CAIRN

Built For Good

Cairn Homes plc | Annual Report 2023


CAIRN
At Cairn, it's not what we build, it's why we build.
It's about putting down a marker that
will stand for generations to come.
Creating new communities of connection and
belonging for an Ireland where people can thrive.
Reshaping, redefining, reinvigorating our place in the world.
Building for people, progress, and potential.
Because when Cairn build, it's
Built For Good

Our purpose is to build sustainable communities where people can thrive.

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

JOHN REYNOLDS
CHAIRMAN

2023 Financial Highlights

In 2023 we delivered our strongest ever financial and operational performance, building a record number of new homes and confirming our position as a long-term, sustainable and profitable business.

REVENUE
+8.0%
2023: €666.8m
2022: €617.4m

GROSS PROFIT
+13.4m
2023: €147.6m
2022: €134.2m

GROSS MARGIN
+40bps
2023: 22.1%
2022: 21.7%

OPERATING PROFIT
+10.1%
2023: €113.4m
2022: €103.0m

OPERATING MARGIN
+30bps
2023: 17.0%
2022: 16.7%

BASIC EPS/DPS*
+1.2/0.2 cent
2023: 12.7c / 6.3c
2022: 11.5c / 6.1c

NET DEBT
-€1.0m
2023: €148.3m
2022: €149.3m

ROE**
+0.5%
2023: 11.3%
2022:10.8%

SALES COMPLETIONS
+14%
2023: 1,741
2022: 1,526

* 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 €85.4m / 673.8m shares (2022: €81.0m / 703.0m shares).
Dividend per Share ("DPS") is defined as the sum of interim dividend paid plus final dividend proposed for a financial year. Calculated as 3.1 cent interim dividend paid plus 3.2 cent final dividend proposed (2022: 3.0 cent interim dividend plus 3.1 cent final dividend).

** Return on Equity ("ROE") is defined as profit after tax divided by total equity at year end. Calculated as €85.4m / €757.2m (2022: €81.0m / €751.8m)

2023 Non-Financial Highlights

Our established operating platform allows us to deliver at industry leading pace, scale and value for money.

Leading sustainably
Retained our CDP A- rating, co-founded Ireland's Supply Chain Sustainability School and committed to Net Zero by 2050.

PLEASE REFER TO OUR 2023 SUSTAINABILITY REPORT FOR FURTHER INFORMATION ON ALL OF THESE INITIATIVES AND MORE →
p23 and p30

A trusted partner
Continued our delivery of Social & Affordable high quality scaled apartment developments to State supported counterparties.

READ MORE →
p22

Passive House
Commenced construction at our first Passive House 598 apartment development at Piper's Square, Charlestown.

READ MORE →
p29

2023 Operational Highlights



Active sites in 2023
20
nationwide as we continue to expand our regional footprint

Record sales levels throughout the year
2,800+
new homes sale agreed

Energy efficient homes
1,741
A2 rated (Building Energy Rating "BER") sales completions

What does a sustainable residential sector deliver to Ireland?

READ MORE ONLINE →

Supporting Ireland's growing economy

Ireland has one of the strongest performing economies in Europe. This economic success depends on attracting the right workers to the right places to meet employer demand. Ireland's continued competitiveness depends on housing supply keeping pace with demand, with 70% of Irish CEOs identifying housing availability as a challenge. The delivery of new housing is critical to the continued growth of the Irish economy.

A sector with impact

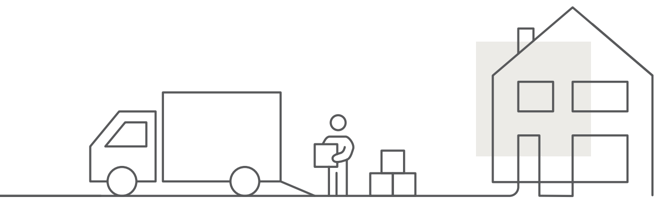
Homebuilding has an economic impact far beyond the new homes built in a given year. The building and construction sector employed over 160,000 people in 2023, an increase of over 10,000 since 2019. As well as direct employment the sector contributes to education and upskilling through nearly 5,000 apprenticeships and spin-off jobs in the communities it operates in.

Housing across all tenures

Housing is a pressing need across all areas of Irish society. In 2023, 36% of private renters were at risk of poverty after paying their housing costs. A sustainable residential construction sector is one that is able to work at pace and scale with State supported counterparties to deliver Social & Affordable housing that meet society's needs.

Supporting decarbonisation

Ireland aims to achieve a 51% reduction in greenhouse gas emissions by 2030, with households responsible for more than 10% of all emissions. All new homes in Ireland are A2 energy rated achieving Nearly Zero Energy Building (NZEB) standards. Efficient new homes help reduce household emissions, emitting 70% less carbon dioxide than a home built under 2005 standards. Please refer to page 14 of our 2023 Sustainability Report for further detail on our decarbonisation roadmap.



Quality of life

A sector that delivers quality new housing allows families and individuals to put down roots and enjoy a high quality of life. In Ireland, there has been an 82% increase in 25-29 year olds living with their parents since 2013 and many current renters desire security of tenure in their homes. By building higher quality and secure-tenure homes, homebuilders improve living standards and wellbeing across Irish society.

IN NUMBERS

161k
construction industry jobs in Q4 2023

€11bn
construction industry Gross Value Added ("GVA") in 2023

32,695
new homes built in 2023

Sources: CSO.

Strategic Report

Cairn is a home and community builder, leading the market in creating sustainable foundations upon which Ireland can thrive. Our objective is to deliver sustainable new homes to a broadening customer base. This is done at industry leading pace and scale whilst building communities that serve our country's present and future needs.

PLACEMAKING, ARCHERS WOOD

A space that can attract people of all ages is a place where a community can truly thrive. The public park in Archers Wood is a superb example of this and has proven to be a great asset to both residents and local visitors, integrating Archers Wood into the wider community in a very short space of time.

STRATEGIC REPORT

Built For Good
in action

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

It's about putting down a marker that will stand for generations to come. Creating new communities of connection and belonging, building towards an Ireland where everyone can thrive. Our vision includes people, progress and prosperity for all. Because when we build, it's Built For Good.

Thriving communities of connection

Our dedication to community building will see us expand our focus from a local level in 2023 to a national level in 2024, with the continuation of our award-winning community building Home Together initiative and our exciting partnership with the Community Games, a national organisation that sees over 160,000 young people and 10,000 volunteers from 430 towns across Ireland participate.

Protecting and enhancing natural habitats

Cairn is the industry leader in environmental and habitat protection initiatives. Our Biodiversity Net Gain targets are tied to our remuneration targets, a bold commitment and a first in the industry in Ireland. Our focus on planting thousands of native trees and metres of hedgerows, wetland protection, and bird, insect and mammal friendly design make the spaces we create not just great for biodiversity but are also linked to quality of life and health outcomes for people living in the location.

Creating jobs and training a new generation

From primary schools through to transition year, mentoring programmes, intern and graduate programmes, and our engagement with third level institutions, we are inspiring and helping to develop the future of our industry. 2023 saw us launch the Cairn Apprenticeship Academy and become founding partners of the Sustainability Supply Chain School demonstrating real leadership and commitment to the future of our sector.

Over €5 million
contributed to community projects to date

53,000
trees planted to date

€10 million
will be invested over five years in our Apprentice Academy

Find out more about the positive impact we are proud to have on Irish society at cairnhomes.com/our-impact

Infrastructure that unlocks great locations

Significant contribution to vital infrastructural projects – bridges, roads and traffic improvements, cycle routes, schools, créches and parks across all of our developments. These investments and partnerships not only unlock delivery of thousands of new homes but also improve everyone's quality of life.

c. €20 million
contributed to date to infrastructural projects in Seven Mills

Building responsibly

We build safely, sustainably and responsibly. Health and safety is our number one priority, recognised in 2023 with an AA Safe-T Cert Rating and ISO 45001 Accreditation. Our health and safety team is supported by 38 mental health first aiders. Our long-term sustainability agenda and rigorous measurement and reporting has resulted in us being awarded an A- Rating from the Carbon Disclosure Project ("CDP") again this year. We have also integrated stringent responsible sourcing of materials into all of our tendering processes, please refer to page 28 for further detail on our Responsible Sourcing Approach.

A-
Carbon Disclosure Project rating in 2023

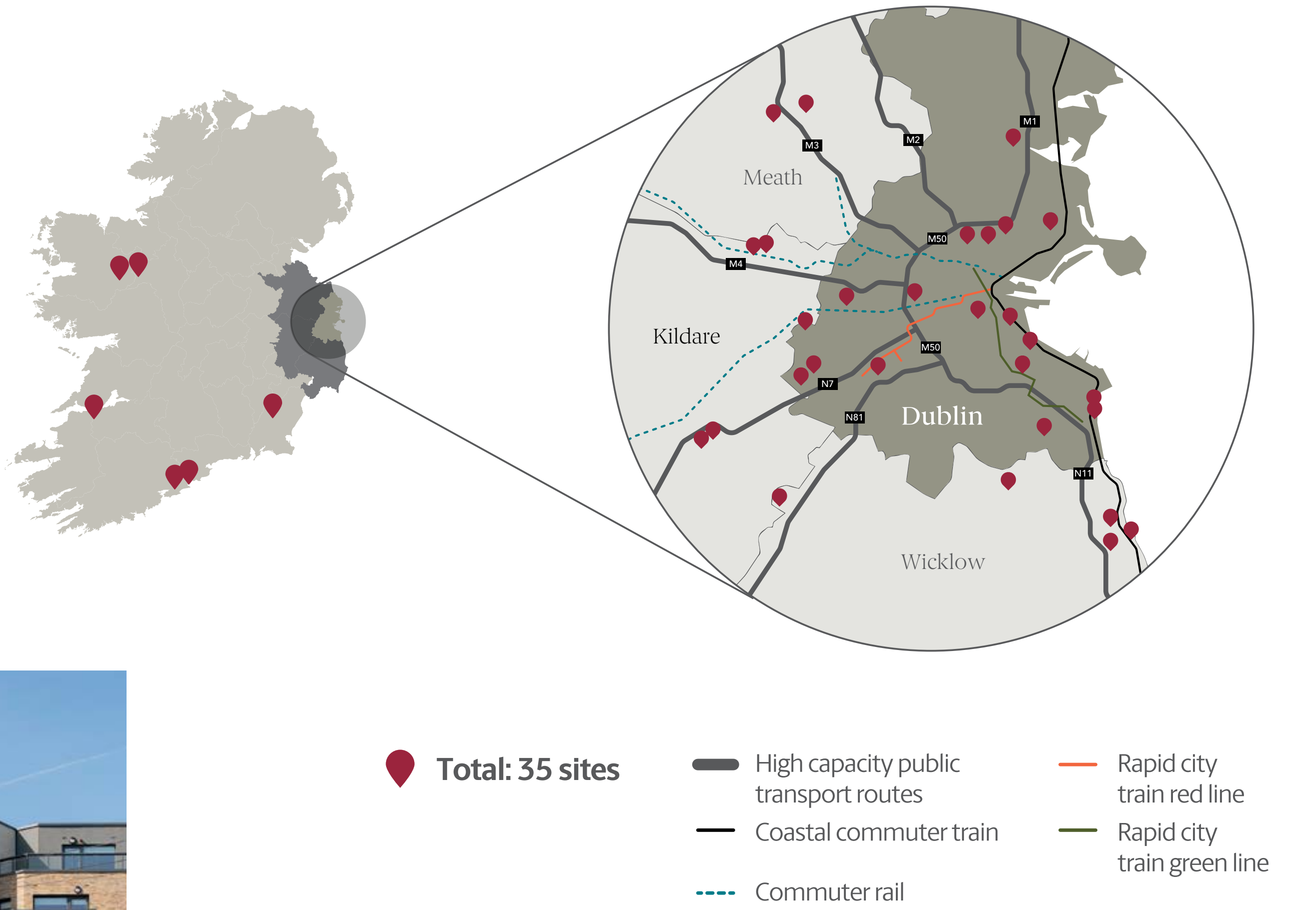
Innovation that yields real results

Our unique end to end operating platform allows us to introduce and pioneer significant innovations in construction methods and the use of materials throughout the value chain. Integrated Building Information Modelling ("BIM") and shared technical libraries, offsite prefabrication and modular manufacturing have yielded huge efficiencies and programmatic gains. We are the first company in Ireland to use technologies such as soil stabilisation and prefabricated modular party walls saving thousands of tonnes of CO_2 emissions and providing significant programmatic gains.

11.5 weeks
faster on apartment build programmes than large main contractors *(Source: Building Control Management System ("BCMS") commencement notices)*

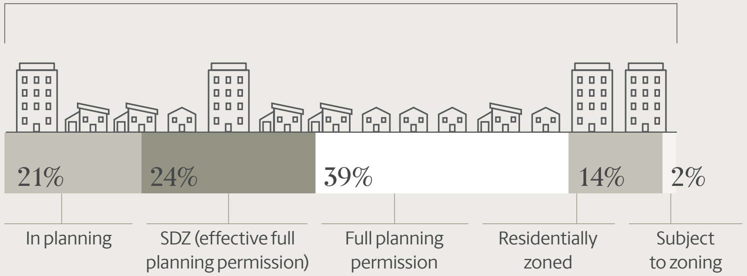
Strategically located and low cost landbank

We have a landbank of c.16,300 units (across 35 sites nationwide) located in areas with excellent public transport and infrastructure links, allowing communities to thrive.



LANDBANK

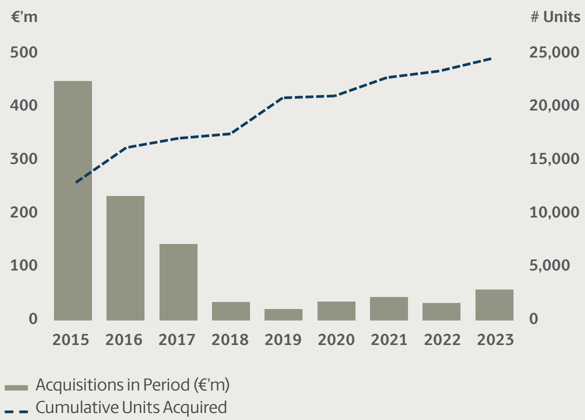
Total landbank
c.16,300 units



PLOT COST

Housing (c.11,500)	Average	Apartments (c.4,800)
€24k	€37k	€66k

c.16,300 Unit Landbank – Balance Sheet Value €609m



SOME KEY DEVELOPMENTS

Seven Mills (Dublin 22)

We received planning permission for the next three phases of our 5,500 unit development, during 2023, bringing the total number of units with full planning permission to 1,894. We expect to deliver over 250 new private homes in 2024.

Charlestown (Dublin 11)

As our first Passive House development, Piper's Square will deliver 598 of the most sustainable Social & Affordable apartments in the Irish market. These ultra low and efficient energy apartments will have a 55% lower heat demand than nZEB compliant apartments.

Sorrell Wood (Wicklow)

Situated in Blessington Demesne, this development will provide 485 new homes to first time buyers, with our first phase of 94 new homes nearly complete.

Archers Wood (Wicklow)

This mixed tenure development delivered 427 new homes set against a backdrop of 4.5 hectares of active open space with 3,000 sqm of native wildflower meadows. This thriving community highlights our success in building places where people love to live.

Nyne Park (Kilkenny)

We delivered 40 new homes in 2023 and expect to welcome over 70 new families in 2024. As our first development in Kilkenny, Nyne Park will deliver over 700 A2-rated new homes, the majority of which qualify for the First Home and Help to Buy schemes.

Bayly (Cork)

Located in Douglas, one of Cork's most sought-after locations, this development will deliver over 470 new homes by 2025. Bayly exemplifies our environmentally responsible building practices, featuring open play spaces and landscaped parkland.

"Our commitment is to build homes that are thoughtfully designed and Built For Good."

JOHN REYNOLDS
CHAIRMAN OF THE BOARD

I am pleased to present the annual report for the year ended 31 December 2023. In addition to providing insights into our performance in 2023, this report details how our business is positioned to continue our exciting growth trajectory while maintaining the flexibility to respond to any future challenges and deliver significant value for our shareholders.

Year in Review

2023 has been another year of strong performance for Cairn. Despite certain macroeconomic headwinds in recent years, as well as continued cost of living challenges and inflationary pressures, we have once again exceeded expectations across key financial and operational metrics. The strong operational and financial performance of the business during 2023 demonstrates the strength and resilience of our long-term operating model, balance sheet efficiency, and the high calibre and experience of our management team. Building on the positive outlook of the Irish economy and supportive Government housing policies designed to address housing shortages across the country, the demand for our homes has continued to grow, with a record forward order book of 2,350 new homes as at 31 December 2023. With 1,741 sales completions, our revenue grew to €666.8 million and our operating profit for the year was €113.4 million.

Shareholder Returns

The Board maintains a disciplined approach to capital allocation, balanced by an emphasis on reinvestment as a means to grow our business and satisfy housing demand. At the same time, supported by strong financial performance, we remain focused on providing reliable returns to our shareholders by sustaining a progressive annual dividend, at between 40%-50% of profit after tax. In October 2023, we paid an interim dividend of 3.1 cent per ordinary share. We are proposing a final dividend for 2023 of 3.2 cent per ordinary share, subject to shareholder approval at our 2024 AGM, resulting in a total proposed dividend of 6.3 cent per ordinary share, a 0.2 cent increase over 2022.

As part of the ongoing capital returns programme, we also completed €42.7 million of our current €75 million share buyback programme during 2023.

Built For Good

Our focus at Cairn is to build homes and communities that will stand for generations and be a place where people can thrive. The maturity and scale of our end-to-end operating platform, our innovative and sustainable construction model, and our in-house expertise have allowed us to build homes that have been thoughtfully designed, are sustainable and will last long into the future.

As one of Ireland's leading home and community builders, Cairn has delivered over 7,500 high quality, A-rated new homes in Ireland, with more than 20,000 people now living in a Cairn built neighbourhood. As we continue to grow and evolve, we aspire to continue to contribute to society and address the housing needs of Ireland's growing population. This purpose and vision is strongly underpinned by a clear set of values and a unique culture, which serve as the compass that guides how we do business and interact with all stakeholders.

Stakeholder Engagement

As a Board we recognise that in order to achieve our purpose, we must consider the views of all our stakeholders, supporting effective decision-making and our ability to create value.

Our employees are what makes Cairn successful. Our ambitious growth agenda is fundamentally underpinned by their hard work and determination. Orla O'Gorman, the Non-Executive Director responsible for workforce engagement, continued to provide a valuable channel for the Board to hear employee views in 2023. Orla held regular meetings with employees at all levels of the organisation, across our sites and our central office and provided valuable input into our deliberations regarding culture, sustainability, our people strategy and insights against the backdrop of cost-of-living challenges. Further details on our employee engagement activities during 2023 are contained with the Nomination Committee Report, on pages 68 to 73.

Since IPO, we have built a deep pool of trusted subcontractors and suppliers. Each of our top 20 subcontractors have now worked across an average of 20 of our developments. These partnerships have provided continuity and supported us in delivering productivity improvements and efficiencies, while also mitigating against build cost inflation. Over the past year, we continued to roll out our approach to responsible sourcing, initiated in 2022, with a view to enhancing our suppliers' approach to ethical, social and environmental issues in tandem with our sustainability objectives. The work of our employees and our relationships with suppliers allows us to serve a growing and diverse pool of customers. In line with our purpose of building homes and long-lasting communities, our commitment to customers does not end at the point of sale. Our efforts to improve their experience resulted in us engaging with our customers as a community, through initiatives such as "Home Together", which has been expanded into a three-year programme. We are extremely pleased by the results of our community survey, with 85% of participants reporting a high level of trust between neighbours and an increased sense of belonging within their communities.

Shareholder Engagement

The Board recognises the importance of constructive dialogue with our investors, and we remain open to all feedback, which forms material aspects of Board discussions and deliberations. During the past year, alongside the Remuneration Committee Chair, I met with shareholders representing approximately 80% of our shareholder register to discuss revisions to our approach to the CEO's remuneration framework. Following extensive engagement with shareholders, the final terms of the Stretch CEO LTIP were altered substantively and approved at Cairn's Extraordinary General Meeting held in August 2023. As Chair, and as a Board, we consider regular and meaningful engagement with shareholders to be a cornerstone of strong corporate governance. We will continue to develop two-way channels of engagement and communication to further foster mutual understanding of expectations on strategy, governance and other issues.

Board Governance

In October, we announced the CFO Shane Doherty's decision to step down from his role. On behalf of the Board, I would like to thank Shane for all his hard work and dedication to Cairn. During his tenure, Shane played a pivotal role further enhancing the finance function, cultivated and developed key relationships with our stakeholders and further drove our sustainability agenda to ensure it is integrated into every aspect of the business. Shane will remain available to the business to ensure a smooth transition process to his successor. In February 2024, following an extensive recruitment process Richard Ball was appointed as the Company's incoming CFO, joining in April 2024.

In addition to the change in CFO, there will also be certain changes to the Board's Non-Executive composition during 2024. As announced in January, Alan McIntosh stepped down from the Board, having served more than eight years, initially as an Executive Director and then as a Non-Executive Director. Having co-founded the business, throughout his tenure in both roles, Alan played a pivotal role in the success of Cairn and ensuring we are positioned strategically to address our market demands. As disclosed at the same time, Gary Britton informed the Board of his intention to step down as a Non-Executive Director at the end of 2024, having served on the Board since IPO in 2015. We will continue to rely on Gary's expertise and experience over the coming months until the end of his tenure. Over the course of 2024, and as part of our continuous review of Board composition and refreshment, we will evaluate potential additions to the Board to ensure its composition reflects the evolution of the business and our strategy.

Further detail regarding the changes made to our Board and Board Committees can be found in the Nomination Committee Report, from page 68.

Sustainability and Industry Leadership

Our sustainability strategy is fundamentally aligned with our purpose of developing a new, more sustainable way to deliver housing in Ireland, towards a future where everyone can thrive. In fulfilling that purpose, we recognise the impact our activities have on the environment, and we continue to take strides to reduce our carbon footprint while enhancing the biodiversity on our sites. We were proud to announce that Cairn's scope 1, 2 and 3 targets were validated by the Science Based Target Initiative ("SBTi") in 2023, a significant milestone for the business. As part of those commitments, we are proud to have commenced construction of our first large scale Passive House apartment scheme in Charlestown comprising 598 units, in addition to the commencement of our second ultra-low energy Passive House apartment scheme at Seven Mills, in 2024.

IN NUMBERS

6.3c

2023 full year dividend

(3.1c interim and 3.2c final proposed dividend)

€315m+

shareholder returns since 2019

Looking Forward

While there continues to be a number of challenges facing markets and economies the positive outlook for the Irish economy and low unemployment levels position Cairn to play a central role in continuing to increase housing supply across Ireland.

We are excited to enter a new year as a stronger and more ambitious Cairn. With the strong long-term fundamentals of our industry and the shortage of high quality, energy efficient and affordable homes across the country, we are confident that we will continue to achieve high levels of financial performance, while retaining the flexibility to respond to market opportunities as they emerge and play a key role in addressing the challenges facing the housing market in Ireland.

On behalf of the Board, I would like to thank our colleagues, subcontractors and supply chain partners for their continuous hard work and commitment during the past year.

JOHN REYNOLDS
CHAIRMAN

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

MICHAEL STANLEY
CEO

2023 was a year where we firmly established our scaled platform which is driving momentum into 2024.

The true strength of our scaled operating platform came to the fore in 2023, delivering significant growth and record housing output. This impressive performance reflects the continued reinvestment we have made in our business, delivering growth across all of our key operational and financial performance metrics.

We are committed to delivering high-quality homes at industry leading pace that will help to address Ireland's housing needs. We have a unique competitive advantage with our low-cost landbank, scaled operating platform, apartment delivery expertise and forward order book which will continue to generate value for shareholders that is aligned with positive societal outcomes for Ireland.

2023 in Review

The continued successful execution of our strategy was clearly demonstrated by our new home delivery in 2023. We significantly increased our output, by 14%, delivering 1,741 sales completions. We are proud to be producing this volume of high quality, energy efficient A-rated homes to our customers. Our exceptional financial and operational performance, while operating in a country with strong macroeconomic growth and supportive Government housing policies, will allow us to continue to invest and grow our business and deliver much needed new homes into the future.

Importantly, our homebuilding output is faster than the industry average. This construction efficiency, coupled with our scaled operating platform and balance sheet strength will allow us to continue to drive strong and consistent margins at competitive price points.

This clear market advantage is also underpinned by the exceptional demand for our new homes, illustrated by our forward order book and our attractive pricing.

A tangible example of this can be seen at Seven Mills, which we commenced in January 2023 and which represents our largest development to date. We will invest over €2 billion in constructing this new town over the coming years, delivering 5,500 sustainable new homes, including high-quality houses, apartments, and duplexes. Seven Mills will be delivered to the highest sustainability standards and our ambition is to deliver Ireland's first Biodiversity Net Gain town. This development, which is exceptionally located, along with our other active developments and pipeline, will support our growth, deliver on our ambition of building communities that meet Ireland's present and future housing needs, and create long-term value for shareholders.

Irish Economy & Market Backdrop

While many other European countries continue to face headwinds, economic indicators for Ireland remain positive, with our economy continuing to experience growth. However, while the economy continues to perform, there remains a chronic undersupply of housing, which is failing to keep pace with our growing population and high employment levels. Against the backdrop of strong demand for new homes, Irish household balance sheets are among the healthiest in Europe and deposit levels continue to rise. Additionally, the Irish government continues to correctly prioritise new home supply across all tenures through Housing for All and is investing €5 billion in capital funding in 2024 to meet its housing targets. We are proud to play an increasingly influential role in tackling Ireland's housing crisis across all tenures. We are committed to working constructively alongside all key stakeholders to ensure that we continue to deliver new homes at pace, scale and value for money across Ireland. Ireland's economic attractiveness remains linked to our ability to meet this pent-up demand for housing. We are excited by the opportunity to play a role in achieving those aims.

Sustainability – 'Built For Good'

Our ambition is not just to build homes, it is to create sustainable communities of the highest quality homes delivered to the highest sustainability standards. To achieve this, we have embedded sustainability strategies and initiatives across our day-to-day operations, ensuring that they are central to our long-term growth strategy. We have made significant progress across a number of our sustainability targets, including reductions across our scope 1,2 and 3 emission targets, which were externally verified by the SBTi during 2023. Decarbonising our value chain is a core focus for our business and, together with our stakeholders will support a reduction in our embodied and operational carbon.

We also made significant progress on our decarbonisation journey through building Passive House apartment schemes, a transition which will begin with our delivery of 598 new passive apartments at our Piper's Square development in Charlestown in Dublin. Upon completion, it will be one of the most sustainable scaled apartment developments ever built in Ireland, materially reducing our scope 3 carbon emissions, whilst also providing significant cost savings for occupiers when it comes to energy bills, (c.€33,000 lifetime saving per apartment (undiscounted)). As we continue to refine the technology, the benefits of Passive House buildings will be rolled out across future apartment schemes. To this end, the second phase of our Seven Mills development will deliver 594 Passive House standard apartments. This is a true example of where sustainability, positive societal impact and value creation are inextricably linked.

Our People

I am fortunate to work with so many great people at Cairn. Our people are at the heart of everything we do, and they are the key differentiator for our business, with their diligence, hard work and dedication driving our strong performance and growth. We are committed to continuing to invest and develop our people, ensuring that Cairn's strong culture and values remain central to how we operate, which will underpin our future growth.

My co-founder Alan McIntosh made the decision to step down as a Non-Executive Director in January 2024. Alan has played a pivotal role in creating and supporting the development of one of Ireland's leading homebuilders. I want to extend my sincere thanks to Alan for the support he has given to both Cairn and myself over the last number of years.

I would also like to express my gratitude to our outgoing CFO, Shane Doherty, for his contribution and commitment over the last four years. Shane has played an important role in our growth and success during his tenure, helping position the business to deliver on the next stage of our journey. On behalf of everyone at Cairn, I wish Shane well in his future endeavours. I also look forward to welcoming Richard Ball, who will join the business in mid-April 2024 as CFO, having worked in the property industry for almost 20 years.

Outlook for 2024

The outlook for our business is extremely positive. Our established delivery platform will enable us to continue to increase our annual volumes, generate sustainable profits to support our continued growth and allow us to make a significant contribution towards Ireland's housing needs into the future.

Having delivered 1,741 sales completions in 2023, we will continue to leverage our mature platform and established supply chain partnerships to grow our output to c.2,200 sales completions in 2024, an expected 26% increase in delivery. We have consistently increased our new home delivery at a faster pace than the wider industry – our expected 26% growth in delivery in 2024, compares to a Housing For All target growth of 15%. Notwithstanding the delivery of 32,695 new home completions in 2023, the highest since 2008, the Housing Commission estimates that c.42,000 – 62,000 new home completions per annum will be required in the long-term to address the historical undersupply in the Irish housing market. As one of Ireland's largest homebuilders, we will continue to play a leading role in driving new home supply across Ireland over the coming years.

MICHAEL STANLEY
CEO

Solid economic fundamentals driving demand

Ireland entered 2024 in a strong economic position, following a period of sustained real growth in the domestic economy. This continued growth, supported by record levels of employment and consumer spending, is set to underpin sustained demand for housing which has been structurally undersupplied for over a decade.

Modified Domestic Demand ("MDD"), an indicator that best captures the performance of the domestic Irish economy and excludes some of the effect of multinational activity, grew in real terms by 0.5% in 2023. MDD is forecast by the ESRI to grow by 2.0% in 2024, ahead of the Euro Area average GDP growth of 0.8% forecast by the European Commission. *(Source: CSO, ESRI, AMECO)*

The continued strong performance of the Irish economy is reflected in a labour market that is close to full employment. At the end of 2023, there were 2.71 million people in employment and unemployment stood at 4.2%. This increase in employment, with an additional 90,000 people in employment (+3.4% on 2022) reflects broad participation and opportunities for work in the Irish economy *(Source: CSO)*.

Strong Public Finances

Ireland's public finances remain in good health, with record levels of tax collected in 2023. Income tax receipts were €32.9 billion in the year (+7.1%), reflecting both employment and wage growth in the economy, with wages growing by 4.6% year on year in 2023. Corporation tax receipts have also performed strongly with an overall tax take of €23.8 billion (+5.3%). Ireland is one of only two countries in the Euro Area projected by the IMF to have recorded a Government surplus in 2023, with a further surplus expected in 2024. These surpluses have allowed the Government to dedicate over €4 billion to the new Future Ireland Fund and €2 billion to a separate infrastructure, climate and nature fund. These funds will help to ensure that investment in much needed infrastructure, including projects that support housing can be maintained over the coming years. *(Source: CSO, Dept of Finance, IMF)*

Supportive Demographics

After Census 2022 recorded the highest population in over 170 years, Ireland's population reached 5.28 million in 2023, driven by net inward migration of nearly 80,000 people, the highest level in 15 years. Ireland had the second youngest population in the EU in 2022 with a median age of 38.8. Our demographics underpin the strong structural demand for housing in Ireland which will continue into the future. *(Source: CSO, Eurostat)*

32,695 new homes were completed in Ireland in 2023, a 10% increase on 2022, reflective of strong demand and a supportive policy environment. The Housing Commission, established under the Programme for Government, believes Ireland requires between 42,000 and 62,000 new homes every year until 2050 to meet the structural demand for housing, necessitated by population growth and inward migration. *(Source: CSO)*

FTBs Driving Mortgage Demand

The European Central Bank's main refinancing rate rose by 200 basis points in 2023 to a record high of 4.5%. As a result, the average interest rate on new mortgages increased to 4.19% in December 2023 from 2.76% in December 2022. Despite this, mortgage demand amongst first-time buyers ("FTBs") remained very strong in 2023, with 8,606 FTB mortgage drawdowns for new homes in 2023, valued at €2.7 billion, up 4% in volume and 12.8% in value year-on-year. Green mortgages allow buyers of new homes to offset some of these recent interest rate increases. Discounts of over 100 basis points are available for new homes with a Building Energy Rating ("BER") of B2 or higher, for which all new Cairn starter homes are eligible. FTBs were also helped by the relaxation of the Central Bank of Ireland's Macroprudential Rules ("MPRs") in January 2023, which now allow this cohort to borrow up to 4 times their annual single or combined income. Ireland's retail banks remain in a healthy position to meet this demand for mortgages, with the two largest banks both having Core Tier 1 capital ratios of over 14%. *(Source: Central Bank of Ireland, BPFI).*

Irish households retained their healthy balance sheets into 2024. Household deposits stood at €153 billion at the end of 2023, having grown by €42 billion since 2019, over €4 billion of which was added during 2023. *(Source: Central Bank of Ireland)*

Economic backdrop

RECORD EMPLOYMENT

2.71m

Number of people in employment in Q4 2023. The highest level on record. *(Source: CSO)*

POPULATION GROWTH

97,600

Ireland's population grew by 1.9% annually between 2022 and 2023. *(Source: CSO)*

COMPLETIONS

32,695

New homes completed in 2023. Up 10% on 2022. *(Source: CSO)*

HEALTHY PUBLIC FINANCES

€8.4bn

Government Surplus forecast for 2024. *(Source: Dept. of Finance)*

HELP TO BUY SCHEME

23,750

Applications for the Help to Buy Scheme. *(Source: Revenue)*

COMMENCEMENTS

32,801

New homes commenced in 2023. Up 21% on 2022. *(Source: CSO)*

2024 FORECAST GROWTH

2.0%

The ESRI's forecast for Modified Domestic Demand (MDD) growth. *(Source: ESRI)*

FTB MORTGAGE APPROVALS

€8.8bn

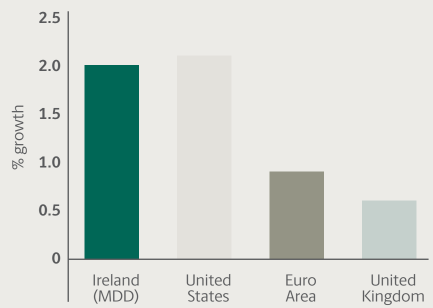
Total FTB Mortgage Approvals in 2023. Up 16% on 2022. *(Source: BPFI)*

APARTMENTS

11,642

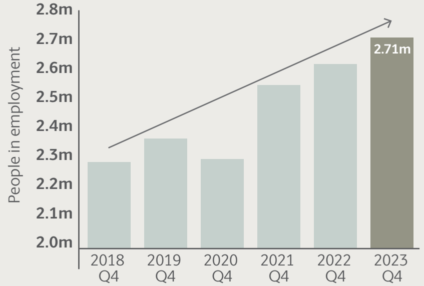
New apartments completed in 2023. Up 28% on 2022. *(Source: CSO)*

2024 FORECAST GROWTH



(Source: European Commission, CBI, ERSI, IMF)

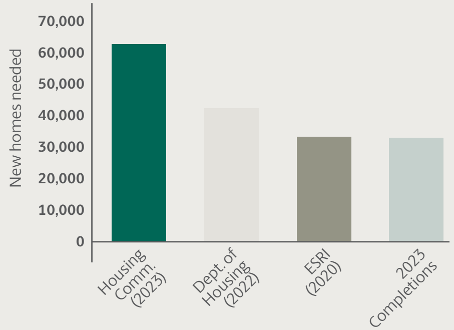
RECORD EMPLOYMENT



* m = million

(Source: CSO)

SUPPLY STILL BELOW FORECAST ANNUAL STRUCTURAL DEMAND



Supportive environment for increased housing output

New home completions

	2018	2019	2020	2021	2022	2023	2024 Target	2030 Structural Demand
State Capital Funding	€1.9bn	€2.3bn	€2.6bn	€3.1bn	€4.1bn	€5.0bn	€5.1bn	Govt surpluses of €38bn forecast 2024 to 2026
Initiatives Introduced	LDA Established, first full year of HTB Relief	HBFI launches	HTB Relief Enhanced	Housing for All launched, CREL announced	First Home Scheme, Croí Cónaithe	Levy Rebates, Cost Rental supports	Planning Bill, NPF Review, Project Tosaigh II	Initiatives to support delivery across all tenures

New and Enhanced Policy Supports for Delivering New Homes

As one of the main political and societal priorities for the Irish Government over the years, the lack of housing has been identified as a key risk to Ireland's economic success. In 2023, the Government announced a number of new initiatives to support the delivery of new homes under the flagship Housing for All plan, adding €1 billion in capital funding to the €4 billion that had already been committed for 2023. This reflects the scale of the Government investment and reform needed to deliver on Ireland's housing need across all tenures, with a target of delivering nearly 10,000 social and 6,000 affordable new homes annually to 2030. *(Source: Department of Housing, Local Government and Heritage)*

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, which launched in July 2022 and continued to ramp up during 2023. There has been significant interest to date in the scheme, with nearly 3,200 approvals and 1,255 drawdowns since it began. The State takes an equity share of up to 30% in new homes (or 20% with Help to Buy) in order to help FTBs 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, to a maximum of €475,000 in Dublin. Further increases in the price caps were also announced during 2023, with a €50,000 increase for Meath bringing the cap to €425,000 from July and a €25,000 increase for Galway, Limerick, Clare, Laois and Waterford taking effect in January 2024. *(Source: First Home Scheme)*

Help to Buy

The Help to Buy ("HTB") scheme is a further incentive for FTBs 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 2024 confirmed that HTB will continue until the end of 2025 at its current level. A record 23,750 Help to Buy applications were submitted in 2023, up 30% on 2022 – reflecting strong demand among FTBs and the importance of these support schemes. *(Source: Revenue)*

Development Levy Waiver Scheme

Levies paid by developers to Local Authorities (average c. €10,000 per new home) and connection fees paid to Ireland's water utility provider, Uisce Éireann (c. €5,000) have been temporarily waived. This scheme, is open to units commenced between 24 April 2023 and completed by 31 December 2025.

Supporting Cost Rental Development

The Government announced two new schemes to support the development of new cost-rental units during 2023. State funding under the Cost-Rental Equity Loan ("CREL") scheme has been increased from 45% to a maximum of 55% of the cost of units acquired by approved housing bodies ("AHBs") for affordable rental. Under 'Accelerated CREL' AHBs are enabled to drawdown funds ahead of completion to support the forward-funding of projects. The €750 million Secure Tenancy Affordable Rental ("STAR") scheme aims to deliver 4,000 cost rental units in high demand urban areas. Under this scheme, private developers together with AHBs can apply to provide cost-rental homes, with the State making an equity investment of up to €200,000 per new home, provided they retain a cost-rental status for 50 years.

Planning Reform

The Government approved the new Planning and Development Bill which aims to make the Irish planning system clearer and more efficient to ensure that housing and infrastructure can be more easily delivered. Cairn supports the need for a more effective planning system, however it is not anticipated that this legislation will impact planning decisions before 2025 and questions remain about the overall impact of the legislation.

As well as reform of planning legislation, the Government is undertaking a review of the National Planning Framework ("NPF"), the overarching policy document that directs spatial planning in Ireland. This review will take into account new evidence, including the results of Census 2022 in shaping forecasts of structural housing demand that feed into local authorities' housing delivery targets. This will help ensure that the planning system properly reflects the reality of Ireland's long-term structural housing need. Cairn will engage with the NPF Review consultation in the coming months, to help ensure that the plans facilitate homebuilders to meet Ireland's housing need over the coming years.

Ambitious Housing for All targets to 2030

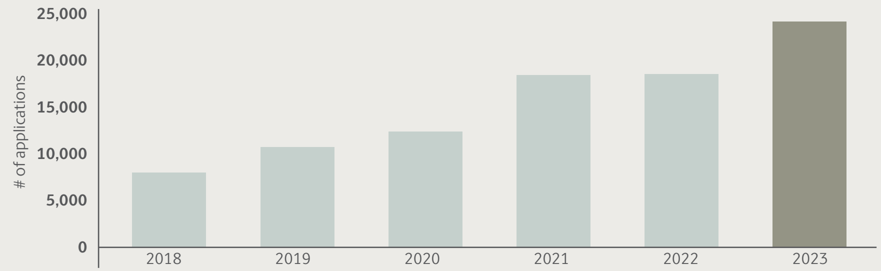
2024 CAPITAL BUDGET
€5.0bn

STATE FUNDING UNDER COST RENTAL EQUITY LOAN
55%

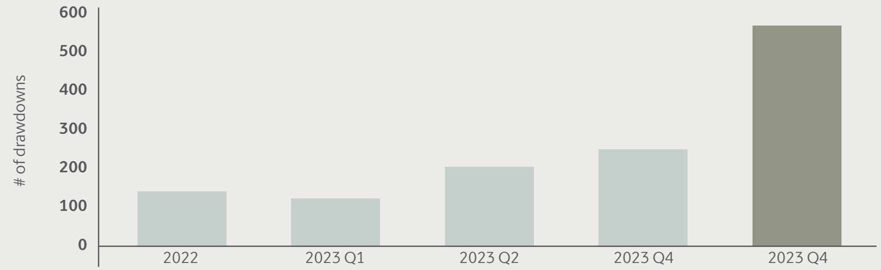
SOCIAL AND AFFORDABLE HOMES DELIVERED BY 2030
144,000

HOUSING COMMISSION ANNUAL HOUSING DEMAND ESTIMATE
42-62k

Record Help to Buy applications



Surge in First Home shared equity drawdowns



(Source: Revenue, First Home Scheme)

Adding value at every step

Our end-to-end scaled operating platform allows us to control our entire product lifecycle, meaning we create value at every stage. At Cairn, delivering value and quality to all of our stakeholders is at the centre of everything we do.

STAGE #1

Land acquisition

Our strategy centres on identifying sites that are complementary to our existing landbank and that represent value accretive opportunities, located in areas with excellent public transport and infrastructure links.

STAGE #2

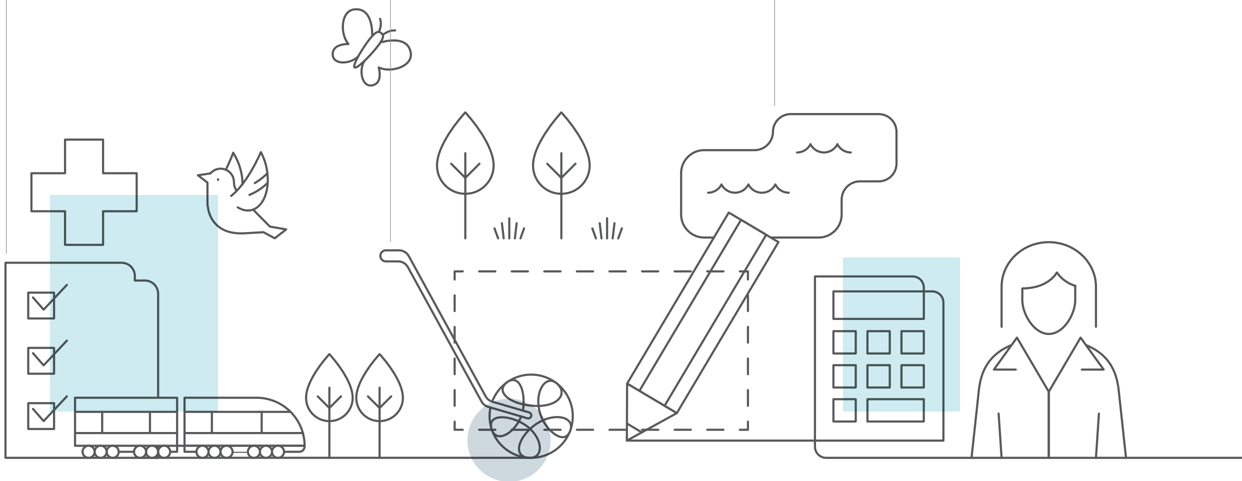
Planning

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

STAGE #3

Pre-construction

Our established capability allows us to mobilise pre-construction and design during the planning process, thereby enabling us to start on site as soon as we receive planning grants.



STAGE #4

Commercial

Our commercial team deliver value through close governance of design efficiency, strong engagement with our supply chain, competitive procurement and robust cost management, all underpinned by comprehensive analytical processes.

STAGE #5

Construction

Our expanding operating and delivery platform allows us to deliver award winning developments and value for money. As Ireland's largest self-build apartment developer, we leverage our proven apartment delivery capability to deliver energy efficient apartments at pace and scale.

STAGE #6

Sales

Our commitment to understanding our customers and their needs begins at land acquisition and remains at the core of our entire business model. Our dedication to customer insights and feedback, at all stages, allows us to be a partner of choice and deliver new homes that exceed the diverse expectations of our customers.

STAGE #7

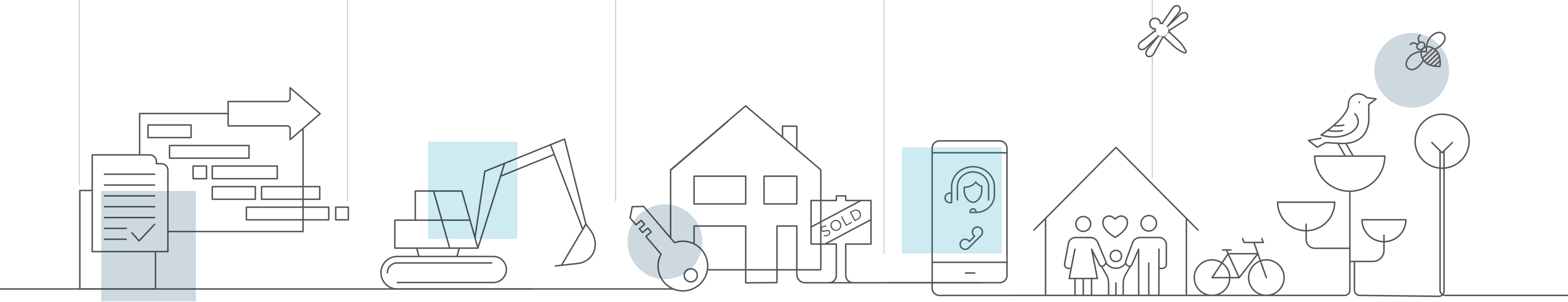
Customer Care

Customer experience is at the centre of the Cairn home buying process. Our dedicated aftercare team work with all of our customers to ensure the highest possible levels of aftercare.

STAGE #8

Added Value

Value added over 60+ years as further decarbonisation takes place, with an A-rated Cairn new home becoming more energy efficient as time goes on. Our transition into Passive House apartments will bring this to the next level.



Creating long-term sustainable value for our stakeholders

Cairn is a home and community builder, leading the market in creating sustainable foundations upon which Ireland can thrive. Our strategy is designed to support our purpose – building communities that serve our country's present and future needs.

FIND OUT MORE ABOUT OUR STRATEGY AND OUR MATERIAL TOPICS
Sustainability Report 2023

People

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

Progress and Achievements in 2023

- Developed the Cairn Apprenticeship Academy, to which we will contribute €10 million over the next five years which will help enhance the long-term health and viability of the Irish construction sector.
- Included in Ireland's Top 20 Best Large Workplaces in 2023 and designated, for the second year in a row, as a Great Place to Work.
- Awarded Silver from the Irish Centre for Diversity.
- Partnered with TU Dublin to support them over the next 10 years in the development of their Design and Construct Centre.

Priorities for 2024

- Continue to connect, develop and inspire our people through ongoing investment in their personal and professional development.
- Expansion of and increased investment in our graduate programme with the aim of trebling our graduate intake in 2024.
- Having been announced as the title sponsor of Ireland's Community Games in January 2024, we will invest €3 million over four years, supporting over 160,000 children who participate annually in these games.

READ MORE
p24

Customers

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

Progress and Achievements in 2023

- 1,741 sales completions to a diverse customer pool. Cairn has delivered over 7,500 new homes to the Irish market since 2015 with over 20,000 people now living in a Cairn home.
- Agreement and approval reached for our first three forward fund transactions with a number of State supported counterparties, expected to close in 2024.
- Over 80% of our starter homes in 2023 were available to our customers at prices which are below State support pricing caps.
- Maintained our market leading levels of customer care, finishing, landscaping and commitment to community care which have become synonymous with Cairn.

Priorities for 2024

- Continue to build relationships with our entire customer base so as to develop long-term sustainable partnerships.
- Further expand our aftercare to our commercial and State supported counterparty customers, using learnings from our private customer base.
- Build on the success of our mixed tenure developments, such as Archers Wood, to continue to deliver to all of our customers across all tenures.

READ MORE
p26

Construction

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

Progress and Achievements in 2023

- Retained the highest possible Safe-T Cert Grade A.
- Reduced our Accident Frequency Rate by 16% and our Lost Time Incident Rate by 19%.
- Commenced over 2,100 new homes (26% increase on 2022) across 20 active sites nationwide.
- Established a dedicated Innovation Team, which project manages our Strategic Innovation Evaluation Framework.
- Launched our Group Procurement function to leverage our scale and facilitate more effective and efficient procurement.

Priorities for 2024

- Continued focus on Health & Safety initiatives.
- Innovation will be central to our construction activities in 2024 as we continue our digitalisation strategy to include the adoption of technology to support our growing supply chain and procurement requirements.
- Leveraging our new Group Procurement function to further embed the use of framework agreements.
- Commence the development of our second scaled Passive House apartment scheme at the 608 unit second phase of our Seven Mills development.

READ MORE
p28

Sustainable communities

We are committed to building homes in sustainable communities where people can thrive.

Progress and Achievements in 2023

- Commenced construction on our first 598 unit Passive House apartment scheme at Piper's Square, Charlestown.
- SBTi validated our scope 1, 2 and 3 decarbonisation targets.
- Retained our CDP A- rating.
- Awarded three ISO certifications:
  - 9001 Management;
  - 14001 Environmental; and
  - 45001 Health & Safety.
- Commenced construction at our Seven Mills development in Clonburris which we are targeting to be Ireland's first Biodiversity Net Gain town.

Priorities for 2024

- Preparation for upcoming reporting requirements under the EU's Corporate Sustainability Reporting Directive.
- Publish our Climate Transition Plan, having committed in 2023 to achieving Net Zero by 2050.
- Support and develop the Supply Chain Sustainability School, which we were a founding partner of in late 2023.

READ MORE
p30

PILLAR 1

People

Cairn is committed to continuing to invest in our employee value proposition – to connect, develop and inspire our workforce. In 2023, we invested heavily in supporting growth and building internal talent through development programs, functional support and employee training

Employee Engagement & Satisfaction

We are committed to driving employee engagement that will deliver a high-performance culture. In 2023 we focused on embedding our employee value proposition – to connect, develop and inspire – into all stages of the employee life cycle. The success of this strategy was evidenced throughout 2023 as we were recognised by a number of external bodies, with awards including:

- The Irish Centre for Diversity Silver award; and
- designated by Great Place To Work Ireland as a Top 20 Best Large Workplace and, for the second consecutive year, as a Great Place To Work.

These accreditations validate the initiatives and work which the Company is implementing around our culture, employee offering and benefits. Our reward and benefits portfolio remains a key strength in attracting and retaining employees, with continued benchmarking ensuring we provide the best reward and support to our employees. In 2023, we introduced a targeted one-off €3,500 cost-of-living allowance to support all employees below senior management level.

Invest in Our People Development

We expanded the scope of our top talent development in 2023 to include senior managers, in addition to our mentorship cohort. This allows us to leverage our top talent from all parts of the business to support Cairn in achieving its long-term and sustainable growth. We ran a number of masterclasses throughout the year, focusing on key management skills such as delegation and performance conversations, reaching 95% of our people managers. Our employee and engagement scores improved again during the year. We achieved an eNPS (employee Net Promoter Score) of 42 (on a scale of -100 to +100).

In November 2023, we announced the establishment of the Cairn Apprenticeship Scheme which will see us contribute €10 million over the next five years. The Apprenticeship Scheme will help to enhance the long-term health and viability of the construction sector in Ireland, by ensuring future pipelines of staff and addressing the significant skill shortage in the industry.

Please refer to page 38 of our 2023 Sustainability Report for further detail.

PRIORITIES FOR 2024

We will continue to invest in our people whilst extending our capacity and capability as we continue to grow at pace and scale.

The expansion of our graduate programme will be a primary focus of 2024, with a target of trebling the size of our new graduate intake who will be supported through a tailored development pathway.

We will focus on building our talent pipelines and supporting existing talent as we continue our mentorship and senior manager programmes .

Continued commitment to our Equality, Diversity and Inclusion ("E,D&I") agenda will be at the forefront of our people strategy in 2024 as we look to develop a diverse and multi-cultural workforce. 93% of our employees opined in our 2023 E,D&I survey that Cairn is an inclusive workplace, a result we are extremely proud of. Please refer to page 34 of our 2023 Sustainability Report for further detail on our E,D&I agenda.

Case study

Apprenticeship Scheme

We will develop the Cairn Apprenticeship scheme, in which we will invest €10 million over the next five years. The Cairn Apprenticeship Scheme will help to enhance the long-term health and viability of the construction sector in Ireland, by ensuring future pipelines of staff and addressing the significant skill shortage in the industry. Through a multi-faceted approach, the scheme will implement initiatives at both a macro level for apprentices across Ireland and at a more local level working with our existing supply chain.

Increasing the number of construction apprentices across the residential sector has been identified by Government as an important component of delivering its Housing for All strategy. As an industry leader Cairn is committed to working with the Government to tackle the challenges being experienced in housing supply.

The Apprenticeship Scheme will provide supports to incentivise new entrants into the construction Industry, be they school leavers or workers who would like to re-skill. These supports will also be open to existing apprentices who are currently working with a Cairn subcontractor. The Scheme will also deliver a range of tutoring and educational programmes and provide targeted financial supports to enable apprentices to embark on their construction careers.

We will explore learning opportunities to support on-site training, with the potential to launch "learning zones". Additionally, we will engage with schools and other education institutions to increase participation and highlight the exciting opportunities on offer in a construction career.

Please refer to page 38 in our 2023 Sustainability Report for further detail on our Apprenticeship Scheme.

PILLAR 2

Customers

Cairn has a proven track record in the Irish new homes market in delivering award-winning schemes to a broad customer base. Our new home commencements continue to focus on our core starter homes market and our scaled apartment developments.

2023 saw us work in close partnership with our private, State and institutional customer base, as we delivered 1,741 sales completions, a 14% increase on 2022.

The demand for new homes in Ireland remains exceptionally strong across all tenures and product types, and we had our strongest sales period to date, with 2,800 new homes agreed for sale in 2023. Over 80% of Cairn's starter homes are available to our customers at prices which are below State support pricing caps. This allows more of our prospective customers to qualify for the State's impactful initiatives including Help to Buy (income tax rebate of the lower of €30,000 or 10% of the purchase price of a new home) and the First Home shared equity scheme (funding for up to 30% of a property purchase price or self-build cost). Our mature business platform and low land cost allow the delivery of competitively priced homes for FTBs in locations of proven demand. Construction of homes for FTBs is a core market for us. In 2023 we delivered over 500 new starter homes at average competitive market prices of just under €400,000 (inc. VAT).

2023 was the first year where all of our new private homeowners had access to our online Customer Portal. This portal contains helpful guides to their new homes and acts as a method of communication to the Cairn aftercare team. To further develop the portal, in 2023 we introduced a field service app to our site teams, facilitating real time updates on any issues, thereby increasing the timeliness and detail of response to any customer issues.

We are proud to have maintained the levels of customer care, landscaping and commitment to community building for which Cairn has become synonymous with as we continue to grow at pace and scale.

PRIORITIES FOR 2024

A focus in 2024 and beyond is to introduce data and insights from our mature private customer satisfaction framework into our growing commercial and State supported counterparty customer base to optimise our customer experience. Our fully integrated customer relationship management system and field service app will allow us to continuously learn and improve on every point of the customer journey from enquiry through to aftercare.

Our customer strategy is to continue to build on our current partnerships and to explore new opportunities with our customer base, with Seven Mills being our most ambitious project and one with massive potential to reimagine how a sustainable town can be built.

IN NUMBERS

82%
of Cairn customers rated their experience of buying a Cairn house as 4* (out of 5) or above

67%
of private customers engaged with our aftercare team through our new online Customer Portal

Case study

Archers Wood Mixed Tenure

Archers Wood in Delgany is an example of how a mixed tenure development can thrive and reflects our commitment to creating inclusive neighbourhoods that cater to diverse private customers and State supported counterparties.

This 427 new home development comprises 245 houses, 94 apartments and 88 duplexes, delivering a well-balanced tenure mix creating an inclusive and sustainable new neighbourhood at scale.

Our focus on mixed tenure developments allows us to execute our sales strategies accordingly. In working closely in partnership with local councils, AHBs and State supported counterparties we believe Archers Wood represents a best-in-class example of how to effectively address the housing shortage in Ireland in a sustainable way that doesn't compromise on quality.

The accessibility of facilities within a development is integral to nurturing a vibrant community. Archers Wood includes a crèche to support young families and sports facilities like tennis and basketball courts, as well as a football pitch and communal features that can be enjoyed by all residents that help to create a sense of place and belonging. Additionally, the provision of playgrounds ensures a family-friendly environment, encouraging leisure activities for residents of all ages. Archers Wood also features 4.5 hectares of active open space, 10,000 trees planted and 3,000 sqm of native wildflower meadow aligning with our biodiversity and decarbonisation strategies.

Archers Wood demonstrates the power of inclusive design in construction and urban planning. Our development exemplifies how a diverse range of customers can live harmoniously within a single community. By integrating various housing options and amenities, we've succeeded in creating a vibrant, inclusive neighbourhood that caters to the needs and aspirations of all our residents.

Our approach not only promotes social integration and helps to provide new homes at scale but also contributes to the creation of a thriving and cohesive community.

1.5km
of greenway (Three Trouts Way) developed by Cairn, connecting Delgany and Greystones

PILLAR 3

Construction

Our proven operating platform, established subcontractor base, supply chain and pipeline of active and future developments ensures we will continue to deliver new homes at pace, scale and value for money.

Operating Platform

We continued to invest in our operational and delivery platform, commencing over 2,100 new homes in 2023, a 26% increase from 2022. Our sustainable and growing profitability is supporting significant investment in our construction activities. Construction work in progress ("WIP") investment of €439.9 million in 2023 drove activity across 20 sites nationwide, underpinning our growth into 2024.

Health & Safety

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. The Company continued to invest heavily in health and safety during 2023 and retained our externally accredited Safe-T Cert Grade A. In the context of a year where hours worked increased by 15% and Cairn commenced four new sites and six new phases on existing developments, our Accident Frequency Rate decreased by 16% and our Lost Time Incident Rate reduced by 19%. We were extremely proud to be awarded ISO accreditation in Health & Safety (45001) during the year, evidence of maintaining the highest industry standards of heath and safety across our business. Please refer to pages 26 and 27 in our 2023 Sustainability Report for further detail on our Health and Safety agenda.

Quality

As part of our value creation strategy, we consistently look to innovate and improve our construction management and methodologies. In 2023 we developed a detailed quality framework with integrated Live Power Business Intelligence ("BI") Dashboards. This real time reporting mechanism tracks quality performance per unit and per project, allowing us to establish detailed benchmarking and scoring across all Cairn developments.

With a live portfolio of multiple sites varying in size and scale, we have established clear quality benchmarks to ensure the highest standards are held throughout our business that exceed customer expectations. Our database records live performance statistics on site quality, aftercare, and customer care enabling us to be market leaders at all stages of the development cycle.

Standardisation

We enhanced our Cairn Design Platform with the launch of our Cairn Technical Design Library. This repository of knowledge is issued to our consultants, and provides them with extensive industry knowledge and preferred methods of Cairn design, specification, and process allowing us to eliminate design variations and inefficiencies, meaning we can deliver more efficiently and effectively for our customers.

In 2023, we launched our Standardisation Tool Kit. This detailed design system is centred around creating substantial efficiencies in the design procurement and construction process. Using prescribed design information to minimise repetitive work, we have created a formulaic information template, so our external consultants produce technical information fully in line with our requirements – a step-by-step system to produce a Cairn home.

Customer feedback is a key driver of our standardisation agenda, particularly on large multi family unit projects to ensure that facility management, long-term maintenance and quality are consistent for our customers.

Procurement Efficiencies

To support our scaling business, we launched our Group Procurement function in 2023 enabling more effective and efficient procurement across our growing pipeline of projects.

Increased design standardisation throughout the year enabled Group Procurement to enhance our multi-project orders and enter into strategic Framework Agreements across key product categories which will further strengthen our supply chain relationships, add value, provide delivery certainty and de-risk our pipeline. Standardisation Kits are directly linked to our Group Procurement systems to ensure that similar products are coded identically on all projects, further unlocking the potential for scaled benefits.

Supporting Our Industry

In 2023, we launched the Cairn Apprenticeship Academy, which will see us invest €10 million over the next five years. The Academy will help to enhance the long-term health and viability of the construction sector in Ireland, by addressing future skills in the industry.

We commenced a programme of work on Responsible Sourcing designed to ensure our supply chain partnerships support the delivery of our sustainability objectives. Following extensive engagement with our Subcontractors we have further developed our Responsible Sourcing programme, clarifying our expectations, timelines and supports available. To this end we are proud to be a Founding Partner of the Supply Chain Sustainability School Ireland ("SCSS") – the next step in our commitment to ensuring we bring our supply chain partners with us on our sustainability journey, by providing them with free learning resources. Please refer to page 28 for further detail on both our Responsible Sourcing approach and the SCSS.

PRIORITIES FOR 2024

Delivery of New Homes

We will continue to invest in our delivery platform as we target the delivery of 2,200 sales completions across all tenures in 2024. We have up to nine new sites and new phases across five of our existing large-scale, multi-year developments planned, underpinning our commitment to increased output and continuing growth. As Ireland's largest self-build apartment developer we will continue the construction of c. 2,000 apartments in 2024.

Innovation

We are committed to continuous improvement and intend to drive further operational delivery excellence and stakeholder value creation through our innovation framework in 2024.

Building on the ways of working firmly established in 2023, we are currently assessing in excess of 50 innovation solutions which are centred around themes of sustainability, value improvements, digital construction, productivity improvements and modern methods of construction, two examples of which are:

a) **Timber Frames (Houses):** changes to our core timber frame detail, developed with our industry partners, which will drive value and lower our carbon output; and
b) **Concrete Frames (Apartments):** implementation of established focus design efforts to reduce the concrete and carbon used in our apartment developments. This will be based on post occupancy structural measurement of our built portfolio and precision standardised designs.

Supply Chain Engagement

We will continue our digitalisation strategy to include the adoption of technology to support our growing supply chain and procurement requirements with additional focus on data analysis, reporting, capacity planning, category management and opportunity and risk appraisals.

Supporting our innovation agenda, our supply chain partners will participate in our open innovation assessment process, where all new products and systems are evaluated, developed and assessed prior to use on site.

Through the SCSS we will provide standardised education and training to our supply chain through webinars, e-learning modules and workshops across 17 sustainability topics.

Case study

Leading on Decarbonisation

In 2023, we launched our first 598 unit Passive House apartment scheme at Piper's Square, Charlestown, which will be one of the most sustainable scaled apartment developments in Ireland. As a Passive House development, Piper's Square will reduce Cairn's scope 3 emissions by an estimated 9,500 tonnes of carbon, compared to standard building regulations, equivalent to 5% of our entire 2019 baseline footprint. We will use our leading position in the Irish construction industry to show that this world-class building standard is achievable using existing supply chains and can become the standard, accelerating decarbonisation across our sector. Please refer to page 16 of our 2023 Sustainability Report for further detail.

PILLAR 4

Sustainable communities

In 2023, we continued our commitment to creating vibrant and cohesive communities through our Home Together initiative. By facilitating engaging activities like coffee mornings, street feasts, and the establishment of neighbourhood network teams, we have successfully helped to foster a sense of community within our residential developments.

Our Home Together initiative was introduced in 2021 as a comprehensive three-year programme that focuses on building thriving communities where people love to live. This year Archers Wood joined the growing list of Cairn developments to participate in this programme, with a total of seven developments now participating.

We proudly supported grassroots community organisations across Ireland, through sponsorships and contributions in 2023. Our beneficiaries include local sports clubs, schools, and charitable organisations, furthering our commitment to sustainable community building. Our partnership with Children's Books Ireland, themed "Building Communities" through promoting reading, has continued. Together, we co-curate reading lists for primary school children and have gifted numerous books to schools throughout Ireland.

We successfully applied for nine new grants of planning permission during 2023, obtaining permissions for over 2,350 new homes.

Cairn recognises that communities thrive not just within the walls of homes but in the spaces between them. Our placemaking framework places a strong emphasis on providing amenities that encourage community bonding, relaxation, and interaction, while also attracting the wider local community. This commitment is evidenced throughout our communities though greenways, parks, pitches, tennis and basketball courts with our development in Graydon (Newcastle) being shortlisted for the Placemaking Initiative of the Year at the 2023 National Property Awards. We completed a series of significant placemaking and amenity projects, including parks with state-of-the-art sporting facilities in both Graydon and Archers Wood, where the beautiful Three Trouts Way features a raised board walk over a wildlife-rich forest and wetlands habitat linking Delgany to Greystones.

PRIORITIES FOR 2024

In early 2024, we were announced as the title sponsor of the Cairn Community Games. This immersive sponsorship will allow us to expand our community activities beyond our developments, reaching out to every community in Ireland.

The Community Games, an independent voluntary organisation, operates in local communities across Ireland, offering children and young people aged 6 to 16 the chance to cultivate active and healthy lifestyles in a secure environment. This is achieved through their engagement in a diverse range of sports and cultural activities, fostering community spirit and cooperation. We wholeheartedly share the belief that every young person should have the opportunity to participate in sports and the arts within their local community, nurturing an understanding of the joy that comes from being active and healthy.

Additionally, our commitment to the Home Together initiative continues in 2024, with a series of development graduations as developments complete the three-year programme and the empowerment of the initiative to operate autonomously. We will provide ongoing support through Community Engagement packs and guides, along with an online resource that compiles the knowledge and insights accumulated throughout the project to date. This resource will serve as a roadmap for future residents, ensuring that the Home Together initiative thrives and enriches our communities for years to come.

Case study

Home Together

In 2023, our Home Together initiative reached a significant milestone, advancing to a stage where the majority of community activities were driven by residents and tailored to the specific character and demographics of the participating developments.

Our initial pilot projects have now entered their third year, with the Home Together team transitioning from a hands-on role to an advisory and supportive one, empowering residents to steer future actions according to their own community requirements.

Throughout the year, noteworthy activities included yard sales, street feasts, outdoor cinema nights, coffee mornings, allotment planning and plotting, community library design workshops, cocktail demonstrations, and balcony planting workshops, in addition to festive events like Halloween and Christmas socials. These activities not only fostered community cohesion but also encouraged sustainable practices and resource sharing.

An essential aspect of the Home Together initiative is continuous engagement with residents. They actively participated in surveys, both online and through door-to-door visits, conducted by the Home Together team and key community leaders. Co-creation presentations and workshops provided opportunities for residents to influence the direction of their developments. End-of-year surveys were conducted for participants from the first, second, and third years, yielding valuable feedback and insights.

In 2023, the Home Together initiative reached a pivotal stage in its evolution, enabling residents to become the architects of their community's future. Through community-led activities, sustained engagement, and knowledge sharing, the program has not only nurtured a sense of togetherness but has also contributed to sustainable and thriving living environments. The journey from pilot projects to a mature, self-sustaining program is a testament to the power of community-driven initiatives and the positive impact they can have on our quality of life.

Please refer to page 30 of our 2023 Sustainability Report for further detail on Our Home Together Initiative.

"2023 saw the Group continue its strong growth trajectory, achieving yet another record trading year with 1,741 sales completions, an increase from 1,526 sales completions in 2022."

SHANE DOHERTY
CHIEF FINANCIAL OFFICER

Revenue

The Group continued its strong growth trajectory in 2023, achieving yet another record trading year with 1,741 closed sales, an increase from 1,526 closed sales in 2022. The Group's revenues amounted to €666.8 million, up from €617.4 million in 2022. Of this, €649.9 million came from residential closed sales, compared to €610.8 million in 2022, while development site and other sales contributed €16.9 million, up from €6.5 million in 2022.

Gross Profit and Operating Profit

The gross profit for the year amounted to €147.6 million, up from €134.2 million in 2022, resulting in a gross margin of 22.1%, compared to 21.7% in 2022. The increase in gross margin was due to product mix, supply chain and construction efficiencies. However, the impact of build cost inflation partially offset these gains.

The operating profit for the year was €113.4 million, up from €103 million in 2022, resulting in an operating margin of 17.0%, compared to 16.7% in 2022. Operating expenses amounted to €34.2 million, up from €31.2 million in 2022, reflecting ongoing reinvestment in the business to support our growth objectives. With the challenges that the increased cost of living had on our employees, we continued to invest in our employee value proposition, including providing a targeted one-off €3,500 cost of living allowance to support all employees below senior management level.

Profit after Tax and Earnings per Share

The finance costs for the year amounted to €14.1 million, up from €9.6 million in 2022. As the business continued to grow and expand, there was an increase in working capital investment throughout the year. This resulted in higher average drawings with an increase in variable borrowing costs during the year due to the higher interest rate environment, compared to 2022.

Profit after tax was €85.4 million (2022: €81.0 million), equating to basic earnings per share of 12.7 cent (2022: 11.5 cent).

Balance Sheet Efficiency

Total assets were €1,039.9 million at 31 December 2023 (2022: €1,025.3 million), with net assets of €757.2 million at that date (2022: €751.8 million). With €85.4 million profit after tax, we delivered a return on equity ("ROE")[1] of 11.3% compared to 10.8% in the prior year.

Our balance sheet included inventories at 31 December 2023 of €943.4 million (31 December 2022: €967.3 million), comprising land held for development of €609.2 million (31 December 2022: €628.3 million) and construction work in progress ("WIP") of €334.3 million (31 December 2022: €339.0 million). The decrease in land by €19.1 million was primarily due to the release of costs associated with 1,741 closed sales and land disposals, totalling €77.1 million, offset by land acquisitions during the year of €57.9 million. The decrease in WIP by €3.4 million was primarily due to the release of costs associated with 1,741 closed sales, totalling €443.3 million, offset by an investment of €439.9 million in WIP during the year.

As at 31 December 2023, the Group had available liquidity, including cash and undrawn facilities, of €200.6 million, compared to €199.2 million as at 31 December, 2022. The net debt of €148.3 million[2] was similar to the net debt of €149.3 million in the prior year. Net debt to inventories (at cost) was just 15.7%[3] (2022: 15.4%), reflective of our lowly leveraged balance sheet.

1 Return on Equity ("ROE") is defined as profit after tax divided by total equity at year end. Calculated as €85.4m / €757.2m (2022: €81.0m / €751.8m).
2 Consists of loans and borrowings €173.8 million less cash and cash equivalents of €25.6 million (2022: loans and borrowings of €171.0 million less cash and cash equivalents of €21.7 million).
3 Represents net debt of €148.3 million as a percentage of €943.4 million inventories (2022: net debt of €149.3 million as a percentage of €967.3 million inventories).

Cash Flow

The operating cash flow for the year was €164.9 million, which includes €107.0 million in net cash from operating activities and €57.9 million invested in strategic land acquisitions. In 2022, the operating cash flow was €125.9 million, which included €93.9 million in net cash from operating activities and €32.1 million invested in strategic land acquisitions. The operating cash flow for the second half of 2023 was €194.8 million, compared to €129.6 million in H2 2022. We also returned €42.7 million to shareholders through our share buyback programme and a further €41.9 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.

The Company is in a period of significant cash generation which supports our growth and capital allocation strategy. We expect to deliver a 15% ROE in 2024 which is a critical KPI for our scaling business.

During 2023, we paid €41.9 million to shareholders in dividends and the Board has proposed a final dividend of 3.2 cent per ordinary share which, when combined with the interim dividend of 3.1 cent per ordinary share, will represent a total dividend for the financial year to 31 December 2023 of 6.3 cent per ordinary share. We also completed €42.7 million of our current €75.0 million share buyback programme during 2023 with 38.7 million shares repurchased at an average purchase price of €1.10, and subsequently cancelled.

Looking forward to 2024, Cairn will continue to pay a progressive interim and final dividend and will provide further updates on our capital allocation plans as the year progresses.

Operating Review

The Company delivered 1,741 sales completions in 2023 across 20 residential developments (2022: 1,526 sales completions across 17 residential developments).

Build cost inflation ("BCI") continued to moderate throughout the second half of 2023, in line with our expectations, to less than €10,000 per new home built or c.4% of hard build costs (2022: €20,000 and 8%). Materials including concrete (5% government concrete levy introduced in September 2023) and masonry (concrete levy equates to c.3.5% on masonry bricks) increased in cost throughout 2023, with pressure on labour rates and other materials (including insulation) moderating throughout the year. With twelve new site commencements since the start of 2022 and over 4,000 people (including direct employees, subcontractors and other sector professionals) working across our active sites on a daily basis, we continue to leverage our scaled platform and deep supply chain to manage the ongoing inflationary environment.

The demand for new homes in Ireland remains exceptionally strong across all tenures and product types. Cairn had our strongest period to date for sales agreed in 2023, with 2,800 units agreed for sale. Demand for our product has continued in the early months of 2024 with successful private launches across starter homes in Sorrell Wood (Blessington) and Parkleigh (Seven Mills), continuing the sales momentum from Q4 2023 into the 2024 spring selling season.

The Company's sustainable and growing profitability is supporting significant investment in our construction activities. Our record WIP spend of €439.9 million in 2023 drove activity across 20 sites nationwide and underpins our growth into 2024. We successfully applied for nine new grants of planning permission during 2023, obtaining permissions for over 2,350 new homes. All of our forecasted 2,200 sales completions in 2024 have full planning permission. Cairn currently has planning applications across all planning systems including the single-step Strategic Housing Development ("SHD"), the fast-track Strategic Development Zone ("SDZ") and the Large Scale Residential Development ("LRD").

Cairn commenced construction on four new sites in 2023, including the first phase of 569 new homes at our landmark mixed-tenure Seven Mills development at Clonburris (Dublin 22), in addition to new developments at Sorrell Wood (Blessington), Pipers Square (Charlestown) and Bayly (Douglas, Cork). We also commenced new phases of housing and scaled apartment developments at six of our existing developments including Parkside (Balgriffin), Nyne Park (Kilkenny), Castletroy (Limerick), Mercer Vale (Cherrywood), Swanbrook (Navan) and Citywest (Dublin 24).

Outlook

We continue to look forward with confidence. Our business will continue to grow and play a significant role in delivering scaled housing solutions to meet the demand for new homes in Ireland across all tenures. We will continue to reinvest in our business to support this sustainable growth whilst also delivering meaningful capital returns to our shareholders.

Finally, I would like to take this opportunity to wish Michael, my Board colleagues and all of the Cairn team the very best wishes for the future. I informed the Board of my intention to step down from my role of Chief Financial Officer in October 2023. While I will stay on with Cairn until the third quarter of 2024 to ensure an orderly transition of duties to my successor, Richard Ball, I will not be seeking re-election to the Board of Directors at the forthcoming AGM on 10 May 2024. I am very grateful to have had the opportunity to serve as Chief Financial Officer at Cairn and work closely with such talented people throughout the business. Cairn has an exciting long-term outlook, and I am very proud of the significant progress that we have made during my time with the business.

REVENUE
€666.8m 2022: €617.4m

GROSS MARGIN
22.1% 2022: 21.7%

OPERATING PROFIT
€113.4m 2022: €103.0m

EARNINGS PER SHARE (BASIC)
12.7 cents 2022: 11.5 cents

DIVIDENDS PER SHARE
6.3 cents 2022: 6.1 cents

LAND & WIP
€943.4m 2022: €967.3m

NET DEBT
€148.3m 2022: €149.3m

TOTAL EQUITY
€757.2m 2022: €751.8m

ROE
11.3% 2022: 10.8%

Task Force on Climate-Related Financial Disclosures ("TCFD")

Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:

i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;
ii. a description of the impact associated with the risk or opportunity;
iii. the financial implications of the risk or opportunity before action is taken;
iv. the methods used to manage the risk or opportunity; and
v. the costs of actions taken to manage the risk or opportunity.

Governance

The Board is ultimately responsible for sustainability at Cairn while the Executive Directors maintain full strategic and operational oversight of the sustainability agenda. This agenda 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.

Strategy Channel

At each Board meeting (approximately seven 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 objectives and, consequently, form an integral part not only of the strategic reporting cycle, but also the annual strategic review.

Risk Management Channel

The Audit & Risk Committee 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 Long-Term Incentive Plan ("LTIP"), 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 Head of Sustainable Construction, Sustainability Team and the 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 at Cairn, regardless of seniority, are responsible for supporting the delivery of goals and objectives, identifying and managing risks, and promoting the 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.

Strategy

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

The climate-related risks and opportunities presented here were identified through our climate-related scenario analysis.

FURTHER DETAIL ON THIS ANALYSIS CAN BE FOUND IN OUR 2023 SUSTAINABILITY REPORT

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.

Climate-related Risks and Opportunities

	TCFD RISK/ OPPORTUNITY TYPE	DESCRIPTION	TIME HORIZON	RESPONSE
Transitional Risk	Technology	There is a risk that Cairn may be unable to transition to low carbon products at the pace needed. For example, there are often public/local authority obstacles to using reused materials within Cairn sites. 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 normal practice in Ireland. 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	Future regulation may lead to restrictions on what Cairn is able to build, increased costs, or longer build times. For example, carbon pricing may lead to an increase in material costs as manufacturers face higher input costs. Energy efficiency requirements may increase costs and reduce build options. An increasing focus on retrofitting existing homes and quotas on new builds in Net Zero scenarios for Ireland may limit capacity for new build. Broader planning conditions are expected to include greater environmental mitigation, specifically related to biodiversity and climate resilience.	Medium-Term	We submitted a Science Based Target in line with a 1.5°C pathway in December 2022, which was verified in September 2023 by the Science Based Targets Initiative ("SBTi"). In December 2023 we committed to the SBTi Net Zero standard. These commitments guide our internal strategy towards the same goals as national and EU regulation to keep in line with the Paris Agreement and mitigate risk from emerging regulation.
Transitional Opportunities	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 currently planning our first passive house development to further reduce energy demand in the homes we build.

Strategy *continued*

Climate-related Risks and Opportunities

	TCFD RISK/ OPPORTUNITY TYPE	DESCRIPTION	TIME HORIZON	RESPONSE
Physical Risk	Chronic Physical	There is expected to be an increase in temperatures overall in Ireland, and in extreme scenarios increased heatwaves. Homes sold by Cairn need to be able to withstand these rising temperatures and not overheat and conversely, must also account for increasing rainfall intensity. An increase in dry periods may also lead to increased dust levels on site. Excess dust exiting the site can result in a work stoppage, or site closure by the Environmental Protection Agency, County Councils or the Health & Safety Authority. A decrease in rain in the summer may also lead to stress on water systems. Increased rainfall may require changes to construction practices and methods to ensure output can be maintained without impacting on safety or quality.	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. 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.
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 the future 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.

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.

Scenario Analysis

In 2022, we undertook a more detailed scenario analysis than we had completed previously, 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 process, and will be revisited in 2024 in line with our risk assessment cycle.

We reviewed two climate related scenarios during our most recent assessment to identify climate related risks and opportunities. The first scenario was a transitional scenario in line with a 1.5⁰C 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 (IGBC).

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, as well as inform Cairn's 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 strategy directly influence our financial planning through three key processes:

1. Risks and opportunities influence financial planning through ongoing cost benefit analysis 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.

Impact on Business Strategy of Risks and Opportunities

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.

Strategy *continued*

Following our commitment to the Science-Based Targets Initiative for our scope 1, 2 and 3 emissions, our targets were approved and validated in September 2023 and we are 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 resulting outcomes. We have linked our carbon reduction commitments to a sustainability linked loan to ensure action. This includes, but is not limited to, key Scope 1,2 and 3 emission reduction targets which must be achieved and independently verified each year.

We further demonstrated our dedication to reducing future carbon emissions by committing to the SBTi Net Zero Standard in December 2023. This commitment will further influence and inform our strategy as we look to move towards a net-zero carbon future.

Risk Management and Identification

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
- *Compliance Risks*: such as how the Company complies with regulatory constraints on what and how we build.

Managing Climate-Related Risk

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.

Metrics and Targets

For the 2023 reporting period we are disclosing the metrics to assess and manage climate related risks and opportunities.

As a homebuilder, we operate in an energy intensive industry. Emissions are the key driver of global temperature rise and result in many of the regulatory changes we are now faced with. Measuring our carbon emissions allows us to gain a full and thorough understanding of the emissions we produce directly and indirectly. 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.

Further detail on the suite of metrics and targets we report on from a sustainability perspective are detailed within our 2023 Sustainability Report.

Measurable Impact

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

- Becoming Ireland's first large scale developer to adopt Passive House principles at scale, thereby mitigating climate change by dramatically reducing the amount of energy and by default carbon required to heat our homes
- Continuing our support for Business in the Community Ireland's Low Carbon Pledge, showing leadership by achieving validation of our Science Based Targets in September 2023
- Submitting our commitment to Net Zero by 2050 with SBTi.

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;
- incorporated environmental metrics on climate related targets into our short-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. We have reduced our Scope 1 and 2 GHG emissions by 59%, and our Scope 3 GHG emissions by 8%, from our 2019 baseline. To ensure we report accurately and transparently, we are continuously developing and improving our processes for non-financial data collection and reporting.

Our Performance

KPI	CODE	2023	2022	2021
Gross direct (Scope 1) GHG emissions	GRI305-1	793 tCO_2e	1,777 tCO_2e	1,522 tCO_2e
Gross market-based energy indirect (Scope 2) GHG emissions	GRI305-2	241 tCO_2e	299 tCO_2e	695 tCO_2e
Gross other indirect (Scope 3) GHG emissions by category (including embodied carbon)	GRI305-3	259,137 tCO_2e (1.60 per square metre)	237,132 tCO_2e (1.59 per square metre)	177,138 tCO_2e (1.49 per square metre)
Total energy consumption within the organisation	GRI302-1	13,050,001 kWh	10,647,906 kWh	10,211,304 kWh
Total weight of waste generated including breakdown by disposal route	306-3, 306-4	12,207 tonnes 3.6% sent to landfill (443t) 96.4% recycled or recovered (1,869t recycled and 9,895t recovered)	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	100% of our developments meet this standard

Following improvements made during 2023 in both areas, and at the recommendation of our external advisors who assist us in the data collection and reporting landscape, we restated our 2022 disclosure made under GRI 305-3 to ensure we continue to follow best practice and guidance.

Employing dynamic risk management to support our developing business

As the overall environment in which we operate changes, the effective identification and management of the risks and opportunities this presents to Cairn's strategic objectives is of increasing importance to our success. Understanding and addressing risk remains central to the successful delivery of our strategy – so we continue to challenge and develop our risk management processes and controls so they remain dynamic, insightful and meaningful.

Risk Governance

Board of Directors

The Board has overall responsibility for ensuring the level of risk to which Cairn is exposed 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 a comprehensive risk report from management at each of its meetings, where it also reviews and considers the Group's risk register.

RISK STRATEGY

Senior Leadership Team	Management	Process Delivery Teams
Identify principal risks	Identify risks	Identify risks
Approve mitigation plans	Define mitigation plans	Implement mitigation plans

RISK FRAMEWORK

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's risk management process is designed to integrate effectively into Cairn's process delivery systems, ensuring risk can be identified wherever it arises, and then managed accordingly. The process is supported by expertise and resources that ensure it is optimised to Cairn's strategic, operational, and financial objectives, and applied in a consistent way.

Ensuring our risk management process remains meaningful, relevant and effective is a critical element of the overall management of Cairn's business. Consequently, the risk management process, and the fundamental assumptions on which it is based, is subject to persistent, rigorous review with the goal of ensuring it remains capable of meeting its objectives.

1. 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.

2. 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.

3. 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.

4. 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.

5. 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

As Cairn continues to increase the rate at which it delivers homes, maintaining a supply chain that can meet Cairn's demands whilst ensuring consistent quality and sustainability is critical to ensuring we can meet the commitments we make to all our stakeholders. This means any limits on the availability of skilled labour and expertise within the Irish construction sector could become a challenge for Cairn and the wider industry.

Because of this, focussing on the workforce who build our homes has been a central building block of our scaled platform. This informs an approach designed to ensure the risks associated with potential labour constraints are mitigated and our objectives can always be met.

Developing a skills base

There is a significant reliance on a skilled and available workforce for the construction of our homes. Whilst this workforce has increased by nearly 20,000 since 2019, the demand for new housing will call for its continued increase for the foreseeable future. As Ireland's leading homebuilder, Cairn has an important role to play in encouraging young people to join the construction sector, in all disciplines. Our commitment to growing participation in construction has included developing the Cairn Apprenticeship Academy. Cairn has committed €10 million in funding over the next five years and the Academy aims to support the long-term health and viability of the Irish construction sector by addressing future skills requirements. It will provide a suite of supports to incentivise new entrants into the construction industry, whether they be school leavers or workers seeking a career change.

To complement the expansion of our graduate program, we have also grown our transition year programme (with a particular focus on encouraging women to our sector), and have partnered with "Inspiring the Future Ireland" to demonstrate the career possibilities in construction.

We also work hard to challenge the perception of the construction industry's safety standards. The health and wellbeing of all our employees and subcontractors is a number one priority for all of us at Cairn. Despite a significant increase in the hours worked on our sites, we have retained the highest possible Safe T Cert rating (AA5) and achieved a reduction in Accident Frequency Rates (AFR) and Lost Time Incidents (LTI). We were also awarded ISO accreditation in Health & Safety (45001) during the year.

These are just some of the initiatives we have developed to help ensure young talent is encouraged into the construction sector for its long-term sustainability.

Principal Risks and Uncertainties

Cairn's risk management process has identified eight principal risks. These are risks that, should they arise, could have a material impact on the Group's ability to meet its strategic and financial objectives.

These risks are described in further detail on pages 42 to 50 but are summarised below, together with a risk heat map showing each principal risk's likelihood and impact weighting.

Principal Risks

1 Economic
Economic conditions, including mortgage availability and affordability, adversely affects house prices and sales rates.

2 Policy
Local and national policy or regulation in respect of residential property development adversely impacts Cairn.

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

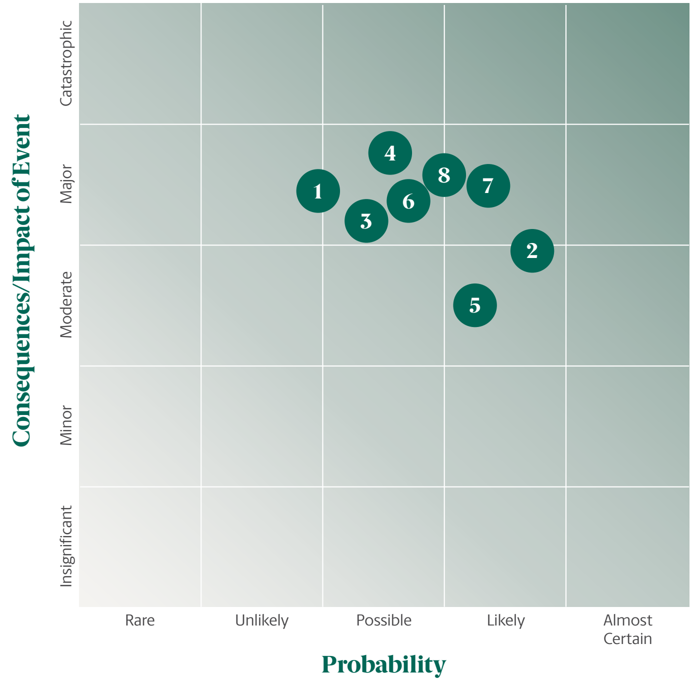
4 Financial
Cairn substantively fails to meet financial targets or obligations, suffers unexpected financial loss, or misstates its financial position.

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 trend key: Risk increased; Risk decreased; Risk unchanged

Strategy key: People; Customers; Construction; Sustainable communities

Principal Risk: Economic

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

Risk landscape

Despite some macroeconomic headwinds, the Irish domestic economy is expected to grow again in 2024, supported by a stable, low unemployment rate and strong consumer spending. Demand for new homes is set to continue, buoyed by a population that continues to grow at a rate exceeding the EU average, with an expected demand of at least 42,000 homes per annum over the long term.

In addition to demand from mortgage-backed first time buyers (supported by the First Home shared equity scheme and Help to Buy), ambitious Housing for All targets propose 144,000 new build Social and Affordable homes by 2030. These targets are supported by €21 billion in committed capital funding between 2022- 2025.

Appetite

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

Risk factor
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.

Response
Cairn continues to actively manage its developments to match the demand for its broad product offering from its private, State and institutional customer base. By maintaining our flexibility and building homes that can meet the requirements of private, State and institutional buyers, we ensure our new homes appeal to all customer types and in particular, where there is realisable demand. It has also allowed us to quickly adapt to changing market conditions with both existing stock and planned developments.

Risk trend (Risk unchanged)
Cairn's broad product mix mitigates against the risk of it being exposed to specific economic or policy factors impacting any particular market.

Strategic priority: Customers

Risk owner:
Director of Business Development

Risk factor
Economic factors, including inflation, rising interest rates, adverse mortgage conditions, or falling employment, create uncertainty in the demand for residential housing.

Response
The potential impact of current and future economic factors is a key driver of Cairn's strategy, as well as how it strategically and proactively pivots between its broad buyer pool in delivering on its growth agenda. This is based on Cairn's deep understanding of the Irish market and the factors that influence it. Cairn persistently monitors the economic landscape and responses from policy makers and other key stakeholders such as the Central Bank of Ireland, mortgage market participants and our private, State and institutional customer base.

Risk trend (Risk increased)
Despite the increases in interest rates witnessed since mid-2022, demand for housing in Ireland remains strong with mortgage availability supporting all private buyers. There is also strong demand from State-supported agencies for scaled social and affordable new homes. Irish economic growth slowed somewhat in 2023, albeit our economy is still expanding and the markets are pricing in interest rate cuts in 2024.

Strategic priority: Customers

Risk owner:
Chief Financial Officer

Risk factor
Land value reductions adversely impact the Group's balance sheet and its current land cost advantage in respect of planned developments.

Response
The Group actively manages the utilisation of its landbank and associated carrying value to ensure that at all times the landbank does not exceed the requirements of its development strategy, and the value does not expose the Group to carrying value risks.

Risk trend (Risk unchanged)
Cairn's development land values, held at cost on its balance sheet, continue to be supported by the demand for development land, in particular, land with the benefit of full planning permission, and for new homes across all tenures.

Strategic priority: Construction; Customers

Risk owner:
Chief Financial Officer

Risk trend key: Risk increased; Risk decreased; Risk unchanged

Strategy key: People; Customers; Construction; Sustainable communities

Principal Risk: Policy

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

Risk landscape

The Irish Government is seeking to adopt new legislation in 2024 to ensure the planning process is more efficient and certain. However, it is not anticipated this will impact planning decisions before 2025, with questions remaining as to how impactful changes in planning legislation will be more broadly. The National Planning Framework ("NPF") will be reviewed in 2024, which provides a positive opportunity to revise underlying development need assumptions, which in turn could have a favourable impact on County Development Plans. In the meantime, An Bord Pleanála, Ireland's planning appeal body, has been reconstituted to facilitate consistent decision making, although there remains significant delays in its processing of appeals.

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 factor

Planning applications, including existing Strategic Housing Developments ("SHDs") and Large-scale Residential Developments ("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.

Response

The Group operates a rigorous process for identifying and evaluating planning risks associated with a development at the earliest possible stages of its design to ensure planning potential is maximised, whilst planning and community concerns are effectively addressed.

To help achieve this, Cairn is proactive in its engagement with all stakeholders to identify concerns and issues at the earliest possible stage and so mitigate against the possibility of delays or refusals.

Risk trend

The LRD process has now replaced SHDs, but not all of the risks associated with SHDs, such as the scope for judicial reviews, have been eliminated. Whilst Cairn has experienced limited adverse planning decisions, this is not indicative of a worsening risk trend.

Strategic priority:

Risk owner:
Director of Commercial and Procurement

Risk factor

Changes to zoning and planning policy as part of revised County Development Plans ("CDPs") reduce or impact the ability to develop Cairn's landbank in the current expected timelines.

Response

Cairn actively engaged in the 2023 CDPs review process across a number of local authorities and also engaged in the first revision of the NPF.

A limited number of development opportunities had and have the potential to be adversely impacted by revised Local Area Plans ("LAPs"). For these affected developments, Cairn challenged the CDPs adopted both directly and indirectly.

Risk trend

Addressing any adverse CDPs and the impacts these have remains a priority for Cairn in 2024. In the meantime, it is expected that the First Revision of the NPF will increase housing targets for local authorities, facilitating planning policy that can meet forecast demand.

Strategic priority:

Risk owner:
Director of Commercial and Procurement

Risk factor

Housing policy changes impact Cairn's fundamental business model.

Response

First time buyers, other private buyers including trade-up/down buyers and State-supported agencies remain Cairn's core market.

In addition to ensuring its developments directly address the current demands of these buyers, the Group actively engages with key stakeholders to ensure it understands likely future requirements and constraints so these can be reflected in future developments.

Risk trend

The State continues to support the development of new turnkey social and affordable homes as a key component of its housing strategy. The State's investment in social and affordable homes in collaboration with the private sector is likely to continue.

Strategic priority:

Risk owner:
Director of Business Development

Risk trend key: Risk increased · Risk decreased · Risk unchanged

Strategy key: People · Customers · Construction · Sustainable communities

Principal Risk: Brand

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

Risk landscape

As the target market for the homes Cairn builds expands, the focus on the quality of those homes increases. Cairn always seeks to meet the highest expectations of its home buyers, addressing not just the finished product, but also the quality and sustainability of its materials, and the means by which our developments are built. Cairn continues to invest in its quality management and procurement systems, and in 2023 attained ISO 9001 (Quality Management System) accreditation. We also have a dedicated Customer Care Portal and team, to capture any aftercare issues arising and ensuring we track, monitor and close any issues raised in a timely manner.

Cairn's risk appetite for this principal risk has been updated to reflect its expanded market.

Appetite

Cairn has a limited appetite for risks that may adversely affects its brand, its ability to engage with key stakeholders or markets, or sell its homes. It manages these risks accordingly.

Risk factor
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.

Response
The continued improvement of the Group's quality management systems remains a priority, with the attainment in 2023 of ISO 9001 (Quality Management System) accreditation. Work has continued to integrate construction activity, supply chain quality management and customer care experience to facilitate the identification of issues, early remediation of those issues and preventative action.

Supply chain standards are maintained through rigorous materials and supplier qualification and quality verification processes.

Risk trend
Identifying, preventing, and managing issues that could affect the quality of its homes remains a core aspect of Cairn's commitments and strategy.

Strategic priority:

Risk owner:
Director of Construction and Operations

Risk factor
Failures in the supply chain lead to Cairn not meeting its commitments relating to respect for human rights and labour standards.

Response
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.

Cairn is a Founding Partner of the Supply Chain Sustainability School Ireland, allowing Cairn to monitor contractor education in key areas relating to sustainability, including anti-slavery.

Risk trend
The Group continues its efforts to improve processes to ensure its commitments are consistently met.

Strategic priority:

Risk owner:
Director of Commercial and Procurement

Risk trend key: Risk increased · Risk decreased · Risk unchanged

Strategy key: People · Customers · Construction · Sustainable communities

Principal Risk: Financial

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

Risk landscape

A higher interest rate environment can increase the cost of the €200 million variable element of Cairn's €350 million committed debt facilities. Ensuring Cairn's committed debt facilities are optimally structured helps us to achieve our strategic objectives. The Group's sustainability-linked syndicate facilities are committed until June 2027, which reinforces the strength of our asset-backed balance sheet and underpins 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 factor

The credit and funding arrangements of the Group do not meet Cairn's strategic or operating needs or prevailing trading conditions.

Response

The Group's credit facilities, which were negotiated and renewed for five years in June 2022 on terms that were deemed favourable and without adverse conditionality, are expected to continue to match Cairn's requirements and projected performance.

Risk trend

Cairn's strong financial and operational performance continues to adhere to the terms and conditions of its credit facilities, and thus positions it favourably to secure a future refinance on similar terms.

Strategic priority:

Risk owner:
Chief Financial Officer

Risk factor

The liquidity and working capital demands of the Group may not always be aligned with the nature of the ongoing and up-front investment required and the timing of revenue receipts from sales. This becomes increasingly relevant as the business continues to scale beyond annual volumes of 2,000 units.

Response

Cairn has an overall committed debt facility of €350 million, which provides substantial liquidity for the business, in particular through its €200 million revolving credit facilities.

Cashflow and forecasting is managed and refreshed on a regular and disciplined basis, with regular stress-testing of cashflow forecasts, allowing Cairn to proactively monitor and control its cash flows.

Risk trend

Cairn has significantly increased investment in construction work-in-progress and is committed to distributing surplus capital, after investing in our business, to shareholders, while continuing to meet its monthly expenses . Sufficient liquidity buffers are consistently maintained by matching inflows from contracted sales with all outflows.

Strategic priority:

Risk owner:
Chief Financial Officer

Risk factor

A failure of internal financial controls could lead to potential financial misstatement, impairment, undetected fraud, or financial loss.

Response

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 (internal and external), which supports an ongoing programme of feedback, review, and improvement.

Risk trend

The Group continues to review and refine its financial controls in particular as the business continues to grow and expand.

Strategic priority:

Risk owner:
Chief Financial Officer

Risk trend key: Risk increased · Risk decreased · Risk unchanged

Strategy key: People · Customers · Construction · Sustainable communities

Principal Risk: Development

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

Risk landscape

In the context of Cairn's growth agenda, continuing supply chain concerns and build cost inflation have the potential to exacerbate the risk to Cairn's margins and productivity levels. To address this, Cairn has continued to invest significantly in its supply chain and procurement, enabling it to leverage its growing scale and build strong and valuable relationships with its supply chain partners.

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 factor

Failure to meet development milestones and schedules, and/or release developments to the market in line with the Group's commitments, can adversely affect development costs, the ability to meet development targets, and the maintenance of appropriate levels of cashflow and liquidity.

Response

Supported by Cairn's "Gateway Process", the Group has developed a scalable integrated methodology to ensure development launches, construction scheduling and supply chain capacity management are fully aligned.

As part of the maintenance of Cairn's core capabilities, construction planning and delivery is subject to rigorous controls, oversight and process improvement. This is supported by innovative use of technology and systems, as well as off-site manufacturing and modern methods of construction, to ensure committed construction completion dates are achieved.

Risk trend

Risk unchanged

The expected continued expansion of Cairn's operations means this will remain a dynamic risk. Consequently, Cairn's development processes will continue to be rigorously reviewed to establish opportunities for improvement and any relevant mitigants.

Strategic priority: Construction, Customers, People

Risk owner:
Director of Construction and Operations

Risk factor

Availability of materials and supplies, or supply chain disruption, causes development delays or an unexpected increase in development costs.

Response

An effective supply chain is fundamental to the Group's ability to meet its development targets.

Our supply chain is actively managed on a strategic and tactical basis by the Group's commercial function, which adopts best industry practices to ensure materials and supplies are always available. This includes developing supply chain partnerships focussed on advancing productivity, efficiencies, and product development.

Risk trend

Risk unchanged

A continued reduction in overall demand in other markets has eased supply chain pressures. However, as the housebuilding sector in Ireland continues to grow in response to demand, it is anticipated competition for labour and materials will intensify.

Strategic priority: Construction, Customers

Risk owner:
Director of Commercial and Procurement

Risk factor

Build cost inflation (including materials, supplies and labour cost) adversely impact the Group's margins and profitability.

Response

Monitoring and anticipating cost trends, then implementing best practice cost management and procurement strategies, is the responsibility of the Group commercial function.

Category cost management is a fundamental aspect of this activity. This ensures procurement decisions are informed, effective and proactive.

Operating efficiencies are actively identified to reduce unmitigated costs in product utilisation, logistics and construction activity.

Risk trend

Risk unchanged

Build cost inflation continues albeit it has moderated significantly, but with price volatility in specific materials, such as concrete, insulation and masonry still evident, Cairn will continue its close management of all input costs and continue to drive for additional productivity gains.

Strategic priority: Construction

Risk owner:
Director of Commercial and Procurement

Risk trend key: Risk increased; Risk decreased; Risk unchanged

Strategy key: People; Customers; Construction; Sustainable communities

Principal Risk: Development *(continued)*

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

Risk factor Delivering an increasing number of developments to a consistent quality and costs standard, requires greater standardisation of product and delivery.	**Risk factor** Utility companies (water, drainage, electricity) are unable to provide sufficient connections, supply, or capacity for proposed developments.
Response Cairn's plans are dependent on the Group's ability to ensure consistency and deliverability at scale through standardised and repeatable design. The Group continues to invest in innovation and improve its design and development processes and standards so they can respond effectively to the ambitions of the Group and market demand. The delivery of these designs and standards is supported by Cairn's "Gateway Process" and established delivery methodologies.	**Response** Positive engagement with utility providers is a continuous process to ensure awareness of Cairn's current and future requirements and the effective identification and management of specific supply risks. The operational risk process facilitates the management of development-specific utility risks, which are mitigated through alternative supply solutions and the dynamic management of construction planning schedules.
Risk trend The Group's design and development standards are embedded in Cairn's activities. As Cairn scales, these standards will continue to be tested, reviewed, and modified on a regular basis.	**Risk trend** As residential development activity continues to grow in Ireland, the constraints on utility supply are expected to be exacerbated. However, Cairn engages proactively with all utility providers to ensure current and future requirements are understood, and supply risks are identified and managed. Development specific risks are managed through alternative supply solutions, ensuring construction schedules anticipate expected connection lead times.
Strategic priority:	**Strategic priority:**
Risk owner: Director of Construction and Operations	**Risk owner:** Director of Construction and Operations

Risk trend key: Risk increased · Risk decreased · Risk unchanged

Strategy key: People · Customers · Construction · Sustainable communities

Principal Risk: Compliance

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

Risk landscape

Cairn's commitment to its people, its values, and the sustainability of our business and the communities we help build, is reflected in the management of the safety of our employees, subcontractors, suppliers, and customers as a number one priority. Consequently, Cairn's health and safety agenda is committed to ensuring a rigorous and disciplined approach to the management and mitigation of health and safety risks. Our approach to increasing expectations associated with emerging laws and regulations, and higher corporate standards, is to embrace and manage these expectations for the benefit of all our stakeholders.

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 best practice.

Risk factor

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.

Response

The Group's health & safety system and supporting framework aligns with ISO 45001 (Occupational Health, Safety and Welfare Management) and exceeds the legal standards that apply to our activities.

The Board oversee health & safety performance whilst the Senior Leadership Team ensures the Group's approach to health & safety risks remains robust and effective in the context of scaling operations.

Risk trend (Risk unchanged)

Maintaining, delivering and constantly improving the Group's health & safety system remains central to our activities, and further embedding this into our ways of working and broader culture, is a constant area of focus.

Strategic priority: People, Sustainable communities

Risk owner:
Director of Commercial and Procurement

Risk factor

A failure of the business to meet its data protection obligations arising under Irish and EU data protection laws.

Response

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 trend (Risk unchanged)

Data protection and privacy regulation remains a business risk. The accountability framework is actively managed and an ongoing improvement plan is in place.

Strategic priority: Customers, People

Risk owner:
Company Secretary

Risk factor

A failure or loss of any of the Group's key systems or corporate data as a consequence of a successful cyber attack.

Response

The Group invests significantly in technical and organisational measures to protect its systems and data from external and internal cyber threats and associated risks.

The effectiveness of these measures is tested and reviewed periodically to ensure they adequately address current risk trends and emerging vulnerabilities.

Risk trend (Risk increased)

Cyber risks generally, and their associated threats, are increasing in frequency, sophistication, and potential impact, driven by macro-events and geopolitics.

Strategic priority: People, Construction

Risk owner:
Chief Financial Officer

Risk trend key: Risk increased · Risk decreased · Risk unchanged

Strategy key: People · Customers · Construction · Sustainable communities

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 continue to be made difficult by the shortage of talent with the requisite skills and experience in certain professions 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 factor

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.

Response

As demonstrated by the launch of the Cairn Apprenticeship Academy, Cairn actively collaborates with its supply chain to increase the availability of skilled construction workers and help ensure they can effectively provide their services to the Group to the standards it demands. Cairn also promotes participation in the industry through a variety of programmes, including its graduate and intern programmes.

Risk trend (Risk increased)

As Cairn scales, and housebuilding in Ireland continues to grow, it is expected that certain current skills shortages will be exacerbated. Cairn has anticipated the consequent shortfall between demand and these capacity constraints, and through its relationship with the supply chain, is well placed to manage this risk.

Strategic priority: People, Construction

Risk owner:
Chief People Officer

Risk factor

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.

Response

The success of Cairn, the promotion of the Cairn brand, and its competitive remuneration strategy supports retention and has increased its profile amongst recruits. Recruitment is supported by the deployment of a wide range of targeted recruiting tools and strategies.

A focus on graduate recruitment and apprenticeships, with an accompanying learning and development scheme, also facilitates the development of a talent pipeline.

Risk trend (Risk increased)

It is anticipated that competition for candidates for operational and professional roles will intensify in 2024.

Strategic priority: People, Construction

Risk owner:
Chief People Officer

Risk factor

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.

Response

Reflecting the importance of its people to Cairn's success, the Group has adopted a wide-ranging People Strategy to ensure optimal performance.

As well as competitive remuneration and reward policies, initiatives include wellbeing, supportive learning and development, and clear progression pathways.

Risk trend (Risk unchanged)

The Group's people strategy continues to be successful in delivering effective employee engagement, helping underpin Cairn's continued success.

Strategic priority: People, Construction

Risk owner:
Chief People Officer

Risk trend key: Risk increased, Risk decreased, Risk unchanged

Strategy key: People, Customers, Construction, Sustainable communities

Principal Risk: Climate

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

Risk landscape

In 2023, the continuing impact of climate change saw a growing occurrence of the physical risks associated with climate change, brought about by increasing temperatures and periods of more extreme weather. Cairn continues to invest in limiting its impact on the environment and responding to the impact of climate change on Cairn's business model and strategy, be they from transitional risks or physical risks. Further details of our climate transition plan are included in our 2023 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 factor

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.

Response

To ensure Cairn is able to address its environmental and sustainability targets, Cairn has completed an assessment of how it addresses key issues including climate action, biodiversity and responsible sourcing and procurement. Using this assessment, Cairn has implemented, and continues to develop, ways to reduce its environmental impacts.

As set out in its Climate-Related Financial Disclosures on pages 34 to 39, 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 trend

Cairn is committed to reducing the impact of its construction activities on the environment, and meeting its emission reduction targets is a strategic priority.

Strategic priority:

Risk owner:
Director of Construction and Operations

Risk factor

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.

Response

Responding to environmental factors and Cairn's sustainability targets are key elements of each stage of Cairn's planning and construction process. Environmental-related planning conditions are expected, and are managed as an integral part of the development process.

Risk trend

Environmental related planning conditions are increasingly a core aspect of planning approvals received by Cairn.

Strategic priority:

Risk owner:
Director of Commercial and Procurement

Going Concern and Viability Statement

Going Concern

The Group entered 2024 in a very strong position having delivered its best ever financial and operational performance in 2023. Following 1,741 sales completions in 2023, the Group started 2024 with a multi-year forward sales pipeline of 2,350 new homes with a net sales value of over €900 million, of which 1,600 new homes are expected to close in 2024 (both turnkey and equivalent units). The Group has a long-term and sustainable growth strategy that focuses on minimising financial risk and maintaining financial flexibility. The business has strong liquidity, a significant investment in construction work-in-progress underpinned by a significant forward order book, a robust balance sheet and committed, lowly leveraged debt facilities.

In order to mitigate against any liquidity risk, the Group applies a prudent cash management policy ensuring its production activities in the near and medium-term are focused towards forward sold inventories, including scaled apartment developments with multi-year delivery timelines, and inventories which will continue to be attractive to its broad buyer pool. New home commencements continued to focus on our core starter homes market at lower average selling prices and large apartment developments for State-supported counterparties, including forward fund transactions.

The Group has a total committed debt facility of €350 million, of which €277.5 million is a syndicate facility comprising a Sustainability Linked term loan and revolving credit facility with Allied Irish Banks, Bank of Ireland and Barclays Bank Ireland, maturing in June 2027. Four sustainability performance targets underpin these green facilities which are linked directly to key elements of our sustainability strategy including decarbonisation, biodiversity and people.

Net debt was €148.3 million as at 31 December 2023 (31 December 2022: €149.3 million). The Company had available liquidity (cash and undrawn facilities) at 31 December 2023 of €200.6 million (31 December 2022: €199.2 million), including €25.6 million of cash (31 December 2022: €21.7 million). The Group had forecast year-end net debt to be broadly in line with net debt as at 31 December 2022.

The Group invested €439.9 million in its construction activities during 2023, including commencing construction on four new sites and new phases across six of its existing large-scale, multi-year, developments. Both gross and operating margins strengthened in 2023, resulting in an increase in underlying profitability when compared to the prior year. The Group is also encouraged by the level of underlying demand for new homes in the market as evidenced by the size of its forward sales pipeline, with strong demand continuing into the early months of 2024. Enquiry lists across all of our active selling sites remain high with particularly strong interest in our starter home developments. The Group's closed and forward sales pipeline increased to 2,473 new homes with a net sales value of €946 million as at 28 February 2024.

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 outlook including the strength of its forward order book, 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.

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. 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 2024 to 2026, 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 addition to reduced demand for scaled apartment developments from State-supported agencies. 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 forecasts, leading to reduced sales volumes and a reduction in sales prices, 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:

- reducing capital returns to shareholders;
- disposing of non-core sites;
- reducing planned construction work-in-progress spend: and,
- deferring or not proceeding with planned site acquisitions and commencements.

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 three-year period from 2024 to 2026.

Corporate Governance

The Board recognises its role in establishing the purpose and values of our Company and embedding these throughout the organisation. From workforce engagement to our sustainability strategy and ongoing Board reorganisations, 2023 has been a busy year.

THREE TROUT, ARCHERS WOOD

Archers Wood is located next to the Three Trout Stream, a nature corridor that leads into the Glen of the Downs, a Natura 2000 site. This is an important area for plant and insect life, a complicated jigsaw of nature that is essential for the health and wellbeing of the planet and the environment.

CORPORATE GOVERNANCE

Governance at a glance

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Board Meetings

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Corporate Governance Report

"The Board is collectively responsible for promoting the long-term, sustainable success of the Group, generating profits for shareholders and contributing to wider society."

READ MORE
p58

Audit & Risk Committee Report

"We continue to monitor the integrity of the Group's financial statements and announcements relating to the Group's performance."

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Nomination Committee Report

"This year the Nomination Committee focussed on Board refreshment, the CFO recruitment process and our continued efforts on workforce engagement."

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Directors' Remuneration Report

"We engaged extensively with our shareholders during 2023 in relation to both the introduction of the Stretch CEO LTIP and changes to our 2024 Remuneration Policy."

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John Reynolds (65)
Chairman
Appointed: 28 April 2015

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

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

Michael Stanley (58)
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:
Board Member of IBEC Ireland.

Shane Doherty (49)
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. 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.

Julie Sinnamon (65)
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, Director of PwC Ireland Public Interest Body, Apc Ltd, Insurance Ireland, The Agricultural Trust and The Young Scientist & Technology Exhibition. Julie is also Chair of the Implementation Oversight Group for the Commission on the Defence Forces, a member of the External Oversight Body of the Defence Forces and a member of the Irish Government's Climate Change Advisory Council.

Committee Membership:
Chair of the Nomination Committee (from 25 January 2024) and member of the Audit & Risk Committee.

Gary Britton (69)
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.

Committee Membership:
Audit & Risk Committee Chair and member of Remuneration Committee.

Linda Hickey (62)
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 and Member of the Investment Committee of the Irish Strategic Investment Fund.

Committee Membership:
Senior Independent Director (from 25 January 2024), Chair of Remuneration Committee and member of Audit & Risk Committee.

Orla O'Gorman (51)
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 Mincon Group plc and Bons Secours Hospital System CLG. Member of Elkstone Ventures Advisory Board, Scale Ireland Steering Group, Chartered Accountants Ireland Ethics and Governance Committee and Sustainability Expert Working Group.

Committee Membership:
Director responsible for Workforce Engagement and member of the Audit & Risk Committee and the Nomination Committee.

Giles Davies (55)
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 establish 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 and Capital Management & Investment plc, and as a non-executive director of Algeco Scotsman Group.

Other current appointments:
None.

Committee Membership:
Director responsible for Sustainability & Environmental Impact and member of the Nomination Committee and the Remuneration Committee.

Senior Leadership Team

Michael Stanley
Chief Executive Officer (CEO)

FOR FULL BIOGRAPHY, SEE PAGE 55

Shane Doherty
Chief Financial Officer (CFO)

FOR FULL BIOGRAPHY, SEE PAGE 55

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 & 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.

Tara Grimley
Company Secretary & 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.

Fergus McMahon
Director of Commercial & 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.

Stephen Kane
Director of Corporate Finance & Investor Relations

Stephen joined Cairn in October 2023. Previously Director of Corporate Finance in Goodbody Stockbrokers. Prior to this, Stephen worked in investment banking in London.

Declan Murray
Head of Finance & Treasury

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

James Benson
Director of Strategic Delivery & Policy

James joined Cairn in August 2022 from the Irish House Builders' Association ("IHBA") where he was Director of Housing, Planning and Development. James is a qualified engineer and quantity surveyor.

The strength of our governance framework has continued to support our strong financial performance during the past year.

Dear Shareholder,

Against a number of headwinds over the past three years, our continued emphasis on strong corporate governance has provided the platform for the business to focus on strategic clarity, operational discipline, and the development of our employees. The strength of our leadership and the breadth of skills and experience on our Board enables us to make sound and balanced decisions for the long-term benefit of our shareholders and stakeholders.

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. During 2023, the Board confirms that the Company complied with the provisions of the Code save for Provision 38 of the UK Corporate Governance Code relating to alignment of Executive Director pension contributions with the workforce. The Remuneration Committee has significantly reduced Executive Director pension contributions from 25% to 10% of base salary over the past few years and believe 10% to be the appropriate contribution rate for Executive Directors going forward. Further details are contained within the Directors' Remuneration Report.

As an increasingly mature and sustainable business, we are proud of our ability to continue to deliver homes at scale, supported by a strong macroeconomic backdrop in Ireland. Our success depends on our commitment to high standards of corporate governance, which underpins our strategic decisions and our ability to create value for stakeholders. It drives ethical behaviours, informs sound decision making, enables the effective running of our business and, ultimately, builds trust internally and externally across stakeholders.

At the heart of good governance is culture and purpose. It is the Board's responsibility to establish the purpose and values of our Company and monitor the effectiveness of our culture. As set out in our previous reports, our purpose, vision, values and culture define us and ensure we are in a position to build for good. In order to achieve those aims, and create the best outcomes for our customers, we strive to ensure colleagues feel valued, respected and recognised, feel empowered in their role and have a positive impact on our stakeholders.

Board and Leadership Team Changes

A core role of any Board is succession planning. In October 2023, we announced the CFO's decision to step down from his role, with him set to depart in the third quarter of 2024. We would like to thank Shane for all his hard work and dedication to Cairn. Since joining the business, he has played an important role in enhancing the effectiveness of the finance function, strengthened relationships with Cairn's key shareholders and banking partners as part of Cairn's refinancing strategy, and improved reporting to the Board across a range of material financial topics. Following a comprehensive recruitment process, led by the Nomination Committee and including advice from external consultants Korn Ferry, on 13 February 2024, we announced the appointment of Richard Ball as Shane's replacement as CFO. The Board is delighted to have attracted a high calibre candidate with extensive experience in the Irish property market. As a Board, we have the utmost confidence that Richard's highly relevant experience will support our continued growth and scaling over the years ahead.

Richard will join the Company as CFO on 10 April 2024 and be appointed to the Board as an Executive Director, subject to shareholder approval, following the Annual General Meeting ("AGM") in May. Shane will not seek re-election at the upcoming AGM and will leave the Company in the third quarter of this year, following an orderly transition of responsibilities to the new CFO.

At Board level, a number of changes are expected to take place over the next two years. As we approach our ninth anniversary since listing, the Board is cognisant that a number of its members will have served on the Board since IPO. As a Board, we look at Board refreshment and tenure holistically, seeking to balance continuity and knowledge of the business, with the benefits of the appointment of new Directors, a balance which seeks to ensure optimal discussions and decision-making at Board level. In line with those aims, the Board has consistently been refreshed over the period since listing and the Nomination Committee has developed a plan for further orderly refreshment of the Board over the period ahead to ensure we continue to benefit from the in-depth knowledge of longer-serving Directors, while the appointment of any new Directors will foster the generation of new ideas and challenge. Further detail regarding the changes made to our Board can be found in the Nomination Committee Report.

Board Evaluation and Effectiveness

During 2023, the Board carried out an internal evaluation, designed to evaluate the continued effectiveness of the Board, its Committees and its Directors. 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 key findings from this evaluation were related to Cairn's employee engagement efforts, diversity, equality and inclusion policies, board training and development, and our approach to sustainability.

The findings of the evaluation were positive and provided meaningful insights into the workings of the Board, with each of the Board and its sub-Committees deemed to be operating to a high standard. There was noteworthy progress on hearing the employee voice at Board level, led by the Workforce Engagement Director and supported by the Chief People Officer, the clear benefits that have resulted from greater diversity at Board level, and the continued improvement in the performance of the investor relations team in ensuring shareholder feedback was effectively communicated to the Board. In terms of action areas for 2024, there will be a continued focus on Board development and training, particularly around the evolution of sustainability, in line with the clear commitments and efforts of the Senior Leadership Team.

Board and Committee Fees

During the past year, the Board conducted a review of the fees for Non-Executive Directors. The review was designed to ensure that the fees paid to Directors were reflective of the increased time commitments for each Director and the associated roles they undertake at Board and Committee level. The review of fees was the first since 2018, incorporated external guidance such as that of the Investment Association's principles of Remuneration and employed external data as a reference point.

Over the past five years, the responsibilities and time commitments of Directors has increased significantly, particularly as a result of the expansion of the level of oversight required to carry out their duties effectively, including in regard to workforce engagement, sustainability, shareholder engagement and increasing demands on their time. Following the review, the Board approved an increase in the fees paid for Directors and the Chair, as well as those applicable to Directors in certain Committee roles and those with additional responsibilities related to sustainability and workforce engagement. As a Board, we are satisfied that these increases are fully aligned with the time commitments expected of Directors and are in the best interests of the Company and its stakeholders. The updated fees are effective from 1 January 2024 and have been set out in full in the Remuneration Committee Report.

Employee Engagement

The work carried out by Orla O'Gorman in her capacity as Non-Executive Director with responsibility for workforce engagement continued to provide a valuable forum for the Board to hear employee views in 2023. Orla held several meetings with employees at all levels of the organisation, across functions and with a mix of tenures, to ensure a comprehensive level of feedback was provided. The importance of employee engagement has increased recently, particularly against the backdrop of cost-of-living challenges for our colleagues, and the initiatives we have taken in response were appreciated by employees. Employees have welcomed the opportunity to meet with a Non-Executive Director and appreciated the value of the roundtable discussions, which presented an opportunity to share information directly to Board members. Further details on Orla's activities during 2023 are set out in the Nomination Committee Report.

Sustainability

Our commitment is to build homes that are thoughtfully designed and built for good, and our sustainability agenda is woven into every aspect of our business and culture. During 2023, we continued to put words into action. We are proud that our Scope 1, 2 and 3 Greenhouse Gas (GHG) emission targets were validated by the Science Based Target Initiative ("SBTi"), a significant milestone for the business, while we also received our ISO 14001 certification for Environmental Management. As a business though, we have consistently recognised that a reduction of GHG emissions is only one part of mitigating climate change. Conserving and restoring natural spaces, and the biodiversity they contain, is equally essential for limiting emissions and adapting to climate impacts. In 2023, 100% of Cairn's sites were subject to biodiversity net gain assessments, demonstrating our dual commitments to environment protection. We are extremely proud of our work in Clonburris and our commitment to delivering a biodiversity net gain town. Our efforts to develop Passive Apartment Schemes, such as our development in Charlestown, is another example of our commitment to decarbonising the built environment.

Outside of environmental efforts, we were delighted to be one of the founding members of the Supply Chain Sustainability School in Ireland and be placed in the top 20 of Best Workplaces in Ireland in the Large Category, while maintaining our Great Place to Work Certification for 2023, reflecting our efforts across the broad spectrum of sustainability considerations.

During the year, and particularly as we continue preparations for reporting against the EU's CSRD and taxonomy requirements, the Board received regular updates on the work undertaken across our sustainability initiatives, increasing engagement on an important issue for the business. As part of our efforts to further strengthen the responsibility and governance frameworks around sustainability at Cairn, Giles Davies will become the Non-Executive Director with formal responsibility for oversight of sustainability at Board-level.

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 communities where people can thrive, 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

The Board and Senior Leadership Team aim to ensure that our 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 Senior Leadership Team seek to ensure that appropriate action is taken.

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.

Attendance Table

Director	No. of Meetings Held/Attended	Board Tenure
John Reynolds (Chairman)	8/8	9 years
Gary Britton	8/8	9 years
Giles Davies	8/8	9 years
Shane Doherty	8/8	4 years
Linda Hickey	8/8	5 years
Alan McIntosh	8/8	9 years
Orla O'Gorman	8/8	2 years
Julie Sinnamon	8/8	2 years
Michael Stanley	8/8	9 years

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 57.

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 Leadership Team below Board level.

Senior Independent Director

Giles Davies

During 2023, Giles Davies was the Senior Independent Non-Executive Director. He acted as a sounding board for the Chairman and as an intermediary for the other Directors when necessary. During the first quarter of 2024, the Company announced that Linda Hickey would succeed Giles Davies as the Senior Independent Director.

Linda is 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. She 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 General Meetings.

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.

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 2023

The Board meets regularly and would typically hold seven scheduled meetings during the year, including a strategy day. The Board met eight times for Board meetings during 2023. 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.

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 on page 60, 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 Annual General Meeting 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 on 10 May 2024 and, being eligible, each will offer themselves for re-election, with the exception of Shane Doherty who announced his intention to resign in October 2023. 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 2023. 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, all of the Non-Executive Directors are considered independent in character and judgement and are free from any business or other relationships that could materially affect the exercise of their judgement, with the exception of Alan McIntosh, who had formerly been an Executive Director between 2015 and 2018. Alan McIntosh has since retired from the Board, in January 2024. The Chairman of the Board was deemed independent on appointment.

In assessing the independence of Linda Hickey, the Board had due regard for her position on the Board of Kingspan Group plc ("Kingspan"), one of the Company's suppliers. The Board concluded that Ms Hickey was fully independent having taken into consideration the total value of purchases from Kingspan during 2023. The procurement of products purchased from Kingspan remain subject to the Company's strict procurement procedures and were not material for a business of Kingspan's size.

In assessing the independence of Gary Britton and Giles Davies, the Board had due regard for the fact that their tenure on the Board would reach nine years during 2024. The Board was satisfied that both Gary and Giles continue to be fully independent, underpinned by their continued contributions and challenge and Board and Committee meetings. As announced in January 2024, Gary Britton informed the Board of his intention to step down as a Non-Executive Director at the end of 2024.

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, the Chief Executive Officer, Chief People Officer and Company Secretary, meet to discuss the specification and search parameters, as well as the Group's need for enhancing diversity. An external search consultancy is appointed and 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, supported by the Chief People Officer.

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.

Diversity and Inclusion

In 2019, the Board adopted a formal Diversity and Equality Policy applicable to the Company, which is available on our website. The Board and management continue to recognise 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 2023, female employees made up 25% of our total workforce, while 25% of the Senior Leadership Team (excluding Executive Directors) 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 in our separate, standalone 2023 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 40 to 50.

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 40 to 50.

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 workplace 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 continues to 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 2024 Annual General Meeting of the Company is scheduled to be held at The Merrion Hotel, Merrion Street Upper, Dublin 2, D02 KF79 at 12 noon on 10 May 2024. The 2023 Annual Report and 2024 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.

We continue to advise the Board on whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable.

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.

Gary Britton
CHAIR OF THE AUDIT & RISK COMMITTEE

Committee Member	Meeting Attendance	Committee Tenure
Gary Britton (Chair)	7/7	9 years
Linda Hickey	7/7	5 years
Orla O'Gorman	7/7	2 years
Julie Sinnamon	7/7	2 years

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 with several members deemed to have recent and relevant financial experience. The biographical details on pages 55 and 56 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, are 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 2023

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 66 and 67. 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 40 to 50. Following the revisions of the UK Corporate Governance Code, the Committee will, over the course of 2024, review its processes and approach in maintaining and reporting on the effectiveness of its risk management and internal control frameworks to ensure continued alignment with the principles of the Code from 1 January 2025.

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, reviewing the findings and recommendations from four targeted audits (conducted during the year by an independent, specialist external audit firm), and overseeing the achievement of key objectives during 2023 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 2023, 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 on page 51. The Directors' Compliance Statement is included in the Directors' Report on page 100.

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) Purchase Ledger and Duplicate Payments; (2) Cyber Security; (3) Procurement and Subcontractor Management; and (4) HR Compliance Review. 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 2023 and the planned programme of work for 2024. 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 is currently in the process of tendering for audit services for the year ended 31 December 2025 onwards, in light of the EU Audit Regulation requirements on auditor rotation and will complete that process during 2024. KPMG will continue as auditor for the year ended 31 December 2024.

The Committee reviewed the External Auditor's overall audit plan for the 2023 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 and in line with our non-audit services policy. 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 2023 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 2023 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 2023 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 during the year. 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.

The Company also launched its Confidential Reporting platform to employees during the year and any reports raised using this platform are communicated to the Committee.

Estimates and Judgements

The Committee reviewed in detail the areas of significant judgement, complexity and estimation in connection with the financial statements for 2023. 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 105 to 111. 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

As the business continues to expand its construction activities, the Group has been investing capital in developing its landbank and construction work in progress. As a result, the carrying value of inventories is a crucial area for management and audit judgement. In 2023, the Group conducted a detailed annual impairment test with input from relevant internal and external stakeholders to ensure that the investment in development land and related construction work in progress was not impaired. The annual impairment test examined the performance of each site individually to determine its net realisable value, including an assessment of the number of units that could be achieved on each site and a full evaluation of the likely sales prices of those units, which were then compared to actual sales prices achieved to date.

All costs related to individual sites are regularly evaluated and updated based on new information and actual experience. If the net realisable value of a site is found to be lower than its cost, it is considered impaired, and its value is written down to its net realisable value. This process is subject to review by management and is thoroughly tested during the annual audit process.

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

The Group calculates its gross profit for each sale by considering the specific unit sold and its associated total cost. Since the construction cost of a site can span multiple reporting periods, determining the cost of sale for each unit sold relies on current cost forecasts and anticipated profit margins for the entire project. There is a possibility that some or all of the assumptions used in these forecasts may be incorrect, which could affect the carrying value of inventories or the amount of profit recognised. To manage this risk, the Group regularly updates its site profitability forecasts and makes any necessary adjustments in the appropriate 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, 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.

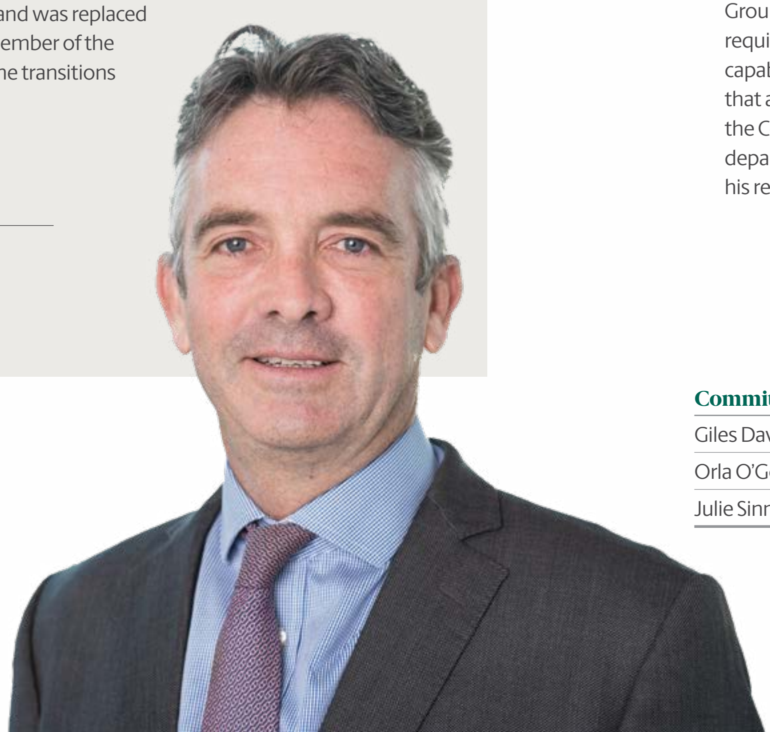
GARY BRITTON
CHAIR OF THE AUDIT & RISK COMMITTEE

Ensuring effective succession planning and optimal Board composition.

Dear Shareholder,

I am pleased to present the Nomination Committee ("the Committee") report on the work carried out during 2023. The Committee supports the Board with the review of its structure, size and composition with a view to ensuring that Board composition includes the most appropriate balance of skills, experiences, and diversity of thought to effectively oversee and support the long-term development of the business. As announced in January 2024, I stepped down as Chair of the Nomination Committee, and was replaced by Julie Sinnamon. I will remain as a member of the Committee and will support Julie as she transitions to the position of Chair.

GILES DAVIES
FORMER CHAIR OF THE NOMINATION COMMITTEE



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 to ensure that the Board is effective in discharging its responsibilities.

Key Activities for the Nomination Committee in 2023

- Considered the composition of the Board and Committees and the succession of Non-Executive Directors and the skills, knowledge, experience, diversity and attributes required of current and future Non-Executive Directors. In considering Board succession, the Committee considered the length of tenure of the Non-Executive Directors and the importance of the progressive refreshing of Board membership.
- Oversight of the succession plans in place for the Senior Leadership Team, with consideration of the Group's talent development programmes and the requirements to build technical and leadership capability. While we have robust processes in place that allow for planned and unplanned departures, the Committee spent time discussing the departure of the CFO and plans for appointing his replacement.
- Ownership of the internal Board evaluation process and discussion of the feedback, observations and recommendations from the review of the Board and Committees, including the action plan for approval by the Board.
- Reviewed the Board Diversity Policy to ensure it remained aligned with the market best practice. Continued application of the Board Diversity Policy and initiatives, and reviewed progress made against the agreed objectives set out in the Board Diversity Policy.
- Incorporated feedback from the Board's workforce engagement outreaches, which provides important insight into employees' expectations and needs. Feedback was considered in determining Cairn's most appropriate approach in supporting employees during the ongoing cost-of-living crisis, in the refinement of employee development programs and to update organisational structures, both in the office and across our construction sites, with a view to enhancing employees' experience of working at Cairn, a topic of great importance for the Board.

Committee Member	Meeting Attendance	Committee Tenure
Giles Davies (Chair)	4/4	9 years
Orla O'Gorman	4/4	2 years
Julie Sinnamon	4/4	2 years

Board & Committee Changes

The continued reorganisation and orderly succession of the Board has been a focus of the Committee during 2023 and the early part of 2024. In evaluating Board composition and plans for new appointments, the Committee assesses the balance of skills, knowledge, tenure and experience, against Cairn's long-term strategy, with consideration of the operating context of the business. While not exhaustive, the skills matrix set out on page 70 details certain of the attributes the Committee looks at when evaluating Board composition and appointments. While there were no changes to the Board during 2023, in January 2024, Alan McIntosh stepped down from the Board while Gary Britton announced his intention to step down at the end of the year. The changes are set out in full later in this report and over the course of 2024, the Committee will consider appointments to the Board to ensure its composition continues to align with the development of strategy and provides the appropriate oversight.

The Committee also continued to enhance its succession planning for senior management during the past year, which was brought further into focus by Shane Doherty communicating his intention to step down from the Board in October 2023 after serving more than four years in his role. Following the announcement of Shane's departure, the Board, led by the Committee and supported by external advisors, immediately commenced a recruitment process for his replacement. That comprehensive process resulted in the appointment of Richard Ball, who brings a wealth of relevant experience to the business and the Board. As announced in February 2024, Richard will join Cairn on 10 April and, subject to shareholder approval, will join the Board as an Executive Director following the 2024 AGM. While Shane will step down from the Board at the 2024 AGM, as part of ensuring an effective transition of responsibilities to his successor, he will stay on to support Richard until the third quarter of 2024.

All members of the Committee are independent Non-Executive Directors. Members of the Senior Leadership Team, primarily the Chief People Officer, and the Board Chairman John Reynolds, are invited to attend meetings. The Company Secretary Tara Grimley also acts as Secretary to the Committee. The Committee met four times during the year and after each meeting, the Board was apprised of key issues discussed during our meetings.

At the 2024 AGM, the Chairman of the Board John Reynolds and myself, will each have served on the Board since our IPO in 2015. The Committee reviews Board composition holistically, seeking to balance the benefits of the experience and continuity of longer-serving Directors with periodic additions to the Board, and as such, does not take a rigid approach to tenure. The Committee considers this approach as the best means of promoting effective dialogue and decision-making at Board and Committee level.

While the UK Code is somewhat more prescriptive in its guidance on the tenure of the Chairman of the Board, having reviewed its current composition including the recently announced Board and Committee changes, as well as our succession plans over the coming 12 months, the Committee and the Board agreed that the current Chairman, John Reynolds, should remain in position for the year ahead and will re-seek election at the Annual General Meeting for an additional year. Moreover, considering the outcomes of the internal Board evaluation facilitated by the Company Secretary, the Committee in particular, concluded that the Board is satisfied with the guidance and leadership provided by the Chairman. The Board highlighted his ability to effectively challenge executive management in a manner that fosters constructive and meaningful debate. During his time at the helm of the Board, Cairn has achieved record levels of performance, built new partnerships, and he has steered the business through a global pandemic and more recently, cost-of-living challenges. The Committee was also conscious of the level of change at Board level over the course of 2024 and the important role the Chairman will play in ensuring the orderly transition to a new CFO. Having considered each of these factors, and the most effective means of developing a succession plan for the Chair in the period ahead, the Committee and the Board are satisfied that it is in the best interests of the Company and shareholders for John Reynolds to continue in the position of Chairman.

As the Committee continues its search for the appointment of new Non-Executive Directors, it has implemented certain changes to ensure that the Board and its Committees continue to operate at a high standard, particularly in the context of significant reorganisation and change.

Following Gary Britton's decision to step down, effective from the end of 2024, Orla O'Gorman will assume the role of Chair of the Audit & Risk Committee upon his retirement. Moreover, as sustainability is further integrated into Cairn's strategy, and in response to evolving regulatory and reporting requirements, coupled with the growing expectation for engagement on these matters, the Committee and the Board have approved the creation of a specific Board role for a Non-Executive Director with Responsibility for Sustainability and Environmental Impact. I will assume this role and in order to ensure I can dedicate the necessary time required to fulfil this role, I have stepped down from the role of Senior Independent Director of the Board and as Chair of this Committee. I am succeeded by Linda Hickey, who has been appointed Senior Independent Director of the Board, and Julie Sinnamon, who has taken over as Chair of the Nomination Committee.

Succession, talent capability and development

The Senior Leadership Team plays a central role in delivering Cairn's strategy, the ongoing development of our talent pipeline and in fostering the culture and values required to continue to deliver on our strategy. The Committee consistently reviews its approach to executive management development and succession planning, over the short, medium, and longer term. The aim of these reviews is to ensure the Company is in a strong position in the event of any planned or unplanned departures, including ensuring that senior executives and wider employees are receiving the appropriate training and development opportunities in line with the challenges and opportunities of the business. Succession for senior leadership roles, and our strategy to support talent development by building capability for the future, is overseen by the Committee with support from the Chief People Officer, with formal updates considered at least once a year. On succession, at least annually, the Committee reviews the existing internal pipeline of candidates for immediate and medium- to longer-term movement into key leadership and functional roles. This is subject to routine challenge to ensure understanding of the breadth of internal potential and experience represented by external talent pools. The Committee is also regularly apprised on how talent is benchmarking externally, and on specific initiatives to encourage more gender and ethnic diversity into senior leadership talent pipelines.

Board Diversity, Skills and Expertise

The topic of diversity, equality and inclusion remains a key priority for Cairn across all levels of the business. 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. We are also conscious that diversity extends beyond gender and ethnicity to include age, disability, cognitive behaviour among other characteristics that significantly enrich Board-level deliberations.

The Committee will continue to 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.

We are pleased to report that at the end of 2023, women represented 33% of Board members, in line with the recommendations of the Balance for Better Business Review and, following changes to the Board announced in January 2024, this number increased to 37.5%. As things stand, 25% of the Senior Leadership Team (excluding Executive Directors) are women. The Committee is aware of the 30% target set by Balance for Better Business and over the course of 2024, as part of wider succession plans for senior positions, the Committee – together with input from the Chief People Officer – intends to attempt to meet this requirement.

Despite the differences in demographics in Ireland compared to the UK, where ethnic representation of the board has been achieved at the majority of FTSE 350 companies, the Committee is also aware of the importance of widening considerations around diversity and is seeking ways to promote greater ethnic diversity at the Board and throughout the organisation. Reflecting on the evolution of our customer base in recent years, there has been a growing emphasis on the importance of improving ethnic diversity on the Board. To successfully achieve our mission of creating thriving communities, the Board and the Committee are mindful of the significance in ensuring that ethnic and cultural diversity is also reflected at the highest level of the organisation. While we have not set formal targets in this regard, the Committee will continue to take steps to ensure that such considerations are integrated into succession plan and recruitment efforts.

Diversity Representation

The following tables set out the information required to be disclosed under Listing Rule 9.8.6R(10) as set out in Annex 2 to UK LR 9, as of 31 December, 2023. For the purposes of these tables, Executive management is as defined as being the Senior Leadership Team or the most senior executive or managerial body below the Board (or where there is no such formal committee or body, the most senior level of managers reporting to the chief executive), including the Company Secretary but excluding administrative and support staff. For Cairn, this is the Senior Leadership Team.

As set out previously in this report, following the changes announced to the Board of Directors in January 2024, 37.5% of the Board is now represented by women. The Committee is aware of the UK listing rules expectations for greater ethnic diversity on Boards and in senior positions. While the Company has not met the expectation of the listing rules at the date of the publication of this report, it notes that Cairn's operations are solely focused in Ireland, where the demographics are different to the UK's.

Nonetheless, as we continue to develop succession plans for senior management and the Board, the Committee will continue to emphasise the benefits of diversity beyond gender to include ethnicity in recruitment and candidate identification processes.

The Committee has a diverse range of skills and backgrounds, and it keeps its own and the Board's membership under review. As we become increasingly aware of the impact of our business strategy on both the environment and the communities in which we operate, ensuring that the skills, experience and knowledge of individuals reflect the changing demands of the business has become a fundamental requirement to operate.

Board Composition at 31 December 2023

Name	Role	Independence Classification	Tenure	Gender
Michael Stanley	CEO	No	9	M
Shane Doherty	CFO	No	4	M
John Reynolds	Chairman	N/A (Yes - on appointment)	9	M
Giles Davies	Senior Independent Director	Yes	9	M
Alan McIntosh	Non-Executive Director	No	9	M
Gary Britton	Non-Executive Director	Yes	9	M
Julie Sinnamon	Non-Executive Director	Yes	2	F
Linda Hickey	Non-Executive Director	Yes	5	F
Orla O'Gorman	Non-Executive Director	Yes	2	F
		62.50%	**6.4**	**33.3%**

● At 31 December 2023 ● From 25 January 2024

INDEPENDENCE

62.5%

71%

AVERAGE NED TENURE

6.4 years

6.1 years

Board Composition from 25 January 2024

Name	Role	Independence Classification	Tenure	Gender
Michael Stanley	CEO	No	9	M
Shane Doherty	CFO	No	4	M
John Reynolds	Chairman	N/A - on appointment	9	M
Gary Britton	Non-Executive Director	Yes	9	M
Linda Hickey	Senior Independent Director	Yes	5	F
Giles Davies	Non-Executive Director	Yes	9	M
Julie Sinnamon	Non-Executive Director	Yes	2	F
Orla O'Gorman	Non-Executive Director	Yes	2	F
		71.4%	**6.1**	**37.5%**

GENDER DIVERSITY FROM 25 JANUARY 2024

● Male ● Female

Number of Board Members

Number in Leadership Team

% of Board

% of Leadership Team

Number of senior positions on the Board

Chairman, SID, CEO, CFO, Committee Chairs

Nomination Committee Report *continued*

Employee Engagement

We are proud of how committed Cairn's employees are to the long-term success of the business and we regularly seek feedback from engagement with employees. The direct link between the Board and the employee voice through the Workforce Engagement Director Orla O'Gorman, provides an enhanced and interactive understanding of employee sentiment. Each year, the programme of work of Cairn's Workforce Engagement Director is set out with the support of our Chief People Officer, Maura Winston. The Board is regularly updated on the welfare of employees, employee initiatives which include learning and development programmes, and the detailed results of the employee engagement survey that is conducted on an annual basis. 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. The success of this role is measured in action, where the employee voice is consistently represented in these engagements and provides important views and insights into colleagues' opinions and difficulties that feature and contribute to Board and executive management discussions.

The Workforce Engagement Director uses the outputs of this survey to conduct engagement directly with employees focusing on what we do well and where we could improve across a number of key areas. Over the last year, Orla carried out meetings with teams in the Kilkenny and Blessington sites as well as in our Central Office. We were pleased with the results of this assessment, where participants showed a strong sense of belonging and alignment with the Cairn culture, a topic that is of significant importance to Cairn. While employees in the assessment noted that Cairn was their employer of choice, they also provided some insights into areas of improvement for the business focussed on the three key areas of Team, Career Development and Socially Responsible Business.

Team

Strengths
- Strong team and culture
- Strong organisational structure with clearly defined roles and leads
- Good collaboration and supportive work environment

Areas of Improvement
- Create opportunities for Central Office teams to visit site locations once a year
- Improved communications for new joiners and promotions

Career Development

Strengths
- Strong culture of innovation
- Supportive environment to learn and develop on the job
- Focus on retaining culture as the business grows

Areas for Improvement
- Recognition for achievements of different teams
- Ensure sufficient time and resources are allocated to onboard new employees

Socially Responsible Business

Strengths
- Good remuneration package and employee benefits
- Employees feel valued and appreciate the health and wellbeing initiatives

Areas for Improvement
- Improved communication regarding people changes and strategic priorities
- More show and tell to highlight all initiatives offered

WORKFORCE ENGAGEMENT IN NUMBERS

350+

employees completed engagement surveys informing focus areas for the Workforce Engagement Director

3

site visits

Kilkenny, Blessington & Cairn's Central Office

18

participants in small bespoke roundtable discussions (including four female and fourteen male employees, across a mix of tenures) to complete a deeper dive into the feedback

Developing a remuneration framework that continues to support the creation of value.

Dear Shareholder,

I am pleased to introduce, on behalf of my colleagues on the Remuneration Committee (the Committee) and the Board, the Remuneration Report to shareholders, which is split into three sections: this introductory overview, the remuneration policy which will be put to shareholders at the 2024 AGM, and the Annual Report on Remuneration, which contains disclosure on how Cairn's current policy was implemented during 2023 and details on how the proposed policy will be implemented in the year ahead.

LINDA HICKEY
CHAIR OF THE
REMUNERATION COMMITTEE

Performance for the year under review

As detailed throughout the Annual Report, Cairn delivered another year of strong performance, where the business achieved record housing output, combined with strong earnings and a disciplined approach to balance sheet management. The business has also continued to place a focus on value creation, with management driving progress towards our stated ambition of 15% Return on Equity ("ROE") in 2024. We are also pleased with how cash generative the business remains, with €85m returned to shareholders through share repurchase programmes and total dividend payments of 6.3c per share (FY2023 interim and final dividends). Our financial performance has been matched by continued progress against our key stakeholder and sustainability measures.

Remuneration Outcomes

The Executive Directors were awarded a bonus at 99% of maximum. The annual bonus award is determined based on performance against a broad range of financial, ESG/sustainability and personal and strategic performance targets, each of which is designed to incentivise the delivery of our strategy. The Committee is satisfied that this outcome reflects another year of exceptional performance against the measures employed under the bonus scheme and across financial indicators generally. Further details of performance under the bonus plan are set out on pages 85 to 87.

Awards under the long-term incentive plan will vest at 99% of total opportunity for the CEO and CFO, which the Committee believes is an accurate reflection of the strength of Company performance, both financially and on the stakeholder measures employed for the 2021 award, over the three-year vesting period.

Towards the end of 2023, it was agreed that an inflationary increase of 5% in base salary would be applied to all employees who joined the business before 30 June 2023, effective from 1 January 2024. Neither of the Executive Directors have been awarded the inflationary increase, reflecting our commitment not to increase the CEO's salary following the approval of the Stretch CEO LTIP and in the case of the CFO, that he had announced his intention to resign from his role.

Cost of Living & Employee Engagement

As a Committee, we have remained mindful of the inflationary environment and associated cost-of-living challenges facing Cairn's employees. While the strength of our underlying performance has meant we are in a healthy position and have continued to grow our workforce, we have taken active steps to support employees during the past year. As detailed previously, an inflationary increase of 5% has been awarded to all employees (excluding Executive Directors) from 1 January 2024, and we also distributed two €500 gift cards to all employees, in January and November 2023, with employees below a certain base salary threshold also receiving a once-off payment of €3,500.

In addition, we continued to provide a "Money Management" webinar to all employees and the extension of healthcare cover to family members remained in place throughout 2023. Alongside these initiatives, employees have remained eligible to participate in the Approved Profit-Sharing Scheme ("APSS"), which was established in 2023 and allows employees to invest part of their annual bonus, plus salary, in Company shares in a tax-efficient manner, and in line with the Company's approach to remuneration. The Committee is fundamentally aware of its responsibility to review workforce remuneration and ensure a level of understanding amongst the workforce on how executive remuneration aligns with wider company pay strategies. Throughout 2023, the Committee received regular updates from the Chief People Officer on manager/employee check-in where annual bonus and LTIP metrics and targets were communicated, relevant benchmarking and overall Company remuneration strategies were discussed and the annual performance management cycle was completed. The Workforce Engagement Director, Orla O'Gorman also shared her findings with the Committee from her most recent meetings with the wider workforce, which is set out in further detail in the Nomination Committee report on pages 68 to 73, and highlighted employee's appreciation of the cost-of-living vouchers and other financial supports in 2023. We appreciate that employees communicated that they felt "they were being looked after and valued." The Committee also ensures management continue to inform employees of the associated metrics and targets that are set at the beginning of each year under the Annual Bonus and LTIP.

We will continue to focus on the experience of our employees and any external challenges facing them throughout 2024.

Remuneration Philosophy

As a Committee and a Board, we have been transparent on the remuneration philosophy Cairn has developed, which we consider to be fundamentally aligned with the performance-orientated culture of the business. We have consistently sought to set modest (or below market) levels of fixed pay, which are supplemented with 'at-risk' variable pay to incentivise superior performance. While, at times, Cairn's approach to remuneration has deviated from standard market practice, we are charged with taking decisions and structuring remuneration that is fundamentally aligned with the culture and objectives of the business over the long-term. We are confident we have continued to do so, and believe our remuneration philosophy, for Executives and throughout the business, will continue to drive superior performance and maximise long-term value for our shareholders and stakeholders.

Shareholder Engagement and the Stretch CEO LTIP

The retention and motivation of the CEO was a key priority for the Committee in 2023. Since our listing in 2015, our CEO Michael Stanley, has been the driving force in the creation and growth of our business, based on his deep understanding of the industry and insight into Cairn and its long-term strategy and values. As part of the focus on ensuring the remuneration framework was aligned to our ambitious growth plans over the long-term, we developed the Stretch CEO LTIP. Prior to finalising the terms of the award, having engaged with shareholders representing over 80% of the Company's issued share capital, the Committee made substantive changes to its structure and the targets employed under each of the measures. As disclosed at the time of its approval by shareholders, there will be no changes to the CEO's salary or bonus

Year Round Engagement

	December 2022 - March 2023	May 2023	June 2023	June 2023 - July 2023	July 2023	August 2023	September 2023 – October 2023	November 2023 – January 2024	February 2024
Actions	Letter sent out to shareholders representing 80% of issued share capital ("ISC") offering meetings and an opportunity to provide feedback in written form	**AGM and proxy voting related engagement**	Initial letter sent to shareholders representing 80% of ISC detailing proposed changes to CEO remuneration	Ongoing engagement with shareholders to incorporate feedback and finalise the terms of the Stretch CEO LTIP	Letter sent out to wider shareholder base and proxy advisors ahead of the EGM, detailing the changes made in response to shareholder feedback	**Shareholder engagement at the EGM**	Letter issued to shareholders representing 80% of ISC offering further engagement on approach to remuneration	Shareholder letter detailing updates to the 2024 Remuneration Policy and offering shareholders the opportunity to provide feedback	Update on the engagement with shareholders published on Company website
Nature of engagement and topics of discussion	AGM resolutions, including Board elections, remuneration and share capital management	Voting intentions and general enquiries around the AGM	Committee's approach to remuneration for the CEO and alignment with strategy. Shareholder expectations on remuneration and feedback on the proposed Stretch CEO LTIP	Following initial feedback from shareholders, discussion on Committee's changes to the proposed approach, including targets and timeline	Written follow ups from shareholders regarding final changes	Voting intentions and general enquiries around the EGM	The Committee's response to opposition at the EGM in August and future changes to the Company's remuneration policy	Details of the proposed amendments to the remuneration policy, including reduction in pension and increase in deferral arrangements	

or LTIP opportunity during the four year performance period that applies to the Stretch CEO LTIP. Although the proposal was approved with significant shareholder support, the Committee acknowledges that approximately 32% of shareholders opposed the plan's approval. Based on the feedback from our extensive shareholder engagement efforts before and since that meeting, we identified the primary issues raised by certain shareholders as relating to the plan's one-off nature, the absence of a TSR metric and the appropriateness of the targets chosen. While the Committee and Board considered alternative approaches in developing the plan, such as increasing salary and regular incentive opportunities in line with market rates, we remain firm in our conviction that the revised LTIP was the most appropriate means of aligning the CEO's interests with the delivery of strategy and shareholder interests. In contrast to increases in fixed remuneration, payouts will only be released if truly demanding targets are achieved over the long-term, ensuring continued creation of value for stakeholders.

Following the voting outcome at the EGM, the Committee again wrote to shareholders to offer further engagement, with a particular focus on those who had opposed the plan, while also detailing the proposed changes to the Remuneration Policy to be put to shareholders at the 2024 AGM. It was clear from those engagements that shareholders had no further specific feedback on the plan's terms and the Committee is satisfied that there is a clear understanding of our aims in designing the plan and the value that will be created in the event of the achievement of targets. In line with the provisions of the UK Code, we also provided an update on engagement within six months of the vote result.

Departure of the Incumbent CFO

Cairn's CFO, Shane Doherty, announced his decision to step down from his role in October 2023. As announced at the time, in confirming his departure, Shane agreed to stay on past the expiration of his statutory notice period, which the Committee and the Board felt was important as a means of ensuring an orderly transition of responsibility to his successor and continuing to support the current management team while that recruitment process was carried out. Having worked the entire year, Shane was entitled to receive his 2023 annual bonus award in full and any entitlement for a bonus in 2024 will be pro-rated to his final departure date, subject to the achievement of performance targets. Given that Shane will cease to be an employee during 2024, the Committee agreed to waive the deferral requirements that would have applied to his 2023 bonus.

In recognition of his strong performance and, more importantly, his commitment to Cairn by agreeing to stay beyond his contractual notice period of six months, the Committee has determined that Shane will be treated as a good leaver under the LTIP, in line with the rules approved by shareholders in 2017.

As a Committee, we are grateful for Shane's commitment to the business beyond his notice period, to the third quarter of 2024, which will play an important role in the effective transition of responsibilities to the incoming CFO Richard Ball, during 2024. All outstanding awards granted to him under the LTIP, namely those awarded in 2022 and 2023, will remain subject to performance and will be reduced pro-rata to reflect his final departure date in 2024. Post-employment shareholding obligations, to retain 100% of salary in shares for one year and 50% of salary for two years, will continue to apply.

Remuneration Arrangements for New CFO

The Remuneration Committee considered the remuneration arrangements for Richard Ball prior to the announcement of his appointment in February 2024. In line with best practice, Richard will be paid in accordance with our Remuneration Policy. Richard will begin his employment as CFO on 10 April and, subject to shareholder approval at the AGM in May, will be appointed to the Board as an Executive Director. Upon appointment, Richard's remuneration arrangements will be:

- a base salary of €375,000 per annum;
- a bonus opportunity of up to 115% of base salary, of which 33% will be paid in shares deferred for two years;
- in his first year of participation, he will receive an LTIP award of 200% of base salary, to reflect awards forfeited at his previous employer. The calculation of this award was made taking into account the form of the award forfeited, the proportion of performance period served and the value forfeited;
- from 2025, his award levels will revert to the normal maximum under the LTIP, being 150% of base salary;
- he will be entitled to pension contributions of 10% of salary per annum;
- he will receive standard benefits, which are not materially different in nature or value relative to the incumbent Chief Financial Officer;
- he will be required to build a shareholding in the Company of 100% of salary within 5 years of appointment; and,
- he will have a six month notice period.

The remuneration arrangements for the new CFO are entirely aligned with the existing and proposed remuneration policies and the Committee is fully satisfied that they were no more than necessary to secure a candidate of such high calibre at an important juncture for the business.

Changes to the Remuneration Policy

As Cairn continues to scale and meet strong demand in the Irish market, the Committee is satisfied that our approach to remuneration remains aligned with the delivery of our strategy, supporting the Company in its aim of building for good.

Following on from our commitment in last year's annual report, Executive Directors' pension contributions have been capped at 10% of base salary from January 2024. In addition, and in an effort to drive further alignment with shareholder interests, bonus awards will be subject to increased deferral arrangements, whereby 33% of any payouts will be delivered in equity following a two-year deferral period. This change increases deferral requirements from the current arrangements, whereby only the portion of bonus paid above 125% of salary would be subject to deferral.

In addition to the changes to the Policy above, the Committee has revised certain aspects of the weightings under the annual bonus plan. While the Committee retains discretion to alter the measures and weightings applicable to incentive plans under the policy, for 2024, the weighting of financial measures under the annual bonus plan will be increased to 70%, with non-financial measures – comprising a combination of ESG and personal measures – weighted at 30%. The reduction in the weighting of the personal and strategic measures is reflective of the maturity of our business, with 90% of measures now subject to quantifiable financial or ESG measures. Under the LTIP, financial measures will remain weighted at 80%, with an ESG measure, currently biodiversity focussed, weighted at 20%. In recent years, we have successfully integrated material Sustainability/ESG metrics into our incentive arrangements, in recognition of the importance of those areas to our ability to create value for stakeholders over the long-term. As we further develop our sustainability strategy, the Committee is reviewing the appropriateness of introducing emissions reduction targets in the LTIP particularly in light of the recent validation of our emissions reductions targets by the SBTi. As we further develop our sustainability strategy, we have continued to focus on ensuring our incentive framework aligns with our medium and long-term targets. In 2023, we received validation of our scope 1, 2 and 3 targets from the SBTi, and launched our first passive housing apartment scheme, which will play a central role in our efforts to achieve our ambitious decarbonisation targets. In recognition of the importance of Cairn's decarbonisation strategy, the Committee has decided to include an "Energy efficiency/Passive Housing" metric in the 2024 LTIP, which will operate alongside the biodiversity metric, introduced in 2022, with a weighting of 10% for each measure.

The additional award for the CEO, granted in October under the Stretch CEO LTIP, operates separately to the Remuneration Policy. The 2024 Remuneration Policy being put to shareholders at the upcoming AGM will thus be subject to limited updates, primarily to ensure continued alignment with market practice and shareholder expectations. The full Policy detail is included later in this report.

Chairman Fees

The Committee also reviewed the fees paid to the Chairman of the Board. The fee for the Chairman was last reviewed in 2017 and there has been a clear increase in the time commitment involved in his role, including in relation to Board effectiveness, shareholder and stakeholder engagement and sustainability. Following a review of the time commitments, and having employed external data as a reference point, the Chairman's fee was increased by 20%, from €150,000 p.a. to €180,000 p.a. The Committee is satisfied this revised fee accurately reflects the increase in his role and responsibilities and remains reasonable relative to market rates.

Conclusion

2023 was another year of strong performance for the Company. The Board and the Committee are confident that the Company's incentive arrangements and reward structures have played a key role in contributing to the strength of our performance over the past four years, aligned with our performance orientated culture and the delivery of the long-term strategic objectives of our business.

Throughout 2023, we engaged extensively with our shareholders, to ensure that our decisions are clearly understood and, where appropriate, the input of shareholders is integrated into our remuneration framework and associated reporting. We are confident that the latest evolution of our remuneration policy, and the decisions made around incentives during 2023, will continue to support the generation of value for stakeholders in the periods ahead.

On behalf of the Committee, I would like to thank shareholders, employees, and our other stakeholders for their continued support during 2023.

LINDA HICKEY
CHAIR OF THE REMUNERATION COMMITTEE

Role of the Remuneration Committee

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 structures for other senior managers, including salary, annual incentive, pension contributions and compensation payments, and oversee any major changes in employees 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 in 2023

An overview of the Committee's activities during 2023 is outlined below:

- reviewed annual performance of the Executive Directors.
- determined fixed and variable remuneration for Executive Directors and senior management.
- designed the Stretch CEO LTIP in conjunction with external advisors and engaged extensively with shareholders to ensure its success at EGM.
- set 2023 LTIP and Annual Bonus targets.
- determined performance outcomes for the 2021 LTIP award.
- assessed efficacy and stretch of LTIP targets through all cycles ensuring the 2023 LTIP awards were linked to succession planning.
- reviewed and made progress against the remuneration strategy agreed to execute the Remuneration Policy.
- developed the Remuneration Policy to be tabled at the AGM in May 2024.
- determined the exit arrangements for the exiting CFO.
- determined the remuneration arrangements for the incoming CFO.
- worked with the Committee's consultants during 2023 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.

Committee Membership

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, are updated as appropriate and are available on the Group's website, www.cairnhomes.com.

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. No individual was present when their own remuneration was being discussed.

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

Committee Member	Meeting Attendance	Committee Tenure
Linda Hickey (Chair)	7/7	5 years
Gary Britton	7/7	9 years
Giles Davies	7/7	9 years

Directors' Remuneration Report *continued*
Remuneration Policy

Remuneration Philosophy

The Company's proposed 2024 Remuneration Policy is set out on pages 79 to 83, reflecting evolving market practice, strategy and shareholder feedback. Through the implementation of the Remuneration Policy, the Board seeks to align the interests of Executive Directors and other senior management with those of shareholders, within the framework set out in the UK Corporate Governance Code.

Central to this Policy is the Company's commitment to long-term, performance-based incentivisation and the encouragement of share ownership, both of which are aligned to embedding an 'ownership mindset' within the Company's performance orientated culture.

The primary objective of the Policy is to promote the long-term success of the business by ensuring remuneration reflects business performance and personal contribution to the delivery of the Company's strategy in a way which creates long-term shareholder value. Through the operation of the Policy, the Committee seeks to ensure that:

- the Company will attract, motivate and retain individuals of the highest calibre;
- executive Directors and senior management are rewarded in a fair and balanced way which promotes the long-term success of the Company;
- executive Directors and senior management receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- the overall approach to remuneration has regard to the sector and geography within which the Company operates and the markets from which it draws its Executive Directors and senior management; and
- risk is properly considered in setting the Policy and in determining remuneration packages.

The elements of the remuneration package for the Executive Directors and other senior management are annual salary, retirement benefits and allowances, annual performance-related incentives and participation in an LTIP, which promotes the creation of sustainable shareholder value.

2024 Remuneration Policy

The key elements of remuneration for Executive Directors and other senior management under the Remuneration Policy are set out in the table below.

Element of Remuneration	Approach	Maximum Opportunity	Changes to the Existing Policy
Salary To attract and retain high performing talent required to deliver the business strategy, providing core reward for the role.	Salaries are reviewed annually. The factors taken into account in the review include: • role and experience; • company performance; • personal performance; and • benchmarking against an appropriate comparator group. When setting Executive Director salaries, account is taken of movements in salaries generally across the Company.	Any annual salary increases will be considered in the context of market median levels, any changes to the scope and responsibilities of the role and to reflect wider considerations of performance and increases in pay for the wider workforce.	
Annual Incentives To incentivise and reward the delivery of near-term business targets and objectives.	Annual Incentives payments to Executive Directors and other senior management are based on a mix of financial and non-financial measures. The measures, their weighting and the objectives are reviewed on an annual basis. The Committee can apply appropriate discretion in specific circumstances in respect of determining the incentive payment to be awarded. Malus and clawback provisions apply based on the Malus and Clawback Policy.	The maximum award as a percentage of base salary for the Executive Directors is 150%.	Increase in deferral arrangements. All bonuses subject to deferral of one-third of awards for two years.
Bonus Deferral	33% of any bonus awarded to Executive Directors is deferred into shares for a period of two years.		
Long-Term Incentive Plan ("LTIP") To reward and retain Executive Directors and senior management over the longer term and align the interests of management and shareholders through incentivising the delivery of strategy.	The LTIP provides for annual awards of Performance Shares. It is the Committee's intention that the primary long-term incentive vehicle will be made through regular awards of Performance Shares. Performance Share awards vest based on the achievement of three-year financial and non-financial performance measures. The Committee will consider the appropriate measures and targets for each cycle depending on strategic priorities at that time. Awards made to the Executive Directors are subject also to an additional two-year hold period after vesting. Dividend equivalents may be awarded in respect of the awards that vest. Malus and clawback provisions apply based on the Malus and Clawback Policy.	Under normal circumstances, the maximum annual award of Performance Shares is up to 150% of base salary. In exceptional circumstances, such as recruitment, awards of up to 200% of salary can be made. No more than 5% of the issued ordinary share capital may be issued or reserved for issuance under the LTIP over any ten-year period.	
Retirement Benefits To attract and retain talent by enabling long term pension saving.	Executive Directors and senior management participate in a defined contribution pension scheme or receive cash in lieu of a pension. The pension scheme gives the Company full discretion to pay appropriate contribution levels. The Committee takes account of market and benchmarking data for pension contributions for each employee group.	For Executive Directors, the pension contribution is set at a maximum of 10% of salary.	Reduction in maximum pension entitlement to 10% of base salary.
Allowances To provide market competitive benefits consistent with role.	The main benefits are health insurance cover and a car allowance. Other benefits can include subscriptions, health screenings and participation in "Save as You Earn" plans.	Maximum levels have not been set as payments depend on the individual's circumstances and may be subject to change periodically.	

Remuneration Policy *continued*

Notes to the Policy Table

The Committee may make minor amendments to the Policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment. The rules of the incentive plans permit the substitution or variance of performance conditions to produce a fairer measure of performance as a result of unforeseen circumstances or transactions and include discretions for upwards adjustment to the number of shares to be realised in the event of a takeover, scheme of arrangement or voluntary winding up. Non-significant changes to the performance metrics may be made by use of discretion under the LTIP rules.

The Committee reserves the right to make remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in line with the policy table set out above where the terms of the payment were agreed: (i) before the Policy came into effect; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

Performance measures for the annual bonus scheme and the LTIP are selected to focus the Executive Directors on strategic financial and operational priorities, both short-term and those related to long-term sustainable performance, providing alignment with shareholder interests. Targets for each performance measure are then set by the Committee in light of strategic objectives over the short-term for the annual bonus scheme and over at least a three-year performance period for the LTIP. In setting targets, the Committee takes into account a number of reference points including our three-year plan and the external market.

Malus and Clawback Policy

Incentive payments made to the Executive Directors and other senior management may be subject to clawback for a period of three years from date of payment in certain circumstances including:

- a material restatement of the Company's audited financial statements;
- business or reputational damage to the Company or a subsidiary arising from a criminal offence, serious misconduct or gross negligence by the individual; or
- a material breach of applicable health and safety regulations by the individual.

The rules of the LTIP provide for discretion to the Committee to reduce or impose further conditions on awards prior, or subsequent, to vesting in the circumstances outlined above. Malus conditions will also apply to any unvested LTIP awards and will be applicable for the same circumstances.

Fees	Operation	Maximum Opportunity
The fees paid to Non-Executive Directors reflect their experience and ability and the time demands of their Board and Board Committee duties. A basic fee is paid for Board Membership. Additional fees are payable to the Chairman, Chair of the Board Committees, the Director responsible for Workforce Engagement, the Director responsible for Sustainability and Environmental Impact and the Senior Independent Director. Additional fees may be paid for membership of a Board Committee.	The remuneration of the Chairman is determined by the Remuneration Committee for approval by the Board. The remuneration of the other Non-Executive Directors is determined by the Chairman and the Chief Executive Officer for approval by the Board. The fees are reviewed from time to time, taking account of any changes in responsibilities and market practice.	No prescribed maximum annual increase but benchmarking and market practice will determine any change in fees. Non-Executive Directors do not participate in the Company's Annual Bonus Plan or LTIP, and do not receive any retirement benefits from the Company.

Non-Executive Directors Letters of Appointment

Non-Executive Directors have Letters of Appointment which set out their duties and responsibilities. The appointments are for three-year terms but are terminable on one month's notice by the Board.

Policy on External Board Appointments

Executive Directors may accept external Non-Executive Directorships with the prior approval of the Board. The fees received for such roles may be retained by the Executive Directors. The Board recognises the benefits that such appointments can bring both to the Company and to the Executive Director in terms of broadening their knowledge and experience.

Share Ownership Guidelines

To encourage general share ownership and ensure alignment of Executive Directors interests with those of shareholders, the Committee has adopted guidelines for Executive Directors to retain substantial long-term share ownership. Under the policy Executive Directors are required to hold shares equivalent to 100% of base salary.

In normal circumstances, the CEO is required to hold shares equivalent to 300% of base salary while his direct reports are required to hold 100% of base salary, calculated by reference to the value of their shares on the acquisition date. As part of the terms of the Stretch CEO LTIP, the CEO has agreed to hold at least 25% of his existing shareholding (being 5.5 million shares at the time of approval of the plan) for the six-year period under which the plan is in operation.

Executive Directors and other senior management will be required to hold 50% of any vested LTIP shares until the applicable ownership level is achieved. The guidelines also specify that Executive Directors should, over a period of five years from the date of appointment, build up and retain a shareholding in the Company equal to 100% of base salary. On termination of employment, a departing Executive Director will be required to hold shares valued at 100% of base salary for one year after departure, reducing to 50% of salary two years after they exit.

Differences in Pay Policy for Employees and Executive Directors

The principles applied to the remuneration of Executive Directors are essentially the same as those throughout the Company. The difference between pay for Executive Directors and other employees is that for Executive Directors the variable pay element forms a greater proportion of the overall package and the total remuneration opportunity is higher to reflect the increased responsibility of the role.

While the Committee's specific oversight of individual remuneration packages extends only to the Executive Directors and a number of senior management, it aims to create a broad policy framework to be applied by management to employees throughout the Company, through its oversight of remuneration structures for senior management and of any major changes in employee benefits structures throughout the Company. Alignment is delivered by ensuring that senior management and Executive Directors participate in the same bonus and incentive schemes as far as possible, with similar performance measures and targets.

Remuneration Policy for Recruitment of New Executive Directors

In determining the remuneration package for new Executive Directors, the Committee will be guided by the principle of offering such remuneration as is required to attract, retain and motivate a candidate with the particular skills and experience required for a role. The Remuneration Committee will generally set a remuneration package which is in accordance with the terms of the approved Remuneration Policy in force at the time of the appointment, though the Committee may make payments outside of the Policy if required in the particular circumstances and if in the best interests of the Company and its shareholders. Where an individual forfeits outstanding incentive awards with a previous employer, the Committee may offer compensatory awards to facilitate recruitment. These awards would be in such form as the Committee considers appropriate, taking into account all relevant factors including the form, expected value, anticipated vesting and timing of the forfeited awards. The value of any compensatory awards would be no higher, in the opinion of the Committee, than the value forfeited.

For an internal appointment, any variable pay element awarded in respect of the prior role and any other ongoing remuneration obligations existing prior to the appointment will be honoured.

Service Contracts

The service agreements of the Executive Directors are rolling contracts which were entered into on the dates shown in the table below.

Name	Contract Effective Date	Notice Period (Director)	Notice Period (Company)
Michael Stanley	9 June 2015	12 months	12 months
Shane Doherty	14 April 2020	6 months	6 months

Richard Ball, incoming CFO, will join the business on 10 April 2024 and will have a six month notice period.

Directors' Remuneration Report *continued*
Remuneration Policy *continued*

Policy for "Leavers"
On termination of an Executive Director's contract, the Committee's objective is to agree an outcome which is in the best interests of the Company and its shareholders, taking into account the specific circumstances and performance of the individual, as well as any relevant contractual obligations and incentive plan rules. The provisions for "leavers" in respect of each of the elements of remuneration are as follows:

Salary and Benefits
Payments are made in respect of annual salary and benefits for the relevant notice period. The notice period for the Chief Executive Officer is 12 months and for other Executive Directors the notice period is a maximum of 12 months. In all cases, the notice period applies to both the Company and the individual.

Annual Bonus
The Committee can apply appropriate discretion in respect of determining the annual incentives, if any, to be awarded based on actual achieved performance and the period of employment during the financial year. The Committee's consideration will include the individual's performance and contribution in the year in which they leave as well as the basis on which they are leaving the Company.

LTIP
The Committee would normally exercise its discretion when dealing with a participant who ceases to be an employee by reason of certain exceptional circumstances e.g., death, injury or disability, redundancy, retirement or any other exceptional circumstances. In such circumstances, any shares that have not already vested on the participant's cessation date would be eligible for vesting on the normal vesting date or other date determined by the Committee. The number of shares vesting would be determined by the Committee, although the default position would be to pro-rate for the proportion of the vesting period elapsed at cessation and to continue to apply the performance conditions.

A post-employment shareholding requirement will apply to Executive Directors who will be required to hold shares valued at 100% of base salary for one year after departure, reducing to 50% of salary two years after they exit. In the event that a participant ceases to be an employee by reason of a termination for serious misconduct, share awards held by the participant, whether or not vested, would lapse immediately on the service of notice of such termination, unless the Committee in its sole discretion determines otherwise.

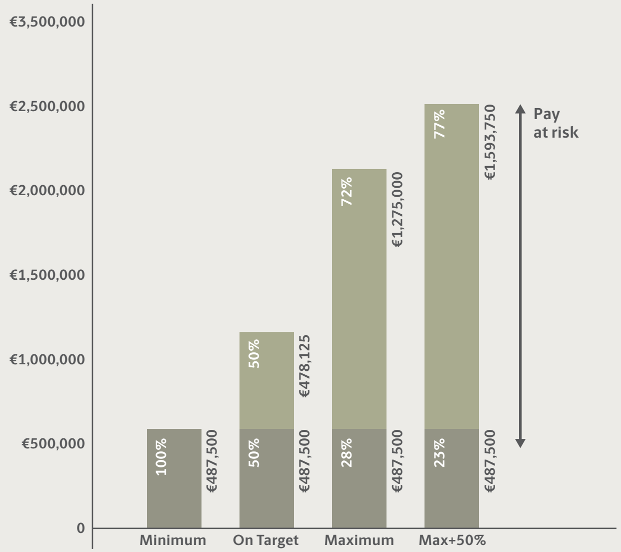
In the event that a participant resigns voluntarily, the Committee will consider their contribution to the business in determining if good leaver status would be awarded for unvested awards. Each circumstance will be determined on a case-by-case basis and the Committee will exercise its discretion in the best interests of the Company and shareholders.

Remuneration Outcomes in Different Performance Scenarios

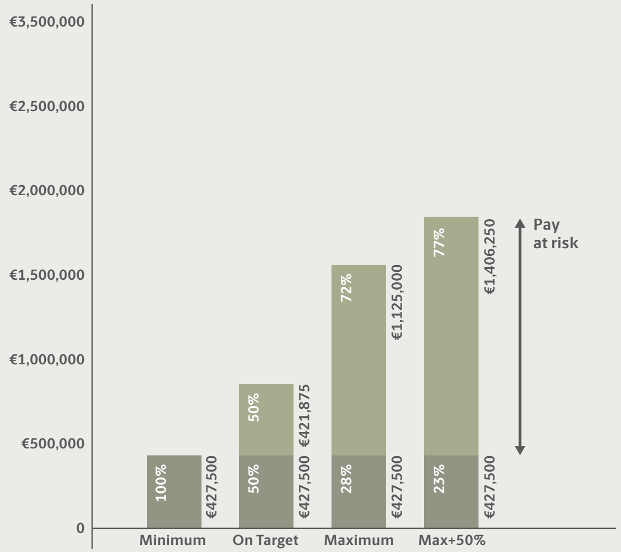
2023 was another year of strong performance for the Company. The Board and the Committee are confident that the Company's incentive arrangements and reward structures have played a key role in contributing to the strength of our performance over the past four years, aligned with our performance orientated culture and the delivery of the long-term strategic objectives of our business.

The total remuneration opportunity for Executive Directors is strongly performance based and weighted to the long term. The charts below illustrate the total potential remuneration of Executive Directors under four assumed performance scenarios:

Chief Executive Officer



Chief Financial Officer



Minimum: Includes fixed pay only (salary, pension and benefits). There is no annual bonus payment and no vesting under the LTIP.
On Target: Fixed pay plus target bonus payout of 75% of base salary and 25% payout under the LTIP.
Max: Fixed pay plus full bonus payout of 150% of base salary and full LTIP payout of 150% of base salary.
Max+50%: Same as Max but also includes the impact of a 50% share price appreciation on the LTIP payout.

The Stretch CEO LTIP, approved by shareholders at an EGM on 31 August 2023, operates outside of the Remuneration Policy (which will be put to shareholder vote at the AGM on 10 May 2024) and the Company's Long Term Incentive Plan (approved by shareholders at the 2017 AGM) and has thus been excluded from the above scenarios.

Directors' Remuneration Report *continued*
Annual Report on Remuneration

Remuneration at a Glance
The purpose of this section is to provide an overview of the Group's performance in 2023 as well as the remuneration of our Executive Directors during the year and for the year ahead.

2023

Fixed Pay

BASE SALARY

€425,000 (CEO) €375,000 (CFO)

PENSION CONTRIBUTIONS

12.5% of base salary

BENEFITS

Health insurance and car allowance

Long Term Incentive Plan

2023 LTIP GRANT

€637,500 (CEO) €562,500 (CFO)

PERFORMANCE CONDITIONS

Measures	Weighting	Threshold	Max
Cumulative Basic EPS	60%	0.38c	0.40c
ROE (in FY2025)	20%	12%	15%
ESG: Biodiversity[1]	20%	40%	50%

Annual Bonus

2023 ANNUAL BONUS EARNED

€631,125 (CEO) €556,875 (CFO)

2023 ANNUAL BONUS OUTCOME

Measure	Weighting	Outcome
EBIT	60%	60%
Stakeholder: People & Customer[2]	20%	19%
Personal/Strategic	20%	20%
Overall	**100%**	**99%**

2023 BONUS DELIVERY

	CEO	CFO
Vesting Outcome	99%	99%
Total Bonus Earned	**€631,125**	**€556,875**
Cash	€422,853	€556,875
Delivered in Shares	€208,272	N/A[3]

2024

Fixed Pay

BASE SALARY

€425,000 (CEO) €375,000 (CFO)

PENSION CONTRIBUTIONS

10% of base salary

BENEFITS

Health insurance and car allowance

Long Term Incentive Plan

AWARDS % OF BASE SALARY

150% (CEO) 200% (CFO)

The incoming CFO will receive a joining LTIP award of 200% of base salary. The incumbent CFO will not be eligible for an award under the 2024 LTIP as he will be exiting the business in the third quarter of 2024.

PERFORMANCE CONDITIONS

Measure	Weighting	Threshold	Max
Cumulative Basic EPS	55%	0.51c	0.57c
ROE (in FY2026)	25%	14%	16%
ESG: Biodiversity[1]	10%	49%	55%
ESG: Carbon Reduction / Passive Housing[4]	10%	TBC	TBC

Annual Bonus

% OF BASE SALARY

150% (CEO) 150% (CFO – will be pro-rated for time served in 2024)

2024 ANNUAL BONUS FRAMEWORK

Measure	Weighting
EBIT	70%
Stakeholder: People & Customer[2]	20%
Personal/Strategic	10%
Total	**100%**

2024 BONUS DEFERRAL

33%
of total bonus paid to be deferred into shares for CEO and incoming CFO[3].

1. Units commencing on Biodiversity Net Gain sites as a % of all units commencing. 2. With a Health & Safety underpin 3. Bonus deferral arrangements were not applied to the incumbent CFO as he is exiting the business during 2024 4. Targets will be disclosed in April at time of grant

IMPLEMENTATION OF THE 2020 REMUNERATION POLICY IN 2023

Single Total Figure of Remuneration

Remuneration Outcomes for Executive Directors for the Year Ended 31 December 2023

The table below sets out the details of the remuneration paid to the Executive Directors for the year ended 31 December 2023, with comparatives for the prior year ended 31 December 2022.

	Salary		Pension		Benefits		Total Fixed		Annual Bonus		LTIP		Total Variable		Total Pay		Ratio of Fixed to Variable	
Executive Director	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023	2022
Michael Stanley	**425**	425	**53**	64	**10**	21	**488**	510	**631**	617	**817**	–	**1,448**	617	**1,936**	1,127	**25 / 75**	45 / 55
Shane Doherty	**375**	375	**47**	56	**15**	15	**437**	446	**557**	417	**721**	912	**1,278**	1,329	**1,715**	1,775	**25 / 75**	25 / 75

The LTIP values for 2023 represent an estimate of the value of the 2021 awards, which are due to vest in April 2024, and were valued at the average share price for the three months ended 31 December 2023 (€1.20), plus dividend equivalents. The LTIP values for 2022 represent the final value of the 2020 LTIP awards, which vested in 2023 and included the joining award for the CFO.

Pension

The maximum pension contribution for Cairn's Executive Directors has been reduced to 10% of salary, effective from 2024. This final adjustment to pension contributions for Cairn's incumbent Executive Directors was carried out in line with the wider review of Cairn's executive remuneration policy and in line with shareholder expectations.

2023 Annual Bonus

The maximum bonus opportunity for 2023 was 150% of salary for the Chief Executive Officer and the Chief Financial Officer. Annual incentives were based on a mix of financial and non-financial objectives. The financial measure employed was EBIT (60% of maximum), the non-financial stakeholder measures (20% of maximum) related to people and customer metrics with a health and safety underpin, with personal and strategic objectives (20% of maximum) relating to strategy, land bank, risk, brand, talent development and technology and innovation. There were full pay-outs under each component of the bonus with the exception of the customer metric. The Committee considers the final 2023 Annual Bonus outcome to be aligned with strong financial performance, continued progress on people and customer measures and the personal contribution of Executive Directors. Further details are set out below:

	Measure	Weighting	Threshold (20%)	Max (100%)	2023 Performance	Payout
Financial	EBIT	60%	€75m	€107m	€113m	60%
Non-Financial	Customer Experience (10%) People Engagement & Development (10%) (Health & Safety underpin)	20%	N/A	N/A	See overleaf	19%
	Personal & Strategic	20%	N/A	N/A	See overleaf	20%
Total		**100%**				**99%**

Bonus Deferral

For 2023, 33% of bonus paid to the CEO will be deferred into shares. The following was the resulting breakdown of the payout for 2023:

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%	149%	€631,125	€422,853	€208,272

As the CFO had announced his intention to step down from his role, the Committee agreed to waive the deferral requirements for his 2023 bonus, resulting in the entire bonus being awarded in cash.

Directors' Remuneration Report *continued*
Annual Report on Remuneration *continued*

The People Engagement and Development and Customer Experience measures, targets and associated performance for 2023 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 achieved of 42
People Development	• Upskill employees through continued career development and continuous learning	• 75% of people managers to undergo management development masterclasses	• 84% of people managers underwent a four hour management masterclass to ensure more consistent management capability across the business

Customer Experience

Pillar	Objective	Target	Performance
Delivery	• Measure delivery of product in line with customer expectations	• 100% of homes delivered in line with customer expectations	• 100% of homes delivered on target
Experience	• Capture experience and insights from customer to influence future performance	• 75% of customers responding must rate Cairn as 4 or above on the Likert scale	• 87% of customers rated Cairn as 4 or above
Aftercare	• Measure customer care performance against agreed criteria	• 80% of cases reviewed, triaged and assigned to Aftercare within 5 days • 95% of cases to be closed within 30 day SLA	• 82% of cases were reviewed, triaged and assigned to Aftercare within 5 days • 91% of cases were closed within the 30 day SLA

Health & Safety underpin

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 2023 had been successfully met, by reference to the achievement of the 2023 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.

During the past year, exemplified by the strong financial performance of the Company, the below personal and strategic measures were achieved:

Chief Executive Officer – Michael Stanley

Area & Weighting	Outcome	Aims and Measures	Performance Review
Strategy & Leadership (8%)	8%	• Define and lead strategy to continue to grow and scale the business • Identify & influence market opportunities to capture addressable opportunity across all customer cohorts • Drive Cairn's Sustainability Strategy & support framework implementation	• Delivered the refreshed Corporate Strategy and drove strategic change in supply chain and procurement practices • Successfully progressed a number of strategic opportunities with State Partners, whilst also completing several high profile new scheme launches in our core FTB market and delivering strong sales rates across all selling trade-up/down schemes • Set our scope 1 -3 carbon reduction targets which were validated by the SBTi and commenced two Passive House apartment schemes
Landbank & Portfolio (4%)	4%	• Strategic management of existing landbank to balance market demand, maximise revenue and deliver unit targets	• Strategic management of landbank driven by agile decision making and timely purchase of ready-to-go sites maximising capital allocation
Risk (4%)	4%	• Risk balanced approach and best in class governance	• Agile and effective management and governance when dealing with macroeconomic challenges • Speed of response in dealing with subcontractors, implementing procurement strategies which took advantage and leveraged strength of partnerships to secure product pipeline and manage costs inflation
Brand (2%)	2%	• Exceptional leadership to support corporate reputation, brand and position within the external market	• Successful launch of our "Built For Good" messaging across multiple platforms. Partnered with State-supported and local • authorities to bring over 500 much needed social and affordable homes to market. Quality, customer, community and value for money from a pricing perspective drove the communication and execution of the 1,700 homes and Built For Good program
Talent Management (2%)	2%	• Develop leadership team to drive further effectiveness & support delivery of targets and strengthen future succession	• Delivery of a Leadership Development Program including a 360 feedback initiative supported by one-on-one and group executive coaching

Chief Financial Officer – Shane Doherty

Area & Weighting	Outcome	Aims and Measures	Performance Review
Strategy (4%)	4%	• Support the CEO in the definition and leadership of strategy to grow and scale the business	• Led a full corporate strategy refresh under key themes of value creation, capital allocation and driving shareholder returns
Financial Frameworks (8%)	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	• Real-time modelling of the dynamic and evolving market opportunity across a range of financial and value creation KPIS including gross margin impact and return on equity • Modelling through challenging trading conditions i.e. delayed closings and potential contingency planning
Risk, Governance & Reporting (4%)	4%	• Ensure excellence in all matters pertaining to the Board, specifically around reporting, governance and strategy in a PLC environment	• Continued provision of clear and robust financial KPIs and strategic insights regarding defence, interest rate environment, liquidity and closing challenges
Relationship Management (2%)	2%	• Cultivate and develop key relationships with existing shareholders, banks and the wider Investor community	• Communications with key stakeholders now considered to be disciplined, clear and transparent
Sustainability & Innovation (2%)	2%	• Drive Cairn Sustainability Strategy & support framework implementation	Set our scope 1 – 3 carbon reduction targets and had them validated by the SBTi Completed our second "audit readiness" assessment as we prepare to report under CSRD

Directors' Remuneration Report *continued*
Annual Report on Remuneration *continued*

Vesting of Long-Term Incentive Plan Awards

Awards granted in 2021 will vest on 4 April 2024 and are related to the three-year performance period ended 31 December 2023. Both the CEO and the CFO received an LTIP award in 2021, which represents the first award made to the CEO under the LTIP. The value of shares awarded to the CEO in May 2021 was €637,500, or 612,981 shares. The value of shares awarded to the CFO in May 2021 was €562,500, or 540,865 shares. The share price at the date of grant was €1.04. As at 31 December 2023, the value of the shares that are due to vest to the CEO and CFO, were €801,044 and €706,802 for the CFO, respectively, based on a vesting outcome of 99% and a closing share price of €1.32.

At the time of vesting of all LTIP awards, the Committee reviews the shareholder experience over the performance period in confirming final vesting levels. Having reviewed the share prices at grant, during the performance period, and at its conclusion in December 2023, the Committee is satisfied that strong performance under each measure had been achieved and remained aligned to the overall stakeholder experience. The performance criteria and resulting outcomes are detailed below:

Metric	Weighting	Threshold (25% of vesting)	Maximum (100% vesting)	Actual	Payout
Cumulative Basic EPS	80%	14.2c	23.7c	30.0c	80%
Stakeholder measures - Customer satisfaction - Health and safety	20%	Performance against the stakeholder measures were based on customer satisfaction performance. In order for the stakeholder measure to begin to pay out, a Health & Safety gateway needed to be achieved. The gateway required a sustained and strong level of Health & Safety performance over the performance period which is to be assessed by the Audit & Risk Committee.	Customer satisfaction metrics were met in full (10%) in both the 2021 and 2022 performance years. The performance for 2023 was 9% out of 10%. A sustained and strong health and safety performance was achieved in each year by reference to annual objectives, a review of external audit scores and an assessment of Health and Safety statistics resulting in the underpin being deemed to have been met.	19%	19%

The 2021 LTIP awards were also eligible for dividend equivalents. The total dividends paid over the performance period 1 January 2021 to 31 December 2023 were 14.66c per share. Each recipient will receive a dividend equivalent payment following the vesting of the award in April 2024.

Awards Granted During the Past Year

LTIP

On 4 April 2023, the following conditional share awards were granted under the LTIP to Michael Stanley, CEO and Shane Doherty, CFO:

Director	Number of Shares Granted	Share Price at Grant	Face Value at Date of Grant
Michael Stanley (CEO)	615,347	€1.036	€637,500
Shane Doherty (CFO)	542,953	€1.036	€562,500

The vesting of the 2023 LTIP awards will be determined by performance against the following metrics:

Metric	Weighting	Threshold (25%)	Max (100%)
Cumulative Basic EPS	60%	28.4c	40.1c
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 2025, provides an easily understandable and transparent framework for all stakeholders and is designed to motivate participants to deliver Cairn's strategy over the performance period. The ROE target, a key metric for the business and our shareholders, is calculated based on performance in FY 2025 and will incentivise strong returns on equity for the three-year period. The Biodiversity measure focuses on a key pillar of our corporate strategy, is a key component of our sustainability agenda and is measured cumulatively over the performance period.

Stretch CEO LTIP

At the EGM held on 31 August 2023, shareholders approved an additional long term incentive plan, the Stretch CEO LTIP. The plan was designed to ensure that the CEO is not only incentivised to increase business growth through upscaled new homes delivery resulting in ambitious profitability and return on equity targets, but also to maximise performance and shareholder value throughout the full performance period and beyond it, as shares vest in years three and four from the original date of grant, with a two-year hold period. The Stretch CEO LTIP is a one-off arrangement granted in two tranches (in 2023 and 2024) to the CEO, relating to two equal numbers of ordinary shares in the capital of the Company. The 2023 award was made over 3,158,844 shares and will be subject to a three-year performance period (FY2023-FY2025). The 2024 award will be made over an identical number of shares and be subject to a four-year performance period (FY2023-FY2026) ensuring that the achievement of targets becomes more challenging for the second tranche. As part of the award, the CEO has agreed to hold at least 5.5 million shares (representing approximately 25% of his existing total shareholding) for the six-year duration of the plan.

No other employee of the Company or any of its subsidiaries will be eligible for an award under the Stretch CEO LTIP. The Stretch CEO LTIP operates outside of the Company's Remuneration Policy (which is subject to shareholder approval at the 2024 AGM) and the existing Long Term Incentive Plan (which was approved by shareholders in 2017).

Cessation of Employment

Cessation of employment during the performance period will generally result in the awards lapsing, save for in exceptional circumstances or if the CEO is treated as a "good leaver". For the purpose of the Plan, the CEO will be deemed to be a "good leaver" if he ceases to be employed by the Company and its subsidiaries (the Group) for health reasons, redundancy, voluntary severance, the transfer or sale of the entity that employs him or the part of the business in which he works outside the Group, or any other reasons where the Remuneration Committee determines that exceptional circumstances apply. If the CEO is a good leaver after an award has been granted and prior to the vesting of the award, the Remuneration Committee will have discretion to allow him to continue to hold any unvested award until it vests or lapses in accordance with the rules of the Plan, subject to the achievement of the established performance conditions. In normal circumstances, awards will be pro-rated for time served relative to the applicable performance period. The Remuneration Committee has discretion to pro rate the award and to determine the rate of vesting. If the CEO dies after the grant of an Award and prior to its vesting, the Remuneration Committee has discretion to determine whether the whole or a specified percentage of the award vests.

Malus and Clawback

The Remuneration Committee can recalculate the number of shares comprised in an award under the Stretch CEO LTIP prior to vesting where:

- there is a material misstatement of the Group's published accounts; or
- any Group company suffers any business or reputational damage arising from a criminal offence, serious misconduct or gross negligence by the CEO: or
- there is material breach of applicable health and safety regulations by the CEO.

Similarly, if any of the above circumstances apply at any time prior to the second anniversary after the date on which an award vests, there may be a claw back of some or all of the shares, or a cash payment, on a basis determined by the Remuneration Committee in accordance with the rules of the Plan. This two-year period may be extended if the CEO, the Company or any other member of the Group or relevant business unit is under investigation by a regulatory authority and such investigation is not expected to be concluded by the end of the two-year period.

Stretch CEO LTIP Awards

There are two separate awards under the plan, over an identical number of shares in 2023 and 2024. On 8 September 2023, the following award was made to the CEO under the Stretch CEO LTIP:

Director	Number of Shares Granted	Share Price at Grant	Face Value at Date of Grant
Michael Stanley (CEO)	3,158,845	€1.108	€3,500,000

The 2023 award is subject to a three-year performance period, with the 2024 award subject to a four-year performance period, both assessed off a 2022 baseline which was a record year of performance at the time. Awards will be subject to an additional two-year holding period, with the release of equity staggered over five to six years from the date of the first award.

Directors' Remuneration Report *continued*
Annual Report on Remuneration *continued*

The vesting under the 2023 award will be determined by performance against the following metrics:

75% of the awards will be tied to the Company's compound annual growth rate in reported (unadjusted) profit after tax:

Performance Period	Threshold 25% vesting	Stretch 85% vesting*	Maximum 100% vesting	Profit growth from base for maximum payout
3 years FY 2023 – FY 2025 inclusive	7.5% CAGR	10% CAGR	12.5% CAGR	42%

* Straight-line vesting will apply between threshold and stretch, and stretch and maximum.

The remaining 25% of the award would be based on Return of Equity ("ROE") performance during the final year of each performance period:

Performance Period	Threshold 25% vesting	Stretch 85% vesting*	Maximum 100% vesting
3 years FY 2023 – FY 2025 inclusive	14%	15.5%	17%

* Straight-line vesting will apply between threshold and stretch, and stretch and maximum.

Non-Executive Directors' Remuneration Details

During January 2024, the fee levels for the Non-Executive Directors were reviewed, to ensure they continued to reflect the demands on the time of Directors and their respective roles. The Remuneration Committee reviewed the fee of the Chairman, while the Board as a whole reviewed the fees for Non-Executive Directors and those with additional responsibilities. Following a comprehensive review of the time commitments of each Director, and incorporating external data as a reference point, the following changes to the Non-Executive Directors fees have been implemented for 2024:

	2023 Fees	2024 Fees	% Change
Chairman	150,000	180,000	20
Base Fee	60,000	70,000	16
Audit & Risk Committee Chair	15,000	15,000	–
Remuneration Committee Chair	12,000	15,000	25
Nomination Committee Chair	12,000	15,000	25
Senior Independent Director	10,000	10,000	–
Director responsible for Workforce Engagement	–	10,000	n/a
Director responsible for Sustainability & Environmental Impact	–	10,000	n/a

The Board is fully satisfied that the revised fees are reflective of the increased time commitment expected of Directors to fulfil their role since the last review of fees, implemented in 2018. Save for exceptional circumstances, there will be no further changes to the fees for the lifetime of the proposed Remuneration Policy.

The fees paid to Non-Executive Directors in respect of the year ended 31 December 2023, with comparatives for the year ended 31 December 2022, are detailed in the table below:

	Base Fee		Committee Chair Fee		SID Fee		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
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*	–	23	–	–	–	–	–	23
Orla O'Gorman	60	60	–	–	–	–	60	60
Julie Sinnamon	60	60	–	–	–	–	60	60

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

Payments for Loss of Office

There were no payments for loss of office paid during 2023.

Payments to Former Directors

There were no payments to former Directors during 2023.

Directors' Remuneration Report *continued*
Annual Report on Remuneration *continued*

IMPLEMENTATION OF THE 2024 REMUNERATION POLICY
This section provides an overview of the how the Committee is proposing to implement the Remuneration Policy in 2024.

Base Salary
Base salary will remain unchanged for the Executive Directors. As part of the implementation of the Stretch CEO LTIP, approved at the EGM in August 2023, the Committee detailed its commitment not to adjust the CEO's fixed pay during the lifetime of the plan. The Company's approach to remuneration is built on a commitment to restrained fixed salaries, supplemented with significant "at-risk" variable pay, designed to incentivise superior performance and alignment with shareholder interests. Following the CFO's decision to step down from his role at Cairn, no changes to his salary were proposed for 2024.

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

Pension and Benefits
Effective from 1 January 2024, the Chief Executive Officer and Chief Financial Officer will receive a pension contribution worth 10% of base salary, which is a decrease from 12.5% in 2023. Any future Executive Director's pension contributions will be set at the same level.

Annual Bonus
As set out under the proposed policy, the maximum annual bonus opportunity will remain at 150% of base salary. Following the revisions to the Remuneration Policy, 33% of any bonus pay-out will be deferred into shares for a two-year period. For 2024, the Committee has also made certain adjustments to the weighting of the performance measures under the bonus plan, designed to place a greater emphasis on financial performance, while maintaining a clear focus on quantifiable stakeholder-related measures. The weighting for the EBIT measure will be increased from 60% to 70% of overall opportunity, with a corresponding decrease in the weighting of personal and strategic objectives. The annual bonus for 2024 for Executive Directors will be based on the following criteria:

Measure	Percentage of Max Opportunity
Earnings Before Interest and Tax ("EBIT")	70%
Stakeholder Measures: Customer & People	20%
Personal and Strategic Objectives	10%

The selection of measures and targets reflects the strategic priorities of the Company. While reduced in weighting, 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.

The bonus plan will continue to include a focus on stakeholder measures through i) Customer satisfaction and ii) People measures, each weighted equally at 10% of the bonus. With the underlying and overarching role of health and safety considerations across all our operations, the stakeholder measures 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.

Long-Term Incentives

In April 2024, awards will be made at 150% of base salary for the CEO, while the new CFO will receive an award of 200% for his first year of employment, in recognition of awards foregone at his previous employer. Awards will vest subject to the criteria set out below over a three-year performance period up to 31 December 2026 and will be subject to a two-year holding period following vesting. The majority of vesting will continue to be determined by Cumulative EPS performance, with ROE weighted at 25% and calculated in the final year of performance, and an ESG component weighted at 20% of the total award. The ESG metric will be split into two equally weighted metrics, being 10% for biodiversity net gain performance and 10% for carbon reduction/passive housing/energy efficiency performance. The Committee implemented this change in measure to align with the business' focus on reducing the carbon footprint of the homes it builds while continuing to protect and restore biodiversity on our sites. Full details of the ESG measures will be detailed on our website.

Measure	Percentage of Max Opportunity	Threshold (25%)	Max (100%)
Cumulative Basic EPS	55%	0.51c	0.57c
Return on Equity ("ROE") FY 2026	25%	14%	16%
Biodiversity Net Gain as % of units commencing	10%	49%	55%
Passive Housing/Energy Efficiency	10%	TBC	TBC
Total	**100%**		

Ensuring the appropriateness and stretch of our targets has always been 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.

Stretch CEO LTIP

In April 2024, the second and final award of 3,158,845 shares will be awarded to the CEO under the Stretch CEO LTIP. That portion of the award will vest subject to the achievement of the same performance conditions that apply to the first portion of the awards, with performance assessed over a four-year period. Vesting of 75% of the awards will be tied to the Company's compound annual growth rate in reported (unadjusted) profit after tax, over the four year performance period:

Award	Performance period (base year: FY22)	Post vesting holding	Threshold 25% vesting	Stretch 85% vesting*	Maximum 100% vesting
Award 2	4 years ends FY26	2 years	7.5% CAGR	10% CAGR	12.5% CAGR

* Straight-line vesting will apply between threshold and stretch, and stretch and maximum.

The remaining 25% of the award would be based on Return of Equity (ROE) performance during the final year of the four year performance period:

Award	Performance period	Post vesting holding	Threshold 25% vesting	Stretch 85% vesting*	Maximum 100% vesting
Award 2	4 years ends FY26	2 years	14%	15.5%	17%

* Straight-line vesting will apply between threshold and stretch, and stretch and maximum.

Directors' Remuneration Report *continued*
Annual Report on Remuneration *continued*

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

Details of outstanding nil cost 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 2023	Granted During the Year	Exercised During the Year	Lapsed During the Year	At December 2023	Market Price at Date of Award €	Market Price at Date of Vesting €	Date of Award	Vesting Date
Michael Stanley (Chief Executive Officer)									
	612,981	–	–	–	612,981*	1.04	N/A	18.05.21	04.04.24
	514,113	–	–	–	514,113	1.24	N/A	04.04.22	04.04.25
	–	615,347	–	–	615,347	1.036	N/A	04.04.23	04.04.26
	1,127,094				**1,742,441**				
Shane Doherty (Chief Financial Officer)									
	921,053	–	921,053	–	–	0.76	0.99	22.09.20	06.04.23
	540,865	–	–	–	540,865*	1.04	N/A	18.05.21	04.04.24
	453,629	–	–	–	453,629	1.24	N/A	04.04.22	04.04.25
	–	542,953	–	–	542,953	1.036	N/A	04.04.23	04.04.26
	1,915,547				**1,537,447**				
Tara Grimley (Company Secretary)									
	141,612	–	141,612	–	–	0.76	0.99	22.09.20	06.04.23
	103,486	–	–	–	103,486*	1.04	N/A	18.05.21	04.04.24
	91,134	–	–	–	91,134	1.24	N/A	04.04.22	04.04.25
	–	119,449	–	–	119,449	1.036	N/A	04.04.23	04.04.26
	336,232				**314,069**				

* these awards will vest at 99% in April 2024.

As noted on page 89, Michael Stanley also had outstanding nil cost share awards under the Stretch CEO LTIP of 3,158,845 shares at 31 December 2023 (2022: Nil).

Directors' & Secretary's Interests in Other Share Plans

Shane Doherty held options at 31 December 2023 to acquire 21,951 shares through the Company's Save as You Earn ("SAYE") scheme in April 2024. 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' & Secretary's Interests in Ordinary Share Capital

The interests of the Directors' and Company Secretary who held office at 31 December 2023 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 2023	No. of Ordinary Shares at 31 December 2022
John Reynolds (Chairman)	129,174	129,174
Michael Stanley (Chief Executive Officer)	21,746,063	21,644,510
Shane Doherty (Chief Financial Officer)	559,494	–
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	30,641,464
Orla O'Gorman (Non-Executive Director)	–	–
Julie Sinnamon (Non-Executive Director)	–	–
Tara Grimley (Company Secretary)	231,721	104,712

All of the interests noted above are beneficially owned.

There were no changes in the above Directors' and Secretary's interests between 31 December 2023 and 15 March 2024 with the exception of Alan McIntosh who sold his full shareholding between 1 March and 4 March 2024. 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). Alan McIntosh was no longer a Director of the Company when he disposed of his shareholding.

Directors' Remuneration Report *continued*
Annual Report on Remuneration *continued*

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 seven years.

Director	2017 v 2016	2018 v 2017	2019 v 2018	2020 v 2019	2021 v 2020	2022 v 2021	2023 v 2022	2023 €'000
John Reynolds (Chairman)	25%	20%	0%	0%	0%	0%	0%	150
Michael Stanley (Chief Executive Officer)	-14%	15%	5%	-46%	119%	-1%	72%	1,936
Shane Doherty (Chief Financial Officer)[1]	–	–	–	N/A	72%	103%	-3%	1,715
Andrew Bernhardt (Former Non-Executive Director)[2]	18%	15%	0%	0%	0%	-100%	N/A	–
Gary Britton (Non-Executive Director)	8%	7%	0%	0%	0%	0%	0%	75
Giles Davies (Non-Executive Director)	18%	15%	0%	0%	0%	0%	0%	82
Linda Hickey (Non-Executive Director)[3]	–	–	N/A	47%	0%	0%	0%	72
Jayne McGivern (Former Non-Executive Director)[3]	–	–	N/A	20%	-32%	-100%	N/A	–
Alan McIntosh (Non-Executive Director)[4]	-13%	-55%	-75%	0%	0%	0%	0%	60
David O'Beirne (Former Non-Executive Director)[3]	–	–	N/A	20%	0%	-62%	-100%	–
Orla O'Gorman (Non-Executive Director)[5]	–	–	–	–	100%	609%	0%	60
Julie Sinnamon (Non-Executive Director)[5]	–	–	–	–	100%	247%	0%	60
Tim Kenny (Former Finance Director)[6]	N/A	218%	5%	-100%	N/A	N/A	N/A	–
Group Performance								
Profit Before Tax	312%	530%	56%	-75%	240%	86%	6%	99,423
Average Remuneration on a full-time equivalent basis of employees								
Employees of the Group	-5%	-2%	15%	2%	2%	-1%	9%	103

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 in May 2022.
4. Mr McIntosh stepped down as an Executive Director in August 2018 and retired as a Non-Executive Director on 25 January 2024.
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 2023 and 2022.

	2023	2022
Total Employee Remuneration	€38.0m	€32.6m
Distributions to Shareholders*	€84.6m	€115.8m

* Dividends and buybacks of own shares in 2022 and 2023.

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 2023, based on the closing share price of €1.32.

Name	Base Salary	No. of Shares Held	Percentage of Salary Held
Michael Stanley (Chief Executive Officer)	€425,000	21,746,063	6,754%
Shane Doherty (Chief Financial Officer)	€375,000	559,494	197%

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 2023 Annual General Meeting in respect of the Directors' Remuneration Report.

Directors' Remuneration Report	For	Against	Withheld*
Number of Votes	473,069,763	200	1,077,277
Percentage	100%	0%	–

* 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. Korn Ferry also assisted the Committee during the year on the design, structure, metrics and targets employed under the Stretch CEO LTIP. The Committee is satisfied that the advice from both FTI and Korn Ferry was objective and independent and neither firm has any connections with Cairn that may impair their independence.

Additional Interests of Founder Shareholders who are Founder Directors

In addition to the shareholdings noted on page 95, the Founder Directors had the following additional interests.

Founder Directors	No. of Deferred Shares at 31 December 2023	No. of Founder Shares at 31 December 2023	No. of Deferred Shares at 31 December 2022	No. of Founder Shares at 31 December 2022
Michael Stanley	Nil	Nil	9,990,000	Nil
Alan McIntosh	Nil	Nil	9,990,000	9,591,075
Total	Nil	Nil	19,980,000	9,591,075

On 5 December 2023, the issued founder and deferred shares were cancelled. There was no consideration received in respect of these cancelled shares.

The Directors present their report to the shareholders together with the audited financial statements for the year ended 31 December 2023.

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 2023, 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 2023, the outlook for 2024 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 2023 and the Consolidated Statement of Financial Position at that date are set out on pages 112 and 113 respectively. The Group's profit for the year ended 31 December 2023 was €85.4 million (2022: €81.0 million).

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.

Dividends

The Company paid an interim dividend of 3.1 cent per ordinary share on 6 October 2023 to shareholders on the record date of 15 September 2023. The Board have also proposed a final dividend of 3.2 cent per ordinary share for the year ended 31 December 2023. Subject to shareholder approval at the Company's Annual General Meeting on 10 May 2024, the proposed final dividend of 3.2 cent per ordinary share will be paid on 17 May 2024 to ordinary shareholders on the Company's register at 5.00 p.m. on 26 April 2024.

Directors

The names of the Directors and a biographical note on each appear on pages 55 and 56. 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 11 May 2023 and, being eligible, offered themselves for re-election. Alan McIntosh retired as a Director on 25 January 2024.

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 2024 Annual General Meeting and offer themselves for re-election, with the exception of Shane Doherty who announced his intention to step down from the Board on 10 October 2023. Richard Ball will also be proposed for election at the upcoming Annual General Meeting.

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 74 to 97.

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 2023 and 12 March 2024, the latest practicable date prior to approval of this report, the Company had 654,888,041 and 646,047,728 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 had no other shares in issue at those dates.

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 two long term incentive plans (2017 Long Term Incentive Plan and Stretch CEO LTIP) and a Save As You Earn plan, the details of which are set out in the Directors' Remuneration Report and Note 20 of the consolidated financial statements.

Substantial Shareholdings

As at 31 December 2023 and 12 March 2024, 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 12 March 2024, 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 12 March 2024	%	Notified Holding 31 December 2023	%
Fidelity Investments Limited	81,744,977	12.65	71,866,814	10.97
Fidelity Management & Research Company	61,903,708	9.58	64,863,288	9.90
Lansdowne Partners International Ltd	58,015,599	8.98	61,944,022	9.46
The Capital Group Companies, Inc.	28,685,000	4.44	31,452,000	4.80
T. Rowe Price Associates, Inc	28,577,317	4.42	23,376,650	3.57
Ameriprise Financial	25,837,337	4.00	23,579,528	3.60
Eidervale Unlimited Company	24,700,000	3.82	24,700,000	3.77
JP Morgan Asset Management (UK) Limited	23,155,547	3.58	N/A	N/A
Blackrock, Inc.	22,110,646	3.42	N/A	N/A
Mr. Michael Stanley	21,746,063	3.36	21,746,063	3.32
Mr. Alan & Mrs. Deirdre McIntosh[1]	Less than 3%	Less than 3%	30,641,464	4.68
Total Shares in Issuance	**646,047,728**		**654,888,041**	

1. Alan McIntosh (former 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.

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 40 to 50 and are deemed to be incorporated in the Directors' Report.

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.

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 74 to 97 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 12 and 13, the Chief Executive Officer's Statement on pages 14 and 15, and the Chief Financial Officer's Statement on pages 32 and 33.
2. The Corporate Governance Report on pages 58 to 63.
3. The Principal Risks and Uncertainties on pages 40 to 50.
4. Details of Earnings Per Share in Note 28 of the consolidated financial statements.
5. Details of the Capital Structure of the Company in Note 19 of the consolidated financial statements.

Corporate Governance Regulations

As required by company law, the Directors have prepared a Corporate Governance Report which is set out on pages 58 to 63 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.

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 on page 51.

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 64 to 67.

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	20 and 21
Environmental, Social & Employee Matters	2023 Sustainability Report	2023 Sustainability Report available on our website www.cairnhomes.com
Human Rights, Bribery & Corruption	2023 Sustainability Report	2023 Sustainability Report available on our website www.cairnhomes.com
Our Policies	Company Website	https://www.cairnhomes.com/about/our-policies/
Principal Risks	Risk Report	40 to 50
Non-Financial Key Performance Indicators	Our Strategy, TCFD and 2023 Sustainability Report	Pages 22 to 31 and 34 to 39 as well as our 2023 Sustainability Report

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 2023 Sustainability Report and on our website at www.cairnhomes.com.

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 2024 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 15 March 2024.

Signed on behalf of the Board

Shane Doherty

MICHAEL STANLEY
DIRECTOR

SHANE DOHERTY
DIRECTOR

Financial Statements

PASSIVE HOUSING TRIAL

Cairn are developing our first Passive House apartment scheme at Pipers Square, Charlestown. For us, this initiative delivers two key benefits; a dramatic reduction in the building's carbon footprint, and significant benefits for the building's owners and residents. When complete Pipers Square will be Ireland's largest passive standard apartment development.

FINANCIAL STATEMENTS

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 55 and 56 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 2023 and of the profit of the Group for the year then ended;
- the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, provides the information necessary to assess the Group's position and performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

MICHAEL STANLEY
DIRECTOR

SHANE DOHERTY
DIRECTOR

Independent Auditor's Report
To the members of Cairn Homes plc

Report on the audit of the financial statements
Opinion
We have audited the financial statements of Cairn Homes plc ("the Company") and its consolidated undertakings ("the Group") for the year ended 31 December 2023 set out on pages 112 to 169, contained within the reporting package 635400DPX6WP2KKDOA83-2023-12-31-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 material 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 2023 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 financial statements 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 nine years ended 31 December 2023. 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: significant slowdown in construction activities; material reductions in sales arising from a deterioration in employment levels and consumer confidence; material reduction in credit availability in the mortgage market; and reduced demand for apartment developments from State-supported agencies.

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.

Independent Auditor's Report *continued*
To the members of Cairn Homes plc

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.
- Inspecting the Group's regulatory correspondence.
- 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 unusual 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.

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 in 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 2022):

Group key audit matters

Group: Carrying values of inventories €943.4 million (2022: €967.3 million) and profit recognition

Refer to pages 64 to 67 (Audit and Risk Committee Report), page 123 (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 above assumptions may be inaccurate with a resulting impact on the carrying value of inventories or the amount of profit recognised.

For the reasons outlined above the engagement team determine this matter to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures included:

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

Independent Auditor's Report *continued*
To the members of Cairn Homes plc

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 completeness and accuracy of the release from inventories to cost of sales recorded in the general ledger for consistency with the financial cost models for the relevant sites.
e) For new development land acquisitions in the year, we inspected purchase contracts and other supporting documentation to agree the costs of acquisition, including related direct purchase costs and we agreed amounts paid to corroborating documentary evidence.
f) We agreed a sample of additions to construction work in progress during the period to invoices/payment certificates and examined whether these additions were construction related and had been appropriately recorded as part of the costs of the relevant site.
g) We considered the adequacy of the Group's disclosures regarding the carrying value of development land and work in progress.

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

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

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

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

Group: Revenue recognition €666.8 million (2022: €617.4 million)
Refer to page 122 (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. The fraud risk relates to the existence of revenue i.e. the risk that sales may have been inappropriately accelerated and recorded in the wrong 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.

For the reasons outlined above the engagement team determine this matter to be a key audit matter.

How the matter was addressed in our audit
Our audit procedures included, among others:
a) We documented our understanding of the processes in relation to revenue recognition. We tested the design and implementation of relevant controls over the existence of revenue for individual and multiple-unit sales, and the completeness and accuracy of multiple-unit sales.
b) We agreed a sample of sales of residential units and residential sites to signed contracts and cash proceeds and examined whether there was appropriate evidence that control over those properties had transferred to customers prior to the year-end, and hence that revenue had been recognised in the correct accounting period.
c) We evaluated the approach adopted by management in relation to the timing and amount of revenue to be recognised in accordance with the relevant accounting standard from material contracts with customers for the sale of multiple units. In this regard, we independently inspected the related contract documentation and considered the appropriate application of the revenue recognition model in the relevant accounting standard, including whether revenue should be recognised (i) at a point in time or (ii) over time.

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

Appropriate documentary evidence was available for all of the sample of sales of residential units and residential sites that we tested and as a result we found that revenue had been accurately recorded for those sales in the year. We found that the approach taken in the financial statements by the Group for the recognition of revenue from contracts for the sale of multiple units, whereby the revenue in the year was recognised at a point in time on legal completion of those particular sales, was consistent with the requirements of the relevant accounting standard.

Company key audit matter
Company: Amounts due from subsidiary undertakings €401.4 million (2022: €487.4 million)
Refer to Note 6 to the Company financial statements (financial disclosures – Amounts due from Subsidiary Undertakings).

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

For the reasons outlined above the engagement team determine this matter to be a key audit matter.

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 €5.0 million (2022: €4.4 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. Materiality represents approximately 5.0% (2022: 4.7%) of this benchmark, which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. In applying our judgement in determining the percentage to be applied to the benchmark, the following qualitative factors, had the most significant impact, increasing our assessment of materiality:
- the Group is a well established business in a well established sector of economy; and
- the business is well capitalised and has a relatively low level of borrowings compared to total assets.

Performance materiality for the Group financial statements as a whole was set at €3.75 million (2022: €3.3 million) determined with reference to materiality of which it represents 75% (2022: 75%).

We reported to the Audit and Risk Committee any corrected and uncorrected misstatements we identified through our audit with a value in excess of €0.25 million (2022: €0.22 million), in addition to any other audit misstatements below that threshold that warranted reporting on qualitative grounds.

Materiality for the Company financial statements as a whole was set at €1.6 million (2022: €1.6 million), determined with reference to a benchmark of total assets, of which it represents 0.36% (2022: 0.30%). Performance materiality for the Company financial statements as a whole was set at €1.2 million (2022: €1.2 million) determined with reference to materiality of which it represents 75% (2022: 75%).

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.

Our audit was undertaken to the materiality and performance materiality level specified above and was all performed by a single Group engagement team.

Independent Auditor's Report *continued*
To the members of Cairn Homes plc

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 Introduction section, Strategic Report and the Corporate Governance Statement (which includes the directors' report).

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.

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 they have 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 2022; and
- 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 2022 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 104, 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.

R. McCarthy

RYAN MCCARTHY
FOR AND ON BEHALF OF
KPMG
CHARTERED ACCOUNTANTS, STATUTORY AUDIT FIRM
1 STOKES PLACE
ST. STEPHEN'S GREEN
DUBLIN 2

15 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Continuing operations			
Revenue	6	**666,807**	617,357
Cost of sales		**(519,189)**	(483,149)
Gross profit		**147,618**	134,208
Administrative expenses	7	**(34,229)**	(31,176)
Operating profit		**113,389**	103,032
Finance costs	8	**(14,118)**	(9,645)
Share of profit of equity- accounted investee, net of tax	15	**152**	85
Profit before taxation		**99,423**	93,472
Tax charge	10	**(13,991)**	(12,442)
Profit for the year attributable to owners of the Company		**85,432**	81,030
Other comprehensive (loss)/ income			
Fair value movement on cashflow hedges		**(331)**	777
Cashflow hedges reclassified to profit and loss	14	**(80)**	70
		(411)	847
Total comprehensive income for the year attributable to owners of the Company		**85,021**	81,877
Basic earnings per share	28	**12.7 cent**	11.5 cent
Diluted earnings per share	28	**12.6 cent**	11.4 cent

Consolidated Statement of Financial Position

At 31 December 2023

	Note	2023 €'000	2022 €'000
Assets			
Non-current assets			
Property, plant and equipment	11	**6,120**	5,789
Right of use assets	12	**5,557**	6,003
Intangible assets	13	**4,211**	3,043
Derivatives	14	**436**	847
Equity-accounted investee	15	**237**	85
		16,561	15,767
Current assets			
Inventories	16	**943,417**	967,342
Trade and other receivables	17	**54,057**	20,447
Current taxation		**312**	–
Cash and cash equivalents	18	**25,553**	21,711
		1,023,339	1,009,500
Total assets		**1,039,900**	1,025,267
Equity			
Share capital	19	**655**	725
Share premium	19	**201,100**	199,616
Other undenominated capital	19	**183**	105
Treasury shares	20	**(3,196)**	–
Share-based payment reserve	20	**13,588**	11,809
Cashflow hedge reserve	14	**436**	847
Retained earnings		**544,396**	538,720
Total equity		**757,162**	751,822

Consolidated Statement of Financial Position *continued*

At 31 December 2023

	Note	2023 €'000	2022 €'000
Liabilities			
Non-current liabilities			
Loans and borrowings	21	**158,836**	170,991
Lease liabilities	12	**5,490**	6,036
Deferred taxation	23	**3,139**	3,139
		167,465	180,166
Current liabilities			
Loans and borrowings	21	**14,992**	–
Lease liabilities	12	**937**	761
Trade and other payables	24	**99,344**	92,425
Current taxation		**–**	93
		115,273	93,279
Total liabilities		**282,738**	273,445
Total equity and liabilities		**1,039,900**	1,025,267

On behalf of the Board

MICHAEL STANLEY
DIRECTOR

SHANE DOHERTY
DIRECTOR

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Share Capital			Attributable to owners of the company						
	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 2023	**686**	**20**	**19**	**199,616**	**105**	**–**	**11,809**	**847**	**538,720**	**751,822**
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	–	–	85,432	85,432
Fair value movement on cashflow hedges	–	–	–	–	–	–	–	(331)	–	(331)
Cashflow hedges reclassified to profit and loss (Note 14)	–	–	–	–	–	–	–	(80)	–	(80)
	–	**–**	**–**	**–**	**–**	**–**	**–**	**(411)**	**85,432**	**85,021**
Transactions with owners of the Company										
Purchase of own shares- share buybacks (Note 19)	–	–	–	–	–	(42,697)	–	–	–	(42,697)
Cancellation of repurchased shares	(39)	–	–	–	39	42,697	–	–	(42,697)	–
Cancellation of founder and deferred shares (Note 20)	–	(20)	(19)	–	39	–	–	–	–	–
Purchase of own shares-held in trust (Note 20)	–	–	–	–	–	(3,196)	–	–	–	(3,196)
Equity-settled share-based payments (Note 20)	–	–	–	–	–	–	7,075	–	–	7,075
Settlement of dividend equivalents (Note 20)	–	–	–	–	–	–	(459)	–	–	(459)
Shares issued on vesting of share awards and options (Note 20)	8	–	–	1,484	–	–	–	–	–	1,492
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards and options (Note 20)	–	–	–	–	–	–	(4,837)	–	4,837	–
Dividends paid to shareholders (Note 25)	–	–	–	–	–	–	–	–	(41,896)	(41,896)
	(31)	**(20)**	**(19)**	**1,484**	**78**	**(3,196)**	**1,779**	**–**	**(79,756)**	**(79,681)**
As at 31 December 2023	**655**	**–**	**–**	**201,100**	**183**	**(3,196)**	**13,588**	**436**	**544,396**	**757,162**

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 – share buybacks (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 Cash Flows
For the year ended 31 December 2023

	2023 €'000	2022 €'000
Cash flows from operating activities		
Profit for the year	**85,432**	81,030
Adjustments for:		
Share-based payments expense	**5,752**	5,034
Finance costs	**14,118**	9,645
Depreciation of property, plant and equipment	**152**	230
Depreciation of right of use assets	**837**	1,062
Amortisation of intangible assets	**1,180**	474
Taxation	**13,991**	12,442
	121,462	109,917
Decrease/(increase) in inventories	**26,456**	(24,626)
(Increase)/decrease in trade and other receivables	**(33,610)**	8,035
Increase in trade and other payables	**7,099**	12,205
Tax paid	**(14,386)**	(11,639)
Net cash from operating activities	**107,021**	93,892
Cash flows from investing activities		
Purchases of property, plant and equipment	**(1,689)**	(5,603)
Purchases of intangible assets	**(2,401)**	(2,083)
Net cash used in investing activities	**(4,090)**	(7,686)
Cash flows from financing activities		
Purchase of own shares- share buybacks	**(42,697)**	(75,143)
Proceeds from issue of share capital	**1,492**	–
Settlement of dividend equivalents	**(459)**	–
Purchase of own shares – held in trust	**(3,196)**	–
Dividends paid	**(41,896)**	(40,694)
Proceeds from loans and borrowings net of debt issue costs	**317,500**	354,811
Repayment of loans and borrowings	**(315,000)**	(333,988)
Repayment of lease liabilities	**(761)**	(410)
Interest and other finance costs paid	**(14,072)**	(9,099)
Net cash used in financing activities	**(99,089)**	(104,523)
Net increase/(decrease) in cash and cash equivalents in the year	**3,842**	(18,317)
Cash and cash equivalents at beginning of the year	**21,711**	40,028
Cash and cash equivalents at end of the year	**25,553**	21,711

Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

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 2023 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 2023. They did not have a material effect on the consolidated results of the Group:

- 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;
- Amendments to IAS 12, International Tax Reform – Pillar Two Model Rules (effective date 23 May 2023)

The following amendments to standards have been endorsed by the EU, and are effective from 1 January 2024. The Group has not adopted these amendments early. The potential impact of these amendments 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

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 21 the Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)

(d) Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the functional currency of the Company and presentation currency of the Group, rounded to the nearest thousand.

(e) Going concern basis of accounting

The Group entered the year in a very strong position having delivered its best ever financial and operational performance in 2023. Following 1,741 sales completions in 2023, the Group started 2024 with a multi-year forward sales pipeline of 2,350 new homes with a net sales value of over €900 million, of which 1,600 new homes are expected to close in 2024 (both turnkey and equivalent units[1]). The Group has a long-term and sustainable growth strategy that focuses on minimising financial risk and maintaining financial flexibility. The business has strong liquidity, a significant investment in construction work-in-progress underpinned by a significant forward order book, a robust balance sheet and committed, lowly leveraged debt facilities.

In order to mitigate against any liquidity risk, the Group applies a prudent cash management policy ensuring its production activities in the near and medium-term are focused towards forward sold inventories, including scaled apartment developments with multi-year delivery timelines, and inventories which will continue to be attractive to its broad buyer pool. New home commencements continued to focus on our core starter homes market at lower average selling prices and large apartment developments for State-supported counterparties during 2023, including forward fund transactions which are expected to be significantly beneficial from a liquidity perspective from 2024 onwards.

1 Equivalent units relate to forward fund2 transactions and are calculated on a percentage completion basis based on the contracted value of work completed divided by total estimated cost.
2 Forward fund transactions involve Cairn delivering new homes under a contractual relationship where the land is sold up-front and the cost of delivering the new homes is paid on a phased basis.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 December 2023

1. Basis of Preparation *continued*
The Group has a total committed debt facility of €350 million, of which €277.5 million is a syndicate facility comprising a Sustainability Linked term loan and revolving credit facility with Allied Irish Banks, Bank of Ireland and Barclays Bank Ireland, maturing in June 2027. Four sustainability performance targets underpin these green facilities which are linked directly to key elements of our sustainability strategy including decarbonisation, biodiversity and people. All four annual sustainability performance targets for the year ended 31 December 2023 were met following external assurance testing and validation.

Net debt was €148.3 million as at 31 December 2023 (31 December 2022: €149.3 million). The Company had available liquidity (cash and undrawn facilities) at 31 December 2023 of €200.6 million (31 December 2022: €199.2 million), including €25.6 million of cash (31 December 2022: €21.7 million). The Group had forecast year-end net debt to be broadly in line with net debt as at 31 December 2022.

The Group invested €439.9 million in its construction activities during 2023, including commencing construction on four new sites and new phases across six of its existing large-scale, multi-year, developments. Both gross and operating margins strengthened in 2023, resulting in an increase in underlying profitability when compared to the prior year. The Group is also encouraged by the level of underlying demand for new homes in the market as evidenced by the size of its forward sales pipeline, with strong demand continuing into the early months of 2024. Enquiry lists across all of our active selling sites remain high with particularly strong interest in our starter home developments.

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 outlook including the strength of its forward order book, 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.

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 material 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 Note 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 and the Group's 2023 commitment to the Science Based Targets initiative (SBTi) Net Zero standard as well as any additional costs, savings and revenues associated with climate risks or opportunities as identified in the Task Force on Climate-Related Financial Disclosures on pages 34 to 39 of the annual report. Costs and revenues associated with climate risks or opportunities are reflected in the Group's forecasts used to determine margins on active and non-active developments. There has been no other 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 expected material medium-term impact on the Group 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. Material 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 2023.

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.

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.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

3. Material Accounting Policies *continued*

(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 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.

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, Stretch CEO Long- term incentive plan, restricted share unit awards and share options).
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 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.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 December 2023

3. Material Accounting Policies *continued*
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 Group has adopted international Tax Reform- Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure. (See Note 10) The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2023 in the jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

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 utility providers until development 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.

(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.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 December 2023

3. Material Accounting Policies *continued*
(v) Derecognition and modification of financial liabilities *continued*
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.

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

	2023 €'000	2022 €'000
Residential property sales	**649,879**	610,813
Residential site and other sales	**16,902**	6,407
Revenue from contracts with customers	**666,781**	617,220
Other revenue		
Income from property rental	**26**	137
	666,807	617,357

	2023 €'000	2022 €'000
Residential property sales		
Houses and duplexes	**382,903**	342,299
Apartments	**266,976**	268,514
	649,879	610,813

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 December 2023

7. Administrative Expenses

	2023 €'000	2022 €'000
Employee benefits expense (Note 9)	**22,518**	19,785
Other expenses	**11,711**	11,391
	34,229	31,176

8. Finance Costs

	2023 €'000	2022 €'000
Interest expense on financial liabilities measured at amortised cost	**13,331**	8,600
Cashflow hedges-reclassified from other comprehensive income	**(80)**	70
Other finance costs	**661**	782
Interest on lease liabilities (Note 12)	**206**	193
	14,118	9,645

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:

	2023	2022
Number of employees	**345**	321

The aggregate payroll costs of these employees were:

	2023 €'000	2022 €'000
Wages and salaries	**36,634**	31,506
Social welfare costs	**4,049**	3,539
Pension costs – defined contribution schemes	**1,350**	1,065
Share-based payments charge	**7,075**	7,004
	49,108	43,114
Amounts capitalised into inventories	**(25,987)**	(23,070)
Amounts capitalised into intangibles	**(603)**	(259)
Employee benefits expense	**22,518**	19,785

(ii) Other information

	2023 €'000	2022 €'000
Net foreign currency loss recognised in profit or loss	**–**	–
Auditor's remuneration		
Audit of Group, Company and subsidiary financial statements	**339**	314
Other assurance services	**30**	30
Tax advisory services	**90**	89
Other non-audit services	**73**	72
	532	505

Auditor's remuneration for the audit of the Company financial statements was €20,000 (2022: €15,000).

	2023 €'000	2022 €'000
Directors' remuneration		
Salaries, fees and other emoluments	**2,572**	2,452
Pension contributions – defined contribution schemes	**100**	120
Gains on vesting of awards under LTIP scheme	**912**	–
	3,584	2,572

10. Taxation

	2023 €'000	2022 €'000
Current tax charge for the year		
Corporation tax – current year	**13,951**	13,088
Adjustment in respect of prior year	**40**	23
	13,991	13,111
Deferred tax credit for the year (Note 23)	**–**	(669)
Total tax charge	**13,991**	12,442

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

	2023 €'000	2022 €'000
Profit before tax	**99,423**	93,472
Tax charge at standard Irish income tax rate of 12.5%	**12,428**	11,684
Effects of:		
Expenses not deductible for tax purposes	**1,523**	735
Adjustment in respect of prior year	**40**	23
Total tax charge	**13,991**	12,442

Global minimum top-up tax
The Group operates in Ireland, which has enacted new legislation to implement the global minimum top-up tax. The Group does not expect to be subject to the top-up tax in relation to its operations in Ireland in the medium term.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 December 2023

11. Property, Plant and Equipment

	Leasehold improvements €'000	Motor vehicles €'000	Computers & equipment €'000	2023 Total €'000
Cost				
At 1 January 2023	2,860	77	6,792	9,729
Additions	45	–	1,644	1,689
Disposals	–	(18)	–	(18)
At 31 December 2023	**2,905**	**59**	**8,436**	**11,400**
Accumulated depreciation				
At 1 January 2023	(567)	(68)	(3,305)	(3,940)
Depreciation	(261)	(8)	(1,089)	(1,358)
Disposals	–	18	–	18
At 31 December 2023	**(828)**	**(58)**	**(4,394)**	**(5,280)**
Net book value				
At 31 December 2023	**2,077**	**1**	**4,042**	**6,120**

The main additions during the period related to equipment purchases for construction sites and equipment. Depreciation of €1.206 million (2022: €0.749 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	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**

12. Leases

The Group leases its central support office property and certain motor vehicles. The office lease formed the majority of the right of use assets and lease liabilities balance as at 31 December 2023 and 31 December 2022. The discount rate attributed to the office lease is 2.6%. Disposals in the year ended 31 December 2023 relate to the previous central support office lease.

The additions during the year ended 31 December 2023 relate to vehicle leases and have various commencement dates throughout the year. The average discount rate associated with these leases is 6.21% which reflects Group's incremental borrowing rate at the date of commencement.

Right of use assets

	2023 €'000	2022 €'000
Cost		
At 1 January	**8,190**	1,615
Additions	**391**	6,575
Disposal	**(1,442)**	–
At 31 December	**7,139**	8,190
Accumulated depreciation		
At 1 January	**(2,187)**	(1,125)
Disposal	**1,442**	–
Depreciation	**(837)**	(1,062)
At 31 December	**(1,582)**	(2,187)
Net book value		
At 31 December	**5,557**	6,003

Lease liabilities

	2023 €'000	2022 €'000
Current liabilities		
Repayable within one year	**937**	761
	937	761
Non-current liabilities		
Repayable as follows:		
Between one and two years	**927**	806
Between two and five years	**2,244**	2,194
Greater than five years	**2,319**	3,036
	5,490	6,036
Total lease liabilities	**6,427**	6,797

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

12. Leases *continued*

The movements in total lease liabilities during 2023 and 2022 were as follows:

	2023 €'000	2022 €'000
At 1 January	**6,797**	632
Additions	**391**	6,575
Interest on lease liabilities (Note 8)	**206**	193
Lease payments	**(967)**	(603)
At 31 December	**6,427**	6,797

The undiscounted remaining contractual cash flows for leases at 31 December 2023 were as follows:

As at 31 December 2023

	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
Lease liabilities	(7,170)	(564)	(558)	(1,077)	(2,543)	(2,428)

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

As at 31 December 2022

	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
Lease liabilities	(7,689)	(437)	(505)	(971)	(2,540)	(3,236)

13. Intangible Assets

	2023 €'000	2022 €'000
Software		
Cost		
At 1 January	**4,282**	2,199
Additions	**2,401**	2,083
Disposals	**(53)**	–
At 31 December	**6,630**	4,282
Accumulated amortisation		
At 1 January	**(1,239)**	(765)
Amortisation	**(1,180)**	(474)
At 31 December	**(2,419)**	(1,239)
Net book value		
At 31 December	**4,211**	3,043

During the year ended 31 December 2023 payroll costs totalling €0.6 million (2022: €0.3 million) were capitalised into Intangible assets (Note 9).

14. Derivatives and cashflow hedge reserve

Non-current assets	2023 €'000	2022 €'000
Derivative financial instruments		
Interest rate swaps – cash flow hedges	**436**	847

The Group has an interest rate swap ("swap") in respect of €18.75 million of its €77.5 million 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 2023 was €436,000 (2022: €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 2023 and the year ended 31 December 2022. Amounts accounted for in the cashflow hedge reserve in respect of the swap during the current and prior year have been set out in the Consolidated Statement of Changes in Equity on page 115.

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.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 December 2023

15. Equity-accounted investee

In 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. The movement during 2023 pertains to the funding and expenses incurred in respect of delivering the infrastructure in the Clonburris strategic development zone.

	2023 €'000	2022 €'000
Opening investment in joint venture	**85**	–
Group's share of profits	**152**	85
Closing investment In joint venture	**237**	85

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

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

	2023 €'000	2022 €'000
Summarised statement of financial position for Clonburris Infrastructure Limited		
Non-current assets	**–**	–
Current assets	**1,134**	573
Current liabilities	**(839)**	(468)
Non-current liabilities	**–**	–
Net assets of Clonburris Infrastructure Limited (100%)	**295**	105
Percentage ownership interest by the Group	**80.57%**	80.57%
Group share of net assets recognised as investment in joint venture (80.57%)	**237**	85
Summarised income statement of Clonburris Infrastructure Limited		
Revenue	**13,895**	614
Operating expenses	**(13,706)**	(509)
Tax	**–**	–
Profit for the year (100%)	**189**	105
Group share of profit for year recognised in profit or loss (80.57%)	**152**	85

16. Inventories

	2023 €'000	2022 €'000
Land held for development	**609,160**	628,326
Construction work in progress	**334,257**	339,016
	943,417	967,342

Land held for development includes strategic land acquisitions during the year ended 31 December 2023 of €57.9 million (2022: €32.1 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 2023 no direct wages and salaries for employees in construction related roles were estimated to be non-productive and therefore all such costs were included in the cost of inventories. During the prior year ended 31 December 2022, €0.1 million of direct wages and salaries for employees in construction related roles were estimated to be non-productive and such costs were included in administrative expenses; all other direct wages and salaries for employees in construction related roles were included in the cost of inventories.

As the build costs on each development 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 and the Group's 2023 commitment to the Science Based Targets initiative (SBTi) Net Zero standard as well as any additional costs, savings and revenues associated with climate risks or opportunities as identified in the Task Force on Climate- Related Financial Disclosures on pages 34 to 39 of the annual report in relation to costs and expected profit margins. There has been no other 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 development profitability reforecasting with any necessary adjustments being accounted for in the relevant reporting period.

All active developments 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 2023 and hence those sites were not impaired.

All developments on which construction has not yet commenced were also assessed for impairment at 31 December 2023. This assessment was based on the current development plan for the development, reflecting the number and mix of units expected to be built. For each of these developments, 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 2023 and hence those developments were not impaired.

There were no reasonably foreseeable changes in assumptions that would have resulted in an impairment of inventories at 31 December 2023. 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 €514.8 million (2022: €479.6 million).

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 December 2023

17. Trade and Other Receivables

	2023 €'000	2022 €'000
Trade receivables	**32,706**	3,517
Prepayments	**1,152**	1,015
Construction bonds	**16,533**	14,654
Other receivables	**3,666**	1,261
	54,057	20,447

Trade receivables relate to remaining amounts due in relation to residential property sales to institutional investors and approved housing bodies. Included within trade receivables is a balance of €22.1 million which relates to funds due from an approved housing body. These funds were received in full after the year end.

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 €9.3 million (2022: €9.6 million) of the construction bond balance at 31 December 2023 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

	2023 €'000	2022 €'000
Cash and cash equivalents	**25,553**	21,711

Cash deposits are made for varying short-term periods depending on the immediate cash requirements of the Group. All deposits can be withdrawn without any 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	2023 €'000	Number	2022 €'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 2023				
Ordinary Shares of €0.001 each	**654,888,041**	**655**	**201,100**	**201,755**
Founder Shares of €0.001 each	–	–	–	–
Deferred Shares of €0.001 each	–	–	–	–
Total issued and fully paid		**655**	**201,100**	**201,755**

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**

The Company has four authorised classes of shares: Ordinary Shares; A Ordinary Shares; Founder Shares; and Deferred Shares.

On 5 December 2023, the issued Founder and Deferred shares were cancelled. There was no consideration received in respect of these cancelled shares.

The holders of Deferred Shares did not have voting rights at meetings and were 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.

Potential entitlements to convert Founder shares to ordinary shares expired on 30 June 2022 and the remaining balance of €5.582 million held in the share-based payment reserve in relation to Founder shares at that time was transferred in full to retained earnings.

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.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 December 2023

19. Share Capital and Share Premium *continued*

Share buyback programmes

On 3 March 2023 the Company commenced a €40 million share buyback programme, and on 6 September 2023 the Company increased the size of the share buyback programme by a further €35 million, for a total of €75 million. As at 31 December 2023 the total cost of shares repurchased under this buyback programme was €42.7 million which was recorded directly in equity in retained earnings. The remaining €32.3 million in the €75 million share buyback programme is expected to be completed during the first half of 2024 subject to market conditions. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled . 38,739,281 repurchased shares were cancelled in the year ended 31 December 2023.

In the prior year, the Company completed a €75 million share buyback programme which completed on 24 October 2022. The total cost of the shares repurchased under the share 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.

Share issues

On 6 April 2023, 5,331,233 ordinary shares at a nominal value of €0.001 per share in relation to the vesting of the 2020 LTIP were issued. In the prior year, the Company issued 1,175,267 ordinary shares at a nominal value of €0.001 per share in respect of the vesting of awards under the 2020 restricted share unit plan.

During the year ended 31 December 2023, the Company issued 2,518,637 ordinary shares at a nominal value of €0.001 in relation to the vesting of the 2020 Save as you earn option scheme, and €0.726 million was transferred from the share-based payments reserve to retained earnings relating to the 2020 vesting.

Other Undenominated Capital	2023 €'000	2022 €'000
At 1 January	**105**	40
Nominal value of own shares purchased	**39**	65
Cancellation of Deferred and Founder shares	**39**	–
At 31 December	**183**	105

20. Share-Based Payments

Long-Term Incentive Plan ("LTIP")

The Group operates an equity settled LTIP, which was approved at the May 2017 Annual General Meeting, under which conditional awards of 15,775,886 shares made to employees remain outstanding as at 31 December 2023 (2022: 15,776,346). The shares will vest on satisfaction of service and performance conditions attaching to the LTIP over a three-year period. During the year ended 31 December 2023 the Company issued 5,331,233 of ordinary shares at par in relation to the vesting of the 2020 LTIP. €4.11 million was transferred from the share-based payments reserve to retained earnings in relation to the 2020 vesting.

The 2021, 2022 and 2023 LTIP awards are subject to both financial and non-financial metrics. 80% of the 2021 and 60% of the 2022 and 2023 awards will vest subject to the achievement of cumulative EPS targets over the three year performance period from 2021 to 2023, 2022 to 2024 and 2023 to 2025 respectively. 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. 20% of the 2022 and 2023 awards will vest subject to the achievement of an ROE (Return on Equity) target and 20% 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.

The Group recognised a charge related to the LTIP during the year ended 31 December 2023 of €4.390 million (2022: €5.175 million) of which €3.332 million (2022: €3.798 million) was charged to administrative expenses in profit or loss and a charge of €1.058 million (2022: €1.377 million) was included in construction work in progress within inventories. Conditional awards of 6,187,597 shares were made to employees under the LTIP in the year ended 31 December 2023.

The number of outstanding conditional share awards under the LTIP are as follows:

	2023 €'000	2022 €'000
Outstanding at beginning of year	**15,776,346**	10,717,994
Forfeited during the year	**(856,824)**	(354,154)
Vesting during the year	**(5,331,233)**	–
Granted during the year	**6,187,597**	5,412,506
Outstanding at end of year	**15,775,886**	15,776,346

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. During the period ended 31 December 2023 the Group settled dividend equivalents in cash of €0.459 million and this amount was deducted from the share-based payment reserve.

The Group recognised a charge related to dividend equivalents during the year ended 31 December 2023 of €0.669 million (2022: €0.905 million) of which €0.473 million (2022: €0.640 million) was charged to administrative expenses in profit or loss and a charge of €0.196 million (2022: €0.265 million) was included in construction work in progress within inventories.

Stretch CEO LTIP

On 31 August 2023 shareholders approved the adoption and implementation of an additional LTIP to deliver certain bespoke awards of shares to the Company's CEO, Mr. Michael Stanley (the "Stretch CEO LTIP"). The award is structured in two tranches, with an equal number of ordinary shares in the capital of the Company granted to the CEO in each of 2023 and 2024. The 2023 Award will be subject to a three-year performance period (2023-2025) and the 2024 Award will be subject to a four-year performance period (2023-2026), both from the baseline year of 2022 and subject to the achievement of certain performance conditions linked to profit after tax and ROE (Return on Equity) weighted 75% and 25% respectively.

The 2023 award was granted in 2023, at a value of €3.5 million, with the number of conditional share awards determined by the closing share price on the evening preceding the grant date. The number of conditional share awards to be granted under the 2024 award will be identical to the first award. The 2023 grant took place on 8 September 2023 with a grant price of €1.108 per share equating to 3,158,845 ordinary shares.

Due to the nature of the awards and given that the performance period for the 2023 and 2024 awards commenced on 1 January 2023, the Group recognised a charge in profit or loss related to the Stretch CEO LTIP of €1.899 million (2022: €nil) during the year ended 31 December 2023.

The Group purchased 2,409,797 shares, for the purpose of the stretch CEO LTIP, at a total cost of €3.196 million during the year ended 31 December 2023 which was recorded directly in equity in treasury shares. From 1 January 2024 to 9 January 2024 an additional 749,048 shares were purchased by the Group at a cost of €1.0 million. A trust structure has been set up with Computershare Trustees (Jersey) Limited to hold these shares until any future vesting arises.

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 2023 of €0.117 million (2022: €0.276 million) of which €0.048 million (2022: €0.101 million) was charged to profit or loss and €0.069 million (2022: €0.175 million) was included in construction work in progress within inventories.

During the year ended 31 December 2023, the Company issued 2,518,637 ordinary shares for consideration of €1.487 million in relation to the vesting of the 2020 option scheme. This resulted in €1.484 million being included in share premium. €0.726 million was transferred from the share-based payments reserve to retained earnings in relation to the 2020 vesting.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

20. Share-Based Payments *continued*

Restricted share unit plan

The Group operated 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 2023 (2022: nil). The Group did not recognise a charge relating to these restricted share units during the year ended 31 December 2023 as the restricted share unit plan is no longer in place (31 December 2022 charge: of €0.648 million, of which €0.495 million was charged to profit or loss and €0.153 million was included within construction work in progress within inventories).

Other share options

500,000 ordinary share options were issued in the year ended 31 December 2015, to a Director at that time, of which none have been exercised as at 31 December 2023. 200,000 of these share options were exercised in January 2024. 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 2023 was €nil (2022: €nil).

21. Loans and Borrowings

	2023 €'000	2022 €'000
Bank and other loans		
Current liabilities		
Repayable within one year	**14,992**	–
	14,992	–
Non-current liabilities		
Repayable as follows:		
Between one and two years	**14,992**	14,992
Between two and five years	**143,844**	155,999
Greater than five years	**–**	–
	158,836	170,991
Total	**173,828**	170,991

As at 31 December 2023, the group has a €277.5 million syndicate facility comprising a Sustainability Linked term loan (€77.5 million) and revolving credit facility (€200.0 million) with Allied Irish Banks plc, Bank of Ireland plc and Barclays Bank Ireland plc, repayable on 30 June 2027. The €77.5 million term loan was fully drawn at 31 December 2023 and 31 December 2022. The drawn revolving credit facility at 31 December 2023 was €25.0 million (2022: €22.5 million).

Additionally, the Group has €72.5 million of 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).

All 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 2023 pledged as security is €943.4 million (€967.3 million as at 31 December 2022).

The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs of €1.2 million (2022: €1.5 million).

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

				Liabilities			
	Term loan €'000	Revolving credit facility €'000	Loan notes €'000	Loans and borrowings Total (Note 21) €'000	Accrued interest and other finance costs €'000	Lease liabilities €'000	Total €'000
Balance at 1 January 2023	**76,019**	**22,500**	**72,472**	**170,991**	**883**	**6,797**	**178,671**
Cash flows from financing activities	–	–	–	–	–	–	**–**
Proceeds from borrowings	–	317,500	–	317,500	–	–	**317,500**
Repayment of loans	–	(315,000)	–	(315,000)	–	–	**(315,000)**
Interest and other finance costs paid	–	–	–	–	(13,866)	(206)	**(14,072)**
Repayment of lease liabilities	–	–	–	–	–	(761)	**(761)**
Total changes from financing cash flows	**–**	**2,500**	**–**	**2,500**	**(13,866)**	**(967)**	**(12,333)**
Other changes							
Amortisation of borrowing costs	329	–	8	337	–	–	**337**
Interest and other finance costs for the year	–	–	–	–	13,655	206	**13,861**
Recognition of lease liabilities for new leases	–	–	–	–	–	391	**391**
Total other changes	**329**	**–**	**8**	**337**	**13,655**	**597**	**14,589**
Balance at 31 December 2023	**76,348**	**25,000**	**72,480**	**173,828**	**672**	**6,427**	**180,927**

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

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

	Liabilities						
	Term loan €'000	Revolving credit facility €'000	Loan notes €'000	Loans and borrowings Total (Note 21) €'000	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**

23. Deferred Taxation

Movement in net deferred tax liability:	2023 €'000	2022 €'000
Opening balance	**3,139**	3,808
Credit to profit or loss (Note 10)	**–**	(669)
As at year end	**3,139**	3,139

Deferred tax arises from temporary differences relating to tax losses (deferred tax asset of €0.476 million at 31 December 2023) and land held for development (net deferred tax liabilities of €3.615 million at 31 December 2023). The movements in gross deferred tax assets and liabilities are set out below.

2023	Deferred tax assets €'000	Deferred tax liabilities €'000	Net deferred tax liability €'000
Opening balance	**476**	**(3,615)**	**(3,139)**
Credit/(charge) to profit or loss	**–**	**–**	**–**
Closing balance	**476**	**(3,615)**	**(3,139)**

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)

There has been no movement in the deferred tax liability during the period as there have been no sales on the developments which impact deferred tax. There are unrecognised deferred tax assets of €0.238 million at 31 December 2023 (2022: €0.129 million). As at 31 December 2023, the Group did not recognise any deferred tax related to its right of use assets or lease liabilities, due to the fact that the company holding the majority of these leases within the Group does not expect to recover the related net deferred tax asset of €0.109 million.

24. Trade and Other Payables

	2023 €'000	2022 €'000
Trade payables	**22,053**	17,956
Deferred consideration	**11,810**	10,000
Accruals	**35,425**	43,321
VAT liability	**27,977**	19,721
Other creditors	**2,079**	1,427
	99,344	92,425

Deferred consideration relates to development land purchased in 2023 and 2021. This has been agreed as payable during 2024. Please see note 29 for details of contractual cashflows relating to this balance.

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 €41.9 million were paid by the Company during the year (2022: €40.7 million). A dividend of 3.10 cent per ordinary share, totalling €21.2 million, was paid on 16 May 2023 and a dividend of 3.10 cent per ordinary share, totalling €20.7 million, was paid on 6 October 2023. Details of proposed dividends subsequent to the year end are set out in Note 32.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 December 2023

26. Related Party Transactions
There were no related party transactions during the year ended 31 December 2023 other than directors' remuneration. 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 value of €81.

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

	2023 €'000	2022 €'000
Short-term employee benefits	**2,572**	2,452
Post-employment benefits (pension contributions – defined contribution schemes)	**100**	120
Share-based payment expense – LTIP/Stretch CEO LTIP	**2,995**	1,057
Total key management personnel compensation	**5,667**	3,629

27. Group Entities
The Company's subsidiaries and its joint venture undertaking as at 31 December 2023 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, Co. 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 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 Holding Three Limited	No activity in period	–	100%
Cairn Homes Property Holding Four 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 EPS for the year ended 31 December 2023 is based on the earnings attributable to ordinary shareholders of €85.5 million (2022: €81.0 million) and the weighted average number of ordinary shares outstanding for the period.

	2023 €'000	2022 €'000
Profit for the year attributable to the owners of the Company	**85,432**	81,030
Numerator for basic and diluted earnings per share	**85,432**	81,030

	Number of Shares	Number of Shares
Weighted average number of ordinary shares for the year (basic)	**673,796,613**	703,045,720
Dilutive effect of options	**41,284**	31,835
Dilutive effect of LTIP awards	**4,738,040**	7,306,541
Denominator for diluted earnings per share	**678,575,937**	710,384,096
Earnings per share (cent)		
– Basic	**12.7**	11.5
– Diluted	**12.6**	11.4

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

The 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.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

29. Financial Instruments and Risk Management *continued*

(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.

Trade and other receivables (excluding prepayments) of €52.9 million at 31 December 2023 were not past due. Included within trade receivables is a balance of €22.1 million which relates to funds due from an approved housing body which was received in full after the year end. All trade and other receivables have been reviewed, and considering the nature of the counterparties which are real estate institutional investors and state supported bodies no credit losses are expected.

The maximum amount of credit exposure is therefore:

	2023 €'000	2022 €'000
Trade and other receivables (excluding prepayments)	**52,905**	19,432
Cash and cash equivalents	**25,553**	21,711
	78,458	41,143

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 from residential property sales, site and other sales, income from rental properties, and other receivables together with expected cash outflows on trade and other payables and commitments. All trade and other payables at 31 December 2023 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 has committed syndicate facilities totalling €277.5 million until June 2027, including a €200 million revolving credit facility to manage Group liquidity. The undrawn revolving credit facility at 31 December 2023 was €175 million (2022: €177.5 million).

	2023 €'000	2022 €'000
Financial liabilities due in less than one year		
Trade payables and accruals	**57,478**	61,277
Deferred consideration	**11,810**	10,000
Lease liabilities	**937**	761
Loans and borrowings	**14,992**	–
	85,217	72,038
Financial liabilities due after more than one year		
Lease liabilities	**5,490**	6,036
Loans and borrowings	**158,836**	170,991
	164,326	177,027
Total financial liabilities	**249,543**	249,065
Available funds:		
Cash and cash equivalents	**25,553**	21,711
Revolving credit facilities undrawn	**175,000**	177,500
	200,553	199,211

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 2024-2026, reflecting trends experienced up to the date of preparation of the financial forecasts; and
- future revenues for 2024-2026 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 2023

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.

		Contractual cash flows					
31 December 2023	**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	57,478	(57,478)	(57,478)	–	–	–	–
Deferred consideration	11,810	(11,810)	(6,310)	(5,500)	–	–	–
Lease liabilities	6,427	(7,170)	(564)	(558)	(1,077)	(2,543)	(2,428)
Loans and borrowings	173,828	(193,419)	(3,326)	(17,991)	(20,559)	(151,543)	–
	249,543	**(269,877)**	**(67,678)**	**(24,049)**	**(21,636)**	**(154,086)**	**(2,428)**

		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	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)**

(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 2023, 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) (2022: €77.5 million) and €25 million (revolving credit facility) (2022: €22.5 million):

- 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 5.94% (2022: 3.1%);
- €58.75 million of the term loan (2022: €58.75 million) has a fixed interest rate plus a margin. €18.75 million (2022: €18.75 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 4.71% (2022: 3%); and
- The Group has an exposure to cash flow interest rate risk in relation to variable rate loans where there are changes in Euribor rates.

(b) a €72.5 million (2022: €72.5 million) private placement of loan notes with Pricoa Capital which have a fixed coupon of 3.36% (2022: 3.36%).

(c) the Group entered into an interest rate swap in 2022 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)).

	2023 €'000	2022 €'000
Interest rate profile of loans and borrowings		
Fixed-rate	**130,361**	130,099
Variable-rate	**43,467**	40,892
Loans and borrowings	**173,828**	170,991
Variable rate instruments		
Gross variable rate borrowings	**43,467**	40,892
Impact of interest rate swaps	**(18,467)**	(18,392)
	25,000	22,500

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 2023	100 bp increase €'000	100 bp decrease €'000	100 bp increase €'000	100 bp decrease €'000
Variable-rate instruments – borrowings	(1,214)	1,214	(1,214)	1,214
Cash flow sensitivity (net)	(1,214)	1,214	(1,214)	1,214

	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

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.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 December 2023

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:

	2023 €'000	2022 €'000
Non-current assets – Derivative Financial Instruments		
Interest rate swaps – cash flow hedges	**436**	847

The Group has an interest rate swap in respect of €18.75 million 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 2023. Amounts accounted for in the cashflow hedge reserve in respect of the swap have been set out in Other 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 2024 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 2023 €'000	Cash flow hedge reserve 2022 €'000
Opening balance 1 January	**847**	–
Change in fair value of hedging instrument recognised in cash flow hedge reserve	**(331)**	777
Reclassified from cash flow hedge reserve to profit or loss – included in finance cost	**(80)**	70
Closing balance 31 December	**436**	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 14.3% at 31 December 2023 (2022: 14.6%). Net debt is defined as loans and borrowings (Note 21) less cash and cash equivalents (Note 18). Net debt of €148.3 million as at 31 December 2023 (31 December 2022: €149.3 million) comprised of drawn debt of €173.8 million (net of unamortised arrangement fees and issue costs) (31 December 2022: €171 million) and available cash of €25.6 million (31 December 2022: €21.7 million).

The Group has completed €42.7 million of the €75 million share buyback programme announced during 2023 which was recorded directly in equity in retained earnings. The remaining €32.3 million in the €75 million share buyback programme is expected to be completed during the first half of 2024 subject to market conditions. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled and accordingly 38,739,281 repurchased shares were cancelled in the year ended 31 December 2023.

Dividends of €41.9 million (Note 25) were paid by the Company during the year ended 31 December 2023 (2022: €40.7 million). Details of proposed dividends after 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 2023

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.

	2023 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	**436**		436	
Financial assets measured at amortised cost				
Trade and other receivables (excluding prepayments)	52,905			
Cash and cash equivalents	25,553			
	78,894			
Financial liabilities measured at amortised cost				
Trade payables and accruals	57,478			
Deferred consideration	11,810			
Loans and borrowings	173,828		168,479	
	243,116			

	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			

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 2023 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.

The Company has given guarantees to third parties in respect of specific borrowings drawn down by one of its subsidiaries. Further details are set out in Note 1(b) to the company financial statements.

As at 31 December 2023 Cairn Homes Properties Limited had committed to sell 2,350 new homes for c. €900 million (ex. VAT).

At 31 December 2023, the Group had a contingent liability in respect of construction bonds in the amount of €4.6 million (2022: €4.2 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 2023, determined in accordance with IFRS as adopted by the EU, is €18.6 million (2022: loss of €9.6 million).

32. Events After the Reporting Period

From 1 January 2024 to 12 March 2024 the Group has repurchased an additional 9.0 million shares under the share buyback programme (Note 20) at a cost of €13.1 million. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled.

From 1 January 2024 to 9 January 2024, an additional 749,048 shares were purchased at a cost of €1.0 million in relation to the Stretch CEO LTIP (Note 20).

In January 2024, a former Director exercised 200,000 share options, at an option price of €1 per share (Note 20).

On 28 February 2024, the Company proposed a final 2023 dividend of 3.2 cent per share subject to shareholder approval at the 2024 AGM on 10 May 2024. Based on the ordinary shares in issue at 12 March 2024, the amount of dividend proposed is €20.7 million. The proposed final dividend of 3.2 cent per ordinary shares will be paid on 17 May 2024 to ordinary shareholders on the Company's register on 26 April 2024.

33. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 15 March 2024.

Company Financial Statements

Company Statement of Financial Position
At 31 December 2023

	Note	2023 €'000	2022 €'000
Assets			
Non-current assets			
Property, plant and equipment	2	**2,779**	2,993
Right of use assets	3	**4,953**	5,572
Intangible assets	4	**4,144**	3,043
Investments in subsidiaries	5	**26,744**	26,744
		38,620	38,352
Current assets			
Amounts due from subsidiary undertakings	6	**401,394**	487,400
Trade and other receivables	7	**2,562**	667
Cash and cash equivalents		**340**	7,013
		404,296	495,080
Total assets		**442,916**	533,432
Equity			
Share capital	8	**655**	725
Share premium	8	**201,100**	199,616
Other undenominated capital		**183**	105
Treasury shares	8	**(3,196)**	–
Share-based payment reserve	9	**13,588**	11,809
Retained earnings		**189,521**	287,891
Total equity		**401,851**	500,146

Company Statement of Financial Position *continued*
At 31 December 2023

	Note	2023 €'000	2022 €'000
Liabilities			
Non-current liabilities			
Lease liabilities	3	**5,130**	5,776
Current liabilities			
Trade and other payables	10	**35,276**	26,934
Lease liabilities	3	**659**	576
		35,935	27,510
Total liabilities		**41,065**	33,286
Total equity and liabilities		**442,916**	533,432

On behalf of the Board

MICHAEL STANLEY
DIRECTOR

SHANE DOHERTY
DIRECTOR

Company Statement of Changes in Equity
For the year ended 31 December 2023

	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 2023	**686**	**20**	**19**	**199,616**	**105**	**–**	**11,809**	**287,891**	**500,146**
Total comprehensive loss for the year									
Loss for the year	–	–	–	–	–	–	–	(18,614)	**(18,614)**
	–	–	–	–	–	–	–	**(18,614)**	**(18,614)**
Transactions with owners of the Company									
Purchase of own shares – share buybacks	–	–	–	–	–	(42,697)	–	–	**(42,697)**
Cancellation of repurchased shares	(39)	–	–	–	39	42,697	–	(42,697)	**–**
Cancellation of founder and deferred shares	–	(20)	(19)	–	39	–	–	–	–
Purchase of own shares – held in trust	–	–	–	–	–	(3,196)	–	–	**(3,196)**
Equity-settled share-based payments (Note 9)	–	–	–	–	–	–	7,075	–	**7,075**
Shares issued on vesting of share awards	8	–	–	1,484	–	–	–	–	**1,492**
Settlement of dividend equivalents	–	–	–	–	–	–	(459)	–	**(459)**
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards	–	–	–	–	–	–	(4,837)	4,837	**–**
Dividends paid to shareholders (Note 8)	–	–	–	–	–	–	–	(41,896)	**(41,896)**
	(31)	**(20)**	**(19)**	**1,484**	**78**	**(3,196)**	**1,779**	**(79,756)**	**(79,681)**
As at 31 December 2023	**655**	**–**	**–**	**201,100**	**183**	**(3,196)**	**13,588**	**189,521**	**401,851**

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 – share buybacks	–	–	–	–	–	(75,143)	–	–	**(75,143)**
Cancellation of repurchased shares	(65)	–	–	–	65	75,143	–	(75,143)	**–**
Purchase of own shares – held in trust	–	–	–	–	–	–	7,004	–	**7,004**
Equity-settled share-based payments (Note 9)	1	–	–	–	–	–	–	–	**1**
Shares issued on vesting of share awards	–	–	–	–	–	–	(1,408)	1,408	**–**
Transfer from share-based payment reserve to retained earnings re vesting or lapsing of share awards	–	–	–	–	–	–	(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 Cash Flows
For the year ended 31 December 2023

	2023 €'000	2022 €'000
Cash flows from operating activities		
Loss for the year	**(18,614)**	(9,583)
Adjustments for:		
Share-based payments expense	**5,752**	5,034
Finance costs	**165**	174
Depreciation of property, plant and equipment	**555**	390
Depreciation of right of use assets	**619**	981
Amortisation of intangible assets	**1,164**	474
Dividends from subsidiary undertakings	**–**	(16,290)
Impairment of investments in subsidiary undertakings	**–**	10,065
	(10,359)	(8,755)
Decrease in amounts due from group undertakings	**86,006**	136,167
Increase in trade and other receivables	**(1,895)**	(127)
Increase in trade and other payables	**9,745**	157
Tax paid	**(28)**	(18)
Net cash from operating activities	**83,469**	127,424
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	**(341)**	(2,982)
Purchases of intangible assets	**(2,317)**	(2,083)
Net cash used in investing activities	**(2,658)**	(5,065)

Company Statement of Cash Flows *continued*
For the year ended 31 December 2023

	2023 €'000	2022 €'000
Cash flows from financing activities		
Proceeds from issue of share capital	**1,492**	–
Purchase of own shares	**(42,697)**	(75,143)
Dividends paid	**(41,896)**	(40,694)
Purchase of equity shares held in trust	**(3,196)**	–
Settlement of dividend equivalents	**(459)**	–
Repayment of lease liabilities	**(563)**	(342)
Interest paid	**(165)**	(198)
Net cash used in financing activities	**(87,484)**	(116,377)
Net (decrease)/ increase in cash and cash equivalents in the year	**(6,673)**	5,982
Cash and cash equivalents at beginning of the year	**7,013**	1,031
Cash and cash equivalents at end of the year	**340**	7,013

Notes to the Company Financial Statements
For the year ended 31 December 2023

Notes to the Company Financial Statements *continued*
For the year ended 31 December 2023

1. Material 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 2023 is €18.6 million (2022: loss of €9.6 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 prior 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 to third parties in in respect of specific borrowings arising in the ordinary course of business of subsidiaries.

The Company considers these guarantees to be insurance contracts. Following the introduction of IFRS17 Insurance Contracts, the Company has elected to apply IFRS9 Financial Instruments, being eligible, in relation to these intra-group financial guarantees. The Company has determined that the fair value of its intra-group guarantees at inception was not material to the financial statements based on the estimated difference between the guaranteed and unguaranteed borrowing rates of the Group. The Company has also considered the expected credit loss arising from intra -group guarantees and determined that these are not material to the financial statements based on the fact that the main underlying assets (inventories) on which the Group's borrowings are secured against are primarily held by the subsidiary which has borrowed the debt within the Group structure and whereby the assets of this subsidiary are substantially greater than the amount borrowed. On this basis, no amounts have been reflected in the financial statements in relation to these intra-group financial guarantees.

2. Property, Plant and Equipment

	Leasehold improvements €'000	Computers & equipment €'000	2023 Total €'000
Cost			
At 1 January 2023	2,860	1,556	**4,416**
Additions	47	294	**341**
At 31 December 2023	**2,907**	**1,850**	**4,757**
Accumulated depreciation			
At 1 January 2023	(567)	(856)	**(1,423)**
Depreciation	(262)	(293)	**(555)**
At 31 December 2023	**(829)**	**(1,149)**	**(1,978)**
Net book value			
At 31 December 2023	**2,078**	**701**	**2,779**

	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 2023

3. Leases
Right of use assets

The Company has 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 related 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.

	2023 €'000	2022 €'000
Cost		
At 1 January	**7,635**	1,443
Additions	**–**	6,192
Disposal	**(1,442)**	–
At 31 December	**6,193**	**7,635**
Accumulated depreciation		
At 1 January	**(2,063)**	(1,082)
Depreciation	**(619)**	(981)
Disposal	**1,442**	
At 31 December	**(1,240)**	**(2,063)**
Net book value		
At 31 December	**4,953**	**5,572**

Lease liabilities

	2023 €'000	2022 €'000
Current liabilities		
Repayable within one year	**659**	576
	659	576
Non-current liabilities		
Repayable as follows:		
Between one and two years	**676**	659
Between two and five years	**2,135**	2,081
More than five years	**2,319**	3,036
	5,130	5,776
Total lease liabilities	**5,789**	6,352

The movements in total lease liabilities during 2023 and 2022 were as follows:

	2023 €'000	2022 €'000
At 1 January	**6,352**	502
Additions	**–**	6,192
Interest on lease liabilities	**165**	186
Lease payments	**(728)**	(528)
At 31 December	**5,789**	6,352

The undiscounted remaining contractual cash flows at 31 December 2023 were as follows:

	Contractual cash flows					
As at 31 December 2023	Total €'000	6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000	>5 years €'000
Lease liabilities	**(6,472)**	**(404)**	**(405)**	**(809)**	**(2,427)**	**(2,427)**

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)**

4. Intangible assets

	2023 €'000	2022 €'000
Software		
Cost		
At 1 January	**4,282**	2,199
Additions	**2,317**	2,083
Disposals	**(52)**	–
At 31 December	**6,547**	4,282
Accumulated amortisation		
At 1 January	**(1,239)**	(765)
Amortisation	**(1,164)**	(474)
At 31 December	**(2,403)**	(1,239)
Net book value		
At 31 December	**4,144**	3,043

Notes to the Company Financial Statements *continued*
For the year ended 31 December 2023

5. Investments in Subsidiaries

Cost	2023 €'000	2022 €'000
At the beginning of the year	**26,744**	36,809
Impairment charge following receipt of dividends	**–**	(10,065)
At the end of the year	**26,744**	26,744

Details of subsidiary undertakings are given in Note 27 of the consolidated financial statements.

6. Amounts due from Subsidiary Undertakings

	2023 €'000	2022 €'000
Amounts due from subsidiary undertakings	**401,394**	487,400
	401,394	487,400

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

	2023 €'000	2022 €'000
Other receivables	**1,820**	–
Prepayments	**742**	667
	2,562	667

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 Treasury Shares refer to Note 20 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

	2023 €'000	2022 €'000
Trade payables	**660**	150
Accruals	**5,725**	6,661
VAT liability	**27,977**	19,721
Other creditors	**914**	402
	35,276	26,934

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, other receivables, 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.

The maximum amount of credit exposure is therefore:

	2023 €'000	2022 €'000
Amounts due from subsidiary undertakings	**401,394**	487,400
Other receivables	**1,820**	–
Cash and cash equivalents	**340**	7,013
	403,554	494,413

Expected credit losses in relation to all financial assets are immaterial.

Notes to the Company Financial Statements *continued*
For the year ended 31 December 2023

11. Financial Instruments *continued*
(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 2023 are considered current with the expected cash outflow equivalent to their carrying value.

	2023 €'000	2022 €'000
Financial liabilities due in less than one year		
Trade payables and accruals	**6,385**	6,811
Lease liabilities	**659**	576
	7,044	7,387
Financial liabilities due after more than one year		
Lease liabilities	**5,130**	5,776
Total financial liabilities	**12,174**	**13,163**

Available funds:		
Cash and cash equivalents	**340**	7,013
Revolving credit facilities undrawn	**175,000**	177,500
	175,340	184,513

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 2023	**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	6,385	(6,385)	(6,385)	–	–	–	–
Lease liabilities	5,789	(6,472)	(405)	(404)	(809)	(2,427)	(2,427)
	12,174	**(12,857)**	**(6,790)**	**(404)**	**(809)**	**(2,427)**	**(2,427)**

		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)	–	–	–	–
Amounts due to subsidiary undertakings	6,352	(7,214)	(337)	(405)	(809)	(2,427)	(3,236)
Lease liabilities	**13,163**	**(14,025)**	**(7,148)**	**(405)**	**(809)**	**(2,427)**	**(3,236)**

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 €1.7 million (2022: €1.5 million).
- Cairn Homes Properties Limited, recharge of costs €13.3 million (2022: €11.5 million).
- Cairn Homes Holdings Limited, dividends received €nil (2022: €6.3 million).
- Balgriffin Investment No. 2 HoldCo DAC, dividends (received via settlement of intercompany loan) €nil (2022: €10.0 million).

For amounts due from subsidiary undertakings please refer to Note 6.

Key management personnel compensation is set out in Note 26 of the consolidated financial statements.

13. Events after the Reporting Period

From 1 January 2024 to 12 March 2024 the Company has repurchased an additional 9.0 million shares under the share buyback programme at a cost of €13.1 million. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled.

From 1 January 2024 to 9 January 2024, an additional 749,048 shares were purchased by the Company at a cost of €1.0 million in relation to the Stretch CEO LTIP.

In January 2024, a former Director exercised 200,000 share options, at an option price of €1 per share.

On 28 February 2024, the Company proposed a final 2023 dividend of 3.2 cent per share subject to shareholder approval at the 2024 AGM on 10 May 2024. Based on the ordinary shares in issue at 12 March 2024, the amount of dividend proposed is €20.7 million. The proposed final dividend of 3.2 cent per ordinary shares will be paid on 17 May 2024 to ordinary shareholders on the Company's register on 26 April 2024.

14. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 15 March 2024.

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