged with various State agencies in respect of the supply of social and affordable homes, aligned to the objectives of Housing for All. **Risk Owner:** Director of Commercial and Procurement	The State has committed €4 billion in capital funding to increase the delivery of new turnkey social and affordable homes. Long-term social leases remain a key initiative utilised by the State, underpinned by a continued Government commitment to delivering on ambitious annual social and affordable targets.	HOMES

Principal risk: Brand

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

Risk Landscape: Customer demand for high quality homes remains justifiably high. Cairn continued to invest in and develop its quality processes during 2022 to ensure its new homes, and the materials used in their construction, meet the highest expectations of our customers. This included developing an improved system for ensuring any issues which arise at any time during the construction process, as well as following the completion of a development, are identified, resolved, and inform future design, construction and maintenance.

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 Trend
- Risk increased
- Risk decreased
- Risk unchanged
- 2021 position

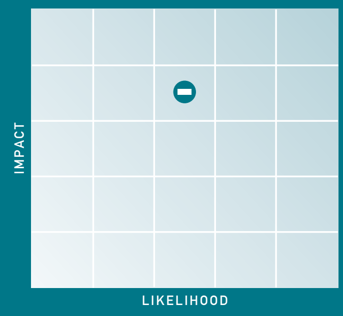
RISK FACTORS	RESPONSE	RISK TREND AND STATUS	STRATEGIC PRIORITY
A failure in the quality of designs, materials, supplies and construction can have an adverse impact on the Cairn brand and the strength of its position in the market.	The Group has developed and continues to improve quality and other systems that ensure its developments meet the expectations of our customers, as well as regulatory and quality standards. Changes to Cairn's quality audit system were implemented in 2022 to further improve quality reporting, the identification of issues and their early remediation. This is now fully augmented by data derived from site-based best practice, supply chain quality management and customer care experience. **Risk Owner:** Director of Construction and Operations	The continued development of the Group's systems for identifying, preventing, and managing issues that affect the quality of its homes is central to Cairn's commitments and strategy.	CUSTOMERS OPERATIONAL EXCELLENCE
Failures in the supply chain lead to Cairn not meeting its commitments relating to respect for human rights and labour standards.	The Group's Anti-Slavery Policy imposes a procurement process that allows it to evaluate slavery risks associated with individual contractors and ensure they can meet Cairn's standards. The policy also facilitates training in identifying the risk, and confidential reporting to highlight failing practices. Regular meetings with, and surveys of, key suppliers support the identification of potential risks to standards and commitments. **Risk Owner:** Director of Commercial and Procurement	The Group continues to improve its processes to ensure its commitments are consistently met.	PEOPLE CUSTOMERS OPERATIONAL EXCELLENCE

Principal risk: Financial

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

Risk Landscape: Interest rate rises to combat inflation can affect the interest paid on Cairn's debt facilities. Ensuring Cairn's banking facilities are optimally structured help us achieve our strategic objectives. The Group completed a refinance of its syndicate facility during 2022 for a further five-year period reinforcing the strength of our asset backed balance sheet and underpinning our ongoing liquidity management, both of which mitigate the risks associated with the current economic climate.

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



Risk Trend
- Risk increased
- Risk decreased
- Risk unchanged

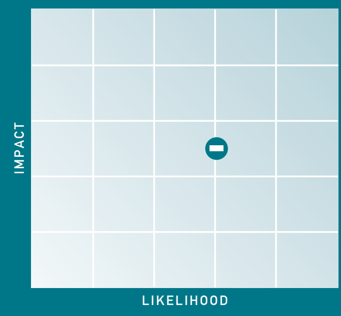
RISK FACTORS	RESPONSE	RISK TREND AND STATUS	STRATEGIC PRIORITY
The credit and funding arrangements of the Group do not meet Cairn's strategic or operating needs or prevailing trading conditions.	During 2022 the Group completed a re-finance of its funding arrangements on terms which were favourable and without adverse conditions. **Risk Owner:** Chief Financial Officer	It is expected that the Group's credit facilities will continue to match its requirements and projected performance.	PEOPLE, OPERATIONAL EXCELLENCE
A failure of internal financial controls could lead to potential financial misstatement, impairment, undetected fraud, or financial loss.	A robust financial controls framework continues to be maintained by the Group. The framework is overseen by the Audit & Risk Committee of the Board and is subject to regular audit, which supports an ongoing programme of feedback, review, and improvement. **Risk Owner:** Chief Financial Officer	The Group continues to review and refine its financial controls.	PEOPLE, OPERATIONAL EXCELLENCE
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.	The Group manages its information security and IT risks within an information security framework that aligns with recognised standards for technical and organisational controls. **Risk Owner:** Chief Financial Officer	Global cyber security threat levels remain high. In response to these threat levels, the Group commissioned a comprehensive review of its controls to ensure they remain effective.	PEOPLE, CUSTOMERS, OPERATIONAL EXCELLENCE

Principal risk: Development

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

Risk Landscape: Supply chain risks and build cost inflation continue to be significant risks to our business. However, there has been an improvement in the availability of materials and supplies, which has supported Cairn's efforts to effectively mitigate its supply chain risks. Build cost inflation appears to be slowing as construction activity more broadly reduces.

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 Trend
- Risk increased
- Risk decreased
- Risk unchanged

RISK FACTORS	RESPONSE	RISK TREND AND STATUS	STRATEGIC PRIORITY
Failure to meet development milestones and construction programmes, 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 and liquidity.	The Group has an integrated methodology applied to development launches, construction scheduling and supply chain capacity management, in addition to ultimate new home deliveries, and sales. Construction planning and activity is consistently measured and assessed, supported by technology platforms and systems that facilitate planning, programming, reporting and programme remediation to ensure expected construction completion dates are adhered to. **Risk Owner:** Director of Construction and Operations	The underlying development methodology was reviewed and further improved during 2022 to ensure future plans can be delivered consistently and on schedule and to plan. The refined methodology was successfully implemented by the Director of Construction and Operations.	CUSTOMERS HOMES OPERATIONAL EXCELLENCE
Availability of materials and supplies, or supply chain disruption, causes development delays or an unexpected increase in development costs.	Ensuring materials and supplies are available to meet development milestones and schedules is a core function of the Group's commercial function. Supply chain is actively managed on a strategic and tactical basis in line with best practice in the industry. This is supported by a Supply Risk Monitoring team who meet regularly to review supply categories, risks to those categories and appropriate responses where deemed necessary. **Risk Owner:** Director of Commercial and Procurement	The easing of supply chain issues in 2022, together with a reduction in demand for labour and materials in other markets, has prevented a deterioration in the risk environment. The risk responses implemented have been successful and will be continued.	CUSTOMERS HOMES OPERATIONAL EXCELLENCE

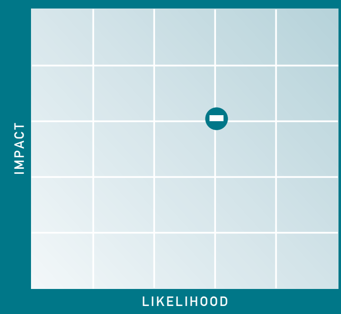
RISK FACTORS	RESPONSE	RISK TREND AND STATUS	STRATEGIC PRIORITY
Build cost inflation (including materials, supplies and labour cost) adversely impact the Group's margin and profitability.	The Group commercial function is responsible for monitoring and analysing costs to establish trends and support forecasting. This allows the Group to implement best practice cost management and procurement strategies. Baseline costs on a category-by-category basis have been established and are reassessed quarterly, supported by a quantity surveyor and cost planning team who participate in procurement decisions. Operating efficiencies are actively identified to reduce unmitigated costs in product utilisation, logistics and construction activity. **Risk Owner:** Director of Commercial and Procurement	Inflation, whilst moderating, continues. At the same time, house price inflation in Ireland is slowing. Close management of build costs and a continued focus on driving production effectiveness and productivity gains will be central to the Group's activities in 2023.	PEOPLE OPERATIONAL EXCELLENCE
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 facilitate the ambitions of the Group and ensure consistency and deliverability at scale through standardised and repeatable design using our library of homes and apartments. The maintenance of these standards includes continuous challenge of the building design and efficiency of construction modes that are incorporated into design briefs. **Risk Owner:** Director of Construction and Operations	The Group's design and development standards continue to be tested, reviewed, and modified on a regular basis.	CUSTOMERS HOMES OPERATIONAL EXCELLENCE
Utility companies (water, drainage, electricity) are unable to provide sufficient connections, supply, or capacity for proposed developments.	The Group continues to engage at a senior level with all utility providers to communicate current and future requirements and manage identified supply risks. Separately, development level processes are deployed to manage development-specific risks. This includes considering alternative supply solutions and ensuring construction planning schedules incorporate anticipated delays for supply connections. **Risk Owner:** Director of Construction and Operations	Whilst the Group made significant progress during 2022 in fostering more proactive and constructive relationships with utility providers, constraints will need to be continually monitored and managed.	HOMES OPERATIONAL EXCELLENCE

Principal risk: Compliance

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

Risk Landscape: Our number one priority at Cairn has always been operating and maintaining safe environments for our employees, subcontractors, suppliers, customers and the communities in which we live and work and this is a critical component of Cairn's values. The Group maintains a rigorous and disciplined approach to the management and mitigation of health and safety risks in continually promoting, progressing and enhancing our health and safety agenda. This has allowed us to retain our Safe-T Certificate Grade A.

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



Risk Trend
- Risk increased
- Risk decreased
- Risk unchanged
- 2021 position

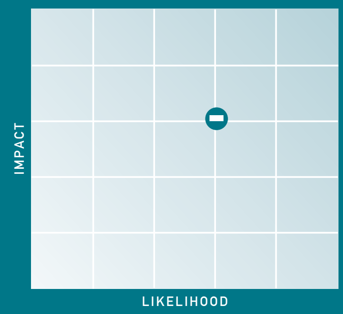
RISK FACTORS	RESPONSE	RISK TREND AND STATUS	STRATEGIC PRIORITY
A failure by the Group to meet the requirements of health & safety legislation or best practice, giving rise to death or personal injury in the workplace for which Cairn is responsible.	The Group's health & safety system and supporting framework exceeds legislative standards. This framework is intended to ensure safe systems of work throughout all Cairn's activities. The Board oversee health & safety performance whilst leadership ensure the Group's response to health & safety risks remains robust and effective in the context of scaling operations. **Risk Owner:** Director of Commercial and Procurement	Maintaining, delivering and constantly improving the Group's health & safety system will continue to be central to its response to health & safety risks in 2023.	PEOPLE OPERATIONAL EXCELLENCE
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. **Risk Owner:** Company Secretary	Data protection regulation remains a business risk. The accountability framework is actively managed and improvements persistently targeted.	CUSTOMERS

Principal risk: **People**

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

Risk Landscape: Attracting, recruiting and retaining the right people to support Cairn's objectives continues to be made difficult by the shortage of talent with the requisite skills and experience necessary for our business. However, Cairn is an employer of choice in the industry, and the Group's people strategy directly addresses our people-related risks.

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 Trend
- Risk increased
- Risk decreased
- Risk unchanged
- 2021 position

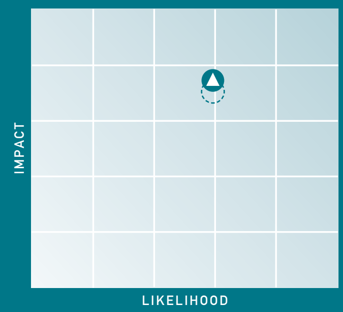
RISK FACTORS	RESPONSE	RISK TREND AND STATUS	STRATEGIC PRIORITY
A lack of skilled and/or professionally qualified entrants to the construction industry creates a shortage of skills available in the supply chain which are required to facilitate Cairn's development plans, scaling goals and succession planning strategies.	Cairn works with its supply chain to help them attract, develop and retain talent so they can effectively provide their services to the Group to the standards it demands. This continues to include apprenticeship and traineeship support, supporting contractors with talent management, and securing labour from overseas markets. **Risk Owner:** Chief People Officer	Despite the current environment, the construction industry continues to experience skills shortages, which the Group is addressing through its 2022-2024 people strategy.	PEOPLE OPERATIONAL EXCELLENCE
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 continues to build its brand as an employer of choice and through 2022 pursued its talent attraction strategies and alternative resourcing models. This is supported by Cairn's wellbeing, learning and development, and performance programmes. **Risk Owner:** Chief People Officer	Skills and talent shortages in the industry persist but the Group's 2022-2024 people strategy underpins Cairn's position as an employer of choice.	PEOPLE OPERATIONAL EXCELLENCE
The Group's people engagement fails to engender or facilitate the optimal performance of its employees, so that people performance does not match its potential.	A key element of Cairn's success is its people. Cairn ensures optimal performance through a range of measures, including wellbeing, effective and supportive learning and development, clear progression pathways, and performance based rewards and remuneration. **Risk Owner:** Chief People Officer	The Group's people strategy has been successful in delivering more effective employee engagement, helping underpin Cairn's success. We will continue to deliver people engagement initiatives through 2023.	PEOPLE OPERATIONAL EXCELLENCE

Principal risk: Climate

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

Risk Landscape: The effects of climate change are becoming increasingly apparent, and Cairn is committed to ensuring that the impacts of climate change on Cairn's business model and strategy, be they from transitional risks or physical risks, are identified and mitigated. As part of this, Cairn has considered climate change in the context of two scenarios: a transition to a world with a 1.5°c increase in temperatures and, separately, an increase of more than 3°c. This allowed us to set Science-Based Targets for our scope 1 & 2 and scope 3 emissions to drive down future carbon emissions aligned to 1.5 degrees. Further details of our climate transition plan are included in our 2022 Sustainability Report.

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 mission.



Risk Trend
- Risk increased
- Risk decreased
- Risk unchanged
- 2021 position

RISK FACTORS	RESPONSE	RISK TREND AND STATUS	STRATEGIC PRIORITY
Cairn fails to reduce the negative impacts of construction on the environment, increasing the relative environmental impacts of Cairn's developments and reducing demand for its homes.	During 2022 Cairn completed a materiality assessment to ensure its response to the issues of most concern (climate action, biodiversity and responsible sourcing and procurement) were being addressed in a way that meets Cairn's vision for sustainability. Cairn has submitted targets for reducing its Scope 1, 2 and 3 GHG emissions, taken action to reduce those emissions and identified strategic priorities for continued progress. **Risk Owner:** Director of Construction and Operations	The environmental impacts of construction is a growing concern for all stakeholders. Cairn is committed to reducing the impact of its activities, and meeting its emission reduction targets is a strategic priority.	HOMES PLACES
Planning approvals for developments require a greater number of environmental-related planning conditions to ensure climate-related targets can be met, impacting on development costs and development times.	Environmental factors affecting proposed developments, and their ability to meet the criteria for success Cairn places on them, are addressed as a key element of each stage of planning and construction. This means environmental-related planning conditions are acknowledged, accepted, planned for, and managed as an integral part of the development process. **Risk Owner:** Director of Construction and Operations	Environmental related planning conditions are a significant aspect of planning approvals granted by planning authorities.	HOMES PLACES

GOING CONCERN AND VIABILITY STATEMENT

Going Concern

The Group entered the year in 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 2022 with further expansion planned in 2023 and continues to have a broad and widening customer base.

The Group held €21.7 million of cash at 31 December 2022 (31 December 2021: €40.0 million) and has strong liquidity with the recently refinanced Group loan facilities being repayable between 31 July 2024 and 30 June 2027. The Group had undrawn revolving credit facilities of €177.5 million as at 31 December 2022 (€194 million as at 31 December 2021). The Group commenced construction on eight new sites in 2022 and has commenced construction on a further two sites in early 2023. Both gross and operating margins strengthened in 2022, resulting in an increase in profitability when compared to 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 2023 with our enquiry lists across all our active selling sites remaining high 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, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements.

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 assuming that a combination of events result in a continued reduction in sales over the three-year period from 2023 to 2025, 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 is assumed that there is a considerable slowdown in construction and sales activities including 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

COMMITTEES A Audit & Risk R Remuneration N Nomination A R N Chair I Denotes Independence

JOHN REYNOLDS (64)
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. John was also formerly a Non-Executive Director of Business in the Community Ireland.

Other current appointments:
Non-Executive Director of Computershare Investor Services (Ireland) Limited, Institute of Directors Ireland and the National Concert Hall. Senior Advisor in Alantra Credit Portfolio Advisors, incoming President of the Institute of Directors in Ireland and Patron of Chapter Zero Ireland, an entity promoting Board engagement with climate change risk.

MICHAEL STANLEY (57)
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 (48)
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.

ALAN MCINTOSH (55)
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 (64) 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 (61)

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. Linda was also formerly Chair of the Irish Blood Transfusion Service.

Other current appointments:
Non-Executive Director at Kingspan Group plc and Greencore Group plc; Member of Quanta Capital Advisory Board.

GARY BRITTON (68)

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:
Chairman of Origin Enterprises plc.

GILES DAVIES (54)

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 (50)

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:
Non-Executive Director of Elite SpA and Cubic Telecom. Member of Elkstone Ventures Advisory Board, Scale Ireland Steering Group, Chartered Accountants Ireland Ethics and Governance Committee and Sustainability Expert Working Group and Chapter Zero Ireland.

SENIOR LEADERSHIP TEAM

MICHAEL STANLEY
Chief Executive Officer (CEO)

FOR FULL BIOGRAPHY, SEE PAGE 84

SHANE DOHERTY
Chief Financial Officer (CFO)

FOR FULL BIOGRAPHY, SEE PAGE 84

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
Director 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 Sales and Marketing

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's leading developers.

FERGUS MCMAHON
Director of Commercial and Procurement

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
Director of Business Development

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.


CAIRN
CAIRN
CAIRN

CORPORATE GOVERNANCE REPORT

> "The Board recognises its role in establishing the purpose and values of our Company and embedding these throughout the organisation."

John Reynolds
Chairman of the Board

This report sets out how the Board operates and how it oversees management and operations at Cairn. In the year under review, Cairn reported against the provisions of the UK Corporate Governance Code 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, relating to the alignment of Executive Director pension contributions with the workforce. As detailed in the Directors' Remuneration Report, pension contributions for both the Executive Directors will be aligned with the workforce in 2024.

Purpose and Culture

As disclosed in previous reports, 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.

We want employees to feel they work within an open and inclusive culture, where they can come to work and be their true selves and fulfil their potential. We want colleagues to feel valued, respected and recognised, feeling empowered in their role to contribute their best and have a positive impact on our stakeholders. The resilience of our culture has been most evident over the last three years. Through a pandemic, an energy crisis, and a cost-of-living crisis, we have delivered exceptional results, whilst ensuring the continued health, safety and well-being of our employees and suppliers.

As a Board, we have a responsibility to monitor that our culture is effective. During 2022, the Board reviewed absentee rates, voluntary turnover numbers, employee surveys and health and safety data. While these numbers do not provide all the answers in terms of culture, they do provide insight into how well our purpose and culture are understood; and, whether behaviours reflect them. As a purposeful business, we have also expanded our offering towards affordable housing, as we live up to our role and responsibility in response to the housing crisis in Ireland, recognising the overlap between commercial opportunity and addressing deep societal challenges.

Board Evaluation

This year, the Board carried out an internal evaluation. The evaluation was conducted in the form of an anonymous survey, where Board members answered questions and provided comments on the role and responsibilities of the Board, its composition and effectiveness. The primary focus areas related to Cairn's diversity, equality and inclusion policies, strategy, health and safety efforts and our approach to sustainability.

Overall, engagement and feedback were very positive, with interesting insights. Ensuring oversight of health and safety remains robust, the desire to increase the Board's exposure to operational elements of the business through site visits, and the positive impacts from the engagement between the Workforce Engagement Director, supported by our Chief People Officer, were common areas of feedback. During 2023, we will seek to integrate this feedback into Board practice, through effective updates from senior leaders and the wider workforce.

Employee Engagement

Orla O'Gorman is designated as the non-executive director with responsibility for workforce engagement. During the year, Orla held a number of meetings with employees at all levels of the organisation, to provide employees with greater insight into the Board's priorities and provide an opportunity for them to ask questions. Feedback from these meetings has been very positive, with employees welcoming the opportunity to meet with a non-executive member of the Board and appreciating the value of Townhalls, including our Equality, Diversity and Inclusion forum, as an opportunity to share information. Further details on Orla's activities during 2022 are contained with the Nomination Committee Report. We fully recognise our obligation to integrate workforce feedback into Board decisions. At Cairn, we recognised this well before the latest revision to the UK Code and will continue to ensure the employee voice is consistently heard at Board meetings.

Board Effectiveness and Composition

The Board met seven times during the year. As the impacts of the pandemic subsided, in-person Board meetings recommenced, with the opportunity for remote participation where needed. As Chair of the Board, I am extremely pleased with the open and candid nature of our discussions. The only change to the Board this year was David O'Beirne's retirement following the 2022 AGM.

I am satisfied with the diversity of skills, backgrounds and experiences the Board has (see page 101 for our full skills matrix). Nonetheless, the Board, and the Nomination Committee in particular, continue to assess the skills on the Board and the evolving needs of the business. As our customer base evolves, including our growing collaboration with the Irish government and the changing regulatory environment from a sustainability perspective, we will continue to evaluate Board composition as well as learning and development needs of the Board.

The following pages set out details of the composition of our Board, its corporate governance arrangements, processes and activities during the year, as well as reports from each of the Board's Committees, which I hope will provide a useful insight.

Board members Julie Sinnamon, Orla O'Gorman and Linda Hickey on a site visit to Clonburris.

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 government 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.

Collaboration

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 page 86.

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 externally facilitated Board evaluation completed in 2021, additional training was completed in 2022, details of which are contained within the Nomination Committee Report.

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 2022

The Board meets regularly and would typically hold seven scheduled meetings during the year, including a strategy day. The Board met seven times for Board meetings during 2022. 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)	7/7	8 years
Gary Britton	7/7	8 years
Giles Davies	7/7	8 years
Shane Doherty	7/7	3 years
Linda Hickey	6/7	4 years
Alan McIntosh	7/7	8 years
David O'Beirne*	2/2	3 years
Orla O'Gorman	7/7	1 year
Julie Sinnamon	7/7	1 year
Michael Stanley	7/7	8 years

* David O'Beirne retired from the Board on 12 May 2022 at the conclusion of the Annual General Meeting.

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 11 May 2023 and, being eligible, each will offer themselves for re-election. 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 2022. 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 Founder of the business, 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 2022 were €19.3 million (2021: €19.4 million), which is not material for a business of Kingspan's size.

As Chair of the Remuneration Committee, Ms Hickey has met with many of our major shareholders and was re-elected to the Board with over 99% shareholder support in all years since her appointment.

Board Appointment Process

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 cognizant 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.

At 31 December 2022, our female employees made up 26% of our total workforce, while 33% of the Senior Leadership Team 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 separate standalone 2022 Sustainability Report.

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 68 to 83.

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 68 to 83.

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; and
- 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 2023 Annual General Meeting of the Company is scheduled to be held at The Merrion Hotel, Merrion Street Upper, Dublin 2, D02 KF79 at 10.00 a.m. on 11 May 2023. The 2022 Annual Report and 2023 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. 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

"We are committed to ensuring our risk management process matches our strategic, operational and financial objectives; and, to help ensure our strategic plans respond to changes in the risk landscape, we also seek to identify future risks."

Gary Britton
Chair of the Audit & Risk Committee

Committee Member	Meeting Attendance	Committee Tenure
Gary Britton (Chair)	7/7	8 years
Linda Hickey	7/7	4 years
Orla O'Gorman	7/7	1 year
Julie Sinnamon	7/7	1 year

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. 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 84 and 85 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 seven 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 Director of Commercial and Procurement, the Health & Safety Manager, our Risk Management Consultant, 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 2022

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 98 and 99. 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. 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 68 to 83.

Health & Safety and Data Protection

The Committee met with the Group's Health & Safety Manager and Director of Commercial and Procurement on six 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 2022 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 2022, 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 83. The Directors' Compliance Statement is included in the Directors' Report on page 125.

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) Market Abuse Regulation compliance; (2) Review of the Schedule of Accommodation; (3) Review of Cyber Security; and (4) Review of Cost Management. 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 2022 and the planned programme of work for 2023. 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 cognizant of the EU Audit Regulation requirements on auditor rotation. The Committee reviewed the External Auditor's overall audit plan for the 2022 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 2022 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 2022 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 2022 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 2022. 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 128 to 135. 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 2022 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 the Risk Management Consultant, 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

"Board diversity will remain a key focus for the Committee as we continue to refresh the composition of the Board."

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 2022. The main purpose of the Committee is to review the structure, size and composition of the Board and its Committees and ensure the appropriate balance of skills, experience and diversity of thought is retained. This is supported by the ongoing succession planning carried out by the Committee at both the Board and management levels.

Following the significant recent refreshment of the Board, with the addition of Orla O'Gorman and Julie Sinnamon, the only change to the Board in 2022 was David O'Beirne's retirement at the conclusion of the 2022 AGM. Following his decision to step down, Orla took over his role in overseeing the Board's workforce engagement efforts, more of which is detailed on pages 89 and 102.

All members of the Committee are independent Non-Executive Directors, and their biographies can be found on pages 84 and 85. Members of the Senior Leadership Team, primarily the Chief People Officer 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 twice during the year and after each 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)	2/2	8 years
Orla O'Gorman	2/2	1 year
Julie Sinnamon	2/2	1 year
David O'Beirne*	1/1	3 years

* David O'Beirne retired from the Board in May 2022.

Role of the Committee

The Committee is responsible for Board recruitment and conducts 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.

Diversity continues to be a priority for our stakeholders. As a Board and management team, there is a commitment to ensuring we create a diverse workforce and an inclusive culture, which is linked to stronger performance and better outcomes for stakeholders. The Committee continues to believe that diversity plays a key role in promoting balanced decision making, through the sharing of a variety of perspectives and insights that allow for effective strategy development.

The last year has been characterised by a difficult macroeconomic environment, and the Board, and the Committee in particular, have been acutely aware of the impact of inflation on our workforce. We have, through our director responsible for workforce engagement, Orla O'Gorman, and the feedback from our management team, gathered feedback to understand how best to continue to support our employees. To that effect and following the Irish government's increase to the tax free gift voucher allowance employers can give to their employees in 2022 from €500 to €1,000, we gave each employee a €500 pre-paid debit card in both November and December 2022, and an additional €500 pre-paid card in January 2023 with the intention of giving another pre-paid card in December 2023. We have also expanded our Employee Assistance Programme offerings and will continue to look for additional ways to support our employees during 2023.

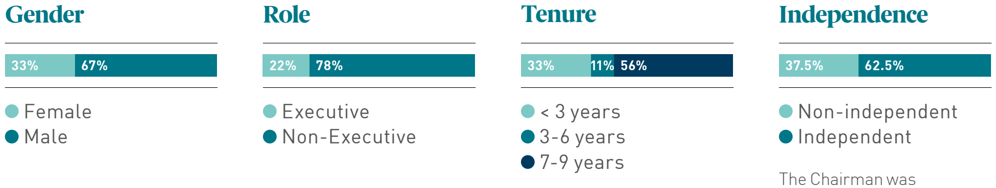
Committee Activities During the Year

Board Composition and Succession Planning

The Committee regularly reviews the composition of the Board with the objective of identifying the skills, knowledge, and experiences required for the leadership of the Company. The Committee also oversees leadership development plans in place for succession planning for executive management.

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. The Committee has reviewed the current composition of the Board, to identify whether there are any skills or experience gaps, as the Company's strategy and outlook continues to evolve. The Company's stakeholder map and landscaping are also fundamental aspects of strategic succession planning, and with Cairn's strategy now including an increased focus on playing a role in providing affordable housing in Ireland to contribute to the resolution of the ongoing housing crisis, we will continue to assess if additional skillsets are required on the Board to assist with these deliberations.

To support strategic succession planning and the Committee's regular review of Board effectiveness, a skills matrix has been developed to ensure the Board and its Committees have the appropriate skills to deliver the Group's strategic priorities.



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

Non-Executive Director Skills Matrix

Our Non-Executive Directors are drawn from a wide range of industries and backgrounds, including capital markets, investment banking, entrepreneurial, governmental, environmental and financial industry experience and have a wealth of experience in complex organisations with global reach.

Board Training and Development

In 2021, the Institute of Directors conducted our triennial external Board evaluation. We were pleased with the results that indicated that we continue to operate at a high standard in almost all areas. One topic of improvement identified in this assessment was the consistent availability of training and education for our Board members. While we are pleased by the current balance of skills and experiences on our Board, we understand the importance of continuous learning and development, to ensure the Board – collectively and individually – is equipped with the ability to oversee any change in internal and external circumstances.

NOMINATION COMMITTEE REPORT CONTINUED

Specifically, given the importance of sustainability, as a material risk to our business but also a significant (and exciting) opportunity for Cairn, we arranged for our auditors, KPMG, to present an overview to the Audit & Risk Committee (with additional Board members and management present) to provide members with an overview of the evolving reporting and audit/assurance landscape for ESG, and we have commissioned Clearstream Solutions, our ESG consultants, to provide our Board with more bespoke training on carbon measurement, biodiversity, responsible sourcing and future reporting requirements in 2023. In addition, refresher training for our Board members and Senior Leadership Team on compliance with the Market Abuse Regulation and their role and responsibilities in that respect was also delivered by our external, corporate legal advisors, A&L Goodbody.

Board Evaluation

This year's Board evaluation was internally facilitated and was conducted via an anonymous questionnaire, the responses of which were then collated and reported back to the Board by the Company Secretary. An open forum was then held to consider the feedback from the survey responses and agree what recommended actions would be carried out in 2023. Further details of the survey findings and recommendations are available in the Corporate Governance Report.

Board Diversity

The Committee is of the view that diversity and inclusion are key drivers of business success, as they promote balanced decision-making, with consideration of the wider strategy of the business and its impact on stakeholders. 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. Whilst we do not regard meeting minimum stakeholder expectations on diversity as an end, it is for us a gradation on the road to an optimal Board mix. We are also supremely conscious that diversity extends beyond gender and ethnicity to include age and disability.

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, 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 Balance for Better Business, which sets a target for 33% and 25% female representation on Irish Boards and Executive Committees, respectively, by 2023. We are pleased to report that female representation on both the Board and senior management team is 33%. For any future appointments, diversity will continue to be a key consideration. Despite the differences in demographics in Ireland compared to the UK, the Nomination Committee is also aware of the importance of widening considerations around diversity and is seeking ways to promote greater ethnic diversity in the organisation and through recruitment practices.

Workforce Engagement

As noted in our 2021 Annual Report, the most recent revisions to the UK Code – in 2018 – spurred greater engagement between Board members and workers. Given our relatively lean operating structure, we are proud that there has always been a strong level of engagement with all levels of the organisation.

Orla O'Gorman was appointed as the Director responsible for workforce engagement following the departure of David O'Beirne at the 2022 AGM. Together with our Chief People Officer, Maura Winston, the Board 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 insights into employee satisfaction and are part of the Committee and the Board's tools in monitoring culture. In addition, Orla has also attended one of our all-employee townhalls and was a guest speaker at one of our Equality, Diversity & Inclusion Forums. Orla also held several, smaller roundtable discussions with a mix of employees across site and head office and at varying levels throughout the organisation to probe further into the engagement survey responses and bring that feedback back to the Board.

Giles Davies
Chair of the Nomination Committee

DIRECTORS' REMUNERATION REPORT

"As Cairn continues to mature as a business, the Committee is pleased that the Company's incentive arrangements and reward structures are now effectively embedded throughout the organisation."

Linda Hickey
Chair of the Remuneration Committee

Dear Shareholder,

Performance Overview

As detailed throughout the Annual Report, Cairn delivered another year of strong growth in 2022, including the number of new homes sold and our operating profit and return on equity performance. In addition to the strong financial performance achieved, the Committee also noted the strength of personal contributions from the Executive Directors who, in the context of the current unpredictable markets and inflationary environment, steered Cairn to its best performance to date. During 2022, the business continued to be highly cash generative, resulting in the payment of total dividends of 6.1c per share (interim and proposed final 2022 dividend), following the completion of the share buyback programme initiated in 2022 and recently recommenced in 2023. It is against this strategic and financial backdrop that the Committee has assessed remuneration outcomes and implementation.

Remuneration Outcomes

Both Executive Directors are being awarded a bonus at 97% of maximum. The Committee remains confident that the selection of measures and targets provides the necessary alignment between the Executives' remuneration and the Company's strategic priorities, with pay-outs reflective of strong performance across the suite of financial, non-financial and ESG-related performance measures. Further details are set out on pages 107 to 110.

In terms of the long-term incentive plan, vesting will occur at 100% of total opportunity for the CFO, which the Committee feels is an accurate reflection of the strength of performance over the three-year period. This is the first award under this plan to have met the associated performance conditions which confirms that incentive arrangements are now effectively embedded throughout the organisation. The vesting, which is based on performance up to 31 December 2022, includes the joining award received by the CFO upon his recruitment. The CEO was not eligible to participate in the 2020 grant. Full details of the vesting and targets are set out on pages 110 and 111.

Cost of Living & Employee Engagement

The impacts of the current inflationary environment and the increases in the cost of living have been a regular part of the Committee's discussions. While fortunate that the strength of our performance meant we continued to grow as a business against a challenging backdrop, the Committee has been actively supporting management to help address the challenges faced by our workforce, including the provision of three €500 gift cards in November and December 2022 and January 2023 in acknowledgement of the Irish government having increased the amount of tax free vouchers a company can provide its employees, as well as running a "Money Management" webinar and extending our healthcare cover to family members amongst other initiatives.

There continues to be regular dialogue with employees designed to understand their views on remuneration and help inform decision making. Regular meetings are held with the Chief People Officer to discuss developments in reward over the year. The outcomes of these interactions are discussed as part of the Remuneration Committee meetings. As part of ongoing employee engagement, carried out by the workforce engagement NED, Orla O'Gorman, the Board and the Executive Management team continue to review further options to help with the cost-of-living challenges during 2023.

Reviewing Our Approach to Remuneration

During 2022, the Committee carried out an in-depth review of pay practices at peers, primarily from Euronext Dublin, but also using certain FTSE 350 companies for reference. While the Committee is not overly reliant on benchmarking, it is an important aspect of assessing the competitiveness of our remuneration arrangements, a core tenet of ensuring our people strategy remains effective and that leadership are remunerated at a fair level relative to those with which we compete for talent.

The outcome of that review indicated that while pay arrangements throughout the organisation are highly competitive in comparison to those at other Irish companies, overall remuneration for the CEO is considerably below levels in the market, with the CFO also trailing peers. In light of those findings, and in recognition of his strong performance since joining the Company, the Committee recommended an increase to the maximum bonus opportunity for the CFO to 150% of base salary, in line with comparable levels in the Irish market and the level of opportunity available to the CEO. The change from 115% to 150% remains within the limits set out in our Remuneration Policy and is designed to increase the element of variable remuneration against fixed pay for the CFO at an important juncture for the business. While the CFO's opportunity is going up, any increase in actual payout will only occur for even stronger performance than 2022, a year of record performance for the Company. This change will be considered against the overall review of the Remuneration Policy, which will take place during the second half of 2023.

Bonus Deferral and Pension Contributions

As part of the revisions to the bonus framework in early 2021, any portion of bonus paid over 125% of base salary will be deferred into shares. This practice was implemented in 2021 and 2022. Whilst we intend to review the Remuneration Policy in full in conjunction with shareholders over the coming months, we have determined that from 2023, 33% of the annual bonus paid to Executive Directors will be deferred into shares and held for two years.

In relation to pension contributions, the CEO's pension contribution reduced from 25% to 15% of salary over the prior two years. The CFO joined the business in 2020 with a contractual pension contribution entitlement of 15% of salary. The Committee also committed in 2021 that all new Executive Directors joining the business would receive an entitlement at the average rate of the workforce. The Committee understands the continued prioritisation of aligning pension contributions of incumbent Executive Directors with those of the wider workforce and commits to ensuring this takes place in 2024. With current remuneration for the Executive Directors behind levels at peers, the Committee believes the most appropriate time to further reduce pension contributions is in combination with a full review of the Remuneration Policy ahead of the 2024 AGM. In the interim, we have determined that we will reduce the pension entitlement for incumbent Executive Directors to 12.5% of salary for 2023.

Conclusion

As Cairn continues to mature as a business, the Committee is pleased that the Company's incentive arrangements and reward structures are now effectively embedded throughout the organisation. These arrangements have also evolved successfully to incorporate key sustainability criteria, recognising the importance of those areas to our ability to create value for shareholders over the long-term.

While we continue to look at any areas for change under the structures, we are also satisfied that shareholders understand our overall approach to pay, which is grounded in alignment with strategy, ensuring that leadership are motivated to create value for stakeholders, and transparency.

We have always sought to consult with shareholders on any changes to remuneration, and 2023 will be no different. We intend to reach out to shareholders in the coming months to discuss our 2024 Remuneration Policy, and in particular, the remuneration package for our CEO. While the Committee are satisfied that the alignment of the CFO's bonus with that of the CEO for 2023 has gone a long way to addressing the disparity between his pay and that of the market, we are fully cognisant that the CEO's remuneration package continues to significantly trail peers in the Irish market.

On behalf of the Committee, I would like to thank shareholders, employees, and our other stakeholders for their continued support during 2022, which has seen another year of strong growth for the business. I look forward to hearing from our shareholders again ahead of the AGM in May.

Linda Hickey
Chair of the Remuneration Committee

DIRECTORS' REMUNERATION REPORT CONTINUED
REMUNERATION AT A GLANCE

The purpose of this section is to provide an overview of the Group's performance in 2022 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 2023.

2022

Fixed Pay

BASE SALARY
€425,000
(CEO)
€375,000
(CFO)

PENSION
15% of base salary

BENEFITS
Health insurance and car allowance

Long Term Incentive Plan

2022 LTIP GRANT
€637,500
(CEO)
€562,500
(CFO)

PERFORMANCE CONDITIONS

Measures	Weighting	Threshold	Max
Cumulative EPS	60%	28.4c	40.1c
ROE	20%	13%	15%*
ESG: Biodiversity	20%	25%	40%**

* to be achieved in the final year of performance.
** Units commencing on Biodiversity Net Gain sites as a % of all units commencing.

2023

Fixed Pay

BASE SALARY
€425,000
(CEO)
€375,000
(CFO)

PENSION
12.5% of base salary

BENEFITS
Health insurance and car allowance

Long Term Incentive Plan

AWARDS % OF BASE SALARY
150%
(CEO)
150%
(CFO)

PERFORMANCE CONDITIONS

Measure	Weighting
Cumulative EPS	60%
ROE	20%
ESG: Biodiversity	20%

Targets will be disclosed in early April 2023 on date of grant.

2022

Annual Bonus

2022 ANNUAL BONUS EARNED
€617,100
(CEO)
€417,450
(CFO)

2022 ANNUAL BONUS OUTCOME

Measure	Weighting	Outcome
EBIT	60%	57%
ESG: People & Customer	20%	20%
Personal/Strategic	20%	20%
Overall	**100%**	**97%**

2022 BONUS DELIVERY

CEO
145%
Total
€531,250
Delivered in cash
€85,850
Used to purchase shares in the Company

CFO
111%
Total
€417,450
Delivered in cash

2023

Annual Bonus

% OF BASE SALARY
150%
(CEO)
150%
(CFO)

2023 ANNUAL BONUS FRAMEWORK

Measure	Weighting
EBIT	60%
ESG: People & Customer	20%
Personal/Strategic	20%
Total	**100%**

2023 BONUS DEFERRAL
33%
of total bonus paid to be deferred into shares

DIRECTORS' REMUNERATION REPORT CONTINUED

IMPLEMENTATION OF THE 2020 REMUNERATION POLICY DURING 2022

Single Total Figure of Remuneration

Remuneration Outcomes for Executive Directors for the Year Ended 31 December 2022

The table below sets out the details of the remuneration paid to the Executive Directors for the year ended 31 December 2022, with comparatives for the prior year ended 31 December 2021.

	Salary		Pension		Benefits		Total Fixed		Annual Bonus		LTIP		Total Variable		Total Pay		Ratio of Fixed to Variable	
Executive Director	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Michael Stanley	**425**	425	**64**	64	**21**	10	**510**	499	**617**	638	**–**	–	**617**	638	**1,127**	1,137	**45/55**	44/56
Shane Doherty	**375**	375	**56**	56	**15**	15	**446**	446	**417**	431	**916***	–	**1,333**	431	**1,779**	877	**25/75**	51/49

* The LTIP value in the table above represents the value of the 2020 LTIP award, which will vest in full on 6 April 2023. This award included the joining award for the CFO and is valued at the average share price for the three months ended 31 December 2022 (€0.91), plus dividend equivalents.

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 Chief Financial Officer joined the Company on a 15% contribution. In 2021, the Committee determined that for all new appointments, pension contributions would be aligned with levels available to the majority of the employee base.

2022 Annual Bonus

The maximum bonus opportunity for 2022 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, ESG and personal objectives. The financial and non-financial measures employed were a mix of EBIT (60% of maximum), people and customer satisfaction metrics with a health and safety underpin (20% of maximum), and personal objectives relating to strategy, land bank, risk, brand, talent development and technology and innovation (20% of maximum).

There were full payouts under each component of the bonus with the exception of the financial metric which paid out at 57% out of 60%. The Committee considers the final 2022 Annual Bonus outcome to be strongly aligned with financial performance, strategic developments, the personal contribution of Executive Directors and the stakeholder experience. Further details are set out below:

	Measure	Weighting	Threshold (20%)	Target (75%)	Max (100%)	2022 Performance	Payout
Financial	EBIT	60%	€75.0m	€95.6m	€105.0m	€103.0m	57%
Non-Financial	Customer Experience (10%) People Engagement & Development (10%) (Health & Safety underpin)	20%	N/A	N/A	N/A	See below	20%
	Personal & Strategic	20%	N/A	N/A	N/A	See below	20%
Total		**100%**					**97%**

DIRECTORS' REMUNERATION REPORT CONTINUED

IMPLEMENTATION OF THE 2020 REMUNERATION POLICY DURING 2022

Led by the Executive Directors, the People Engagement and Development measures and Customer Experience measures, targets and associated performance for 2022 are detailed below:

People Engagement & Development

Pillar	Objective	Target	Performance
Engagement & Employee Satisfaction	• Measure employee satisfaction through anonymous engagement survey	• Retain Employee Net Promoter Score ("eNPS") above 28	• eNPS score achieved of 42
People Development	• Upskill employees through continued career development and continuous learning	• 20% of workforce to undergo training and development opportunities • 10% of workforce to be included in Cairn's mentoring programme	• Expanded health & wellbeing initiatives including expansion of health cover to dependents and introduction of volunteer days • 31% of employees availed of professional development funding in 2022 • 21% of employees participated in a Cairn mentoring or coaching programme

Customer Experience

Pillar	Objective	Target	Performance
Delivery	• Measure delivery of product on time and in line with customer expectations	• 75% of homes on target	• 100% of homes on target
Experience	• Capture experience & insights from 10% of customer base to influence future performance	• 75% of customers responding must rate Cairn as 4+ on the Likert scale	• 86% of customers rated Cairn as 4+
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 • 100% of customers responded to within a 24 hour window • 96% case closure rate within the 30-day SLA (Service Level Agreement)

Health & Safety

The above measures were also subject to a Health & Safety underpin, performance of which was determined by the Audit & Risk Committee and a recommendation on achievement made to the Remuneration Committee. The Audit & Risk Committee determined that the underpin for 2022 had been successfully met, by reference to the achievement of the functions 2022 annual objectives which included a review of external audit scores, the rollout of additional training programmes, an assessment of Health and Safety statistics including accident frequency rates and first aid incidents, and by reference to the Safe T Cert programme rating.

As we finish another strong year, the performance of both the Chief Executive Officer and Chief Financial Officer has been a key driver in restoring significant growth to our business. Their performance against their specific objectives is set out below:

Chief Executive Officer – Michael Stanley

Area	Aims and Measures	Performance Review
Strategy & Leadership (8%)	• Define and lead strategy to continue to grow and scale the business across a range of locations and customer profiles • Identify & influence market opportunities to capture addressable opportunity across all customer profiles • Continue to drive and enhance Cairn's sustainability strategy	Development of a strategy refresh as part of Cairn's 3-year Corporate Strategy Plan and Budget process. To support the ambitious growth plans, the CEO played a pivotal role in scaling the Cairn platform to support the regionalisation of sites located across Ireland. In response to the changing market environment and the needs of the Irish housing market, the CEO proactively pivoted the business whist also broadening Cairn's client base. The CEO successfully strengthened Cairn's position as a strategic partner to the Irish government in the provision of affordable housing. Under the CEO's strategic guidance, Cairn implemented a Biodiversity Policy that influences all stages of product delivery from site planning, detail design, operations, to aftercare, while also ensuring that biodiversity is part of Cairn's policy targets. Measuring and setting Science Based Targets as well as strategising on the optionality to achieve decarbonisation has also been a significant achievement.
Landbank & Portfolio (4%)	• Identify & influence market opportunities to capture addressable opportunity across all customers • Strategic management of existing landbank to balance market demand, maximise revenue and deliver unit targets	The CEO has shown agility in his decision making evidenced through the timely purchase of ready to go sites, maximising capital allocation, which have proved to be critical to our short-term delivery plans.
Risk (4%)	• Risk balanced approach and best in class risk governance	Ensured speedy response in dealing with subcontractors, through the implementation of procurement strategies to leverage on the strength of partnerships to secure product pipeline and manage build-cost inflation, in a risk-controlled framework.
Brand (2%)	• Exceptional leadership to support corporate reputation, brand and position within the external market	Development of a Corporate Communications Strategy, in line with the refreshed Cairn brand, and the maturity of our business in the Irish market. Cairn's presence in the Irish market has been further enhanced through the CEO's focus on maintaining and building relationships with Cairn's key stakeholders.
Talent Management (2%)	• Embed new leadership team to support delivery of targets and strengthen future succession • Continue to engage and support staff, partners and customers throughout ongoing economic uncertainty	Following a review of current and future needs of the business, secured the appointment of a new Director of Strategic Delivery and Policy with a focus on the expansion and management of the government relationship. The CEO also implemented a leadership development program, ongoing feedback initiatives and executive coaching opportunities.

DIRECTORS' REMUNERATION REPORT CONTINUED

IMPLEMENTATION OF THE 2020 REMUNERATION POLICY DURING 2022

Chief Financial Officer – Shane Doherty

Area	Aims and Measures	Performance Review
Strategy (4%)	• Support the CEO in the definition and leadership of strategy to grow and scale the business	Co-led the corporate strategy refresh that is part of Cairn's 3-Year Plan and Budget process, and developed clear and stretching targets that protect and enhance value creation, capital allocation and shareholder value.
Financial Frameworks (8%)	• 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 played a key role in negotiating the refinancing of Cairn's syndicated senior debt facility of €277.5m (part of our overall €350m debt package). The CFO worked with key stakeholders to ensure that any revenue and commerce opportunities are analysed under a "real-time" modelling of risks and opportunities, and cement a "finance business partnering" ethos as a step towards enhanced financial transparency.
Risk, Governance and Reporting (4%)	• Ensure excellence in all matters pertaining to the Board, specifically around reporting, governance and strategy in a PLC environment	The CFO has played a key role in ensuring the Board has access to clear and robust financial KPIs and strategic insights across a range of material financial topics against a matured risk management process, that are presented in a clear and impactful manner.
Relationship Management (2%)	• Cultivate and develop key relationships with existing shareholders, banks and the wider investor community	The CFO has continued to strengthen relationships with current and new stakeholders, where the recent and important partnership with our banking partners, as part of Cairn's refinancing strategy, is included. In spite of the unexpected macroeconomic headwinds, the CFO has continued to ensure strong, clear and transparent messaging.
Sustainability & Innovation (2%)	• Drive Cairn Sustainability Strategy & support Framework implementation	To further drive our sustainability ambitions, the CFO structured the syndicated financing in a manner that is tied to the delivery of material and stretching targets in respect of Cairn's decarbonisation, biodiversity and people strategies.

Bonus Deferral

As part of the revisions to the bonus framework announced in 2020, and implemented from 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 payout for 2022:

Name	Maximum Bonus (% of salary)	Payout (% of salary)	Actual Bonus Awarded	Value of Bonus Paid in Cash	Value of Bonus Deferred into Shares
Michael Stanley (CEO)	150%	145%	€617,100	€531,250	€85,850

Vesting of Long Term Incentive Plan Awards in 2022

Awards granted in 2020 will vest on 6 April 2023 and related to the performance period ended 31 December 2022. The associated performance criteria were met in full as at 31 December 2022. The CFO was the only Executive Director who participated in the 2020 grant. The value of shares awarded to the CFO in September 2020 was €700,000, or 921,053 shares. This award included his contractual joining award. The share price at the date of grant was €0.76. As at 31 December 2022, the value of the shares awarded was €801,316 based on the closing share price of €0.87.

As disclosed at the time of grant, the Committee committed to monitor the risk of "windfall gains", with the overall shareholder experience over the performance period also to be taken into account in the Committee's determination of final vesting levels. Having reviewed the share prices at grant, during the performance period, and at its conclusion in December 2022, the Committee was satisfied that no windfall gains had taken place and the strong performance under each measure merited full vesting of the award to the CFO.

Measures	Weighting	Threshold	Target	Actual
Cumulative EPS	80%	9.0c	15.0c	19.3c
Customer Experience with a Health & Safety underpin	20%	N/A	N/A	The customer metric was assessed annually and covered the three pillars of Delivery, Experience and Aftercare. 2022 performance is detailed on page 108. In relation to prior year performance which was detailed in prior year respective reports, key metrics were reviewed including the percentage of homes delivered on time (99%); a consistent Net Promoter Score of 55 (equivalent to 5 stars on the UK's Home Building Federation model); 80% of Aftercare cases having been triaged within 1-5 days with 95% of customers responded to within 24 hours and retaining a 96% case closure rate within 30 days. These are all key metrics driving overall customer satisfaction and resulted in the Committee being satisfied in rewarding full payout for this element of the award. The achievement of the Health & Safety underpin was assessed annually by the Audit & Risk Committee and a recommendation on its achievement subsequently made to the Remuneration Committee. The Audit & Risk Committee determined that the underpin in each year had been successfully met, by reference to the achievement of the function's annual objectives which included a review of external audit scores, the rollout of additional training programmes, an assessment of Health and Safety statistics including accident frequency rates and first aid incidents, and by reference to the Safe T Cert programme rating which increased from a Grade B to a Grade A over the performance period.

The 2020 LTIP awards were also eligible for dividend equivalents. The total dividends paid over the performance period 1 January 2020 to 31 December 2022 were 8.46c per share. Each recipient will receive a cash settled dividend equivalent payment following the vesting of the award in April 2023.

Awards Granted During the Past Year

On 4 April 2022, 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 on Day Prior to Date of Grant	Face Value at Date of Grant
Michael Stanley (CEO)	514,113	€1.24	€637,500
Shane Doherty (CFO)	453,629	€1.24	€562,500

The 2022 LTIP awards will be determined by performance against the following metrics:

Metric	Weighting	Threshold (25%)	Max (100%)
Cumulative EPS	60%	28.4 cent	40.1 cent
Return on Equity ("ROE")	20%	13%	15%
Units Commencing on Biodiversity Net Gain ("BNG") sites as a % of All Units Commencing	20%	25%	40%

The primary measure for these awards, cumulative EPS over the three year performance period ending 31 December 2024, has been designed to provide an easily understandable and transparent framework for all stakeholders and will motivate participants to deliver our strategy over the performance period. The ROE target is calculated based on performance in 2024 and will incentivise strong returns on equity for the three-year period. The Biodiversity measure focuses on a key pillar of our corporate strategy, a key component of our sustainability agenda and a continued area of focus within the broader business strategy. Vesting between threshold and maximum targets will be calculated on a straight-line basis. The targets for each measure were set after a rigorous review of internal forecasts and took into account external expectations of future performance.

DIRECTORS' REMUNERATION REPORT CONTINUED

IMPLEMENTATION OF THE 2020 REMUNERATION POLICY IN 2022

Non-Executive Directors' Remuneration Details

No changes were proposed or made to Non-Executive Director fees during 2022. The fees paid to Non-Executive Directors in respect of the year ended 31 December 2022 with comparatives for the prior year ended 31 December 2021 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	2022 €'000	2021 €'000	2022 €'000	2021 €'000	2022 €'000	2021 €'000	2022 €'000	2021 €'000
John Reynolds	150	150	–	–	–	–	150	150
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
Alan McIntosh	60	60	–	–	–	–	60	60
David O'Beirne(1)	23	60	–	–	–	–	23	60
Orla O'Gorman	60	8	–	–	–	–	60	8
Julie Sinnamon	60	17	–	–	–	–	60	17

(1) David O'Beirne retired from the Board in May 2022 and the fees paid are reflective of his time spent in the role.

Payments for Loss of Office

There were no payments for loss of office paid during 2022.

Payments to Former Directors

There were no payments to former Directors during 2022.

DIRECTORS' REMUNERATION REPORT CONTINUED

IMPLEMENTATION OF THE 2020 REMUNERATION POLICY IN 2023

This section provides an overview of the how the Committee is proposing to implement the Policy in 2023.

Base Salary

Following the Remuneration Committee's review of Cairn's base salaries, supported by prior benchmarking exercises and reviews, it has become clear that base pay for Cairn's Executives remains low relative to Irish listed and UK sector comparable peers. Nonetheless, in line with the call for restraint in executive pay changes, and as the Committee prepares for a Remuneration Policy review in 2024, the Committee did not seek to adjust base salaries for 2023. 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

For 2023, the Chief Executive Officer and Chief Financial Officer will receive a pension contribution worth 12.5% of salary in 2023. Any future Executive Director's pension contributions will be set at the level for the wider workforce.

Annual Bonus

Following the Committee's review of the 2023 bonus structure, the maximum annual bonus opportunity for the CFO will be increased to 150% of base salary, in line with the current opportunity for the CEO. Furthermore, 33% of bonus awards will be deferred into shares for two years, and will be part of the Committee's deliberations ahead of the review of Cairn's 2024 Remuneration Policy.

The metrics against which performance will be assessed will remain unchanged for 2023, and the annual bonus for 2023 for Executive Directors will be based on the following criteria:

Measure	Percentage of Max Opportunity
Earnings Before Interest and Tax ("EBIT")	60%
Personal and Strategic Objectives	20%
ESG Measures: People & Customer	20%
Total	**100%**

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.

During 2022, the Committee defined two metrics under ESG, i) Customer satisfaction and ii) People, each weighted equally at 10% of the bonus, as the key tenets of the non-financial metrics to be incorporated into incentive arrangements. This framework has been carried forward into the 2023 plan. With the underlying and overarching role of health and safety considerations across all our operations, the ESG metrics 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.

DIRECTORS' REMUNERATION REPORT CONTINUED

IMPLEMENTATION OF THE 2020 REMUNERATION POLICY IN 2023 CONTINUED

Long-Term Incentives

In April 2023, 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 2025. 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 remained in the Annual Bonus plan. Furthermore, as part of the Committee's review process and shareholder feedback, we incorporated a Return on Equity metric in the LTIP from 2022 that will be retained for 2023. Therefore, the 2023 performance measures will continue to be:

Measure	Weighting
Cumulative Earnings Per Share ("EPS")	60%
Return on Equity ("ROE")	20%
ESG: Biodiversity Measures	20%
Total	**100%**

The Committee is in the process of setting stretching three-year targets for the 2023 LTIP awards, based on Cairn's growth ambitions, business plans and internal and external forecasts. Following the strong performance and results of the business in 2022, ensuring the appropriateness and stretch of our targets remains a priority for the Committee, 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. The targets applying to the 2023 grant will be disclosed on the grant date in April 2023.

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 2022	Granted During the Year	Exercised During the Year	Lapsed During the Year	At December 2022	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	N/A
		514,113	–	–	514,113	1.24	Nil	N/A	04.04.22	04.04.25	N/A
					1,127,094						
Shane Doherty (Chief Financial Officer)											
	921,053	–	–	–	921,053*	0.76	Nil	N/A	22.09.20	06.04.23	N/A
	540,865	–	–	–	540,865	1.04	Nil	N/A	18.05.21	18.05.24	N/A
		453,629	–	–	453,629	1.24	Nil	N/A	04.04.22	04.04.25	N/A
					1,915,547						
Tara Grimley (Company Secretary)											
	63,348	–	–	63,348	–	1.326	Nil	N/A	15.04.19	15.04.22	N/A
	141,612	–	–	–	141,612*	0.76	Nil	N/A	22.09.20	06.04.23	N/A
	103,486	–	–	–	103,486	1.04	Nil	N/A	18.05.21	18.05.24	N/A
		91,134	–	–	91,134	1.24	Nil	N/A	04.04.22	04.04.25	N/A
					336,232						

* these awards will vest in full in April 2023.

Directors' & Secretary's Interests in Other Share Plans

The CFO held options at 31 December 2022 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 2022 to acquire 30,664 shares through the SAYE scheme in May 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.

DIRECTORS' REMUNERATION REPORT CONTINUED

IMPLEMENTATION OF THE 2020 REMUNERATION POLICY IN 2023 CONTINUED

Directors' & Secretary's Interests in Ordinary Share Capital

The interests of the Directors' and Company Secretary who held office at 31 December 2022 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 2022	No. of Ordinary Shares at 31 December 2021
John Reynolds (Chairman)	129,174	129,174
Michael Stanley (Chief Executive Officer)	21,644,510	21,557,409
Shane Doherty (Chief Financial Officer)*	–	–
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)	30,641,464	40,141,464
Orla O'Gorman (Non-Executive Director)	–	–
Julie Sinnamon (Non-Executive Director)	–	–
Tara Grimley (Company Secretary)	104,712	82,031

* the CFO has five years from his date of appointment to reach the shareholding requirements under the Remuneration Policy.

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 120, the Directors and the Company Secretary had no interests in the share capital of the Company or any other group undertaking at 31 December 2022.

There were no changes in the above Directors' and Secretary's interests between 31 December 2022 and 27 March 2023 with the exception of Michael Stanley who purchased 101,553 shares on 15 March 2023 in satisfaction of bonus deferral obligations, Shane Doherty who purchased 12,199 shares through the Approved Profit Sharing Plan ("APSS") on 20 March 2023 and Tara Grimley, who also purchased 12,199 shares through the APSS on 20 March 2023. The APSS is a Revenue approved scheme whereby employees can invest an amount of their annual bonus into shares in a tax efficient manner. 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 six years.

Director	2017 v 2016	2018 v 2017	2019 v 2018	2020 v 2019	2021 v 2020	2022 v 2021	2022 €'000
John Reynolds (Chairman)	25%	20%	0%	0%	0%	0%	150
Michael Stanley (Chief Executive Officer)	-14%	15%	5%	-46%	119%	-1%	1,127
Shane Doherty (Chief Financial Officer)(1)	–	–	–	N/A	72%	103%	1,779
Andrew Bernhardt (Non-Executive Director)(2)	18%	15%	0%	0%	0%	-100%	–
Gary Britton (Non-Executive Director)	8%	7%	0%	0%	0%	0%	75
Giles Davies (Non-Executive Director)	18%	15%	0%	0%	0%	0%	82
Linda Hickey (Non-Executive Director)(3)	–	–	N/A	47%	0%	0%	72
Jayne McGivern (Non-Executive Director)(3)	–	–	N/A	20%	-32%	-100%	–
Alan McIntosh (Non-Executive Director)(4)	-13%	-55%	-75%	0%	0%	0%	60
David O'Beirne (Non-Executive Director)(3)	–	–	N/A	20%	0%	-62%	23
Orla O'Gorman (Non-Executive Director)(5)	–	–	–	–	100%	609%	60
Julie Sinnamon (Non-Executive Director)(5)	–	–	–	–	100%	247%	60
Tim Kenny(6)	N/A	218%	5%	-100%	N/A	N/A	–
Group Performance							
Profit Before Tax	312%	530%	56%	-75%	240%	86%	93,472
Average Remuneration on a full-time equivalent basis of employees							
Employees of the Group	-5%	-2%	15%	2%	2%	-1%	94

(1) Mr Doherty was appointed as an Executive Director on 13 April 2020.
(2) Mr Bernhardt retired as a Director on 31 December 2021.
(3) 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 and David O'Beirne retired at the 2022 Annual General Meeting.
(4) Mr McIntosh stepped down as an Executive Director in August 2018 to become a Non-Executive Director.
(5) Ms O'Gorman and Ms SInnamon were appointed on 10 November 2021 and 17 September 2021 respectively.
(6) 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 2022 and 2021.

	2022	2021
Total Employee Remuneration	€32.6m	€25.2m
Distributions to Shareholders*	€115.8m	€19.9m

* Dividends and purchase of own shares in 2021 and 2022.

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 2022, based on the closing share price of €0.87.

Name	Base Salary	No. of Shares Held	Percentage of Salary Held
Michael Stanley (Chief Executive Officer)	€425,000	21,644,510	4,431%
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. The following table sets out the actual votes at the 2022 Annual General Meeting in respect of the Directors' Remuneration Report.

Directors' Remuneration Report	For	Against	Withheld*
Number of Votes	490,992,358	289,878	–
Percentage	99.94%	0.06%	–

* 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 relied on ad hoc advisory support during the year 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.

The Committee currently consists of three 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)	5/5	4 years
Gary Britton	5/5	8 years
Giles Davies	5/5	8 years
David O'Beirne*	3/3	3 years

* David O'Beirne retired from the Board in May 2022.

The Company Secretary acts as Secretary to the Committee. During the year, the Chairman of the Board, 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 and 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 2022

An overview of the Committee's activities during 2022 are outlined below:

Executive Remuneration

- Reviewed annual performance of the Executive Directors.
- Determined fixed and variable remuneration for Executive Directors and senior management.
- Set 2022 LTIP and Annual Bonus targets.
- Ensured LTIP awards were linked to succession planning.
- Determined performance outcomes for the 2020 LTIP Award.
- 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 2022 to ensure rigour of Committee analysis and decisions as well as reviewing remuneration trends, extensive benchmarking reports and reviews of evolving market practices.
- 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 116, the Founder Directors have the following additional interests.

Founder Directors	No. of Deferred Shares at 31 December 2022	No. of Founder Shares at 31 December 2022	No. of Deferred Shares at 31 December 2021	No. of Founder Shares at 31 December 2021
Michael Stanley	9,990,000	Nil	9,990,000	Nil
Alan McIntosh	9,990,000	9,591,075	9,990,000	9,591,075
Total	19,980,000	9,591,075	19,980,000	9,591,075

The Founder Share Scheme was established in 2015, prior to the IPO, and Founder Shares were issued to each of the founders. Founder Shares are a specific class of share in the share capital of the Company, with their terms set out in the Company's Constitution. Following changes made during 2021, the CEO relinquished all entitlements to his Founder Shares.

The founder shares were converted into ordinary shares subject to the achievement of a performance condition based on Total Shareholder Return (calculated as the sum of the increase in market capitalisation plus any dividends or returns of capital in the relevant period) above a minimum threshold. The scheme operated between 2016 and 2022 and the test period for performance was 1 March to 30 June each year. The performance conditions were tested annually and subject to achievement, founder shares were then converted into ordinary shares.

There was no conversion of founder shares into ordinary shares in 2022 which was the final test period for the scheme. The entitlements under this scheme expired on 30 June 2022 and there will be no further test periods or conversions of founder shares into ordinary shares. The outstanding founder shares will be cancelled in 2023.

DIRECTORS' REPORT

The Directors present their report to the shareholders together with the audited financial statements for the year ended 31 December 2022.

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 2022, the Group consisted of the Company, Cairn Homes plc, and a number of subsidiaries, which are detailed in Note 27 to the consolidated financial statements. Shareholders are referred to the Chairman's Statement, Chief Executive Officer's Statement and the Chief Financial Officer's Statement which contain a review of operations and the financial performance of the Group for 2022, the outlook for 2023 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 2022 and the Consolidated Statement of Financial Position at that date are set out on pages 136 and 137 respectively. The Group's profit for the year ended 31 December 2022 was €81.0 million (2021: €43.2 million).

Dividends

The Company paid an interim dividend of 3.0 cent per ordinary share on 7 October 2022 to shareholders on the record date of 16 September 2022. The Board have also proposed a final dividend of 3.1 cent per ordinary share for the year ended 31 December 2022. Subject to shareholder approval at the Company's Annual General Meeting on 11 May 2023, the proposed final dividend of 3.1 cent per ordinary share will be paid on 16 May 2023 to ordinary shareholders on the Company's register at 5.00 p.m. on 21 April 2023.

Directors

The names of the Directors and a biographical note on each appear on pages 84 and 85. 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 12 May 2022 and, being eligible, offered themselves for re-election, with the exception of David O'Beirne, and were re-elected to the Board on the same day.

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 2023 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 104 to 121.

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 2022 and 22 March 2023, the latest practicable date prior to approval of this report, the Company had 685,777,452 and 682,133,600 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:

Share Class	% of Total Issued Share Capital 31 December 2022	22 March 2023
Ordinary Shares	94.59	94.57
Founder Shares	2.65	2.66
Deferred Shares	2.76	2.77

Further information on the Company's share capital, including the rights attached to different classes of shares, is set out in Note 19 to the consolidated financial statements.

The Company has a Long Term Incentive Plan and a Save as You Earn plan in place, the details of which are set out in the Directors' Remuneration Report and in Note 20 to the consolidated financial statements.

Substantial Shareholdings

As at 31 December 2022 and 22 March 2023, 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 2023, the latest practicable date prior to approval of 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 2023	%	Notified Holding 31 December 2022	%
Lansdowne Partners International Ltd	73,383,907	10.76	73,797,862	10.76
Fidelity Investments Limited	70,972,927	10.40	69,161,689	10.09
Fidelity Management & Research Company	61,903,708	9.08	59,461,398	8.67
Ameriprise Financial	47,738,250	7.00	51,548,671	7.52
T. Rowe Price Associates, Inc	36,730,886	5.38	30,392,399	4.43
Mr. Alan & Mrs. Deirdre McIntosh(1)	30,641,464	4.49	30,641,464	4.47
The Capital Group Companies, Inc.	28,685,000	4.21	31,452,000	4.59
PM Capital Limited	22,847,283	3.35	23,557,633	3.44
Mr. Michael Stanley	21,746,063	3.19	21,644,510	3.14
Eidervale Unlimited Company	21,500,000	3.15	21,500,000	3.14
Total Shares in Issuance	**682,133,600**		**685,777,452**	

(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, 23,397,957 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 68 to 83 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: 45 Mespil Road, Dublin 4, D04 W2F1.

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 19 to the consolidated financial statements, substantial shareholdings above, and the disclosures on Directors' remuneration and interests in the Directors' Remuneration Report on pages 104 to 121 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 8 to 11, the Chief Executive Officer's Statement on pages 12 and 13, and the Chief Financial Officer's Statement on pages 48 to 51.
2. The Corporate Governance Report on pages 88 to 95.
3. The Principal Risks and Uncertainties on pages 68 to 83.
4. Details of Earnings Per Share on pages 48 and 173.
5. Details of the Capital Structure of the Company on pages 163 to 165.

Corporate Governance Regulations

As required by company law, the Directors have prepared a Corporate Governance Report which is set out on pages 88 to 95 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 19 and 20 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	18 and 19
Environmental, Social & Employee Matters	Sustainability section	34 and 35 and within our 2022 Sustainability Report available on our website www.cairnhomes.com/about/sustainability
Human Rights, Bribery & Corruption	2022 Sustainability Report	See our 2022 Sustainability Report for further information
Our Policies	2022 Sustainability Report	See our 2022 Sustainability Report for further information
Principal Risks	Risk Report	68 to 83
Non-Financial Key Performance Indicators	Our Strategy and Sustainability Report	62 to 64 and within our 2022 Sustainability Report available on our website www.cairnhomes.com/about/sustainability

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 2022 Sustainability Report and on our website at www.cairnhomes.com/about/sustainability.

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 83.

Subsidiaries

Information on the Company's subsidiaries is set out in note 27 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 96 to 99.

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 2023 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
- 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 27 March 2023.

Signed on behalf of the Board

Michael Stanley
Director

Shane Doherty
Director

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 84 and 85 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 2022 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

Shane Doherty

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 2022 set out on pages 136 to 196, contained within the reporting package 635400DPX6WP2KKDOA83-2022-12-31-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 2022 and of the Group's profit for the year then ended;
- the Group 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 Group consolidated and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group 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 eight years ended December 31, 2022. 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 and the related covenants in the facility agreement which are currently applicable in the going concern period;
- 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's 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.

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

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.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors and other management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of directors, the Audit and Risk Committee, and internal audit as to the Group's policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of directors, the Audit and Risk Committee and internal audit regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Reading Board, Audit and Risk Committee and Remuneration Committee minutes.
- Considering remuneration incentive schemes and performance targets for Directors and other management.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment law, environmental law. Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We identified a fraud risk in relation to the existence of revenue. We also identified a fraud risk relating to the completeness and accuracy of the allocation of development costs to cost of sales of completed residential units.

Further detail in respect of these fraud risks are set out in the relevant key audit matter disclosures in this report.

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

In response to the fraud risks, we also performed procedures including:
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing significant accounting estimates for bias
- Assessing the disclosures in the financial statements

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters: our assessment of risks of material misstatement
Key audit matters are those matters that, in our professional judgement, 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.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2021):

Group key audit matters
Group: Carrying values of inventories €967.3 million (2021: €940.0 million) and profit recognition
Refer to pages 98 and 99 (Audit and Risk Committee Report), pages 147 and 148 (accounting policy for inventories) and Note 16 to the consolidated financial statements (financial disclosures – inventories)

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 properties which in our judgement are similar;
   - 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 key 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 which in our judgement was relevant to the key data inputs and assumptions.
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 bank statements.
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 €617.4 million (2021: €424.0 million)
Refer to page 147 (accounting policy for revenue) and Note 6 to the consolidated financial statements (financial disclosures – revenue)

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 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF CAIRN HOMES PLC

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 in our judgement 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 key audit matter

Company: Amounts due from subsidiary undertakings €487.4 million (2021: €621.6 million)

Refer to Note 6 of 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.

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 inspected the financial position of each subsidiary undertaking using our judgement to independently assess recoverability of intercompany balances.
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 €4.4 million (2021: €2.4 million).

This has been calculated with reference to a benchmark of profit before taxation, which is a benchmark typically applied for listed groups which have reached a mature stage and in our judgement the group has reached a mature stage. Materiality represents approximately 4.7% (2021: 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.

Performance materiality for the Group financial statements as a whole was set at €3.3 million (2021: €1.8 million) determined with reference to materiality of which it represents 75% (2021: 75%). We determined 75% was an appropriate level for performance materiality because in our judgement a normal level of aggregation risk is present.

We reported to the Audit and Risk Committee any corrected and uncorrected misstatements we identified through our audit with a value in excess of €0.22 million (2021: €0.12 million), in addition to any other audit misstatements below that threshold that warranted 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 (2021: €1.6 million), determined with reference to a benchmark of total assets, of which it represents 0.30% (2021: 0.24%). In applying our judgement in determining the most appropriate benchmark, the factor which had the most significant impact was the fact that the Company is a holding entity. Performance materiality for the Company financial statements as a whole was set at €1.2 million (2021: €1.2 million) determined with reference to materiality of which it represents 75% (2021: 75%). We determined 75% was an appropriate level for performance materiality because in our judgement a normal level of aggregation risk is present.

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 other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' Report, 2022 Highlights, At a Glance section, Chairman's Statement, CEO Statement, Market Overview, Business Model, Our Business Model: How We Add Value, Our Strategy, Strategy in Action, Value Created For Stakeholders, Chief Financial Officer's Statement, Sustainability section, 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.

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

Corporate governance statement
We have reviewed the directors' statements in relation to going concern, longer-term viability, and that part of the Corporate Governance Statement 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 by the Listing Rules of Euronext Dublin and the UK Listing Authority.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:
- directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified;
- directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate;
- directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities;
- directors' statement on fair, balanced and understandable and the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- section of the annual report that describes the review of effectiveness of risk management and internal control systems; and;
- section describing the work of the Audit and Risk Committee.

The Listing Rules of Euronext Dublin also requires us to review 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.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement 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 Statement.

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 purposes 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 2021;
- the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 December 2021 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 127, 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 for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/.

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 this report, or for the opinions we have formed.

Ryan McCarthy
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

27 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 €'000	2021 €'000
Continuing operations			
Revenue	6	**617,357**	423,983
Cost of sales		**(483,149)**	(340,112)
Gross profit		**134,208**	83,871
Administrative expenses	7	**(31,176)**	(25,489)
Operating profit		**103,032**	58,382
Finance costs	8	**(9,645)**	(8,147)
Share of profit of equity- accounted investee, net of tax	15	**85**	–
Profit before taxation		**93,472**	50,235
Tax charge	10	**(12,442)**	(6,994)
Profit for the year attributable to owners of the Company		**81,030**	43,241
Other comprehensive income			
Fair value movement on cashflow hedges		**777**	–
Cashflow hedges reclassified to profit and loss		**70**	–
		847	–
Total comprehensive income for the year attributable to owners of the Company		**81,877**	43,241
Basic earnings per share	28	**11.5 cent**	5.8 cent
Diluted earnings per share	28	**11.4 cent**	5.8 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Note	2022 €'000	2021 €'000
Assets			
Non-current assets			
Property, plant and equipment	11	**5,789**	1,165
Right of use assets	12	**6,003**	490
Intangible assets	13	**3,043**	1,434
Derivatives	14	**847**	–
Equity-accounted investee	15	**85**	–
		15,767	3,089
Current assets			
Inventories	16	**967,342**	940,000
Trade and other receivables	17	**20,447**	28,482
Current taxation		**–**	1,379
Cash and cash equivalents	18	**21,711**	40,028
		1,009,500	1,009,889
Total assets		**1,025,267**	1,012,978
Equity			
Share capital	19	**725**	789
Share premium	19	**199,616**	199,616
Other undenominated capital	19	**105**	40
Share-based payment reserve	20	**11,809**	11,795
Cashflow hedge reserve	14	**847**	–
Retained earnings		**538,720**	566,537
Total equity		**751,822**	778,777

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED
AT 31 DECEMBER 2022

	Note	2022 €'000	2021 €'000
Liabilities			
Non-current liabilities			
Loans and borrowings	21	**170,991**	72,461
Lease liabilities	12	**6,036**	74
Deferred taxation	23	**3,139**	3,808
		180,166	76,343
Current liabilities			
Loans and borrowings	21	**–**	77,094
Lease liabilities	12	**761**	558
Trade and other payables	24	**92,425**	80,206
Current taxation		**93**	–
		93,279	157,858
Total liabilities		**273,445**	234,201
Total equity and liabilities		**1,025,267**	1,012,978

On behalf of the Board

Michael Stanley
Director

Shane Doherty
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company									
	Share Capital									
	Ordinary shares €'000	Deferred shares €'000	Founder shares €'000	Share premium €'000	Other undenominated capital €'000	Treasury shares €'000	Share-based payment reserve €'000	Cashflow hedge reserve €'000	Retained earnings €'000	Total €'000
As at 1 January 2022	**750**	**20**	**19**	**199,616**	**40**	**–**	**11,795**	**–**	**566,537**	**778,777**
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	–	–	81,030	81,030
Fair value movement on cashflow hedges	–	–	–	–	–	–	–	777	–	777
Cashflow hedges reclassified to profit and loss	–	–	–	–	–	–	–	70	–	70
	–	–	–	–	–	–	–	847	81,030	81,877
Transactions with owners of the Company										
Purchase of own shares (Note 19)	–	–	–	–	–	(75,143)	–	–	–	(75,143)
Cancellation of repurchased shares	(65)	–	–	–	65	75,143	–	–	(75,143)	–
Equity-settled share-based payments (Note 20)	–	–	–	–	–	–	7,004	–	–	7,004
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	–	–	–	–	–	–	(1,408)	–	1,408	–
Transfer from share-based payment reserve to retained earnings in relation to founder shares (Note 19)	–	–	–	–	–	–	(5,582)	–	5,582	–
Dividends paid to shareholders (Note 25)	–	–	–	–	–	–	–	–	(40,694)	(40,694)
	(64)	–	–	–	65	–	14	–	(108,847)	(108,832)
As at 31 December 2022	**686**	**20**	**19**	**199,616**	**105**	**–**	**11,809**	**847**	**538,720**	**751,822**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

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 20)	–	–	–	–	–	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 25)	–	–	–	–	–	–	**(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 CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 €'000	2021 €'000
Cash flows from operating activities		
Profit for the year	**81,030**	43,241
Adjustments for:		
Share-based payments expense	**5,034**	3,499
Finance costs	**9,645**	8,147
Depreciation of property, plant and equipment	**230**	205
Depreciation of right of use assets	**1,062**	404
Amortisation of intangible assets	**474**	200
Taxation	**12,442**	6,994
	109,917	62,690
(Increase)/decrease in inventories	**(24,626)**	30,081
Decrease/(increase) in trade and other receivables	**8,035**	(17,094)
Increase in trade and other payables	**12,205**	19,938
Tax paid	**(11,639)**	(7,098)
Net cash from operating activities	**93,892**	88,517
Cash flows from investing activities		
Purchases of property, plant and equipment	**(5,603)**	(410)
Purchases of intangible assets	**(2,083)**	(1,082)
Net cash used in investing activities	**(7,686)**	(1,492)
Cash flows from financing activities		
Purchase of own shares	**(75,143)**	–
Dividends paid	**(40,694)**	(19,948)
Proceeds from loans and borrowings net of debt issue costs	**354,811**	170,000
Repayment of loans and borrowings	**(333,988)**	(224,000)
Repayment of lease liabilities	**(410)**	(364)
Interest and other finance costs paid	**(9,099)**	(7,211)
Net cash used in financing activities	**(104,523)**	(81,523)
Net (decrease)/increase in cash and cash equivalents in the year	**(18,317)**	5,502
Cash and cash equivalents at beginning of the year	**40,028**	34,526
Cash and cash equivalents at end of the year	**21,711**	40,028

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. Basis of Preparation

(a) Reporting entity

Cairn Homes plc ("the Company") is a company domiciled in Ireland. The Company's registered office is 45 Mespil Road, Dublin 4, D04 W2F1. These consolidated financial statements cover the year ended 31 December 2022 for the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in a joint venture undertaking. 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 2022. They did not have a material effect on the consolidated results of the Group:

- Amendments to IAS 37, Onerous Contracts – Costs of fulfilling a contract;
- Amendments to IAS 16, Property, plant, and equipment: proceeds before intended use
- Amendments to IFRS 3, Reference to the Conceptual Framework

The following amendments to standards have been endorsed by the EU, and are effective from 1 January 2023. The Group has not adopted these amendments early. The potential impact of these amendments on the Group is under review:

- IFRS 17 Insurance contracts and Amendments to IFRS 17, Insurance contracts: Initial application of IFRS 17 and IFRS 9 Comparative Information
- 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;

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 and Deferral of Effective Date
- Amendments to IFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to IAS 1, Non-current Liabilities with Covenants

(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

Momentum has been very strong since the end of the second Covid-19 construction lockdown in April 2021 and Cairn has closed 1,526 new home sales in the last 12 months to 31 December 2022. The Group had its strongest ever performance during 2022. The Group entered 2023 with its largest ever forward sales pipeline of over 1,100 new homes. The Irish economy is expected to grow again in 2023 with the Government forecasting a second year of an exchequer surplus. Inflation and interest rates remain a concern, however, population growth, family formation numbers, strong employment, a healthier banking environment and more Government initiatives than ever to support home buyers are all positive tailwinds. The Group has a long-term strategy that focuses on minimising financial risk and maintaining financial flexibility. The business has both strong liquidity and a significant forward order book, a robust balance sheet and sustainable, lowly leveraged debt facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Basis of Preparation continued
In order 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 and inventories which will continue to be attractive to its multiple and expanding routes to market.

The Group did not avail of any wage subsidy support from the Irish Government during 2022 or 2021.

The Group held €21.7 million of cash at 31 December 2022 (31 December 2021: €40 million) and has strong liquidity with the Group's loan facilities being repayable between 31 July 2024 and 30 June 2027. The Group had undrawn revolving credit facilities of €177.5 million as at 31 December 2022 (€194 million as at 31 December 2021).

In July 2022 the Group successfully completed a new debt refinancing of the €277.5 million syndicate facility into a new five-year sustainability linked syndicate term loan and revolving credit facility with Allied Irish Banks plc, Bank of Ireland plc and Barclays Bank Ireland plc, repayable in June 2027. There were no changes relating to the Group's €72.5 million loan notes with Pricoa Capital Group, repayable on 31 July 2024 (€15.0 million), 31 July 2025 (€15.0 million) and 31 July 2026 (€42.5 million).

The Group commenced construction on eight new sites during 2022, extending its development footprint beyond the greater Dublin area with new site commencements in Cork, Limerick and Kilkenny. While build cost inflation has had an impact on gross and operating margins, the business has responded well and has delivered an improvement in gross margins, strong sales and an increase in profitability when compared to the prior year. The Group is also encouraged by the level of underlying demand in the market as evidenced by the strength of its forward sales pipeline.

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.

2. Key Judgements and Estimates
The preparation of 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;
- build cost inflation; and
- carrying value of inventories and allocations from inventories to cost of sales (see notes 3 (g) and 16).

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 and build cost inflation 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 16 includes disclosures 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 carrying values and profit recognition and the appropriateness of estimates made. 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.

In preparing the financial statements, the Directors have considered the impact of climate change. There has been no material impact identified on the financial reporting judgements and estimates as a result of climate change. In particular, the Directors considered the impact of climate change in respect of the following areas: going concern and viability of the Group over the next three years; cash flow forecasts used in the impairment assessments of inventories; and carrying value and useful economic lives of property, plant and equipment. Whilst there is currently no medium-term impact expected from climate change, the Directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group's financial statements.

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 and the Group's share of its joint venture undertaking for the year ended 31 December 2022.

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.

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.

3. Significant Accounting Policies continued

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 if any, 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) Joint ventures

A joint venture is an arrangement where the Group has joint control and the Group has rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. The investment in a joint venture is initially recognised at cost. Subsequent to initial recognition, the carrying amount of the investment in a joint venture is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group until the joint control ceases. The Group does not continue to recognise its share of losses of joint ventures when the carrying value has been reduced to zero.

(c) 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 7-10 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.

(d) 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. 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 assets and lease liabilities recognised represent the Group's leases on the central support office and 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.

(e) 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 three 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.

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.

(f) 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.

(g) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant Accounting Policies continued
(g) Inventories continued
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.

(h) 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.

(i) 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. 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.

(j) 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.

(k) 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 17.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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 relatively short period of time are not qualifying assets. The Group does not generally produce qualifying assets.

3. Significant Accounting Policies continued

(r) 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
Derivatives	Fair value (cash flow hedge accounting)
Financial liabilities	
Loans and borrowings	Amortised cost
Trade payables and accruals, including deferred consideration	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.

(vi) Derivatives and hedging

The Group has transacted derivatives relating to an interest rate swap to manage the interest rate risk arising from floating rate borrowings. Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in other comprehensive income are reclassified to profit or loss in the same periods that the hedged items affect profit or loss. The reclassified gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance income or costs respectively.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs, unless the hedged transaction is no longer expected to occur, in which case the cumulative gain or loss that was previously recognised in other comprehensive income is transferred to profit and loss.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	2022 €'000	2021 €'000
Residential property sales	**610,813**	419,406
Residential site and other sales	**6,407**	4,217
Revenue from contracts with customers	**617,220**	423,623
Other revenue		
Income from property rental	**137**	360
	617,357	423,983

	2022 €'000	2021 €'000
Residential property sales		
Houses and duplexes	**342,299**	220,306
Apartments	**268,514**	199,100
	610,813	419,406

7. Administrative Expenses

	2022 €'000	2021 €'000
Employee benefits expense (Note 9)	**19,785**	16,911
Other expenses	**11,391**	8,578
	31,176	25,489

8. Finance Costs

	2022 €'000	2021 €'000
Interest expense on financial liabilities measured at amortised cost	**8,600**	6,671
Cashflow hedges-reclassified from other comprehensive income	**70**	–
Other finance costs	**782**	1,451
Interest on lease liabilities (Note 12)	**193**	25
	9,645	8,147

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:

	2022	2021
Number of employees	**321**	239

The aggregate payroll costs of these employees were:

	2022 €'000	2021 €'000
Wages and salaries	**31,506**	24,251
Social welfare costs	**3,539**	2,713
Pension costs – defined contribution schemes	**1,065**	906
Share-based payments charge	**7,004**	4,911
	43,114	32,781
Amounts capitalised into inventories	**(23,070)**	(15,703)
Amounts capitalised into intangibles	**(259)**	(167)
Employee benefits expense	**19,785**	16,911

(ii) Other information

	2022 €'000	2021 €'000
Net foreign currency loss recognised in profit or loss	–	47
Auditor's remuneration		
Audit of Group, Company and subsidiary financial statements	**314**	308
Other assurance services	**30**	20
Tax advisory services	**89**	68
Other non-audit services	**72**	98
	505	494

Auditor's remuneration for the audit of the Company financial statements was €15,000 (2021: €15,000).

Directors' remuneration		
Salaries, fees and other emoluments	**2,452**	2,519
Pension contributions – defined contribution schemes	**120**	120
	2,572	2,639

10. Taxation

	2022 €'000	2021 €'000
Current tax charge for the year		
Corporation tax – current year	**13,088**	7,664
Adjustment in respect of prior year	**23**	84
	13,111	7,748
Deferred tax credit for the year (Note 23)	**(669)**	(754)
Total tax charge	**12,442**	6,994

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Taxation continued
The tax assessed for the year differs from the standard rate of tax in Ireland. The differences are explained below.

	2022 €'000	2021 €'000
Profit before tax	**93,472**	50,235
Tax charge at standard Irish income tax rate of 12.5%	**11,684**	6,279
Effects of:		
Expenses not deductible for tax purposes	**735**	631
Adjustment in respect of prior year	**23**	84
Total tax charge	**12,442**	6,994

11. Property, Plant and Equipment

	Leasehold improvements €'000	Motor vehicles €'000	Computers & equipment €'000	2022 Total €'000
Cost				
At 1 January 2022	483	77	3,566	**4,126**
Additions	2,377	–	3,226	**5,603**
At 31 December 2022	**2,860**	**77**	**6,792**	**9,729**
Accumulated depreciation				
At 1 January 2022	(394)	(49)	(2,518)	**(2,961)**
Depreciation	(173)	(19)	(787)	**(979)**
At 31 December 2022	**(567)**	**(68)**	**(3,305)**	**(3,940)**
Net book value				
At 31 December 2022	**2,293**	**9**	**3,487**	**5,789**

The main additions during the period related to equipment purchases for construction sites and office leasehold improvements. Depreciation of €0.749 million (2021: €0.487 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 21).

	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**

12. Leases

Following the adoption of IFRS 16 in 2019, the Group recognised a lease liability and right of use asset in respect of the lease of its central support office property.

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.

The additions during the year ended 31 December 2022 mainly relate to a 10-year lease agreement for a new office with a lease commencement date of 01 January 2022. The lease liability and related right-of-use asset were determined by discounting the lease payments over the term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate at the time.

Right of use assets

	2022 €'000	2021 €'000
Cost		
At 1 January	**1,615**	1,443
Additions	**6,575**	172
At 31 December	**8,190**	1,615
Accumulated depreciation		
At 1 January	**(1,125)**	(721)
Depreciation	**(1,062)**	(404)
At 31 December	**(2,187)**	(1,125)
Net book value		
At 31 December	**6,003**	490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Leases continued
Lease liabilities

	2022 €'000	2021 €'000
Current liabilities		
Repayable within one year	**761**	558
	761	558
Non-current liabilities		
Repayable as follows:		
Between one and two years	**806**	55
Between two and five years	**2,194**	19
Greater than five years	**3,036**	–
	6,036	74
Total lease liabilities	**6,797**	632

The movements in total lease liabilities during 2022 and 2021 were as follows:

	2022 €'000	2021 €'000
At 1 January	**632**	824
Additions	**6,575**	172
Interest on lease liabilities (Note 8)	**193**	25
Lease payments	**(603)**	(389)
At 31 December	**6,797**	632

The undiscounted remaining contractual cash flows for leases at 31 December 2022 were as follows:

	Contractual cash flows					
As at 31 December 2022	Total €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000	5 years + €'000
Lease liabilities	**(7,689)**	**(437)**	**(505)**	**(971)**	**(2,540)**	**(3,236)**

The undiscounted remaining contractual cash flows for leases 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	5 years + €'000
Lease liabilities	(652)	(201)	(373)	(59)	(19)	–

13. Intangible Assets

	2022 €'000	2021 €'000
Software		
Cost		
At 1 January	**2,199**	1,117
Additions	**2,083**	1,082
At 31 December	**4,282**	2,199
Accumulated amortisation		
At 1 January	**(765)**	(565)
Amortisation	**(474)**	(200)
At 31 December	**(1,239)**	(765)
Net book value		
At 31 December	**3,043**	1,434

14. Derivatives and cashflow hedge reserve

Non-current assets	2022 €'000	2021 €'000
Derivative Financial Instruments		
Interest rate swaps – cash flow hedges	**847**	–

During the year, the Group entered into an interest rate swap ("swap") in respect of €18,750,000 of its syndicate term loan. The interest rate swap has a fixed interest rate of 1.346% and variable interest rate of three-month Euribor. The fair value of the swap as at 31 December 2022 was €847,000. Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised in the cashflow hedge reserve to the extent that the hedge is effective. Any gain or loss relating to the ineffective portion is recognised in profit or loss in the period incurred. The hedge was fully effective for the year ended 31 December 2022. Amounts accounted for in the cashflow hedge reserve in respect of the swap during the current year have been set out in the Consolidated Statement of Changes in Equity on page 139.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cashflow hedge reserve

The cashflow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non – financial liability.

15. Equity-accounted investee

On 18 November 2022 the Group acquired an 80.57% shareholding in a joint venture arrangement, Clonburris Infrastructure Limited. The remaining shareholding is shared between the other parties. The business of Clonburris Infrastructure Limited is to procure the planning, design, construction, and delivery of the infrastructure in the Clonburris strategic development zone.

Clonburris Infrastructure Limited has three directors who are appointed to represent each of the shareholders of the company and all directors have equal voting rights. Although the Group has the largest shareholding, it can only appoint one director with the other directors being appointed by the remaining shareholders. The voting rights are shared between the three directors equally and unanimous consent is required for all key decisions impacting on the operations of this entity. Accordingly the Group has classified its interest in Clonburris Infrastructure Limited as a joint venture as it does not have control in its own right over this entity.

	2022 €'000	2021 €'000
Opening investment in joint venture	**–**	–
Group's share of profits	**85**	–
Closing investment In joint venture	**85**	–

Please see note 27 for details of registered office for Clonburris Infrastructure Limited.

Summarised financial information relating to Clonburris Infrastructure Limited is as follows:

	2022 €'000	2021 €'000
Summarised statement of financial position for Clonburris Infrastructure Limited		
Non-current assets	**–**	–
Current assets	**573**	–
Current liabilities	**(468)**	–
Non-current liabilities	**–**	–
Net assets of Clonburris Infrastructure Limited (100%)	**105**	–
Percentage ownership interest by the Group	**80.57%**	–
Group share of net assets recognised as investment in joint venture (80.57%)	**85**	–
Summarised income statement of Clonburris Infrastructure Limited		
Revenue	**614**	–
Operating expenses	**(509)**	–
Tax	**–**	–
Profit for the year (100%)	**105**	–
Group share of profit for year recognised in profit or loss (80.57%)	**85**	

16. Inventories

	2022 €'000	2021 €'000
Land held for development	**628,326**	671,652
Construction work in progress	**339,016**	268,348
	967,342	940,000

Land held for development includes strategic land acquisitions during the year ended 31 December 2022 of €32.1 million (2021: €43.4 million).

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. During the year ended 31 December 2022 €0.1 million (2021: €0.3 million) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

16. Inventories continued

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 costs as a result of inflation. The Directors have also considered the impact of climate change in relation to costs and expected profit margins. There has been no material impact identified on the financial reporting judgements and estimates as a result of climate change. 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.

At 31 December 2022, the market capitalisation of the Group was lower than net assets of the Group (market capitalisation is the quoted share price multiplied by the number of ordinary shares in issue). There are a large number of factors driven by market conditions that can influence the market capitalisation of a company. However, under IFRS, instances where market capitalisation 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 were 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 2022.

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 2022 and hence those sites were not impaired.

All sites on which construction has not yet commenced were also assessed for impairment at 31 December 2022. 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 2022 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 2022. 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 €479.6 million (2021: €338 million).

17. Trade and Other Receivables

	2022 €'000	2021 €'000
Trade receivables	**3,517**	15,269
Prepayments	**1,015**	845
Construction bonds	**14,654**	10,864
Other receivables	**1,261**	1,504
	20,447	28,482

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 €9.6 million (2021: €5.5 million) of the construction bond balance at 31 December 2022 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.

18. Cash and Cash Equivalents

	2022 €'000	2021 €'000
Cash and cash equivalents	**21,711**	40,028

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.

19. Share Capital and Share Premium

Authorised	Number	2022 €'000	Number	2021 €'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**

Issued and fully paid	Number	Share capital €'000	Share premium €'000	Total €'000
As at 31 December 2022				
Ordinary Shares of €0.001 each	685,777,452	686	199,597	200,283
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		**725**	**199,616**	**200,341**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

19. 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**

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 entitled 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 (until 30 June 2022), 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. In such cases, the Founder Shares would 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 was 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 seven-year limit expired on 30 June 2022. There were no conversions of Founder Shares to Ordinary Shares during the year ended 31 December 2022 or year ended 31 December 2021. On expiry of the entitlements on 30 June 2022, the remaining balance of €5.6 million held in the share-based payment reserve in relation to Founder Shares was transferred in full to retained earnings.

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 that point.

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.

Share Issues

On 4 May 2022, the Company issued 1,175,267 (2021: 482,094) 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

On 13 January 2022, the Company commenced a €75 million share buyback programme, which completed on 24 October 2022. The total cost of shares repurchased under the buyback programme was €75.1 million, which was recorded directly in equity in retained earnings. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled. 65,330,038 repurchased shares were cancelled in the year ended 31 December 2022.

On 3 March 2023 the Company commenced a further share buyback programme of €40 million. As at 22 March 2023 the Group has repurchased 3.64 million shares under that share buyback programme at a cost of €3.78 million. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled.

Other Undenominated Capital	2022 €'000	2021 €'000
At 1 January	**40**	40
Nominal value of own shares purchased	**65**	–
At 31 December	**105**	40

20. 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 19), 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 2022 or year ended 31 December 2021. On expiry of the entitlements on 30 June 2022, the remaining balance of €5.6 million held in the share-based payment reserve in relation to Founder Shares was transferred in full to retained earnings.

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 15,776,346 shares made to employees remain outstanding as at 31 December 2022 (2021: 10,717,994). The shares will vest on satisfaction of service and performance conditions attaching to the LTIP, to include earnings per share (and, for 2022 awards, return on equity) performance and other stakeholder metrics over a three-year period.
The 2021 and 2022 LTIP awards are subject to both financial and non-financial metrics. 80% of the 2021 and 60% of the 2022 award will vest subject to the achievement of cumulative EPS targets over the three-year performance period from 2021 to 2023 and 2022 to 2024 respectively. 20% of the 2022 award will vest subject to the achievement of a return on equity target. 20% of the 2021 award will vest subject to the achievement of stakeholder metrics which includes customer satisfaction performance with a health and safety underpin, and 20% of the 2022 award will vest subject to the achievement of a biodiversity target.

Awards to Executive Directors and senior management are also subject to an additional two-year holding period after vesting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

20. Share-Based Payments continued

The performance conditions are non-market performance conditions and do not impact the fair value of the 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 2022 of €5.175 million (2021: €3.296 million) of which €3.798 million (2021: €2.407 million) was charged to administrative expenses in profit or loss and a charge of €1.377 million (2021: €0.889 million) was included in construction work in progress within inventories. Conditional awards of 5,412,506 shares were made to employees under the LTIP in the year ended 31 December 2022.

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:

	2022 '000	2021 '000
Outstanding at beginning of year	**10,717,994**	7,659,629
Forfeited during the year	**(354,154)**	(227,429)
Lapsed during the year	**–**	(2,026,297)
Granted during the year	**5,412,506**	5,312,091
Outstanding at end of year	**15,776,346**	10,717,994

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 2022 of €0.905 million (2021: €0.285 million) of which €0.640 million (2021: €0.206 million) was charged to administrative expenses in profit or loss and a charge of €0.265 million (2021: €0.079 million) 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 no remaining conditional awards of shares made to employees remain outstanding as at 31 December 2022 (2021: 1,175,267). The shares vest on satisfaction of service over a one-year period. The Group recognised a charge related to these restricted share units during the year ended 31 December 2022 of €0.648 million (2021: €1.040 million) of which €0.495 million (2021: €0.782 million) was charged to profit or loss and €0.153 million (2021: €0.258 million) was included in construction work in progress within inventories. During the year, the Group issued 1,175,267 shares at a nominal value €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 2022 of €0.276 million (2021: €0.290 million) of which €0.101 million (2021: €0.104 million) was charged to profit or loss and €0.175 million (2021: €0.186 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 2022. 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 2022 was €nil (2021: €nil).

21. Loans and Borrowings

	2022 €'000	2021 €'000
Bank and other loans		
Current liabilities		
Repayable within one year	–	77,094
	–	77,094
Non-current liabilities		
Repayable as follows:		
Between one and two years	**14,992**	–
Between two and five years	**155,999**	72,461
Greater than five years	–	–
	170,991	72,461
Total	**170,991**	149,555

In July 2022 the Group successfully completed a debt refinancing of the €277.5 million syndicate facility into a new five-year sustainability linked syndicate term loan and revolving credit facility with Allied Irish Banks plc, Bank of Ireland plc and Barclays Bank Ireland plc, repayable on 30 June 2027. The term loan and revolving credit facility interest rates are linked to a Debt to Gross Asset Value measure and also to the Group meeting certain sustainability performance targets aligned to its sustainability strategy. The sustainability performance targets are in respect of decarbonisation, biodiversity and the Group's people strategy. There were no changes relating to the Group's €72.5 million loan notes with Pricoa Capital Group.

The Group has a €77.5 million term loan (fully drawn at 31 December 2022 and 31 December 2021) and €200 million revolving credit facility within the above syndicate facility. The undrawn revolving credit facility at 31 December 2022 was €177.5 million (31 December 2021: €194 million).

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).

The above 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 2022 pledged as security is €967.3 million (€940 million as at 31 December 2021).

The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs of €1.5 million (2021: €0.4 million).

22. Reconciliation of Movement of Liabilities to Cash Flows Arising from Financing Activities

	Term loan €'000	Revolving credit facility €'000	Loan notes €'000	Liabilities: Loans and borrowings Total (Note 21) €'000	Liabilities: Accrued interest and other finance costs €'000	Lease liabilities €'000	Total €'000
Balance at 1 January 2022	**77,094**	**–**	**72,461**	**149,555**	**881**	**632**	**151,068**
Cash flows from financing activities							
Proceeds from borrowings	75,823	278,988	–	354,811	–	–	**354,811**
Repayment of loans	(77,500)	(256,488)	–	(333,988)	–	–	**(333,988)**
Interest and other finance costs paid	–	–	–	–	(8,906)	(193)	**(9,099)**
Repayment of lease liabilities	–	–	–	–	–	(410)	**(410)**
Total changes from financing cash flows	**(1,677)**	**22,500**	**–**	**20,823**	**(8,906)**	**(603)**	**11,314**
Other changes							
Amortisation of borrowing costs	602	–	11	613	–	–	**613**
Interest and other finance costs for the year	–	–	–	–	8,908	193	**9,101**
Recognition of lease liabilities for new leases	–	–	–	–	–	6,575	**6,575**
Total other changes	**602**	**–**	**11**	**613**	**8,908**	**6,768**	**16,289**
Balance at 31 December 2022	**76,019**	**22,500**	**72,472**	**170,991**	**883**	**6,797**	**178,671**

	Term loan €'000	Revolving credit facility €'000	Loan notes €'000	Liabilities Loans and borrowings Total (Note 21) €'000	Liabilities Accrued interest and other finance costs €'000	Lease liabilities €'000	Total €'000
Balance at 1 January 2021	**76,399**	**54,000**	**72,394**	**202,793**	**707**	**824**	**204,324**
Cash flows from financing activities							
Proceeds from borrowings	–	170,000	–	170,000	–	–	**170,000**
Repayment of loans	–	(224,000)	–	(224,000)	–	–	**(224,000)**
Interest and other finance costs paid	–	–	–	–	(7,186)	(25)	**(7,211)**
Repayment of lease liabilities	–	–	–	–	–	(364)	**(364)**
Total changes from financing cash flows	–	**(54,000)**	–	**(54,000)**	**(7,186)**	**(389)**	**(61,575)**
Other changes							
Amortisation of borrowing costs	695	–	67	762	–	–	**762**
Interest and other finance costs for the year	–	–	–	–	7,360	25	**7,385**
Recognition of lease liabilities for new leases	–	–	–	–	–	172	**172**
Total other changes	**695**	–	**67**	**762**	**7,360**	**197**	**8,319**
Balance at 31 December 2021	**77,094**	–	**72,461**	**149,555**	**881**	**632**	**151,068**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

23. Deferred Taxation

Movement in net deferred tax liability:	2022 €'000	2021 €'000
Opening balance	**3,808**	4,562
Credit to profit or loss (Note 10)	**(669)**	(754)
As at year end	**3,139**	3,808

Deferred tax arises from temporary differences relating to tax losses (deferred tax asset of €0.476 million at 31 December 2022) and land held for development (net deferred tax liabilities of €3.615 million at 31 December 2022). The movements in gross deferred tax assets and liabilities are set out below.

2022	Deferred tax assets €'000	Deferred tax liabilities €'000	Net deferred tax liability €'000
Opening balance	**683**	**(4,491)**	**(3,808)**
Credit/(charge) to profit or loss	**(207)**	**876**	**669**
Closing balance	**476**	**(3,615)**	**(3,139)**

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)**

There are unrecognised deferred tax assets of €0.129 million at 31 December 2022 (2021: €0.129 million).

24. Trade and Other Payables

	2022 €'000	2021 €'000
Trade payables	**17,956**	21,060
Deferred consideration	**10,000**	10,000
Accruals	**43,321**	28,277
VAT liability	**19,721**	19,726
Other creditors	**1,427**	1,143
	92,425	80,206

Deferred consideration relates to development land purchased in December 2021 and has since been agreed as payable in 2023.

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.

25. Dividends

Dividends of €40.7 million were paid by the company during the year (2021: €19.9 million). A dividend of 2.8 cent per ordinary share, totalling €19.9 million, was paid on 17 May 2022 and a dividend of 3.0 cent per ordinary share, totalling €20.8 million, was paid on 17 October 2022. Details of proposed dividends subsequent to the year end are set out in Note 32.

26. Related Party Transactions

There were no related party transactions during the year ended 31 December 2022 other than directors' remuneration and the subscription for 8,057 shares in the joint venture undertaking, Clonburris Infrastructure Limited (Note 15), for a nominal vale of €81.

Key management personnel compensation (which comprise the Board of Directors of the Company) was as follows:

	2022 €'000	2021 €'000
Short-term employee benefits	**2,452**	2,519
Post-employment benefits (pension contributions – defined contribution schemes)	**120**	120
Share-based payment expense – LTIP	**1,057**	657
Total key management personnel compensation	**3,629**	3,296

27. Group Entities

The Company's subsidiaries and its joint venture undertaking as at 31 December 2022 are set out below. All of the Company's subsidiaries and its joint venture undertaking are resident in Ireland, with all subsidiaries having a registered address at 45 Mespil Road, Dublin 4 and the joint venture undertaking having a registered address of Newtown House, Newtown, Eadestown, Naas, Kildare. All Group entities operate in Ireland only.

Subsidiaries

		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%

Joint venture undertaking

		Company's holding	
Group company	**Principal activity**	**Direct**	**Indirect**
Clonburris Infrastructure Limited (Note 15)	Construction company	–	80.57%

28. Earnings Per Share

The basic earnings per share for the year ended 31 December 2022 is based on the earnings attributable to ordinary shareholders of €81.0 million (2021: €43.2 million) and the weighted average number of ordinary shares outstanding for the period.

	2022 €'000	2021 €'000
Profit for the year attributable to the owners of the Company	**81,030**	43,241
Numerator for basic and diluted earnings per share	**81,030**	43,241

	Number of Shares	Number of Shares
Weighted average number of ordinary shares for the year (basic)	**703,045,720**	749,771,525
Dilutive effect of restricted share unit awards and options	**31,835**	1,215,267
Dilutive effect of LTIP awards	**7,306,541**	–
Denominator for diluted earnings per share	**710,384,096**	750,986,792
Earnings per share (cent)		
– Basic	**11.5**	5.8
– Diluted	**11.4**	5.8

The diluted earnings per share calculation reflects the dilutive impact of LTIP awards, restricted share unit awards and share options (Note 20).

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.

29. Financial Instruments and Risk Management continued

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 €19.4 million at 31 December 2022 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.

The maximum amount of credit exposure is therefore:

	2022 €'000	2021 €'000
Trade and other receivables (excluding prepayments)	**19,432**	27,637
Cash and cash equivalents	**21,711**	40,028
	41,143	67,665

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.

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 2022 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 21 and cash and cash equivalents as detailed in Note 18 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 €177.5 million at 31 December 2022 (2021: €194 million).

	2022 €'000	2021 €'000
Financial liabilities due in less than one year		
Trade payables and accruals	**61,277**	49,337
Deferred consideration	**10,000**	10,000
Lease liabilities	**761**	558
Loans and borrowings	**–**	77,094
	72,038	136,989
Financial liabilities due after more than one year		
Lease liabilities	**6,036**	74
Loans and borrowings	**170,991**	72,461
	177,027	72,535
Total financial liabilities	**249,065**	209,524

Available funds:		
Cash and cash equivalents	**21,711**	40,028
Revolving credit facilities undrawn	**177,500**	194,000
	199,211	234,028

The Directors have 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 2023-2025, reflecting trends experienced up to the date of preparation of the financial forecasts; and
- future revenues for 2023-2025 based on management's assessment of trends across principal development sites.

The Group is in a strong financial position and has a 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

29. Financial Instruments and Risk Management continued

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.

31 December 2022	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	61,277	(61,277)	(61,277)	–	–	–	–
Deferred consideration	10,000	(10,000)	(10,000)	–	–	–	–
Lease liabilities	6,797	(7,689)	(437)	(505)	(971)	(2,540)	(3,236)
Loans and borrowings	170,991	(197,358)	(3,120)	(3,254)	(21,243)	(169,741)	–
	249,065	**(276,324)**	**(74,834)**	**(3,759)**	**(22,214)**	**(172,281)**	**(3,236)**

31 December 2021	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	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)**	**–**

(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 2022, the Group had the following facilities:

(a) €277.5 million term loan and revolving credit facilities with Allied Irish Bank plc, Bank of Ireland plc and Barclays Bank Ireland plc that had principal drawn balances of €77.5 million (term loan) (2021: €77.5 million) and €22.5 million revolving credit facility (2021: €nil),

- The revolving credit facility has a variable interest rate of three-month Euribor (with a 0% floor) plus a margin. The average interest rate on the revolving credit facility during the year was 3.1% (2021: 2.6%).
- €58.75 million of the term loan (2021: €nil) has a fixed interest rate plus a margin. €18.75 million (2021: €77.5 million) of the term loan has a variable interest rate (see Note 29(e)). The average interest rate on the term loan during the year was 3% (2021: 2.6%).
- The Group has an exposure to cash flow interest rate risk in relation to variable rate loans where there are changes in Euribor rates; and

(b) a €72.5 million (2021: €72.5 million) private placement of loan notes with Pricoa Capital which have a fixed coupon of 3.36% (2021: 3.36%).
(c) the Group has entered into an interest rate swap during the year in relation to the €18.75 million variable element of its term loan, in order to manage its interest rate risk (see Note 29 (e)).

	2022 €'000	2021 €'000
Interest rate profile of loans and borrowings		
Fixed-rate	**130,099**	72,461
Variable-rate	**40,892**	77,094
Loans and borrowings	**170,991**	149,555
Variable rate instruments		
Gross variable rate borrowings	**40,892**	77,094
Impact of interest rate swaps	**(18,392)**	–
	22,500	77,094

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.

	Profit or loss		Equity	
31 December 2022	100 bp increase €'000	100 bp decrease €'000	100 bp increase €'000	100 bp decrease €'000
Variable-rate instruments – borrowings	**(978)**	**336**	**(978)**	**336**
Cash flow sensitivity (net)	**(978)**	**336**	**(978)**	**336**

	Profit or loss		Equity	
31 December 2021	100 bp increase €'000	100 bp decrease €'000	100 bp increase €'000	100 bp decrease €'000
Variable-rate instruments – borrowings	**(1,283)**	**–**	**(1,283)**	**–**
Cash flow sensitivity (net)	**(1,283)**	**–**	**(1,283)**	**–**

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.

29. Financial Instruments and Risk Management continued

e) Derivatives and hedging activities

The group has the following derivative financial instruments in the statement of financial position:

	2022 €'000	2021 €'000
Non-current assets – Derivative Financial Instruments		
Interest rate swaps – cash flow hedges	847	–

During the year, the Group entered into an interest rate swap in respect of €18,750,000 of its syndicate term loan.

The interest rate swap has a fixed interest rate of 1.346% and variable interest rate of three-month Euribor. The maturity date of the interest rate swap is 30 June 2025.

The swap is designated as a cash flow hedge and is set so as to closely match the critical terms of the underlying debt being hedged. Hedge ineffectiveness is determined at the inception of the hedge relationship and through periodic prospective hedge effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and notional amounts. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. The hedge is transacted with a ratio of 1:1. As the Group enters into hedge relationships where the critical terms of the hedging instrument materially match the terms of the hedged item, a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness for interest rate swaps may occur due to:

- Consideration of any floors on the interest basis of the floating rate funding that is not replicated in the interest basis of the interest rate swap;
- Differences in the timing and the interest rate basis of cash flows on the hedged item and hedging instrument;
- Reduction or modification of the highly probable hedged item below the notional level of the interest rate swap; and
- Significant change in the credit risk of either party to the hedging relationship.

There was no material ineffectiveness in hedged risk in relation to this hedging arrangement in 2022. Amounts accounted for in the cashflow hedge reserve in respect of the swap have been set out in the Consolidated Statement of Comprehensive Income. These fair value gains and losses reflected in the cash flow hedge reserve are expected to impact on profit and loss over the period from 2023 to 2025, in line with the underlying debt being hedged.

The following table shows a breakdown of the cash flow hedge reserve and the movements in this reserve during the year:

Interest rate swaps	Cash flow hedge reserve €'000
Opening balance 1 January 2022	–
Change in fair value of hedging instrument recognised in cash flow hedge reserve	777
Reclassified from cash flow hedge reserve to profit or loss – included in finance cost	70
Closing balance 31 December 2022	**847**

(f) 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 14.6% at 31 December 2022 (2021: 10.8%). Net debt is defined as loans and borrowings (Note 21) less cash and cash equivalents (Note 18). Net debt of €149.3 million as at 31 December 2022 (31 December 2021: €109.5 million) comprised of drawn debt of €171 million (net of unamortised arrangement fees and issue costs) (31 December 2021: €149.5 million) and available cash of €21.7 million (31 December 2021: €40 million). The €39.8 million increase in net debt in 2022 versus 2021 was mainly as a result of continued investment in construction work in progress and capital distributions to shareholders during the year.

On 13 January 2022, the Company commenced a €75 million share buyback programme, which completed on 24 October 2022. The total cost of shares repurchased under the buyback programme was €75.1 million, which was recorded directly in equity in retained earnings. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled. 65,330,038 repurchased shares were cancelled in the year ended 31 December 2022.

On 3 March 2023 the company commenced a further share buyback programme of €40 million. As at 22 March 2023 the Group has repurchased 3.64 million shares under that share buyback programme at a cost of €3.78 million. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled.

Dividends of €40.7 million were paid by the Company during the year ended 31 December 2022 (2021: €19.9 million). Details of proposed dividends subsequent to the year end are set out in Note 32.

(g) 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.
Interest rate swaps	Fair Value	2	Discounted Cash Flow	Valuation based on the present value of the estimated future cash flows based on observable yield curves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

29. Financial Instruments and Risk Management continued
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.

	2022 Carrying value €'000	Fair value Level 1 €'000	Fair value Level 2 €'000	Fair value Level 3 €'000
Financial assets measured at fair value				
Derivative interest rate swap	**847**		847	
Financial assets measured at amortised cost				
Trade and other receivables (excluding prepayments)	19,432			
Cash and cash equivalents	21,711			
	41,143			
Financial liabilities measured at amortised cost				
Trade payables and accruals	61,277			
Deferred consideration	10,000			
Loans and borrowings	170,991		162,499	
	242,268			

	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			
Loans and borrowings	149,555		149,555	
	208,892			

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 2022 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 27 and all subsidiaries listed there are covered by the Section 357 exemption.

As at 31 December 2022 Cairn Homes Properties Limited had committed to sell c. 1,100 new homes for c. €375 million (ex. VAT).

At 31 December 2022, the Group had a contingent liability in respect of construction bonds in the amount of €4.2 million (2021: €3.4 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 2022, determined in accordance with IFRS as adopted by the EU, is €9.6 million (2021: loss of €8.4 million).

32. Events After the Reporting Period

On 1 March 2023, the Company proposed a final 2022 dividend of 3.1 cent per share subject to shareholder approval at the 2023 AGM on 11 May 2023. Based on the ordinary shares in issue at 22 March 2023, the amount of dividends proposed is €21.15 million. The proposed final dividend of 3.1 cent per ordinary share will be paid on 16 May 2023 to ordinary shareholders on the Company's register on 21 April 2023.

On 3 March 2023 the Company commenced a further share buyback programme of €40 million. As at 22 March 2023 the Group has repurchased 3.64 million shares under that share buyback programme at a cost of €3.78 million. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled.

33. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 27 March 2023.

COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Note	2022 €'000	2021 €'000
Assets			
Non-current assets			
Property, plant and equipment	2	**2,993**	401
Right of use assets	3	**5,572**	361
Intangible assets	4	**3,043**	1,434
Investments in subsidiaries	5	**26,744**	36,809
		38,352	39,005
Current assets			
Amounts due from subsidiary undertakings	6	**487,400**	621,596
Trade and other receivables	7	**667**	540
Cash and cash equivalents		**7,013**	1,031
		495,080	623,167
Total assets		**533,432**	662,172
Equity			
Share capital	8	**725**	789
Share premium	8	**199,616**	199,616
Other undenominated capital		**105**	40
Share-based payment reserve	9	**11,809**	11,795
Retained earnings		**287,891**	406,321
Total equity		**500,146**	618,561

COMPANY STATEMENT OF FINANCIAL POSITION CONTINUED

AT 31 DECEMBER 2022

	Note	2022 €'000	2021 €'000
Liabilities			
Non-current liabilities			
Lease liabilities	3	**5,776**	–
Current liabilities			
Trade and other payables	10	**26,934**	43,109
Lease liabilities	3	**576**	502
		27,510	43,611
Total liabilities		**33,286**	43,611
Total equity and liabilities		**533,432**	662,172

On behalf of the Board

Michael Stanley
Director

Shane Doherty
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital								
	Ordinary shares €'000	Deferred shares €'000	Founder shares €'000	Share premium €'000	Other undenominated capital €'000	Treasury shares €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000
As at 1 January 2022	**750**	**20**	**19**	**199,616**	**40**	**–**	**11,795**	**406,321**	**618,561**
Total comprehensive loss for the year									
Loss for the year	–	–	–	–	–	–	–	(9,583)	**(9,583)**
	–	–	–	–	–	–	–	**(9,583)**	**(9,583)**
Transactions with owners of the Company									
Purchase of own shares	–	–	–	–	–	(75,143)	–	–	**(75,143)**
Cancellation of repurchased shares	(65)	–	–	–	65	75,143	–	(75,143)	–
Equity-settled share-based payments (Note 9)	–	–	–	–	–	–	7,004	–	**7,004**
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	–	–	–	–	–	–	(1,408)	1,408	–
Transfer from share-based payment reserve to retained earnings in relation to founder shares	–	–	–	–	–	–	(5,582)	5,582	–
Dividends paid to shareholders (Note 8)	–	–	–	–	–	–	–	(40,694)	(40,694)
	(64)	**–**	**–**	**–**	**65**	**–**	**14**	**(108,847)**	**(108,832)**
As at 31 December 2022	**686**	**20**	**19**	**199,616**	**105**	**–**	**11,809**	**287,891**	**500,146**

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 CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 €'000	2021 €'000
Cash flows from operating activities		
Loss for the year	**(9,583)**	(8,402)
Adjustments for:		
Share-based payments expense	**5,034**	3,499
Finance costs	**174**	21
Depreciation of property, plant and equipment	**390**	200
Depreciation of right of use assets	**981**	361
Amortisation of intangible assets	**474**	200
Dividends from subsidiary undertakings	**(16,290)**	–
Impairment of investments in subsidiary undertakings	**10,065**	–
	(8,755)	(4,121)
Decrease in amounts due from group undertakings	**136,167**	15,121
(Increase)/decrease in trade and other receivables	**(127)**	36
Increase in trade and other payables	**157**	8,595
Tax paid	**(18)**	–
Net cash from operating activities	**127,424**	19,631
Cash flows from investing activities		
Loan repayments to subsidiary undertakings	**(6,305)**	–
Dividends received from subsidiary undertakings	**6,305**	–
Purchases of property, plant and equipment	**(2,982)**	(257)
Purchases of intangible assets	**(2,083)**	(1,082)
Net cash used in investing activities	**(5,065)**	(1,339)
Cash flows from financing activities		
Purchase of own shares	**(75,143)**	–
Dividends paid	**(40,694)**	(19,948)
Repayment of lease liabilities	**(342)**	(322)
Interest paid	**(198)**	(22)
Net cash used in financing activities	**(116,377)**	(20,292)
Net increase/(decrease) in cash and cash equivalents in the year	**5,982**	(2,000)
Cash and cash equivalents at beginning of the year	**1,031**	3,031
Cash and cash equivalents at end of the year	**7,013**	1,031

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 is €9.6 million (2021: loss of €8.4 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.

The recoverable amount of investments in subsidiary undertakings is assessed with regard to the net assets of the subsidiary undertakings. In the current year an impairment charge arose as a consequence of receipt of dividend income from a subsidiary undertaking which reduced the subsequent recoverable amount of the investment.

(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.

The Company intends to account for intra-group guarantees in periods from 1 January 2023 at fair value in accordance with IFRS9 Financial Instruments. This is not expected to have a material impact on the financial position of the Company.

2. Property, Plant and Equipment

	Leasehold improvements €'000	Computers & equipment €'000	2022 Total €'000
Cost			
At 1 January 2022	483	951	**1,434**
Additions	2,377	605	**2,982**
At 31 December 2022	**2,860**	**1,556**	**4,416**
Accumulated depreciation			
At 1 January 2022	(394)	(639)	**(1,033)**
Depreciation	(173)	(217)	**(390)**
At 31 December 2022	**(567)**	**(856)**	**(1,423)**
Net book value			
At 31 December 2022	**2,293**	**700**	**2,993**

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Property, Plant and Equipment continued

	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**

3. Leases
Right of use assets
Following the adoption of IFRS 16 in 2019, the Company recognised a lease liability and a right-of-use-asset in respect of the lease of its central support office property.

The additions during the year ended 31 December 2022 mainly relate to a 10-year lease agreement for a new office with a lease commencement date of 01 January 2022. The lease liability and related right-of-use asset were determined by discounting the lease payments over the term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate at the time.

	2022 €'000	2021 €'000
Cost		
At 1 January	**1,443**	1,443
Additions	**6,192**	–
At 31 December	**7,635**	1,443
Accumulated depreciation		
At 1 January	**(1,082)**	(721)
Depreciation	**(981)**	(361)
At 31 December	**(2,063)**	(1,082)
Net book value		
At 31 December	**5,572**	361

Lease liabilities

	2022 €'000	2021 €'000
Current liabilities		
Repayable within one year	**576**	502
	576	502
Non-current liabilities		
Repayable as follows:		
Between one and two years	**659**	–
Between two and five years	**2,081**	–
More than five years	**3,036**	–
	5,776	**–**
Total lease liabilities	**6,352**	502

The movements in total lease liabilities during 2022 and 2021 were as follows:

	2022 €'000	2021 €'000
At 1 January	**502**	824
Additions	**6,192**	–
Interest on lease liabilities	**186**	22
Lease payments	**(528)**	(344)
At 31 December	**6,352**	502

The undiscounted remaining contractual cash flows at 31 December 2022 were as follows:

		Contractual cash flows				
As at 31 December 2022	Total €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000	>5 years €'000
Lease liabilities	**(7,214)**	**(337)**	**(405)**	**(809)**	**(2,427)**	**(3,236)**

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 liabilities	**(515)**	**(172)**	**(343)**	–	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

4. Intangible Assets

For further information on Intangible Assets refer to Note 13 of the consolidated financial statements.

5. Investments in Subsidiaries

Cost	2022 €'000	2021 €'000
At the beginning of the year	**36,809**	36,809
Impairment charge following receipt of dividends	**(10,065)**	–
At the end of the year	**26,744**	36,809

An impairment charge of €10.1 million was recorded in profit or loss after receipt of dividends of €16.3 million (Note 12) from subsidiary undertakings during the year. Dividends received have been recognised as income in profit or loss during the year.

Details of subsidiary undertakings are given in Note 27 of the consolidated financial statements.

6. Amounts due from Subsidiary Undertakings

	2022 €'000	2021 €'000
Amounts due from subsidiary undertakings	**487,400**	621,596
	487,400	621,596

All amounts due from subsidiary undertakings are interest-free and 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.

7. Trade and Other Receivables

	2022 €'000	2021 €'000
Prepayments	**667**	540
	667	540

8. Share Capital and Share Premium

For further information on Share Capital and Share Premium refer to Note 19 of the consolidated financial statements. For further information on dividends refer to Note 25 of the consolidated financial statements.

9. Share-Based Payments

For further information on Share-Based Payments refer to Note 20 of the consolidated financial statements.

10. Trade and Other Payables

	2022 €'000	2021 €'000
Trade payables	**150**	271
Accruals	**6,661**	6,346
Amounts due to subsidiary undertakings	**–**	16,290
VAT liability	**19,721**	19,726
Payroll taxes	**402**	476
	26,934	43,109

Amounts due to subsidiary undertakings at 31 December 2021 represented interest-free repayable on demand loans which were settled during the year ended 31 December 2022.

11. Financial Instruments

The carrying value of the Company's financial assets and liabilities, comprising amounts due from and to subsidiary undertakings, 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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Financial Instruments continued
(a) Credit risk continued

Exposure to credit risk continued

The maximum amount of credit exposure is therefore:

	2022 €'000	2021 €'000
Amounts due from subsidiary undertakings	**487,400**	621,596
Cash and cash equivalents	**7,013**	1,031
	494,413	622,627

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 2022 are considered current with the expected cash outflow equivalent to their carrying value.

	2022 €'000	2021 €'000
Financial liabilities due in less than one year		
Trade payables and accruals	**6,811**	6,617
Amounts due to subsidiary undertakings	**–**	16,290
Lease liabilities	**576**	502
	7,387	23,409
Financial liabilities due after more than one year		
Lease liabilities	**5,776**	–
Total financial liabilities	**13,163**	23,409
Available funds:		
Cash and cash equivalents	**7,013**	1,031
Revolving credit facilities undrawn	**177,500**	194,000
	184,513	195,031

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 2022	**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	6,811	(6,811)	(6,811)	–	–	–	–
Lease liabilities	6,352	(7,214)	(337)	(405)	(809)	(2,427)	(3,236)
	13,163	**(14,025)**	**(7,148)**	**(405)**	**(809)**	**(2,427)**	**(3,236)**

		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)**	–	–	–

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.

12. 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, recharge of costs €1.5 million (2021: €1.4 million).
- Cairn Homes Properties Limited, recharge of costs €11.5 million (2021: €14.6 million).
- Cairn Homes Holdings Limited, dividends received €6.3 million (2021: €nil).
- Balgriffin Investment No. 2 HoldCo DAC, dividends (received via settlement of intercompany loan) €10.0 million (2021: €nil).

For amounts due from and to subsidiary undertakings please refer to Note 6 and Note 10.

Key management personnel compensation is set out in Note 26 of the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

13. Events after the Reporting Period

On 1 March 2023, the Company proposed a final 2022 dividend of 3.1 cent per share subject to shareholder approval at the 2023 AGM on 11 May 2023. Based on the ordinary shares in issue at 22 March 2023, the amount of dividends proposed is €21.15 million. The proposed final dividend of 3.1 cent per ordinary share will be paid on 16 May 2023 to ordinary shareholders on the Company's register on 21 April 2023.

On 3 March 2023 the company commenced a further share buyback programme of €40 million. As at 22 March 2023 the Group has repurchased 3.64 million shares under that share buyback programme at a cost of €3.78 million. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled.

14. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 27 March 2023.

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)
Orla O'Gorman (Non-Executive)
Julie Sinnamon (Non-Executive)

Secretary and Registered Office
Tara Grimley
45 Mespil Road
Dublin 4
D04 W2F1

Registrars
Computershare Investor Services (Ireland) Limited
3100 Lake Drive
Citywest Business Campus
Dublin 24
D24 AK82

Auditor
KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Website
www.cairnhomes.com

Contact Information
45 Mespil Road
Dublin 4
D04 W2F1

T: +353 1696 4600
E: info@cairnhomes.com

www.cairnhomes.com

Solicitors
A&L Goodbody
IFSC
25-28 North Wall Quay
Dublin 1

Eversheds Sutherland
One Earlsfort Centre
Earlsfort Terrace
Dublin 2

Pinsent Masons LLP
30 Crown Place
Earl Street London
EC2A 4ES

Beauchamps
Riverside Two
Sir John Rogerson's Quay
Dublin 2

Dillon Eustace
33 Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2

Principal Bankers/Lenders
Allied Irish Banks plc
10 Molesworth St
Dublin 2

Bank Of Ireland plc
40 Mespil Road
Dublin 4

Barclays Bank Ireland plc
One Molesworth Place
Dublin 2

Pricoa Private Capital
One London Bridge
8th Floor
London
SE1 9BG

Designed and produced by emperor
Visit us at emperor.works

CAIRN HOMES PLC

45 Mespil Road
Dublin 4
D04 W2F1

T: +353 1696 4600
E: info@cairnhomes.com

www.cairnhomes.com