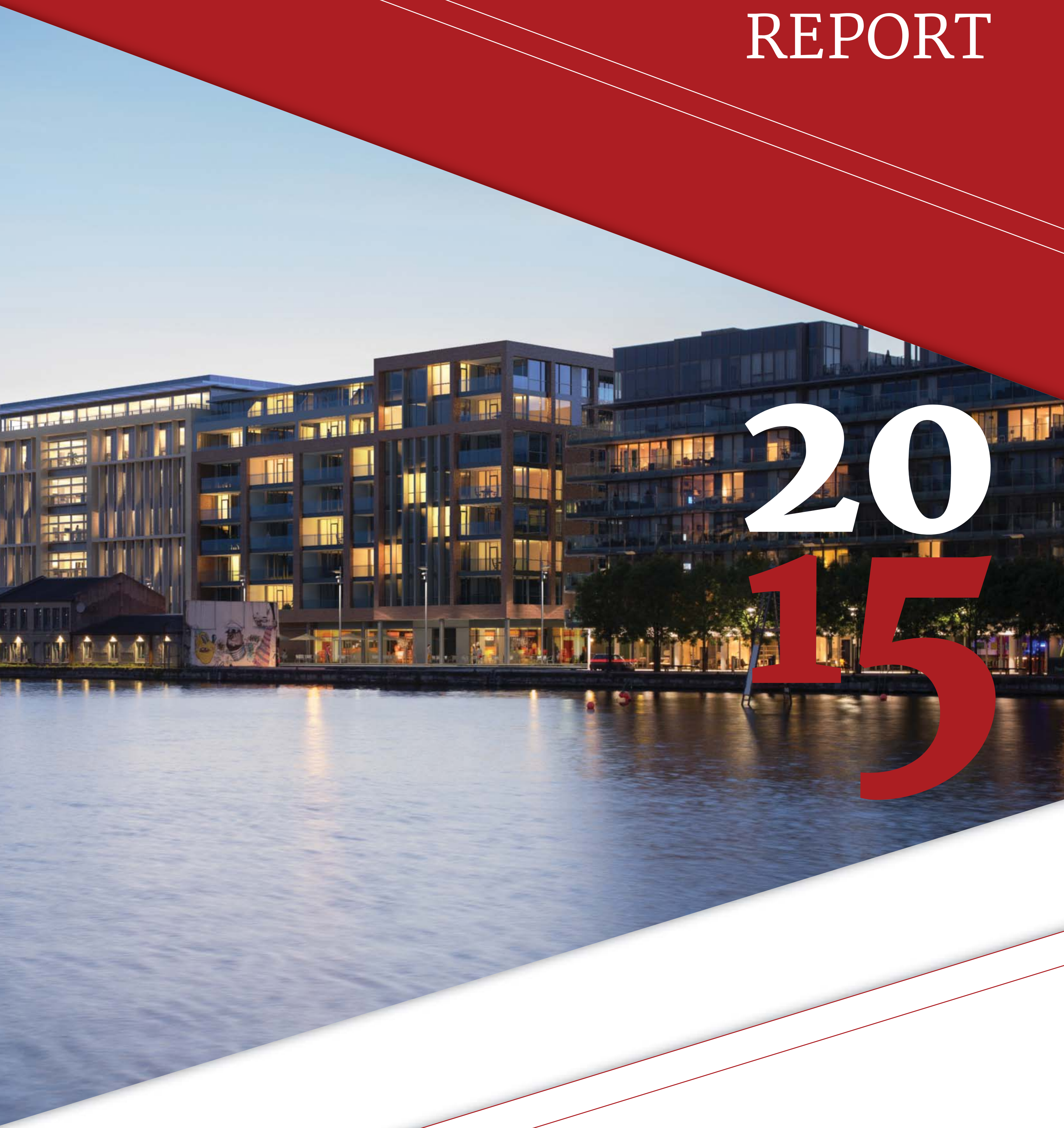
CAIRN HOMES PLC

ANNUAL REPORT



2015

CAIRN

Leading the way

At Cairn, build quality is at the heart of everything we do. Our design-led process continually questions outmoded practices and their relevance to new ways of living. We strive to understand our customers' needs and aspirations and then bring together the most talented designers and craftsmen to interpret and deliver that vision.

Our company structure is professional, well governed and considered. Cairn Board members have held senior positions in a number of successful public and private companies and bring a great deal of experience to bear.

As well as offering home buyers peace of mind our distinct approach also engenders the trust and collaboration of planners, local authorities, regulators and other important stakeholders in the industry.

Given our existing and future development pipeline we believe we are making a meaningful contribution to the current shortage of quality new homes in Ireland.

Key highlights

- Deployed €554m[1] of capital in 9 months since Initial Public Offering (IPO)
- Acquisition of 9 separate sites post IPO (2 sites in 2016) plus Ulster Bank residential land loan portfolio
- Continued strategic focus on the Greater Dublin Area ("GDA") (89% of landbank)
- Total core landbank of 25[2] sites and 11,229 homes[3]
- Successful launch of Phase 1 at Parkside with sale of 52 houses now agreed as of February 2016
- Skilled personnel in place to deliver on increased operational activity

Note:
1. Includes c.€40m deployed in 2016 and €4m for Project Clear related construction bonds.
2. Includes the conditionally acquired Navan site and properties currently secured as collateral for loans acquired from Ulster Bank.
3. Estimated number of homes.

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About Cairn Homes

Cairn Homes Plc is an Irish homebuilder founded in 2015 by Michael Stanley and Alan McIntosh. The Company was re-registered as a public company in May 2015 and completed a successful IPO in June 2015. The Group is committed to constructing much needed high quality new homes in Ireland. Our design-led process continually questions outmoded practices and their relevance to new ways of living. We strive to understand our customers' needs and aspirations and then bring together the most talented designers and craftsmen to interpret and deliver that vision.

Cairn acquires greenfield or brownfield sites in Ireland that are suitable for residential development, with an emphasis on Dublin and the Dublin commuter belt, as well as other major urban centres. Our distinct approach not only offers home buyers peace of mind but engenders the trust and collaboration of planners, local authorities, regulators and other important stakeholders in the industry.

The Group's strategy is to capitalise on the recovery of the Irish residential property market by establishing itself over the medium term as a leading Irish homebuilder, constructing high quality new homes, with an emphasis on innovation, design and customer service.

The Group intends to achieve its strategy through site acquisitions in targeted regions with attractive supply/demand characteristics; the development of high quality sites that meet the needs of the local market; and prudent use of debt.
The Group intends to retain an efficient workforce, which will manage the acquisition and development of sites, while engaging specialist sub-contractors for building and related work.

A key part of the Group's strategy is to strive for excellence in all areas of its operations and to operate on a scale that allows continued Management Team involvement in the material decisions of the Group. The Group intends to operate in a responsible and ethical manner, focusing on the needs of the communities where it builds and operating within defined environmental limits. The Group intends to seek to deliver high quality homes and to maintain a culture focused on customer service which seeks to make the homebuying process as stress free as possible and which seeks to address any future service needs of customers in a timely and courteous manner.

The following pages outline a geographic overview of core sites and highlight a sample of the Company's current and future developments.

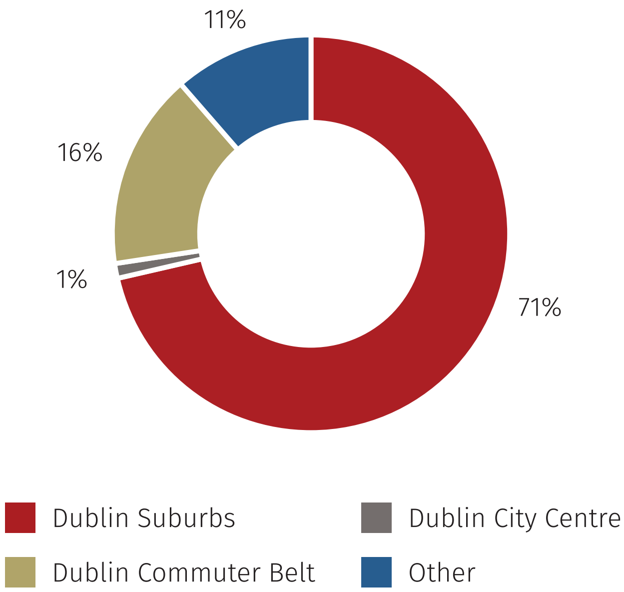
Geographic overview of core sites

Note: Project Clear sites represent the collateral security underlying the loans acquired by the Group.

Core land bank composition

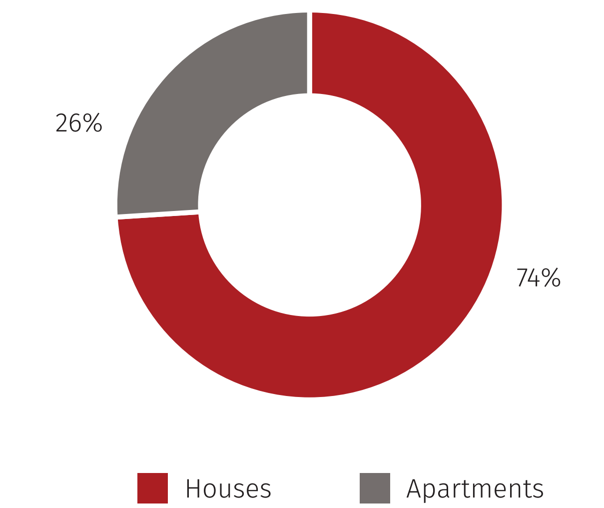
LANDBANK

(Breakdown by homes)



PREDOMINANTLY HOUSES

(Breakdown by homes)



Current core landbank

	Sites [1]	Acres	Potential homes [2]	Average unit site cost [3]
Live within the next 12 months [4]	7	288	2,945	€69k
Commencement 2017/2018	11	161	2,190	€63k
Commencement 2019+	7	485	6,094	€21k
Total	25	934	11,229	€42k

Medium term target of 1,000 completions per annum

Note:
1. Includes land secured as collateral for loan portfolio.
2. Potential homes over the life of the development scheme.
3. Calculated as value of sites divided by number of potential homes.
4. Including sites already live. Live defined as schemes where construction has commenced.

Helpful Government initiatives

Rent certainty measures

- Measures introduced in November 2015 in an effort to tackle housing crisis;
- In addition to other measures, the legislation will require 24 months between all rent reviews;
- This is expected to assist buyers in saving for mortgage deposits.

Housing regulations

- Recently introduced Planning Guidelines on Design Standards for New Apartments contain a number of provisions to reduce build costs and improve the economic feasability of apartment developments;
- Number of completed units that must be provided for social housing reduced from 20% to 10%;
- Reduction in development levies;
- Focus on improvement of Special Development Zones (SDZ) to fast track planning and delivery of homes;
- Supply side initiatives being considered by Government.

Parkside

Malahide Road, Dublin 13.
www.parksidehomes.ie

Construction and sales are well underway on this brand new development of stylish three and four bedroom A-rated family homes situated in a superbly landscaped setting just off the Malahide Road. Only 25 minutes from the city centre by DART (rail network), Parkside is very close to the M1, Airport, the DART station at Clongriffin and the Quality Bus Corridor (QBC) on Malahide Road.

KEY SITE CHARACTERISTICS

Comprising 50 acres (20.2 hectares) the site is situated between the Malahide Road and the newly upgraded Fr. Collins Park, just 10km from Dublin city centre. The proposed 433 homes range in size from c.110-150 sq.m (1,189-1,615 sq.ft).

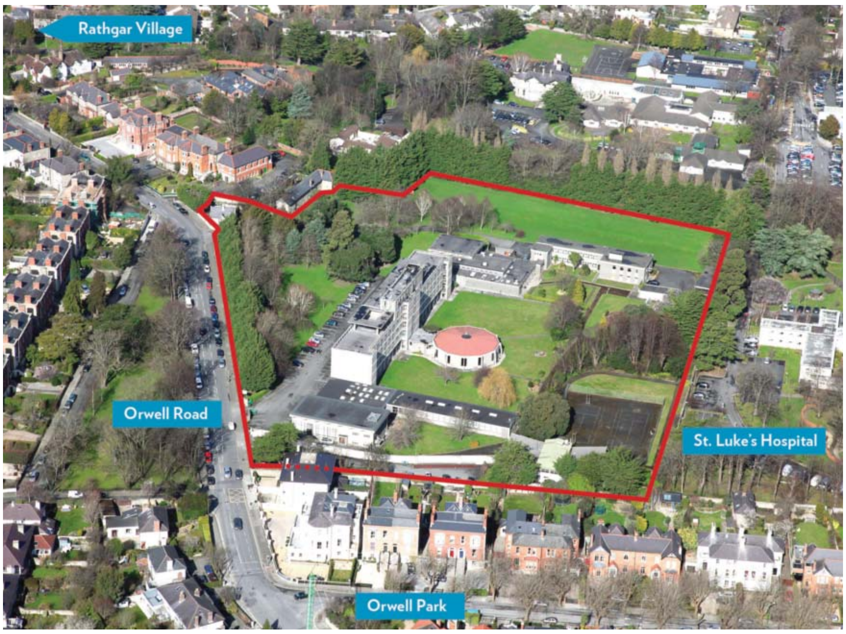
Marianella

Orwell Road, Dublin 6.

Marianella represents one of Dublin's best residential development opportunities.
The property is located in the highly sought after suburb of Rathgar, easily accessible to Dublin City and the south city suburbs of Ranelagh, Rathmines, Milltown and Clonskeagh. It is approximately 4.2km south of St. Stephen's Green, in Dublin city centre.

KEY SITE CHARACTERISTICS

The lands extend to over 8 acres (3 hectares) and are located on the northern side of Orwell Road in Rathgar, opposite Rostrevor Terrace, approximately 450m south east of Rathgar Village. Planning permission exists for a high quality residential scheme incorporating 211 apartments and houses with additional development potential on other parts of the lands. The Group is currently targeting a total of 238 apartments and houses on the scheme.



Marianella
A RARE OPPORTUNITY

Cherrywood

Carrickmines, Dublin 18.

The Company recently announced it had reached agreement to purchase two lots with an option to purchase a third on receipt of planning permission. Cherrywood has unrivalled potential and will ultimately be home to approximately 25,000 residents.

The visionary masterplan for this landmark site, developed by Hines, includes the construction of a new retail-led, mixed use town centre and up to 3,800 apartments and houses.

KEY SITE CHARACTERISTICS

The initial plot extends to 10 acres (4.225 hectares) and is situated on an elevated site with views out to the sea. The planning applications for the town centre, will further progress the site masterplan and leverage Cherrywood's unique attributes including four LUAS (light rail) stops and links to the country's motorway network at the junction of the N11 and the M50 ring road.

Hanover Quay

Dublin 2.

The recent agreement to acquire this site, located in the South Dublin docklands Strategic Development Zone (“SDZ”), provides the opportunity to provide much-needed quality waterfront homes in the Dublin business centre and ‘Silicon Docks’ area of the city which has a particularly acute demand for new homes.

KEY SITE CHARACTERISTICS

With the benefit of an existing planning permission for in excess of 100 apartments, this 1.05 acre (0.43 hectares) site allows us to commence construction during 2016. However, the Cairn planning team are currently re-appraising the site and intend lodging an application for an improved development.

Building to the highest quality

A Cairn home stands out because we only work with tradespeople, designers, craftsmen and suppliers who are experienced in their fields and our team is fortunate to have forged longstanding relationships with many of these people.

Cairn is a member of the Construction Industry Federation (CIF). All Cairn homes are protected by HomeBond, the leading provider of structural cover operating in Ireland since 1978.

Better regulations - Higher Standards

Ireland's Building Regulations for new homes are continually being amended and improved and set a high quality benchmark fully deserving of the homebuyers confidence.

The 2011 amendments to the Regulations require a further reduction in primary energy consumption and carbon dioxide emissions. An additional increase in the levels of insulation for walls, roofs and floors is required along with a better U value for doors and windows, increased levels of air tightness and an improvement in the minimum efficiency of oil and gas boilers.

At Cairn one of our goals is to achieve building enhancements that aim to go beyond the current regulations. All our homes are designed to be airtight, fully insulated and to consume the least amount of energy possible. We set ourselves the highest quality benchmark to ensure that buyers can buy a Cairn home with confidence.

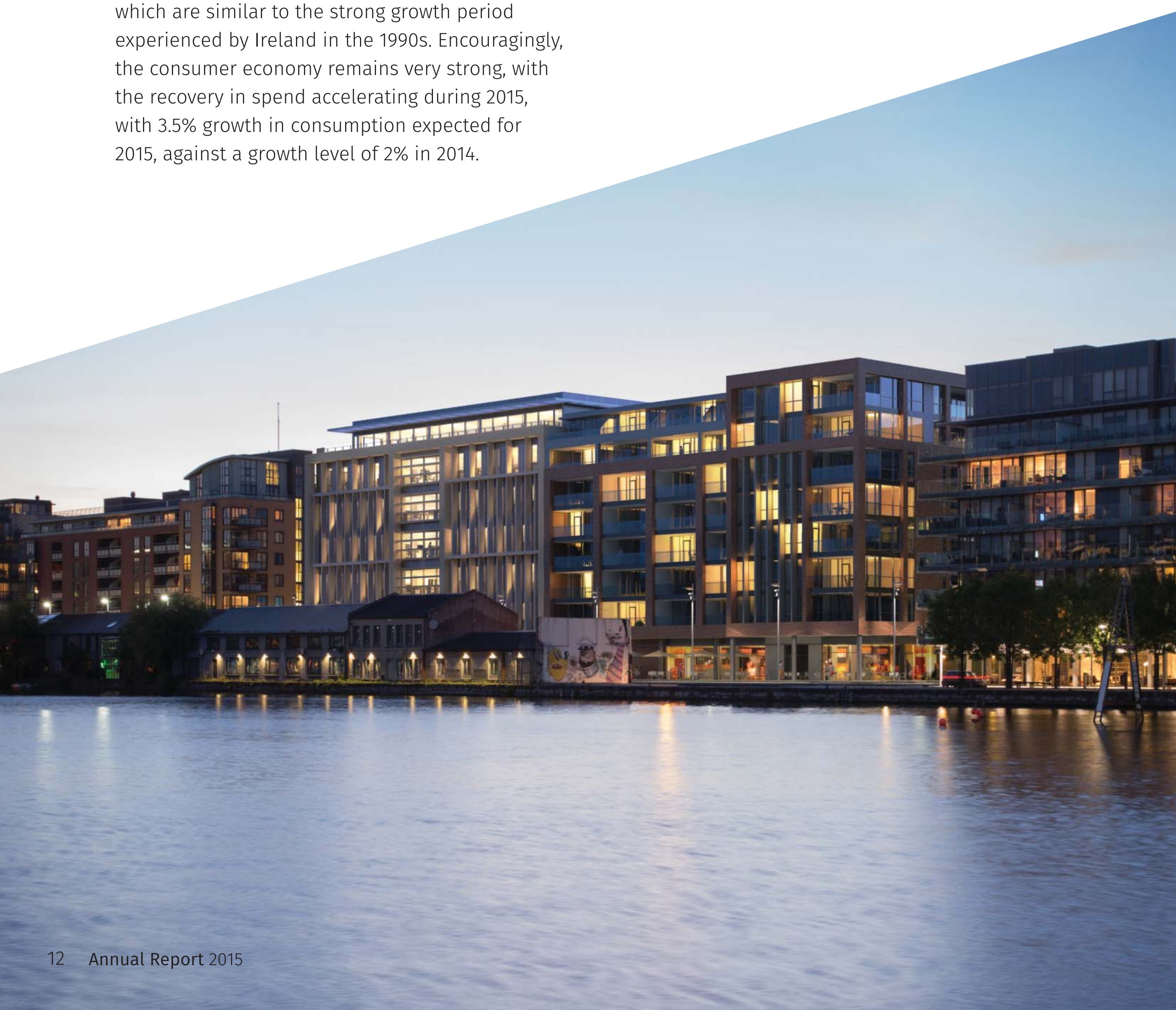
Market Outlook

The Irish macro-economic backdrop remains strong, with GDP growth now accelerating and Ireland is experiencing its fastest growth since the mid-2000s. The country continues to be the fastest growing economy in the European Union and unemployment has declined from a peak of 15.1% to a current level of 8.8%.

Recent forecasts (source: Goodbody) for the Irish economy are now predicting GDP growth of 7.0% in 2015 and growth of 5% in 2016, with further strong growth of 3.7% in 2017. Importantly, this performance is taking place without either inflation or credit expansion, the dynamics of which are similar to the strong growth period experienced by Ireland in the 1990s. Encouragingly, the consumer economy remains very strong, with the recovery in spend accelerating during 2015, with 3.5% growth in consumption expected for 2015, against a growth level of 2% in 2014.

Consumer confidence is now at a 15 year high and the strong employment market is leading to an expectation of a return to wage growth across the broader Irish economy during 2016, which is an important ingredient needed for a stronger residential property market.

These strong macro-economic trends, underpinned by external factors such as government initiatives in the areas of housing regulations, rent certainty measures and house price recoveries, all contribute to a significant opportunity for the continued growth of the Irish housing market.



IRISH HOUSING MARKET

The market for new homes in Ireland remains strong, with the housing market as a whole being characterised by a growing demand and a significant continued under supply. While there is an ongoing need for 25,000 to 30,000 new homes nationally and a need for 8,000 to 10,000 new homes a year in Dublin alone *(Source; Goodbody, Irish Property. From stabilisation to recovery, September 2014)*, completions are falling significantly short of this. It is estimated that just over 3,000 houses were completed in Dublin in 2015, with a similar level expected for 2016, which underlines the worsening rather than improving demand/supply imbalance.

Rising rent levels across the country and in Dublin in particular continue to be a strong feature of the residential housing market, illustrating the worsening demand / supply imbalance. A recent industry report highlighted the continued rise in rents across the country, with national rents up 9% and Dublin rents up 8.2% in 2015. Dublin rents are now up 43% against their 2010 low. These continued rent increases are directly related to an acute shortage of housing availability, which is evidenced by the fact that there was an average of almost 5,200 properties available to rent in Dublin between 2008 and 2012, whereas today there are only 1,400 houses to rent, in a city of almost half a million households.

Long-term demand for new homes is also directly related to population growth and the rate of new household formation. Population growth of 2.2% in Dublin in Q3 of 2015 was the highest seen since 2007. Coupled with annual employment growth of 2.9% in the same period last year, these trends, as they have in the past, will likely contribute to an increase in home ownership and demand for new homes in Ireland.

MORTGAGE MARKET ENVIRONMENT

Since the lows of 2011, the mortgage market in Ireland has significantly improved, with a 105% increase in the number of mortgage approvals. The introduction of macro-prudential rules by the Central Bank of Ireland (CBI) in February 2015, including loan-to-income caps and maximum LTV ratios had an impact on the growth volumes and availability of mortgages during the second half of 2015. The recently appointed Governor of the Central Bank has indicated that a review of the rules will be undertaken over the coming months, with the results of the review and any proposed change to the existing rules to be made public during November 2016.

HOUSING OUTLOOK

The underlying demand for new housing in Ireland is expected to remain strong as supply is unlikely to meet demand in the medium term. We will commence construction on 5 further schemes within the next twelve months and look forward to making a meaningful contribution to the much needed supply of quality new homes in Ireland over the coming years.

Chairman's Statement

John Reynolds

"At Cairn Homes a key part of our strategy is to strive for excellence in all areas of our business. We believe that residential construction must aspire to the highest possible environmental standards."

In my first report to you as Chairman, I am pleased to note that, since Cairn Homes floated on the London Stock Exchange in June 2015, we have seen an exceptional period of acquisitions by the Company, in accordance with our stated objective at the time of flotation.

During this time, the Company has successfully deployed IPO proceeds and secured strategic land banks for the development of residential dwellings in areas of demographically underpinned demand.

The Company's clarity of focus and commitment to our sustainable business model remains steadfast.

THE WAY WE DO BUSINESS

For Cairn Homes, the Board is firmly committed to developing and maintaining a sustainable home building business model. This requires the Company to meet the demands of a growing cohort of potential customers with viable and profitable housing solutions. Our land acquisition strategy, coupled with the current and foreseeable demand/supply dynamic within the Irish residential property market, presents a significant opportunity for the Company. Our aim as a business, both for the immediate and longer term is to build on the emerging confidence in and recovery of the Irish residential property market and establish the Company as the leading Irish homebuilder, working to meet the growing demand for quality homes, and in turn maximising return for our shareholders.

In our first year of business, we have achieved our objectives of securing strategic land banks suitable for sustainable residential building development. With advanced negotiations to acquire further sites in Dublin and the Dublin commuter belt ongoing, we are well placed to firmly position the Company at the heart of the Irish residential property recovery in 2016 and beyond.

The Board is firmly of the view that operational excellence is and will continue to be the cornerstone of our success. At Cairn Homes a key part of our strategy is to strive for excellence in all areas of our business and to operate on an ambitious scale while ensuring that our management standards are consistently applied throughout all of the development sites under the Company's control. We believe that residential construction must aspire to the highest possible environmental standards. It is our commitment to all ongoing and future residential developments to ensure the highest specification of energy efficiencies are incorporated into each and every Cairn Homes development.

CORPORATE GOVERNANCE

Cairn Homes has an unwavering commitment to excellence in corporate governance which the Board will continue to strengthen, supported by a robust and effective governance framework and risk management structure.

We understand the importance of high quality health and safety standards and the Group aims to maintain these high standards of health and safety performance, focusing on hazard elimination, risk reduction, regular monitoring, and training, auditing and individual behaviour.

The Board has put in place an Audit and Risk Committee which is responsible for monitoring the effectiveness of the Group's financial statements and its systems for internal control and risk management. It also monitors the independence, objectivity and tenure of the external auditor and considers whether the Annual Report and Financial Statements are fair, balanced and understandable.

In addition, a Remuneration Committee, responsible for determining packages for Executive Directors, Chairman and senior management team, including pension rights and compensation payments has also been established.

A Nomination Committee has also been established and its responsibilities include reviewing the structure, size and composition of the Board and leading the process for new Board appointments.

RETURNS TO SHAREHOLDERS

The Board of Cairn Homes has declared it does not anticipate paying a dividend in the immediately foreseeable future as the Company's primary focus is seeking to achieve capital growth. However, in the longer term the Directors are committed to following a progressive dividend policy on behalf of shareholders, reflecting both confidence in our performance and the resilience of the Irish residential property market.

OUR PEOPLE

Cairn Homes operates the typical operational model of a large homebuilding Company with 4-10 employees per site, who act as the on-site management team working with sub-contractor partners. With strong development and growth plans in place, the group intends to increase both direct and indirect employee numbers in line with Company growth.

I would like to take this opportunity to acknowledge the breadth and depth of experience of our management and operational teams, led by our Chief Executive, Michael Stanley, who are committed to the growth and development of Cairn Homes.

On behalf of the Board, I would like to thank all employees of Cairn Homes, for their continued commitment and contribution.

OUTLOOK

We are well placed for continued growth and development and achievement of our strategic objectives.

I would like to thank you, our shareholders, for your continued support.

John Reynolds
Chairman

Chief Executive's Statement

Michael Stanley

"We are now clearly focused on the next phase of our Company's development which will be the continued scaling of our homebuilding activities."

2015 SUMMARY / RESULTS

2015 has been an exceptional first year for Cairn Homes. Following a highly successful IPO in June - raising in excess of €440m and an additional €52m in our December 2015 placing, we have focused on investing in a strong strategic pipeline of development land to ensure we are well positioned in 2016 and beyond.

Our land investment strategy has been pivotal to our success, with significant 'off market' acquisitions adding to our wins in the two competitive bidding processes we entered. Off market transactions completed include: Barrington Tower (Foxrock) and Ard Na Glaise (Stillorgan) and agreements have been signed to acquire Hanover Quay (Dublin Docklands SDZ) and Cherrywood. Through our success in the Ulster Bank Project Clear process, we will also unlock the most significant residential land bank ever to come to the Irish market.

Since IPO we have invested over €500m in various land transactions. We had targeted a period of 12 to 18 months for the successful deployment of our IPO proceeds, so we are pleased to have achieved this target in a much shorter timeframe due to our focus on securing key strategic transactions and our successful prospecting of off-market opportunities. We are now clearly focused on the next phase of our Company's development which will be the continued scaling of our homebuilding activities.

To support the expansion of our operations we have added new talent to our team across many disciplines including; planning, engineering, surveying, programme and site management. Many of the new people who have joined Cairn Homes are returning to Ireland having gained valuable experience working in the construction industry abroad.

ECONOMIC CONDITIONS

In 2015, we also saw the benefit of strengthening macroeconomic conditions in Ireland, and supportive property market conditions indicating strong growth opportunities. The Central Bank's macro-prudential rules appear to be having an impact on the pace and timing of home acquisitions by aspirant owners. Compensating for this impact, growing employment, increased earnings and tax cuts are all helping affordability which in turn increases the capability of those aspirant home owners to acquire their homes. Recent government measures which reduce the cost of residential development are progressive and welcome. However, the extremely low level of housing completions in 2015, and escalating residential rents suggests that more will be done to relieve the bottleneck, particularly in the speed and responsiveness of the planning process.

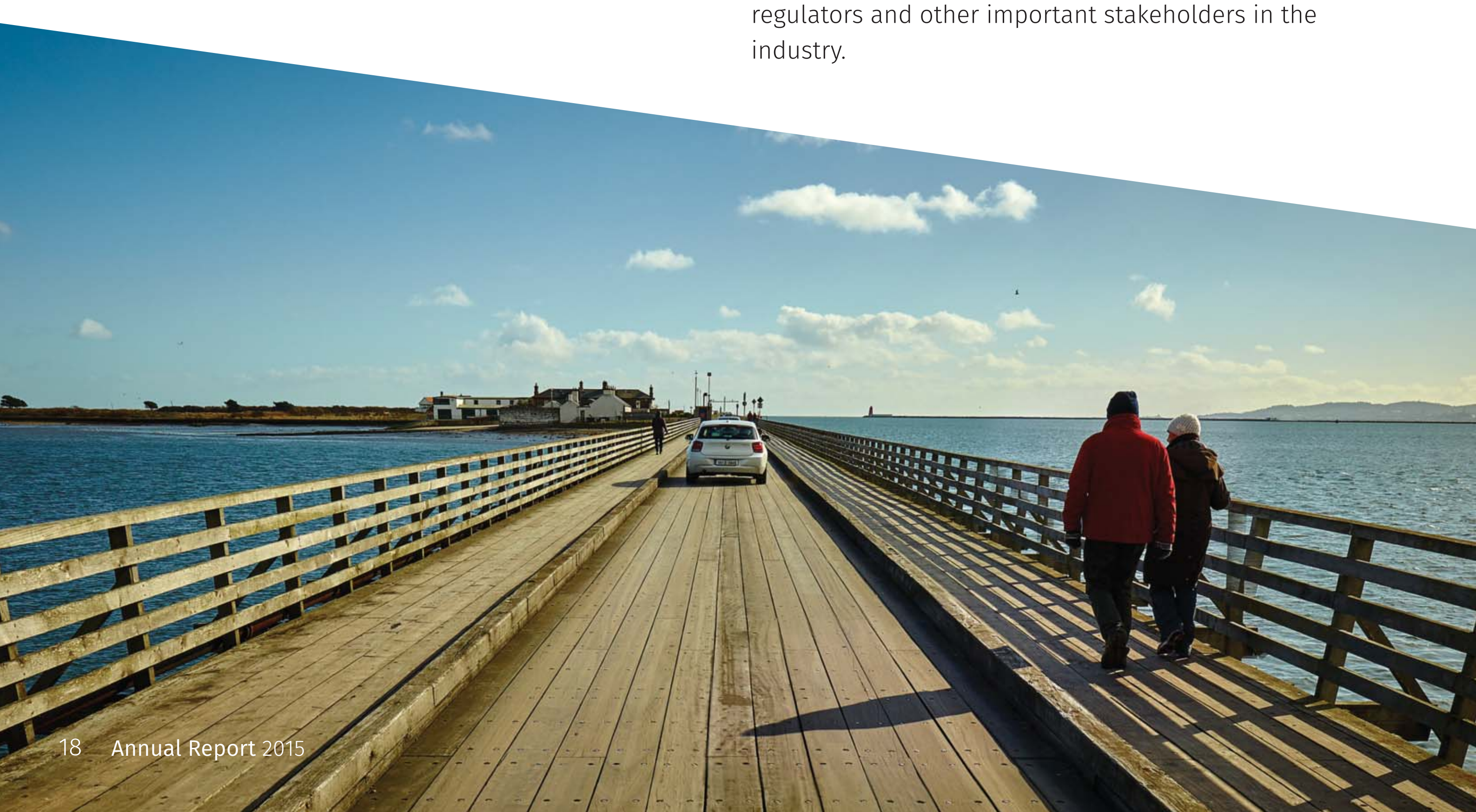
CAIRN HOMES STRATEGY AND OUTLOOK

Our strategic objectives are clear. Having acquired exceptionally well located sites in targeted regions, we will utilise our in-house expertise, our professional teams and our skilled sub-contractors to capitalise on the recovery of the Irish residential property market. We aim to be synonymous with a design-led approach, build quality, and exceptional customer service.

I would like to take this opportunity to reiterate our Chairman's words of thanks to the team and the individuals across our business. Cairn Homes is committed to striving for excellence in all areas of our operations. I believe we have the best people in the industry and look forward to making Cairn Homes the employer of choice in our sector.

Our team will continue to develop a culture which recognises the importance of a home purchase for our customers. We will seek to make the home buying process as stress-free as possible and address any future service needs of customers in a timely and courteous manner.

As well as offering home buyers peace of mind, our distinctive approach also engenders the trust and collaboration of planners, local authorities, regulators and other important stakeholders in the industry.



OUTLOOK

Looking forward, we are currently operating in a housing market underpinned by a significant structural demand and supply imbalance. Housing remains high on the political agenda with strong recognition of the importance of our industry to Ireland's continued economic recovery.

As we progress the transformation of our operational land bank, we remain confident in our strategy and look forward to being a significant contributor in the delivery of much needed new homes in Ireland.

I am proud to lead a superb team of skilled and dedicated people with a clear vision to deliver high quality new homes to the marketplace. Cairn Homes has had an exceptional first year. We are confident of the outlook, and we look forward to steady and sustainable growth over the coming financial year.

Michael Stanley
CEO

Financial Director's Review

Eamonn O'Kennedy

2015 represented the Group's first period of operation, following its incorporation on 12 November 2014 and its successful Initial Public Offering ("IPO") in June 2015.

CAPITAL RAISING

The Company's IPO raised gross cash proceeds of €443 million, with a follow on share placing in December 2015 raising further gross proceeds of €52 million. After deducting the various costs of the two equity issuances, the net proceeds raised were €479 million.

In addition, we announced a €150 million Senior Debt Facility ("Facility") with Allied Irish Bank p.l.c in December 2015. This Facility was increased to €200 million in March 2016 after Ulster Bank joined the banking group. The Facility has a 4 year term and is comprised of a €150 million term loan and a €50 million working capital facility and provides the Group with flexible and efficient financing.

INVESTMENT

2015 was very much a year of investment for the Group, with seven separate site transactions in the course of the year, four of which were sites conditionally purchased at the time of the Group's IPO. The initial cash outlay on these sites was a total of €92.5 million. In addition to the cost of these sites, the Group spent a further €378 million on the Project Clear loan portfolio acquisition in December 2015, which secured for the Group access to the largest land-bank available in Ireland.

One of the sites, Parkside, was acquired through the acquisition of Emerley Holdings Limited (subsequently renamed Cairn Homes Holdings Limited), the owner of the Parkside site.

The consideration paid for the acquisition was €26.7 million, which was satisfied by the issue of 26.7 million ordinary shares in the Company, at a value of €1 per share.

The net assets acquired by the Company were €23.7 million, which included the €18.1 million Emerley Properties Loan, which was repaid in December 2015. The difference between the consideration paid and the net assets acquired of €2.9 million, relating to the costs incurred by Emerley Holdings Limited on behalf of the Company and its shareholders, was charged to profit or loss as an exceptional item.

As a result of the above acquisitions, in addition to investment in inventories, the Group had an investment in inventories and loan assets of €532.3 million at 31 December 2015.

REVENUE

Total revenue in the period was €3.7 million, of which €3.4 million arose on the completed sales of 11 houses in the Group's first development site at Parkside, North Dublin.
In addition, the Group earned ancilliary rental income of €0.3 million from a temporary school on its Parkside site and some commercial units on its Butterly site.

FOUNDER SHARE CHARGE

A valuation exercise was undertaken during 2015 to determine the fair value of the Founder Shares, which were issued to the Founders of the Company, prior to the IPO. This resulted in a non-cash charge in the financial period to 31 December 2015 of €29.1 million, with a corresponding increase in the share-based payment reserve in equity, such that there is no overall effect on the total equity of the Company.

This non-cash charge to the income statement for the period is for the full fair value of the award relating to the founder shares, as a result of the specific terms of the award. No charge will be recognised in subsequent years.

OPERATING PROFIT

The Group made a gross profit of €0.7 million and after central overheads of €4.5m, made an operating loss of €3.8 million, before exceptional items. The Group had exceptional charges in the year of €30.2 million, which comprised of the founder share fair-value charge of €29.1 million and a €1.1 million charge under administrative expenses, relating to costs incurred by Emerley Holdings Limited, prior to its acquisition by the Group. This €1.1 million charge was deemed to be a cost that was incurred for the benefit of the Company and its shareholders.

FINANCE INCOME/COST

Finance income represents the interest earned by the Company on the proceeds of the IPO which were placed on deposit, prior to investment.

Finance costs incurred during the period under review of €3.7 million primarily consisted of interest payments in connection with the Emerley Properties Loan. €1.9 million of this total represents the pre-existing interest costs of Emerley Holdings Limited prior to its acquisition which were assumed by the Group and consequently were treated as an exceptional item.

Eamonn O'Kennedy
Group Finance Director

Company Information

Directors

Michael Stanley (Chief Executive Officer)
Alan McIntosh (Executive, British)
Eamonn O'Kennedy (Group Finance Director)
John Reynolds (Non-Executive Chairman)
Andrew Bernhardt (Non-Executive, British)
Giles Davies (Non-Executive, British)
Gary Britton (Non-Executive)
Aidan O'Hogan (Non-Executive)

Secretary and Registered Office

Andrew Donagher
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Dublin 4

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Ballsbridge
Dublin 4

Ulster Bank Ireland Limited
33 College Green
Dublin 2


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Board of Directors
Chairman and Executive Directors

John Reynolds
Non-Executive Chairman

Age: 57
Nationality: Irish

Appointment to the Board: 28 April 2015
Committee Membership: Member of the Nomination Committee since 29 April 2015.

John Reynolds is also the Chairman of the Nomination Committee. He 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. He is currently a non-executive director of Computershare Investor Services (Ireland) Limited and Business in the Community Limited.

Michael Stanley
Chief Executive Officer,
Co-Founder and Executive Director

Age: 50
Nationality: Irish

Appointment to the Board: 12 November 2014

Michael Stanley has a strong pedigree in home and property development. He was appointed chief executive officer (2005-2007) of Stanley Holdings, following the demerger of Shannon Homes. The Stanley family founded Shannon Homes in 1970 and it became a top ten Irish house builder with a peak turnover of in excess of €200 million. Michael also co-founded Coastland Partnership (2001 to 2009), a partnership focusing on property development in Dublin and London.

In recent years, Michael has served as non-executive director of Oneview Healthcare (2011 to 2015), and adviser to Endeco Limited, an Irish energy company (2011 to 2014). In 2012, he established Lead Asset Management Limited, a property development company which subsequently completed planning and redevelopment of a number of residential and commercial schemes in Dublin.

Alan McIntosh

Co-Founder & Executive Director

Age: 48
Nationality: British

Appointment to the Board: 12 November 2014

Alan McIntosh has been a principal investor and part of successful investor groups for over 17 years. During this time he has had operational management roles and been part of management teams that have successfully grown a number of different businesses including Topps Tiles Plc, PizzaExpress and Centre Parcs propco. Alan was a co-founder of each of Pearl Group (now listed as Phoenix Group plc), Punch Taverns plc, Spirit Group plc and Wellington Pub Company Ltd.

Alan's private investment vehicle, Emerald Investment Partners, has interests in real estate, healthcare, biotech and technology in Europe and North America. He qualified as a chartered accountant with Deloitte & Touche in 1992.

Eamonn O'Kennedy

Group Finance Director

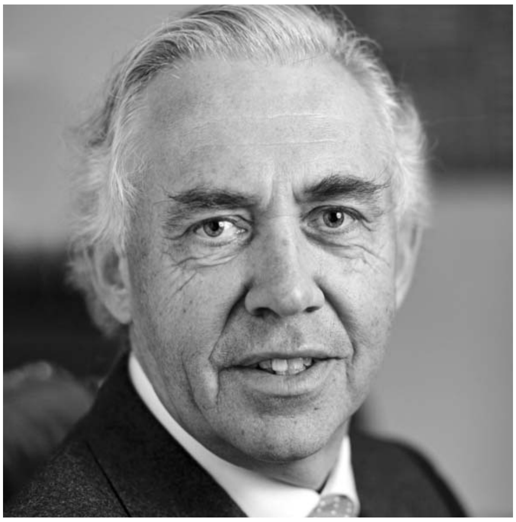
Age: 43
Nationality: Irish

Appointment to the Board: 28 April 2015

Eamonn O'Kennedy was previously Chief Financial Officer (2012 to 2014) of Independent News and Media plc.

Prior to this role, Eamonn held a number of senior management roles with Independent News and Media plc between 1999 and 2012, including Finance Director (Ireland) and Group Finance Manager. He is a fellow of the Institute of Chartered Accountants in Ireland, having qualified with PricewaterhouseCoopers in 1996.

Board of Directors
Non-Executive Directors



Gary Britton
Non-Executive Director

Age: 61
Nationality: Irish

Appointment to the Board: 28 April 2015
Committee Membership: Member of the Audit and Risk Committee and the Nomination Committee since 29 April 2015.

Gary is also Chairman of the Audit and Risk Committee. He is currently a Non-Executive Director of The Irish Stock Exchange plc, KBC Bank Ireland plc, Origin Enterprises plc and The Cheshire Foundation in Ireland. He 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 is a member of the Institute of Chartered Accountants in Ireland, the Institute of Directors and the Institute of Banking. He is also a Certified Bank Director as designated by the Institute of Banking.

Aidan O'Hogan
Non-Executive Director

Age: 64
Nationality: Irish

Appointment to the Board: 18 May 2015
Committee Membership: Member of the Nomination Committee and Remuneration Committee since 18 May 2015.

Aidan O'Hogan is a Chartered Surveyor and a fellow of the Royal Institution of Chartered Surveyors and the Society of Chartered Surveyors in Ireland. Aidan is a past President of the Irish Auctioneers and Valuers Institute. In 2009, he retired as chairman of Savills Ireland after 40 years as a real estate professional.

Aidan is currently a council member and former Chairman of Property Industry Ireland and was previously Managing Director and Chairman of Hamilton Osborne King, with almost 20 years' experience there. He is also a non-executive director of IRES REIT PLC and Chairman of their Audit Committee.

Andrew Bernhardt
Non-Executive Director

Age: 55
Nationality: British

Appointment to the Board: 28 April 2015
Committee Membership: Member of the Audit and Risk Committee and Remuneration Committee since 29 April 2015.

Andrew currently serves on the board of ALMC, where he was previously CEO.

Prior to joining ALMC, Andrew had a 29 year career in commercial banking at Barclays Bank and GE Capital. He was heavily involved in supporting the growth of a number of well-known property companies (including Canary Wharf, Hammerson, Slough Estates and Howard de Walden Estates) during his time at Barclays Bank.

Giles Davies
Non-Executive Director

Age: 47
Nationality: British

Appointment to the Board: 28 April 2015
Committee Membership: Member of the Audit and Risk Committee and Remuneration Committee since 29 April 2015.

Giles Davies is also Chairman of the Remuneration Committee and a member of the Audit and Risk Committee. Giles qualified as a chartered accountant with PwC in London and spent five years in management consultancy in London and New York. He went on to found Conservation Capital, a leading practice in the emerging field of conservation finance and enterprise.

He is also non-executive chairman of Capital Management & Investment plc and non-executive Chairman of Wilderness Scotland (Wilderness Ireland is a subsidiary). Until recently, Giles was a non-executive director of the Algeco Scotsman group - a leading global provider of modular space with operations in 29 countries and revenues approaching US$1.5 billion.

Directors' Report

The Directors present the first Report of the Directors of Cairn Homes Public Limited Company (the "Group" or "Company") together with the audited financial statements for the period from incorporation on 12 November 2014 to 31 December 2015. The Chairman's Statement, Chief Executive's Statement, Financial Director's Review, Corporate Governance Report and all other sections of the Report and financial statements, to which cross reference is made, are incorporated into the Report of the Directors by reference.

Directors' responsibilities

These are set out in the Statement of Directors' Responsibilities on pages 75 to 76 of this report.

Principal activity and review of the business

The Company was incorporated on 12 November 2014 as a private limited company and was re-registered as a public limited company on 19 May 2015. The Company completed an initial public offering on 10 June 2015 and its shares were admitted to trading on the London Stock Exchange with a Standard Listing on 15 June 2015.

The principal activity of the Group is to establish itself over the medium term as a leading Irish homebuilder, constructing high quality new homes with an emphasis on design, innovation and customer service. The Group consists of the Company, Cairn Homes plc, and a number of wholly owned subsidiaries which are detailed in Note 23 to the Consolidated Financial Statements. The Chairman's Statement, Chief Executive's Statement and Financial Director's Review provide a review of the Company's business for 2015.

Results and dividends

The Group's consolidated loss after taxation for the period under review was €37.2 million. The Directors do not propose a payment of a dividend in respect of the period under review.

Events since the Year End

Information in respect of events since the year end is contained in Note 30 to the Consolidated Financial Statements.

Directors' Report - continued

Memorandum and Articles of Association

The Memorandum and Articles of Association set out the basic management and administrative structure of the Company. The Articles of Association regulate the internal affairs of the Company and cover such matters as the issue and transfer of shares, Board and shareholder meetings, powers and duties of Directors and borrowing powers. In accordance with the Articles of Association, Directors can be appointed or removed by shareholders in a general meeting.

The Memorandum and Articles of Association may only be amended by special resolution at a general meeting of shareholders. Copies are available by writing to the Company Secretary or through the Irish Companies Registration Office.

Corporate governance

The Group is committed to high standards of corporate governance, details of which are given in the Corporate Governance Report on pages 36 to 47 which forms part of the Report of the Directors.

Principal risks and uncertainties

Under Irish company law, the Company is required to give a description of the principal risks and uncertainties which it faces.

The Board recognises that there are certain risks in the structure, operation and management of the Group and Company and acts to mitigate these risks through its close and active management. The Group's exposure to financial risk is further described in Note 26 to the Consolidated Financial Statements. Some of the risks set out below have not impacted directly on the Group in the current period given that the Group only commenced operations during the financial period under review. However, such risks are expected to be applicable in the coming financial year.

Directors' Report - continued

Principal risks and uncertainties (continued)

The principal risks faced by the Group are:

- Economic Conditions
- Mortgage Availability & Affordability
- Health & Safety
- Availability & Strength of Sub-Contractors
- Succession Planning
- Recruitment & Retention of Key Personnel
- Financial Controls Framework
- Liquidity Management
- Loan to Own
- Planning Regulations
- Programme Risk/Project Planning

Risk Description	Mitigation
Economic Conditions Cairn's business is sensitive to the performance of the wider economy and particularly changes in interest rates, employment and general consumer confidence. Changes in economic conditions in Ireland (which are linked to the performance of the broader global economy, given Ireland's open economy) are likely to impact on house prices and house sales rates.	Cairn's business strategy reflects the cyclical nature of the industry. The Board and the management team closely monitor economic indicators for indications of weakness in the economy. Internal systems in place to track margin impact of reduction in sales prices. Regular impairment reviews.
Mortgage Availability & Affordability The availability of mortgage finance, particularly the deposit and income requirements set by the Regulator on mortgage lending, is fundamental to customer demand.	The Group monitors mortgage availability including any impact from regulations on mortgage lending and rates on an ongoing basis and it is a standing item at Board meetings for discussion. The Group also considers the benefits of products used in other jurisdictions to stimulate supply in the market and considers whether such an approach is appropriate for the Irish market.

Directors' Report - continued

Principal risks and uncertainties (continued)

Risk Description	Mitigation
Health & Safety Health and safety breaches can result in injuries to Cairn staff or sub-contractors operating on Cairn sites and/or result in delays in construction or increased costs, in addition to reputational damage and potential litigation.	The Health & Safety department operates independently of the construction division and reports directly to Head Office in order to maintain independence. Reportable and non-reportable incidents are measured across sites and reported to management and the Board on a regular basis in order to track trends across and within sites. A strong Health & Safety culture exists across the organisation. A formalised (industry standard) Safety Cert system is being introduced, which will include a robust management system and include regular safety audits and scoring of results.
Availability and Strength of Sub-Contractors The risk that the Group is unable to attract the right quantity and quality of sub-contractors, which are critical to delivery of the Group's homes, due to the outsourced business model applied by the Group.	Supply agreements are fixed for all, or a significant portion of a scheme in order to ensure supply is guaranteed. Given the size of the Group's land-bank and its position in the market-place, it is a very attractive client for sub-contractors. Senior and middle management have many years of experience in the industry and strong relationships with and knowledge of key suppliers. The Group ensures payments are made on time to key suppliers in order to maximise their liquidity as they scale their operations in conjunction with the Group. A panel of approved sub-contractors is in place and circulated on all relevant tenders.

Directors' Report - continued

Principal risks and uncertainties (continued)

Risk Description	Mitigation
Succession Planning A risk that the loss of key staff will result in a loss of key corporate knowledge and consequential impact on operations.	Ensuring that a strong number two is in place across all key functional areas. Regular interaction across the various departments in order to ensure strong knowledge transfer. Performance monitoring of key individuals. Active talent management and staff development. Ensuring that remuneration policy is robust enough to meet market demands.
Recruitment and Retention of Key Personnel The risk that the Group does not have a sufficiently robust HR strategy in place in order to ensure the Group's recruitment policy/plans are delivered and that key staff are retained.	The Group has recently commenced operations and its ambitious growth plans make it an attractive place of employment for high calibre staff. The Group will ensure that it has a remuneration policy in place that is competitive in the marketplace. The Group is putting a HR policy in place in order to ensure a positive work environment is always in place. Performance reviews to keep staff motivated.
Financial Controls Framework The risk or failure to adhere to agreed policies, procedures and processes due to a lack of financial controls, leading to potential financial misstatement, fraudulent behaviour or a potential financial loss to the Company and Group.	Policies are in place across the Group in order to minimise risks in key areas. The Group only commenced its principal activities from the date of IPO in June 2015, as a result the financial control environment continues to be developed in conjunction with the growth in the underlying business. Head Office personnel with direct site operational knowledge being put in place to monitor site activity as operational activity increases.
Liquidity Management The risk that the Company does not maintain sufficient liquidity headroom to ensure that it can always meet its working capital requirements as they fall due. Risk that slower than expected sales impact on the Company's liquidity position. The risk that failure to comply with the Group's banking covenants results in the withdrawal of funding lines.	The Group will ensure that it always has sufficient liquidity in place to meet its cash flow requirements for the next 18 months. The Group prepares regular forecasts that look at both its short-term and longer-term requirements. Regular monitoring, forecasting and reporting of banking covenants. Speed of delivery on individual schemes takes account of sales absorption rates across each individual scheme.

Directors' Report - continued

Principal risks and uncertainties (continued)

Risk Description	Mitigation
Loan to Own The risk that the Group does not adequately prepare for or manage the Debtor relationships it has acquired through the acquisition of the Ulster Bank loan portfolio, which could have legal, operational and/or financial implications for the Group.	The Group has put business plans in place to ensure that it deals appropriately with each individual Debtor. The Group has appointed Hudson Advisors, who are an experienced Central Bank approved loan servicing agent, to manage the relationship with all Debtors. Regular meetings with the Group's loan service agent and all relevant advisors in order to ensure that the Group is fully briefed on all interaction with Debtors and on the implementation of its loan to own strategy.
Planning Regulations Inability to adhere to the complex and stringent regulatory environment that applies to the building industry. Risk that the Government will introduce new legislation that results in material cost, or time delays for the Group.	Group monitors all policy changes through its planning department and the experienced team is well placed to interpret regulatory changes. The Group uses external advisors who advise it on any changes to relevant legislation. Rigorous design standards for the homes that the Group develops. Participation in industry advocacy groups.
Programme Risk/Project Planning The risk that the Group incurs costs which are higher than expected or experiences delays in construction due to poor planning.	Robust project plans and controls are in place. Monthly reporting of all project costs, with variances and explanations highlighted in monthly reports. Key oversight personnel in place across all projects.

Directors' Report - continued

Going concern

The Group's activities, strategy and performance are explained in the Chief Executive's Statement on pages 17 to 19 of this Report. Further detail on the financial performance and financial position of the Group is provided in the financial statements. In addition, Note 26 to the Consolidated Financial Statements includes details on the Company's financial risk management and exposures.

Having assessed the relevant business risks, the Directors believe that the Company is well placed to manage these risks successfully, and they have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for 12 months from the date of approval of the financial statements. For this reason, they have prepared the financial statements on a going concern basis.

Viability Statement

The Directors have assessed the prospects of the business and its ability to meet its liabilities as they fall due and have concluded that four years was an appropriate period for the assessment given that the Company is in its first year in business. The four year period was selected as this is a key period in the Company's strategic planning.

The Company has developed a financial model which is regularly tested and assessed by the Board. The model includes financing requirements over the period. The model takes account of the potential impact of some of the principal risks of the Company as set out in this report. The Directors confirm that they have a reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due over the four year period, given its initial investment phase and its completions target of 1,000 units per annum by 2019.

Directors and Officers

The Directors of the Company, their biographical details and details of the dates of their appointments are detailed on pages 24 to 27.

Unless otherwise determined by the Company in a general meeting, the number of Directors shall not be more than ten nor less than two. A Director is not required to hold shares in the Company.
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 after his/her appointment. Furthermore, under the Articles, 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, all Directors intend to seek re-election each year at the Annual General Meeting.

The Directors' interests in the share capital of the Company are shown on pages 69, 70 and 72.

Mr. Andrew Donagher was appointed Company Secretary to the Company on 25 November 2015 in place of Castlewood Corporate Services Limited.

Directors' Report - continued

Substantial shareholdings

As at 14 March 2016, the Company has been notified of the following substantial interests in the Company's shares:

	No of Interests in Ordinary Shares	% of Issued Share Capital
FMR LLC	49,538,168	9.59
FIL Limited	43,807,546	8.48
Lansdowne Partners International Limited	33,276,612	6.44
Wellington Management Group LLP	25,910,591	5.01
Henderson Group plc	24,252,393	4.69
Oppenheimer Funds Inc	15,746,050	3.05

Other than these holdings, the Company has not been notified as at 14 March 2016 of any interest of 3% or more in its Ordinary Share Capital.

Auditor

KPMG Chartered Accountants were appointed as Auditor to the Company in 2015 and will continue in office in accordance with Section 383 of the Companies Act 2014. A resolution authorising the Directors to fix the Auditor's remuneration will be proposed at the Company's Annual General Meeting.

On behalf of the Board.

J. Reynolds
Chairman
14 March 2016

G. Britton
Director
14 March 2016

Corporate Governance Report

Introduction

Cairn Homes Limited was incorporated on 12 November 2014 and was re-registered as Cairn Homes Public Limited Company ("Company") on 19 May 2015. The Company completed an initial public offering on 10 June 2015 and its shares were admitted to trading on the London Stock Exchange with a Standard Listing on 15 June 2015.

The Company is wholly committed to attaining the highest standards of corporate governance. Whilst the Company has a Standard Listing on the London Stock Exchange and is therefore not required to report under the 2014 UK Corporate Governance Code (the "UK Code"), the Board has committed to reporting under and complying with the requirements of the UK Code. The Company complied with the provisions of the UK Code during the period from IPO in June 2015 to 31 December 2015. The Company's shares were listed on the London Stock Exchange on 10 June 2015 and this Corporate Governance Report sets out the Company's compliance with the UK Code from that date.

This section, including the Report of the Audit and Risk Committee and the Report of the Remuneration Committee, details how the Company has applied the principles and provisions of the UK Code. A copy of the UK Code is available on the Financial Reporting Council's website www.frc.org.uk.

The Board of Directors

The Company has a strong Board comprising Board members who have held senior positions in a number of public and private companies, bringing a wealth of property, construction and public company experience, with a majority of independent directors (including, upon appointment, the Chairman) in compliance with the UK Code. The Board is responsible for the leadership, control and overall strategy of the Company. This includes establishing goals for management and monitoring the achievement of these goals.

The Board has a formal schedule of matters specifically reserved to it for decision, including:

- Approval of significant acquisitions or disposals;
- Approval of material contracts;
- Approval of interim and full year financial statements;
- Approval of annual budgets;
- Risk management;
- Terms of reference of Chairman, Chief Executive and other Executive Directors;
- Terms of reference and membership of Board Committees.

Corporate Governance Report - continued

The Board of Directors (continued)

The Board comprises of five Non-Executive Directors (including the Chairman) and three Executive Directors and the biographies of these directors are set out on pages 24 to 27. The Board considers that all four Non-Executive Directors, A Bernhardt, G Britton, G Davies and A O'Hogan are independent and therefore at least half the Board consists of Independent Non-Executive Directors. The composition of the Board will be reviewed on a regular basis with due regard for the benefits of diversity on the Board, including gender, to ensure the appropriate balance of skills is maintained. The Board is satisfied with the size of the Board and the Board considers that the Directors bring a strong range of skills and experience required to lead the Company.

All Directors are furnished with information necessary to assist them in the performance of their duties. The Board intends to hold at least eight scheduled meetings each calendar year and will meet on an ad-hoc basis as otherwise required. Prior to all meetings taking place, an agenda and board papers are circulated to the Directors so that they are adequately prepared for the meetings. The Company Secretary is responsible for the procedural aspects of the Board meetings and all Directors have access to his advice and services. Directors are, where appropriate, entitled to have access to independent professional advice at the expense of the Company.

An induction procedure for new directors has been established. Directors engage with the executive and senior management on an ongoing basis to aid 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.

The Company has an insurance policy in place which insures the Directors in respect of legal action taken against them in respect of their reasonable actions as officers of the Company.

Subject to the provisions of, and so far as may be permitted by, the Companies Act 2014 and the Company's Articles of Association, every Director, auditor, 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.

Corporate Governance Report - continued

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 the 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 Articles of Association, 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 annual re-election. Accordingly all Directors will retire at the Annual General Meeting and being eligible will offer themselves for re-election.
The Board is satisfied that the Company benefits greatly from the services of all Directors and accordingly, the Board recommends the re-election of all the Directors.

Directors Remuneration

Details of Directors' remuneration are set out in the Report of the Remuneration Committee on pages 54 to 71.

Directors' attendance at Board and Committee meetings

A schedule of Board and Committee meetings and the Directors' attendance for the period under review is disclosed below:

Attendance at Board and Committee Meetings during the financial period ended 31 December 2015

	Board		Audit and Risk Committee		Remuneration Committee	
	A	B	A	B	A	B
M Stanley	10	10				
E O' Kennedy	10	10				
A McIntosh	10	9				
J Reynolds	10	9				
A Bernhardt	10	9	4	4	1	1
G Britton	10	9	4	4		
G Davies	10	9	4	4	1	1
A O' Hogan	10	7			1	1

M Stanley and A McIntosh were appointed as Directors on 12 November 2014, J Reynolds, E O'Kennedy, A Bernhardt, G Britton and G Davies were appointed on 28 April 2015 and A O'Hogan was appointed on 18 May 2015.

The attendance details are outlined in the format "A/B" where "A" represents the total number of meetings held during the period for which the Director was in place and "B" represents the number of meetings attended by the Director. The number of meetings is from the date the Company re-registered as a public limited company. The Nomination Committee did not meet during the period.

Corporate Governance Report - continued

Performance Evaluation

The UK Code requires that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. The Board considered that a self-evaluation process was appropriate at this stage. To facilitate this a Board Evaluation Questionnaire was completed by each Director for the period under review. The questionnaire included the following areas:

- Review of the performance of the Board
- Review of the performance of the Chairman
- Review of the performance of the Directors
- Review of the independence of Directors

The Chairman considered the results of the completed questionnaires and reported to the Board. The Board is committed to having its own performance and the performance of individual Directors externally evaluated at least every three years.

During the period the Chairman met with the Non-Executive Directors without the Executive Directors present. The Non-Executive Directors, led by the Senior Independent Director, met without the Chairman present to review the performance of the Chairman.

Chairman

J Reynolds was appointed as Chairman on 29 April 2015. The Chairman is responsible for the effective working of the Board and the Chief Executive Officer is responsible for the day-to-day running of the business. The roles of Chairman and Chief Executive Officer are separately held and the Chairman was considered independent as at the date of his appointment. The Chairman is responsible for the effective conduct of the Board and shareholder meetings and for ensuring that each Director contributes to effective decision-making. The Chief Executive Officer has day-to-day executive responsibility for the running of the Company's businesses. His role is to develop and deliver the strategy to enable the Company to meet its objectives. The Chairman ensures that the Board is provided with the information necessary to discharge its duties. The Chairman holds other non-executive directorships and the Board considers that these do not interfere with the discharge of his duties to the Company.

Corporate Governance Report - continued

Senior Independent Director

The Board has appointed G Davies as the Senior Independent Director. The role of the Senior Independent Director is mainly to:

- provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary.
- facilitate shareholders if they have concerns which contact through the normal channels of Chairman, or Executive Directors has failed to resolve or for which such contact is inappropriate.
- to hold a meeting with non-executive Directors at least annually (and on such other occasions as are deemed appropriate) to appraise the Chairman's performance, taking into account the views of Executive Directors.
- to attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders.

Committees of the Board

The Board has established three committees with formal terms of reference: the Audit and Risk Committee, the Nomination Committee and Remuneration Committee. The duties and responsibilities of each of these committees are set out clearly in written terms of reference, which have been approved by the Board and are available on the Company's website at www. cairnhomes.com or from the Company Secretary.

Audit and Risk Committee

Membership: G Britton (Chair), A Bernhardt and G Davies.

The Terms of Reference for the Audit and Risk Committee were approved and adopted by the Board on 29 April 2015 and noted by the Audit and Risk Committee at its inaugural meeting held on 15 June 2015. The Terms of Reference are available from the Company Secretary and on the Company's website at www.cairnhomes.com.

The Audit and Risk Committee is chaired by Gary Britton, who is also an independent Non-Executive Director and is considered by the Board to have sufficient financial experience and sufficient understanding of financial reporting and accounting principles. All members of the Audit and Risk Committee are independent Non-Executive Directors and the Audit and Risk Committee is constituted in compliance with the UK Code. The Audit and Risk Committee is responsible for monitoring and reviewing the financial reporting and accounting policies of the Group, reviewing the adequacy of internal controls in respect of risk management, reviewing the activities of the Group's internal audit activities which are in the process of being outsourced and overseeing the overall relationship with the external auditor.

There were four meetings of the Committee during the period and attendance details of each of the members of the Committee are set out on page 38 of this report. The report of the Committee is set out on pages 48 to 52 of this report.

Corporate Governance Report - continued

Nomination Committee

Membership: J Reynolds (Chair), G Britton and A O'Hogan.

The Terms of Reference for the Nomination Committee were approved and adopted by the Board on 29 April 2015.

The Nomination Committee is responsible for reviewing, within the agreed terms of reference, the structure, size and composition of the Board, undertaking succession planning, leading the process for new Board appointments and making recommendations to the Board on all new appointments and the re-appointments of existing directors.

In line with its terms of reference the Nomination Committee meets at least once per year and as otherwise required. The Committee's first meeting was in February 2016.

Remuneration Committee

Membership: G Davies (Chair), A Bernhardt and A O'Hogan.

The Terms of Reference for the Remuneration Committee were approved and adopted by the Board on 29 April 2015 and noted by the Remuneration Committee at its inaugural meeting held on 15 October 2015.

The Remuneration Committee has responsibility for determining, within its agreed Terms of Reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for the Executive Directors and the Non-Executive Chairman, including pension rights and compensation payments. It is also responsible for making recommendations for grants of options under share-based schemes for Group employees. The remuneration of the Non-Executive Directors is a matter for the Board. No Director may be involved with any discussions as to their own remuneration.

There was one meeting of the Committee during the period and attendance details of each of the members of the Committee are set out on page 38 of this report. The report of the Committee is set out on pages 54 to 71 of this report.

Corporate Governance Report - continued

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 period under review. The Board has reviewed the effectiveness of the Company's internal control systems, with the assistance of the Audit and 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. Given the Company's recent incorporation, the Group's risk framework is evolving, with some risk mitigants only in existence for a short period of time. The Group will continue to monitor and improve its risk management framework throughout 2016.

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 issue of financial reports is managed by the Company finance department. The financial reporting process is controlled using the Company's accounting policies and reporting system. The financial information is reviewed by the Finance Director and the Chief Executive Officer. The interim and preliminary results and the Annual Report and Financial Statements are reviewed by the Audit and Risk Committee on behalf of the Board. The Directors have ensured that measures are in place to secure compliance with the Company's obligations to keep adequate accounting records. The accounting records are kept at the Company's registered office.

Risk management

The Company considers risk management to be of paramount importance. The Board, together with the senior management, deals with risk management on behalf of the Company as part of its regular monitoring of the business. The Board and the Audit and 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.

The Board has carried out a robust assessment of the principal risks of the Group. The Board has considered, approved and maintains on an ongoing basis a Risk Register in which the risks pertaining to the Group are identified and assessed. The Board considers the appropriateness of risk mitigation measures and any gaps identified in such measures are addressed. The Risk Register is updated and reviewed by the Board and the Audit and Risk Committee at least annually or more frequently if specifically required. The Board has reviewed the effectiveness of the risk management systems and is satisfied that the Group's risk management function has the necessary authority, resources, expertise and access to relevant information to fulfil its role. Further information on the principal risks applicable to the Group is given on pages 29 to 33.

Corporate Governance Report - continued

Financial risk management

The financial risk management objectives and policies of the Company are set out in Note 26 to the Consolidated Financial Statements.

Model Code on share dealing

The Company must comply with the Model Code which imposes restrictions on share dealings for the purposes of preventing the abuse, or suspicion of abuse, of inside information by Directors and other persons discharging managerial responsibilities within the Company. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors and others to whom the Model Code is applicable.

The Company has in place a share dealing code which gives guidance to the Directors and any persons discharging managerial responsibilities as defined in regulation 12(8) of the Market Abuse Regulations and persons identified by the Board to fulfil this role, to be followed when dealing in the shares of any class of the Company or any other type of securities issued by or related to the Company.

Communications 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 full year results. The Executive Directors meet with institutional investors during the year and participate in broker/investor conferences.

The Executive Directors report regularly to the Board on their contacts with shareholders.

The Chairman, Chief Executive and other Directors will be available at the Annual General Meeting to answer shareholder questions. The Annual Report for 2015 will be made available 20 working days prior to the Annual General Meeting.

Corporate Governance Report - continued

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. Information is distributed to shareholders at least 20 business days prior to the annual general meeting.

Quorum

No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two members present in person or by proxy shall constitute a quorum in accordance with the Articles of Association of the Company.

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 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 more than 75% 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 Articles of Association of the Company; and
- approving a change of the Company's name.

Corporate Governance Report - continued

General Meetings (continued)

Other

The Company discloses information to the market as required by the Listing Rules of the London Stock Exchange and Financial Conduct Authority including inter alia:

(a) periodic financial information such as annual and half yearly results.
(b) price-sensitive information, which 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).
(c) information regarding major developments in the Company's activities.
(d) information regarding dividend decisions.
(e) any changes to the Board must be announced immediately once a decision has been made.
(f) 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 on-going negotiations of a price-sensitive nature. Any decisions by the Board which might influence the share price must be announced 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).

European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

The information on the Board of Directors on pages 24 to 27 and the disclosures on Directors' Remuneration on pages 54 to 71 cover the information required for the purposes of Regulation 21 of the European Communities (Takeover Bids(Directive 2004/25/EC)) Regulations 2006.

Directors' conflict of interest

Section 231 of the Companies Act 2014 requires each Director who is in any way, either directly or indirectly, interested in a contract or proposed contract with the Company to declare the nature of his interest at a meeting of the Directors. The Company keeps a record of all such declarations which may be inspected by any Director, the Secretary, Auditor or member of the Company at the registered office of the Company.

Subject to certain exceptions, the Articles generally prohibit Directors from voting at Board meetings or meetings of committees of the Board on any resolution concerning a matter in which they have a direct or indirect interest which is material or a duty which conflicts or may conflict with the interests of the Company. Directors may not be counted in the quorum in relation to resolutions on which they are not entitled to vote.

Corporate Governance Report - continued

Political contributions

The Group made no political contributions during the period.

Health and Safety policy

It is the policy of the Company and 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,
- the Safety Health and Welfare at Work (Construction) Regulations, 2013 and all amendments to date
- All codes of practice applicable to the work undertaken by the Company or 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, while 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 this organisation 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 work place.

All employees have the responsibility to co-operate with supervisors and management to achieve a healthy and safe work place and to take reasonable care of themselves and others.

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

The Company will strive to work for the on-going integration of safety and health into all of its activities with the objective of attaining high standards of safety and health performance. The Company seeks the full co-operation of all concerned in the carrying through of its commitment.

Corporate Governance Report - continued

Disclosure of information to auditors

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware there is no relevant information of which the Group's auditors are unaware; and each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent auditors

The auditors, KPMG, have indicated their willingness to continue in office and a resolution that they be reappointed will be presented to the Annual General Meeting.

Re-election of Directors

In keeping with best corporate governance practice all Directors will seek re-election at the Annual General Meeting. The Board recommends the re-election of all Directors.

Annual General Meeting

The Annual General Meeting of the Company is to be held at Westbury Hotel, Grafton Street, Dublin 2 at 11.00am on 10 May 2016. The Notice of the Annual General Meeting will be circulated separately to this Report and will be available to download on the Company website. The Notice contains a description of the business to be transacted at the Annual General Meeting.

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.

Report of the Audit and Risk Committee

Dear Shareholder,
As Chairman of Cairn Homes PLC Audit & Risk Committee I am pleased to present the Committee's Report for the period under review.

The Audit Committee comprises of three Independent Non-Executive Directors. The members are G Britton (Chairman), G Davies and A Bernhardt. There were four meetings of the Committee and details of the members' attendance are set out on page 38.

The key responsibilities of the Audit and Risk Committee as set out in its terms of reference are as follows:

Financial Reporting

Monitoring the integrity of the financial statements of the Company, including its annual and half-yearly reports and accounts and any other formal announcement relating to its financial performance.
The Audit and Risk Committee also reviews and reports to the Board on summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

In particular, the Audit and Risk Committee reviews and challenges where necessary:

(a) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/Group;
(b) the methods used to account for significant or unusual transactions where different approaches are possible;
(c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the Auditor;
(d) the clarity and completeness of disclosures in the Company's financial reports and the context in which statements are made; and
(e) all material information presented with the financial statements, such as the operating and financial reviews and the corporate governance statement (insofar as it relates to the audit and risk management).

The Audit and Risk Committee also reviews the content of the annual report and advises the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Report of the Audit and Risk Committee - continued

Internal Controls Risk Management Systems

The Audit and Risk Committee keeps under review the categorisation, monitoring and overall effectiveness of the Company's risk assessment and internal control processes, including the methodology adopted. It sets a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance in order to allow for a reviewing framework that focuses on material potential risks and those outside of agreed tolerance levels. The Audit and Risk Committee also reviews and approves any statements to be included in the Company's annual report concerning internal controls and risk management.

Whistleblowing and Fraud Prevention

The Audit and Risk Committee reviews the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns in confidence about possible wrongdoing in the Company in terms of financial reporting or other areas. The Audit and Risk Committee ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

The Audit and Risk Committee also reviews the following:

(a) the Company's procedures for detecting fraud;
(b) the Company's systems and controls for the prevention of bribery;
(c) the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and
(d) the adequacy and effectiveness of the Company's compliance function.

Internal Audit

The Company did not have an internal audit function during the entire period. The Audit and Risk Committee considered this matter and the Committee was satisfied that as the Company was only listed on the London Stock Exchange in June 2015 the absence of a full time internal audit function for the entire period was not a matter of concern, given the Company's limited trading during 2015. Towards the end of the period the Company developed an outsourced internal audit function. The Audit Committee is satisfied that this will be sufficient given the current scale and complexity of the Company's current financial and operating activities. The Committee will keep this arrangement under review.

Report of the Audit and Risk Committee - continued

External Audit

The Audit and Risk Committee considers and makes recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment or removal of the Auditor.

The Audit and Risk Committee oversees the relationship with the Auditor, including Auditor independence and meets regularly with the Auditor, including at least once at the planning stage before the audit and once after the audit at the reporting stage. The Audit and Risk Committee also meets the Auditor at least once a year, without executive management being present, to discuss their remit and any issues arising from the audit.

The Audit and Risk Committee reviews and approves the annual external audit plan and ensures that it is consistent with the scope of the audit engagement and reviews the findings of the audit with the Auditor. The review of the findings of the audit includes the following:

(a) a discussion of any major issues which arose during the audit;
(b) any significant or material accounting estimates and audit judgements;
(c) levels of errors identified during the audit; and
(d) the effectiveness of the audit process.

Matters considered at the meetings during the period included;
- the interim financial statements;
- the report from the external auditors on the interim statements;
- the external audit plan; and
- the provision of non-audit services by the external auditor.

During the period the fees paid to the external auditor exceeded the audit fee. The Committee considered that this was not unusual in the current period as the Company completed its initial public offering in the period and accordingly it is normal to incur professional fees with the independent auditor that exceeds the audit fee. The policy on the supply of non audit services includes a case by case assessment of the services to be provided and the costs of the services by the external auditor taking into account any relevant ethical guidance on the matter.
The auditors described how auditor independence is managed in their firm and also confirmed that they complied with all regulatory and ethical guidelines in this matter. The Committee was satisfied with the explanations received.

Report of the Audit and Risk Committee - continued

Financial Statements including significant judgements

In accordance with the reporting requirements of the UK Code the Audit and Risk 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 company's performance, business model and strategy.

As part of this work, the Committee considered whether the financial statements are consistent with the operating and financial reviews elsewhere in the annual report and, in particular, whether the financial statements contain any significant matters that are not addressed in those reviews. The Committee reviewed and approved the group's policy in respect of the arrangements in place to ensure that the annual report is fair, balanced and understandable.

The key areas of judgement considered by the Committee in relation to the financial statements for the period from incorporation (12 November 2014) to 31 December 2015 and how these were addressed are outlined below. In addition, each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the Committee:

Key Areas

Valuation of and Accounting for Founder Shares

The founder shares ("Founder Shares") issued by the Company entitle New Emerald LP (a limited partnership, the ultimate beneficiaries of which are Alan McIntosh and his spouse), Michael Stanley and Kevin Stanley to receive 20% of the total shareholder return of the Company over the seven years following admission of the Company's shares to the LSE, subject to the satisfaction of the achievement of a compound rate of return of 12.5% per annum in the Company's share price.

In advance of reporting the Company's interim results, the Group engaged a third party expert ("Towers Watson") to undertake a valuation exercise to value the Founder Shares. The fair value of the Founder Shares has been estimated at €29.1 million. The €29.1 million valuation has no impact on the Company's shareholder funds, nor is it an indication of the likely value of the Founder Shares over their term, but it represents a point in time fair value estimate arrived at by Towers Watson, taking account of a variety of factors, including equity volatility (for a range of similar companies), the expected term of the shares, the impact of potential dividends and a risk free interest rate.

Given the contractual position attaching to the Founder Shares, it was deemed appropriate to expense the entire cost as a one-time charge in the interim financial statements to 30 June 2015. The Committee reviewed the approach to the valuation and the assumptions used and was satisifed with the accounting treatment for the charge.

Report of the Audit and Risk Committee - continued

Financial Statements including significant judgements (continued)

Acquisition of Cairn Homes Holdings (formerly Emerley Holdings Limited)

On 15 June 2015 and conditional on the Company IPO, the Company acquired 100% of the share capital of Emerley Holdings Limited ("Emerley") for a consideration of €26.7 million, all of which was satisfied by the issue of ordinary shares in the Company. The purposes of the acquisition was to acquire Emerley's business (of the development of its Parkside site). In addition to the Parkside site and the value of the work in progress thereon, Emerley also had a number of other assets and liabilities that the Company also acquired. The principal liability of Emerley was the €18.1 million Emerley Properties Loan, which was subsequently repaid in December 2015. The net assets of Emerley acquired at the time of the acquisition were €23.8 million, for which the Company paid €26.7 million. The difference of €2.9 million was expensed to the Income Statement as the Company considered that these were costs incurred by Emerley in contemplation of the IPO taking place at a later date. The Committee reviewed and was satisfied with this accounting treatment and with the composition of the costs incurred by Emerley prior to its acquisition by the Company.

Carrying value of work in progress and development land

The Company has made a significant investment in development land, together with the cost of work in progress thereon. Detailed annual impairment tests will be carried out in order to ensure that the investment in such development land and the related work in progress is not impaired. Conducting an impairment test is complex and judgemental. This process involves the Company reassessing its forecast profitability on an individual development site basis, through updating the key appraisal inputs for the appraisal, which are principally the expected number of sales units and end sales prices of the individual units on the site, together with all costs related to the site development. If this exercise indicates that the net realisable value of the site is lower than its cost, the Company will impair the site cost to write it down to its net realisable value. The year-end exercise did not show any evidence of impairment. The Committee reviewed the evidence of this approach across the various sites and discussed the results with management, and was satisfied with the carrying value of work in progress and development land at year-end.

Recognition and measurement of loan assets

The acquisition of the Ulster Bank residential land loan portfolio in December 2015 was a material transaction for the Company. The loan receivables acquired by the Company are recorded at their fair value, which is the price paid by the Company to acquire the loan assets, plus directly attributable transaction costs. The loan portfolio has, as its underlying security, collateral that consists principally of residential development land. The Company's strategy is to move to direct ownership of those sites over the near-term. Given the Company's strategy, the loan assets have been valued by the Company based on the value of those underlying residential development land sites. The Committee has reviewed the basis of valuation of the loan portfolio and its recognition in the Financial Statements and is satisfied with the accounting treatment.

G. Britton
Chairman Audit and Risk Committee

Report of the Nomination Committee

Membership; J Reynolds (Chairman), G Britton and A O' Hogan

No external recruitment consultants were used in the recruitment of the current Board who were all appointed while the Company was still a private limited company and prior to the establishment of the Nomination Committee and the listing of the Company. No vacancies have arisen during the period since the Company became a public limited company and therefore no selection process has been undertaken. Appropriate procedures are however in place for the identification, selection and recruitment of new Board members.

The Nomination Committee reviews the structure, size and composition (including the skills knowledge, experience and diversity) required of the Board and makes recommendations to the Board with regard to any changes. It assesses the effectiveness and performance of the Board and each of its committees including consideration of the balance of skills, experience, independence and knowledge on the Board, its diversity, including gender, how the Board works together as a unit, and other factors.

The Nomination Committee gives full consideration to succession planning for the Board, taking into account the challenges and opportunities facing the Company and the skills and expertise that will be needed in the future to address these to ensure the continued ability of the Company to compete effectively in the marketplace. The Nominations Committee is responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The Nominations Committee shall also make recommendations to the Board concerning the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office and the re-election by shareholders of Directors having due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required and the need for progressive refreshing of the Board.

The Nomination Committee did not meet during the period under review. With the exception of the two Founder Directors, M Stanley and A McIntosh who were appointed as Directors of the Company in November 2014 all of the other Directors were appointed in April and May 2015. The Nomination Committee was established in May 2015 and there were no appointments to the Board since the establishment of the Committee. The Committee held its first meeting in February 2016.

J Reynolds
Chairman Nomination Committee

Report of the Remuneration Committee

The Remuneration Committee comprises three independent non-executive Directors. The members of the Committee are G Davies (Chairman) A Bernhardt and A O'Hogan. Biographical details for the members of the Remuneration Committee are set out on pages 24 to 27.

Dear Shareholder,

As Chairman of Cairn Homes' Remuneration Committee, I am pleased to present our Remuneration Report. This is our first report, which has been prepared by the Committee and approved by the Board. It covers the period to 31 December 2015.

The role and responsibilities of the Remuneration Committee are summarised in the table on page 56. The Committee's Terms of Reference are available on the Cairn Homes website www.cairnhomes.com.

As noted in the Prospectus issued for the Initial Public Offering, the Board indicated that it intended to review executive management compensation following the listing to ensure it is in line with comparable listed companies. The Board also indicated that it would introduce arrangements under which employees, other than the Founder Directors, would be offered the opportunity to acquire shares. This would include a long term incentive scheme to align the interests of qualifying employees with the shareholders.

The Committee has accordingly developed appropriate annual and long term incentive arrangements as part of its Remuneration Policy which reflect the commitments given in the Prospectus.
The Remuneration Policy seeks to incentivise executives to create shareholder value and consequently, their remuneration is strongly performance related with targets to incentivise the delivery of strategy over the short and long term.

The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the 'UK Regulations') are in effect in the UK. While Cairn Homes, as an Irish incorporated company, is not subject to these regulations, we recognise that they represent best practice in remuneration reporting and we have accordingly, substantially applied the UK Regulations to this Remuneration Report on a voluntary basis.

The proposed Remuneration Policy and the Annual Report on Remuneration, as set out on pages 57 to 71, will be put to a non-binding advisory vote by shareholders at the 2016 Annual General Meeting.

Report of the Remuneration Committee - continued

Performance in 2015

The Committee reviewed the performance of executives and senior management for 2015. In conducting this review the Committee considered a number of significant matters including; the successful Initial Public Offering of the Company's shares in June 2015; the acquisition of a significant number of development sites, in particular the acquisition of a large portfolio of residential land represented by the Ulster Bank Project Clear loan portfolio; the launch of the Company's first residential development; the share placing in December 2015, and the completion of a new Bank Facility also in December 2015.

Annual Performance Incentive

The annual incentive payments earned by the Executive Directors in respect of the period ended 31 December 2015 are set out on page 67.

Long Term Incentive Plan

The Finance Director was given an award of market priced options on joining the company. Details of these are set out on page 70.

The Committee has set out in this report details of a Long Term Incentive Plan which will be effective from 2016 onwards.

It is our intention to operate in line with the approved Remuneration Policy. We welcome and will consider any shareholder feedback on the Remuneration Policy and Annual Report on Remuneration.

G Davies
Chairman, Remuneration Committee

Report of the Remuneration Committee - continued

Role and Responsibilities

The role and responsibilities of the Committee which are set out in detail in its Terms of Reference includes the following:

- To determine and agree with the Board the policy for the remuneration of the Chief Executive Officer, Finance Director and certain Executives (as determined by the Committee).
- To determine the remuneration packages of the Chairman, Chief Executive Officer, Finance Director and certain Executives, including salary, annual incentive, pension rights and compensation payments.
- To oversee remuneration structures for other Company and subsidiary senior management and to oversee any major changes in employee benefits structures throughout the Company.
- To nominate Executives for inclusion in the Company's Long Term Incentive Plan, to grant options or awards under this Plan, to determine whether the criteria for the vesting of options or awards have been met and to make any necessary amendments to the rules of the Plan.
- To ensure that contractual terms on termination or redundancy, and any payments made, are fair to the individual and the Company.
- To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- To obtain up to date information about remuneration in other companies of comparable scale and complexity.
- To agree the policy for authorising claims for expenses from the Directors.

Report of the Remuneration Committee - continued

Remuneration Policy

Cairn Homes Remuneration Policy ('the Policy') is set out below.

The Company intends to operate its remuneration arrangements in line with the approved Remuneration Policy.

Through the implementation of the Policy, the Board seeks to align the interests of Executive Directors and other Executives 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.

The basic objective under the Policy is to have overall remuneration reflect business performance and personal contribution, while having basic salary rates and the short term element of incentive payments at the median of an appropriate comparator group.

Through the operation of the Policy, the Remuneration Committee seeks to ensure:

- that the Company will attract, motivate and retain individuals of the highest calibre;
- that Executives are rewarded in a fair and balanced way for their individual and team contribution to the Company's performance;
- that Executives receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- that the overall approach to remuneration has regard to the sectors and geographies within which the Company operates and the markets from which it draws its Executives; and
- that risk is properly considered in setting remuneration policy and in determining remuneration packages.

The Policy requires well designed incentive plans that reward the creation of shareholder value through organic and acquisition growth while maintaining high returns on capital employed, strong cash generation and a focus on good risk management. The elements of the remuneration package for the Executive Directors and other Executives are annual salary, retirement benefits and allowances, annual performance related incentives and participation in a long term performance plan which promotes the creation of sustainable shareholder value.

The Remuneration Committee takes external advice from remuneration consultants on market practice to ensure that the remuneration structures continue to support the key remuneration objectives.

Report of the Remuneration Committee - continued

Remuneration Policy (continued)

The key elements of the remuneration for Executive Directors and other Executives under the Policy are set out in the table below. The Founder Directors, M Stanley and A McIntosh, and Executive K Stanley will not participate in the LTIP.

Element and link to Remuneration Policy	Approach	Maximum Opportunity
Annual Salary		
Attract and retain skilled and experienced Executives.	Annual salaries are reviewed annually. The factors taken into account in the review include: • Role and experience • Company performance • Personal performance • Competitive market practice • Benchmarking against an appropriate comparator group. When setting salaries, account is taken of movements in salaries generally across the Company.	No prescribed maximum annual salary or maximum annual increase.
Annual Incentives		
Reward the achievement of annual performance targets.	Annual Incentive payments to Executive Directors and other Executives are based on (a) meeting the Company's objectives and (b) the overall contribution and attainment of personal objectives. The contribution and personal targets are focused on areas such as delivery on strategy, organisational development, risk management and talent development/succession planning. The measures, their weighting and the objectives are reviewed on an annual basis.	The target and maximum awards, as a percentage of annual salary, for the Executive Directors and Senior Executives are as follows:

	Target	Max.
Chief Executive Officer	70%	105%
Executive Directors	50%	75%
Chief Operating Officer	50%	75%
Chief Commercial Officer	50%	75%

Report of the Remuneration Committee - continued

Remuneration Policy (continued)

Element and link to Remuneration Policy	Approach	Maximum Opportunity
Annual Incentives - continued		
	The Committee can apply appropriate discretion in specific circumstances in respect of determining the incentive payment to be awarded. A formal clawback policy is in place for the Executive Directors and other Executives, under which Annual Incentive payments are subject to clawback for a period of three years in the event of a material restatement of financial statements or other specified events. Further details on the clawback policy are set out on page 61. The Committee has discretion in relation to incentive payments to joiners and leavers.	The maximum award, as a percentage of annual salary, for other Executives ranges from 10% to 25% of annual salary, and may in exceptional circumstances reach 50%.
Long Term Incentive Plan ('LTIP')		
Align the interests of Executives with those of the Company's shareholders and reflect the Company's policy of long term performance based incentivisation. This Long Term Incentive Plan was not active during the period ended 31 December 2015.	The Long Term Incentive Plan, during the Company's initial development phase, will grant Executive Directors and other Executives options over a number of Company shares, the face value of which at the date of grant (numbers of shares X share price) will be such percentage of the annual incentive payment in respect of the previous financial year as the Remuneration Committee determines, subject generally to a maximum percentage of 60% of the value.	

Report of the Remuneration Committee - continued

Remuneration Policy (continued)

Element and link to Remuneration Policy	Approach	Maximum Opportunity
Long Term Incentive Plan ('LTIP') - continued		
	Options will vest after two years from the date of grant provided the Remuneration Committee is satisfied that there has been a meaningful improvement in the company's operations over the vesting period. Vested options may then be exercised, in full or in part, after a further two years from the date of vesting for a period of 7 years from the date the option is granted. As soon as the Remuneration Committee considers that the Company has completed its initial development phase it is proposed to introduce a share-based long term incentive plan which is in line with the plans offered by comparator companies. A formal clawback policy is in place, under which awards are subject to clawback in the event of a material restatement of financial statements or other specified events. Further details on this clawback policy are set out on page 61. No more than 5% of the issued ordinary share capital of the Company may be issued or reserved for issuance under the LTIP and any other executive or discretionary share scheme operated by the Company over any ten year period.	

Report of the Remuneration Committee - continued

Remuneration Policy (continued)

Element and link to Remuneration Policy	Approach	Maximum Opportunity
Retirement Benefits		
Reward sustained contribution.	Executives participate in a defined contribution pension scheme. 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.	The Company contributes to a defined contribution pension scheme for employees at rates reflecting their seniority and experience.
Allowances		
Provide market competitive benefit.	The main benefit is a car allowance. The Committee reviews market and benchmarking data in relation to allowances.	Maximum levels have not been set as payments depend on individual Executive's circumstances.

Payments from Existing Awards

Subject to the achievement of the applicable performance conditions, Executives are eligible to receive payment from any award made prior to the approval and implementation of the Remuneration Policy detailed in this Report.

Clawback Policy

Annual Incentive payments made to Executives 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 Executive, or
- a material breach of applicable health and safety regulations.

The rules of the LTIP allow for the giving of discretion to the Remuneration Committee to reduce or impose further conditions on awards prior to or subsequent to vesting in the circumstances outlined above.

Report of the Remuneration Committee - continued

Remuneration Policy for Recruitment of New Executives

In determining the remuneration package for new executives, the Remuneration 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 the shareholders. Any such payments which relate to the buyout of variable pay (annual incentives or awards) from a previous employer will be based on matching the estimated fair value of that variable pay and will take account of the performance conditions and the time until vesting of that variable pay.

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.

Remuneration Policy for Other Employees

While the Remuneration Committee's specific oversight of individual executive remuneration packages extends only to the Executive Directors and a number of Executives, it aims to create a broad policy framework, to be applied by management to Executives throughout the Company, through its oversight of remuneration structures for other Company and subsidiary senior management and of any major changes in employee benefits structures throughout the Company.

Cairn Homes currently employs 27 people in the Republic of Ireland.

Consultation with Shareholders

The Company will engage in dialogue with major shareholders on remuneration matters, particularly in relation to planned significant changes in policy.

The Committee acknowledges that shareholders have a right to have a 'say on pay' by putting the Remuneration Policy and the Annual Report on Remuneration to advisory votes at the Annual General Meeting.

Report of the Remuneration Committee - continued

Policy for "Leavers"

The provisions for "leavers" in respect of each of the elements of remuneration are as follows:

Salary and Benefits

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

Annual Incentive

The Remuneration 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.

Long Term Incentive Plan

To the extent that an option has vested on the participant's date of cessation, the participant may exercise the option during a specified period following such date but in no event may the option be exercised later than the expiry date as specified in the Award Certificate.

In general, an option that has not vested on the participant's cessation date immediately lapses. 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 option that has not already vested on the participant's cessation date would be eligible for vesting on a date determined by the Remuneration Committee. The number of shares, if any, in respect of which the option vests would be determined by the Remuneration Committee.

In the event that a participant ceases to be an employee by reason of a termination of his employment for serious misconduct, each option held by the participant, whether or not vested, will automatically lapse immediately on the service of notice of such termination, unless the Committee in its sole discretion determines otherwise.

Report of the Remuneration Committee - continued

Policy for Non-Executive Directors

Element and link to strategy	Operation	Maximum Opportunity
Fees		
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, Chairman of the Audit and Risk Committee (from 2016 onward) 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 benchmarking advice from remuneration consultants.	No prescribed maximum annual increase. Non-Executive Directors do not participate in the Company's 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 initially for a three year term but are terminable on one month's notice.

Report of the Remuneration Committee - continued

Annual Report on Remuneration

This section of the Remuneration Report sets out the basis of how Cairn Homes's Remuneration Policy will operate in the year to 31 December 2016, gives details of remuneration outcomes for the period ended 31 December 2015 and explains how the Remuneration Committee works.

Salary

The salaries of the Executive Directors for the year to 31 December 2016 are set out below. The annual rate of salary is unchanged from 2015.

	Period from 12 November 2014 to 31 December 2015 €	Year to December 2016 €
Michael Stanley	455,000	425,000
Alan McIntosh	372,000	325,000
Eamonn O'Kennedy	230,000	250,000

Annual Incentive

The maximum annual incentives for the Executive Directors for the year to 31 December 2016 are as follows:

	Target Incentive	Maximum Incentive
Michael Stanley	70% of annual salary	105% of annual salary
Alan McIntosh	50% of annual salary	75% of annual salary
Eamonn O'Kennedy	50% of annual salary	75% of annual salary

The Committee has set individual performance objectives for 2016 which will determine the extent of payment of annual incentives to the Executive Directors.

Annual incentives for other Executives are based upon meeting pre-determined objectives which relate to their areas of responsibility.

The Committee will keep the performance objectives under review in light of acquisitions and other business activity during the year to 31 December 2016.

Report of the Remuneration Committee - continued

Retirement Benefits

The Executive Directors are entitled to participate in a Defined Contribution Pension Scheme. No changes are proposed to this Scheme in the year to 31 December 2016.

Long Term Incentives

Details of the LTIP are set out in the Remuneration Policy section of this Report. The LTIP will operate for the year to 31 December 2016 in accordance with these Terms.

Eamonn O'Kennedy was awarded 500,000 options over shares in Cairn Homes plc on 9 June 2015 with an exercise price of €1.00 per share. Under the terms of the awards 250,000 of these options will vest on the 3rd anniversary of the admission of the shares on a regulated market and 250,000 will vest on the 4th anniversary. As the shares were admitted to the London Stock Exchange on 15 June 2015 the relevant vesting dates are 15 June in 2018 and 2019.

Remuneration outcomes for the period ended 31 December 2015

The Executive Directors have service agreements which set out their terms of employment. The service agreements contain notice provisions of a maximum of 12 months. Remuneration for Executive Directors consists of annual salary, annual incentive (subject to the approval of the Remuneration Committee) and car allowance. In addition one Executive Director, E O' Kennedy, participates in a share option scheme. Executive Directors are eligible to participate in a defined contribution pension scheme and the Company contribution is currently 10% of base salary. Executive Directors do not receive any additional fees for serving as a Director of any Group company.

The Committee concluded that the targets set in respect of overall contribution and attainment of personal objectives, in particular with regard to delivery on strategy, acquisitions and organisational development were largely met by the Executive Group in 2015. Accordingly, the Executive Directors were awarded the incentive payments set out in the table below.

The table below sets out the details of the remuneration payable to the Executive Directors for the period from 12 November 2014 to 31 December 2015.

Report of the Remuneration Committee - continued

Remuneration outcomes for the period ended 31 December 2015 (continued)

	Salary €'000	Annual Incentive €'000	Retirement Benefit €'000	Car Allowance €'000	Total €'000
Michael Stanley	455	212	46	6	719
Alan McIntosh	372	162	0	6	540
Eamonn O'Kennedy	230	185	23	9	447
Total	1,057	559	69	21	1,706

Note. The annual incentive paid to Eamonn O' Kennedy includes a one off bonus of €40,000 as outlined in the Prospectus for the Initial Public Offering and which was determined to be payable by the Remuneration Committee. A McIntosh receives additional salary of €27,000 per annum in lieu of Company pension contribution.

LTIP awards

The incentive award of options in respect of 2016 will be made based on the annual incentive payments in 2016.

Policy on External Board Appointments

Executives may accept external non-executive directorships with the prior approval of the Board. The Board recognises the benefits that such appointments can bring both to the Company and to the Director in terms of broadening their knowledge and experience.

The fees received for such roles may be retained by the Executives.

Non-Executive Directors' Remuneration Details

Non-Executive Directors have letters of appointment which set out their duties and responsibilities. The appointments are initially for a three year term but are terminable on one month's notice.

The Chairman receives a fee of €80,000 per annum (this increased to €100,000 per annum on 1 January 2016) and the Non-Executive Directors are paid a basic fee of €50,000 per annum with additional fees payable to the Senior Independent Director of €10,000 per annum. Non-Executive Directors are not eligible to participate in any company pension plan.

The remuneration of the Chairman is determined by the Remuneration Committee for approval by the Board. If present the Chairman absents himself from the Committee meeting while this matter is being considered. The remuneration of the other Non-Executive Directors is determined by the Chairman and the Chief Executive Officer for approval by the Board.

Report of the Remuneration Committee - continued

Non-Executive Directors' Remuneration Details (continued)

The fees are reviewed periodically, taking account of any changes in responsibilities and benchmarking advice from remuneration consultants on the level of fees in a range of comparable Irish companies.

The fees paid to non-executive Directors in respect of the period to 31 December 2015 are set out below:

Non- Executive Directors	Basic Fee 2015 €'000	Additional Fees 2015 €'000	Total 2015 €'000
John Reynolds (Chairman)[1]	56		56
Andrew Bernhardt[1]	35		35
Gary Britton[1]	35		35
Giles Davies (Senior Independent Director)[1]	35	7	42
Aidan O'Hogan[2]	32		32
Total	193	7	200

[1] Date of Appointment 28 April 2015
[2] Date of Appointment 18 May 2015

The non-executive Director fee structure for the year to 31 December 2016 is set out below:

	€
Chairman	100
Basic Director Fees	50
Additional Fees	
Chairman of Audit Committee	15
Senior Independent Director	10

Report of the Remuneration Committee - continued

Total Directors' Remuneration

	Total 2015 €'000
Executive Directors	
Annual Salary	1,057
Annual Incentive	559
Retirement Benefits	69
Allowances	21
Total Executive Directors' remuneration	1,706
Non-Executive Directors	
Fees	200
Total Directors' remuneration	1,906

Executive and Non-Executive Directors' and Company Secretary's Interests

The interests of the Directors and Company Secretary in the issued ordinary share capital of the Company as at 31 December 2015 are set out in the table below. The interests disclosed below include both direct and indirect interests in shares.

	No. of Ordinary Shares At 31 December 2015
Directors	
M Stanley	3,106,868
A McIntosh	16,928,614
E O'Kennedy	50,000
G Britton	50,000
G Davies	50,000
A O'Hogan	200,000
J Reynolds	-
A Bernhardt	-
A Donagher (company secretary)	-
Total	20,385,482

All of the above interests were beneficially owned. Apart from the interests disclosed above and the Founder and Deferred Shares held by the Founder Directors - see page 72, the Directors and the Company Secretary had no interests in the share capital of the Company or any other Company undertaking at 31 December 2015.

There were no changes in the above Directors and Secretary's interests between 31 December 2015 and 14 March 2016.

Report of the Remuneration Committee - continued

Executive and Non-Executive Directors' and Company Secretary's Interests (continued)

The Company's Register of Directors Interests (which is open to inspection) contains full details of Directors' shareholdings and share options.

The Company has a policy on dealing in shares that applies to all Directors. This policy adopts the terms of the Model Code as set out in the Listing Rules published by the UK Listing Authority and the Irish Stock Exchange. Under this policy, Directors are required to obtain clearance from the Company before dealing in Cairn Homes shares during designated close periods and at any other time when they are in possession of Inside Information (as defined by the Market Abuse Directive 2003/6/EC Regulations 2005).

The interests of Directors in Share Options as at 31 December 2015 is as follows:

	Issued	Balance at 31 December 2015	Exercise Price
E O'Kennedy	500,000	500,000	€1.00 each

The options were granted on 9 June 2015. 250,000 options will vest on the 3rd anniversary of the date of the admission of the shares on a regulated market and 250,000 options will vest on the 4th anniversary. The shares were admitted to trading on 15 June 2015.

The market price of Ordinary Shares of €0.001 each was €1.19 at 31 December 2015 and ranged from €1.00 to €1.22 during the period.

Report of the Remuneration Committee - continued

Governance

Meetings

The Committee met once during the period ended 31 December 2015 and has met four times since the year end. The main agenda items included determining the annual incentives payable for 2015, remuneration policy and the operation of the long term incentive plan, remuneration trends and market practice, the remuneration packages of the Chairman, the Chief Executive Officer, pension matters and approval of this report.

The Company Chairman, the Chief Executive Officer and the Finance Director may be invited to attend meetings of the Committee, except when their own remuneration is being discussed. No Director is involved in consideration of his or her own remuneration. The Company Secretary acts as secretary to the Remuneration Committee.

Reporting

The Chairman of the Remuneration Committee reports to the Board on the activities of the Committee.

The Chairman of the Remuneration Committee attends the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

External Advice

The Remuneration Committee seeks independent advice when necessary from external consultants. Mercer acted as independent remuneration advisors to the Committee and have provided advice in relation to market trends, competitive positioning and developments in remuneration policy and practice. Mercer is a signatory to the Remuneration Consultants Group Code of Conduct and any advice was provided in accordance with this code. In light of this, and the level and nature of the service received, the Committee remains satisfied that the advice is objective and independent.

Additional interests of Founder Directors

In addition to the shareholdings noted above the Founder Directors have the following additional interests:

	No. of Deferred Shares At 31 December 2015	No. of Founder Shares At 31 December 2015
Founder Directors		
Michael Stanley	9,990,000	35,000,000
Alan McIntosh	9,990,000	50,000,000
Total	19,980,000	85,000,000

The total number of Founder Shares in issue is 100,000,000.

The Founder Shares are convertible into Ordinary Shares subject to the Performance Condition, which is the achievement of a compound annual rate of return of 12.5% in the company's share price.
The Founder Shares do not carry a right to a dividend or voting rights. The Performance Condition is tested initially over the first Test Period in 2016 (the first test period is 1 March 2016 to 30 June 2016), and again over the six subsequent Test Periods.

The Performance Condition is that for a period of 15 or more consecutive Business Days during the relevant Test Period, the Closing Price exceeds such price as is derived by increasing the Adjusted Issue Price by 12.5% for each Test Period starting with the first in 2016 and ending with the last in 2022, such increase to be on a compound basis.

In calculating whether the Performance Condition is satisfied during any Test Period, any dividends declared in the 12 months ending at the end of the relevant Test Period are added to the Closing Price.

If the Performance Condition is satisfied, the Company may elect within 20 Business Days of the date on which the satisfaction of the Performance Condition was notified to the holders of Founder Shares, to convert Founder Shares into such number of Ordinary Shares which, at the Highest Average Closing Price of an Ordinary Share during the Test Period, have an aggregate value equal to the Founder Share Value. The "Founder Share Value" shall be calculated as 20% of the Total Shareholder Return in the periods described below.

The Total Shareholder Return is calculated as the sum of the increase in market capitalisation plus dividends or other distributions in each case in the relevant period, being (i) the first time the Performance Condition is satisfied, the period from Admission to the Test Period in which the Performance Condition is first satisfied; and (ii) for subsequent Test Periods, the period from the end of the previous Test Period in respect of which Founder Shares were last converted or redeemed to the Test Period in which the Performance condition is next satisfied. In each Test Period, the increase in market capitalisation is calculated by reference to the Highest Average Closing Price.

Additional interests of Founder Directors (continued)

The effect of this is that the calculation of Total Shareholder Return rebases to a “high watermark” equal to the market capitalisation used to calculate the most recent conversion or redemption of Founder Shares, so that the holders of Founders Shares only receive 20 per cent. of the incremental increase in Total Shareholder Return since the previous conversion or redemption (or, in respect of the first time the Performance Condition is satisfied, since Admission).

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

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

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

The Deferred Shares are not listed.

Consolidated Financial Statements

For the period from incorporation on 12 November 2014 to 31 December 2015

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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 each 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 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 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 Group's profit or loss for that period. 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 that the financial statements comply with IFRS as adopted by the European Union, and as regards the Company, as applied in accordance with the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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 Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with the provision of the Companies Acts 2014. They are also responsible 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 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.

Statement of Directors' Responsibilities - continued

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 24 to 27 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 Companies Act 2014, give a true and fair view of the assets, liabilities and financial position of the Group and Company at 31 December 2015 and of the loss of the Group for the period 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.

J. Reynolds
Chairman
14 March 2016

G. Britton
Director

Independent Auditor's Report

to the members of Cairn Homes plc

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Cairn Homes plc for the period from incorporation on 12 November 2014 to 31 December 2015 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 the related notes. The financial reporting framework that has been applied in their preparation is Irish law 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. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

In our opinion:

- the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2015 and of its loss for the period then ended;
- the company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2015;
- the consolidated financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the company financial statements and consolidated financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the consolidated financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

Independent Auditor's Report to the members of Cairn Homes plc - continued

2. Our assessment of risks of material misstatement (continued)

In arriving at our audit opinion above on the consolidated financial statements the risks of material misstatement that had the greatest effect on our group audit were as follows:

Carrying values of inventories and profit recognition

Refer to page 52 (Report of the Audit and Risk Committee), page 91 (accounting policy for inventories) and Note 13 to the consolidated financial statements (financial disclosures - inventories).

Inventory represents the costs of land, materials, design and related production and site costs to date. Development commenced on two of the group's sites in 2015 and sales of completed residential units were recorded from one of the sites. The carrying value of land and work in progress depends on assumptions of forecast selling prices, site planning (including planning consent), build costs and cost recoveries, all of which contain an element of judgement and 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 many years the determination of profit is dependent on the accuracy of the forecasts about future selling prices and build costs. There is a risk that one or all of the assumptions could be inaccurate with a resulting impact on the carrying value of inventory or the amount of gross profit recognised.

Our response - In this area our audit procedures included:

- Testing the controls over the accuracy and completeness of the assumptions made in the Group's financial models supporting the carrying value of land and work in progress and the allocation of costs to completed residential units. This involved checking approvals over reviewing and updating selling prices and cost forecasts and the authorising and recording of costs.
- We tested a sample of forecast costs to supplier agreements/tenders. We agreed forecast residential unit sales prices to estimates from auctioneers.
- For sites in development we compared actual revenues and costs to estimates to ensure that net realisable values were updated and that the overall expected sales margin was adjusted. We evaluated the sensitivity of the margin to a change in sales prices and costs and considered whether this indicated a risk of impairment of the inventory balance.
- For all new land acquisitions we inspected purchase contracts to agree the costs of acquisition including related purchase costs. We agreed amounts paid to corroborating documentary evidence.
- We considered the adequacy of the Group's disclosures regarding the carrying value of land and work in progress.

Independent Auditor’s Report to the members of Cairn Homes plc - continued

2. Our assessment of risks of material misstatement (continued)

Share-based payments - accounting for awards relating to Founder Shares

Refer to page 51 (Report of the Audit and Risk Committee), page 91 (accounting policy for share-based payments) and Note 18 to the consolidated financial statements (financial disclosures - share-based payments).

The risk - The Founder Share transaction is a share-based payment. This carries a risk of material misstatement. The relevant accounting standard is complex, the measurement of the award depends on a number of significant assumptions and the recognition of the award in the financial statements is based on the terms and conditions of the award.

Our response - We obtained a copy of the terms and conditions of the Founder Share award and ensured that the Group had reflected all of the relevant terms and conditions in the measurement of the estimated cost of the award and the recognition of this cost in the financial statements.
The Group employed the services of a valuation expert to assist in the determination of the fair value of the award. We read the report produced as a result of this work and considered whether the key assumptions used in estimating the fair value of the award were reasonable.
We considered the disclosures made with respect to the measurement and recognition of the award and in particular the disclosure of the key judgements.

Carrying value of loan assets

Refer to page 52 (Report of the Audit and Risk Committee), page 94 (accounting policy for financial instruments) and Note 12 to the consolidated financial statements (financial disclosures - loan assets).

The risk - The Group purchased a large portfolio of distressed loans in December 2015 which are principally secured on residential development land. This includes a number of development sites which the Group intends to acquire for future residential developments. Given the scale of the loan portfolio there is a risk of significant misstatement if the carrying value of the loan assets is not reflected in accordance with relevant accounting standards.

Our response - Our audit procedures included, among others: agreeing costs related to loan asset acquisitions to contracts and cash flows; inspecting supporting evidence for estimated values of property collateral on which the loans are secured; and assessing the adequacy of the disclosures in relation to loan assets in the financial statements.

Independent Auditor's Report to the members of Cairn Homes plc - continued

3. Our application of materiality and an overview of the scope of our audit

The materiality for the consolidated financial statements as a whole was set at €2.9m. This has been calculated with reference to a benchmark of total assets. Materiality represents 0.5% 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 for the period, given that the principal focus of the Group to date has been in relation to asset acquisition and commencement of some residential developments.
We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of €0.12m, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

We subjected all of the Group's reporting components to audits for group reporting purposes. The work on all components was performed by the Group audit team.

4. We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statements on Risk Management on pages 29 to 33 and pages 42 to 43, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the Group's continuing in operation over the 4 years to 31 December 2019; or
- the disclosures in note 1 of the consolidated financial statements concerning the use of the going concern basis of accounting.

5. We have nothing to report in respect of the matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and provides information necessary for shareholders to assess the entity's performance, business model and strategy; or
- the Audit and Risk Committee Report does not appropriately disclose those matters that we communicated to the Audit and Risk Committee.

The terms of our engagement require us to review :

- the directors' statement, set out on page 34, in relation to going concern;
- the part of the Corporate Governance Statement on pages 36 to 47 relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' Remuneration Committee.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Independent Auditor's Report to the members of Cairn Homes plc - continued

6. Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The company statement of financial position is in agreement with the accounting records and, in our opinion, adequate accounting records have been kept by the Company.

In our opinion the information given in the Directors' Report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the consolidated financial statements is consistent with the consolidated financial statements.

In addition we report, in relation to information given in the Corporate Governance Statement on pages 36 to 47, that:

- based on knowledge and understanding of the Company and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention;
- based on the work undertaken in the course of our audit, in our opinion:
  - the description of the main features of the internal control and risk management systems in relation to the process for preparing the consolidated financial statements, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/25/EC) Regulations 2006 and specified by the Companies Act 2014 for our consideration, are consistent with the financial statements and have been prepared in accordance with the Companies Act 2014, and
  - the Corporate Governance Statement contains the information required by the Companies Act 2014.

Independent Auditor's Report to the members of Cairn Homes plc - continued

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on pages 75 to 76, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated and company financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK & Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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.

Sean O'Keefe
for and on behalf of
KPMG, Chartered Accountants, Statutory Audit Firm
1 Stokes Place, St. Stephen's Green, Dublin 2
14 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period from incorporation on 12 November 2014 to 31 December 2015

	Note	Before Exceptional Items €'000	Exceptional Items €'000	Total €'000
Continuing operations				
Revenue	6	3,717	-	**3,717**
Cost of sales		(3,015)	-	**(3,015)**
Gross profit		702	-	**702**
Administrative expenses	7	(4,492)	(1,086)	**(5,578)**
Fair value charge relating to Founder Shares	18	-	(29,100)	**(29,100)**
Operating loss		(3,790)	(30,186)	**(33,976)**
Finance income	8	114	-	**114**
Finance costs	8	(1,800)	(1,858)	**(3,658)**
Loss before taxation		**(5,476)**	**(32,044)**	**(37,520)**
Income tax credit	10			**312**
Loss for the period attributable to owners of the Company				**(37,208)**
Other comprehensive income				-
Total comprehensive loss for the period attributable to owners of the Company				**(37,208)**
Basic loss per share	24			**15.9 cents**
Diluted loss per share	24			**15.9 cents**

Consolidated Statement of Financial Position

At 31 December 2015

	Note	€'000
Assets		
Non-current assets		
Property, plant and equipment	11	130
Intangible assets		130
Restricted cash	16	27,000
		27,260
Current assets		
Loan assets	12	382,951
Inventories	13	149,331
Deposits paid	14	5,000
Trade and other receivables	15	2,962
Cash and cash equivalents	16	6,551
		546,795
Total Assets		**574,055**
Equity		
Share capital	17	637
Share premium	17	521,390
Share-based payment reserve	18	29,118
Retained earnings		(53,155)
Total equity		**497,990**
Liabilities		
Non-current liabilities		
Loans and borrowings	19	63,543
Derivative liability	26	514
Deferred taxation	10	815
		64,872
Current liabilities		
Trade and other payables	20	**11,193**
Total liabilities		**76,065**
Total equity and liabilities		**574,055**

On behalf of the Board:

Mr John Reynolds
Chairman

Mr Gary Britton
Director

Consolidated Statement of Changes in Equity

For the period from incorporation on 12 November 2014 to 31 December 2015

	Share Capital							
	Ordinary shares €'000	A Ordinary shares €'000	Deferred shares €'000	Founder shares €'000	Share premium €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000
As at 12 November 2014	-	-	-	-	-	-	-	-
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(37,208)	**(37,208)**
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	**(37,208)**	**(37,208)**
Transactions with owners of the company								
Issue of ordinary shares for cash	490	-	-	-	494,660	-	-	**495,150**
Share issue costs	-	-	-	-	-	-	(15,947)	**(15,947)**
Issue of founder shares for cash	-	-	-	100	100	-	-	**200**
Issue of ordinary shares for business combination	27	-	-	-	26,630	-	-	**26,657**
Issue of A ordinary shares for cash	-	20	-	-	-	-	-	**20**
Conversion of A ordinary shares to deferred shares	-	(20)	20	-	-	-	-	**-**
Equity-settled share-based payments	-	-	-	-	-	29,118	-	**29,118**
	517	**-**	**20**	**100**	**521,390**	**29,118**	**(15,947)**	**535,198**
As at 31 December 2015	**517**	**-**	**20**	**100**	**521,390**	**29,118**	**(53,155)**	**497,990**

Consolidated Statement of Cash Flows

For the period from incorporation on 12 November 2014 to 31 December 2015

	Note	€'000
Cash flows from operating activities		
Loss for the period		(37,208)
Adjustments for:		
Share-based payments expense	18	29,118
Non-cash expense in relation to the acquisition of Emerley Holdings Limited	25	2,944
Other finance costs	8	1,800
Finance income		(114)
Taxation		(312)
		(3,772)
Increase in inventories		(105,521)
Increase in loan assets		(382,951)
Increase in deposits paid		(5,000)
Increase in trade and other receivables		(2,048)
Increase in trade and other payables		8,186
Net cash used in operating activities		**(491,106)**
Cash flows from investing activities		
Cash acquired on acquisition of Emerley Holdings Limited	25	1,963
Purchases of property, plant and equipment		(130)
Purchases of intangible assets		(83)
Interest received		114
Transfer to restricted cash	16	(27,000)
Net cash used in investing activities		**(25,136)**
Cash flows from financing activities		
Proceeds from issue of share capital, net of issue costs paid		480,174
Proceeds from borrowings		64,375
Repayment of loans	19	(18,130)
Interest paid	19	(3,626)
Net cash from financing activities		**522,793**
Net increase in cash and cash equivalents in the period		**6,551**
Cash and cash equivalents at incorporation		-
Cash and cash equivalents at 31 December 2015	16	**6,551**

Notes to the Consolidated Financial Statements

For the period from incorporation on 12 November 2014 to 31 December 2015

1. Basis of Preparation

(a) Reporting entity

Cairn Homes plc ("the Company") is a company domiciled in Ireland. The Company's registered office is 7 Grand Canal, Grand Canal Street Lower, Dublin 2. These consolidated financial statements cover the period from incorporation on 12 November 2014 to 31 December 2015 for the Company and its subsidiaries (together referred to as "the Group"). The Group is predominantly involved in the development of residential property for sale.

(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations approved by the International Accounting Standards Board (IASB), as adopted by the European Union (EU), and those parts of the Companies Act 2014 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

(c) New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for financial periods beginning on various dates after 12 November 2014, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early; instead it intends to apply them from their effective dates as determined by their dates of EU endorsement. Having considered all upcoming endorsed and unendorsed standards and amendments, the Directors have determined that the following may have an effect on the consolidated financial statements of the Group, and the potential impact of these standards on the Group is under review.

	EU effective date (periods beginning)	IASB effective date (periods beginning)
Amendments to IAS 1: *Disclosure Initiative*	1 January 2016 (early adoption permitted)	1 January 2016
IFRS 15: *Revenue from contracts with customers (May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (September 2015)*	Not endorsed, expected to be endorsed Q2 2016.	1 January 2018
IFRS 9 *Financial Instruments (July 2014)*	Not endorsed, expected to be endorsed H1 2016.	1 January 2018
IFRS 16 *Leases (January 2016)*	Not endorsed, no indicative endorsement date provided.	1 January 2019

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

1. Basis of Preparation (continued)

(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) Basis of accounting

The Directors consider that it is appropriate that the financial statements have been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The significant accounting policies applied in the preparation of these financial statements are set out in Note 3.

2. Key Judgements and Estimates

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

The key judgements and estimates impacting these financial statements are:

- accounting for share-based payments (Note 18)
- carrying value of inventories and allocations from inventories to cost of sales (See Notes 3(f) and 13)
- carrying value of loan assets (Note 12)
- accounting for acquisitions, including allocation of fair value of consideration (Note 25)
- presentation of exceptional items (Note 25).

3. Significant Accounting Policies

The accounting policies set out below have been applied in these financial statements.

(a) Basis of consolidation

The consolidated financial statements include the results of Cairn Homes plc and all of its subsidiary undertakings for the period to 31 December 2015. The financial statements of the subsidiary undertakings are consolidated from the date when control passes to the Group using the purchase method of accounting and up to the date control ceases.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

3. Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

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. Impairment arises when the carrying value of the Group's cash generating unit (residential property development) is greater than its fair value. 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 that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration 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.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Property, plant and equipment

Property, plant and equipment are initially recognised at cost. Depreciation is provided using the straight line method to write off the cost less any residual value over the estimated useful life of the asset on the following basis:

Computers & Equipment 3-7 years
Leasehold Improvements 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.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

3. Significant Accounting Policies (continued)

(c) Leases

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(d) Intangible Assets

Computer Software

Acquired computer software is capitalised as intangible assets on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software costs are amortised over their estimated useful lives from seven to ten years for specialised software which is expected to provide benefits over a longer period. Other costs in respect of computer software are recognised as an expense as incurred.

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.

(e) Revenue

Revenue represents the fair value of consideration received or receivable, net of value-added tax. Revenue is recognised once the value of the transaction can be reliably measured and the significant risks and rewards of ownership have been transferred. Revenue is recognised on residential property sales at legal completion.

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 are paid to the Group and recognised as revenue. Where a contract, on which a contract deposit has been paid, is not completed, the Group will recognise the forfeited deposit (arising in accordance with the contract's terms) as revenue.

Rental income is recognised on a straight line basis over the life of the lease. Any lease incentives are recognised as an integral part of the total rental income.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

3. Significant Accounting Policies (continued)

(f) Inventories

Units in the course of development and completed units are valued at the lower of cost and net realisable value. Cost includes the cost of land, raw materials, stamp duty, directly attributable interest (if any), direct labour 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 inventory to be recognised as cost of sales on units sold, there is a degree of inherent uncertainty.

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 and work in progress 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 as part of the planned redevelopment of the site, the full cost of the site is classified within inventory.

Contract deposits for purchases of development property are recognised as deposits when paid and are transferred to inventory on legal completion of the contract when the remainder of the contract price is paid.

(g) Share-based payments

The Group issues equity-settled share based payments to certain employees (share options) and founders (Founder Shares).

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity over the vesting period of the awards. The amounts recognised as an expense are adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions, where applicable at the vesting date. 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.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

3. Significant Accounting Policies (continued)

(h) Taxation

Income tax comprises current tax and deferred tax. Income tax 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 periods. 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 timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

(i) Pensions

The Group operates defined contribution schemes for certain employees. The Group's contributions to the schemes are charged to profit or loss in the period in which the contributions fall due.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

3. Significant Accounting Policies (continued)

(j) Cash and cash equivalents and restricted cash

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.

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 period are classified as non-current assets.

(k) 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.

(l) 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.

(m) Exceptional items

Items that are material in size or unusual or infrequent are presented as exceptional items in the statement of comprehensive income. The Directors are of the opinion that the separate presentation of exceptional items provides helpful information about the Group's underlying business performance.

(n) 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 (designated as the Board of Directors), who is responsible for allocating resources and assessing performance of operating segments.

(o) 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.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

3. Significant Accounting Policies (continued)

(p) Financial instruments

The Group classifies non-derivative financial assets into the categories: (1) financial assets at fair value through profit or loss; (2) held to maturity financial assets, (3) loans and receivables; and (4) available-for-sale financial assets. The Group classifies non-derivative financial liabilities into the following categories: (5) financial liabilities at fair value through profit or loss and (6) other financial liabilities category. During the period, the Group held no financial instruments in the following categories, (1), (2), (4) and (5), as referred to above.

(i) Non-derivative financial assets and financial liabilities - recognition and derecognition

The Group initially recognises loans and receivables and borrowings on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - measurement

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, as adjusted for any impairments.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

3. Significant Accounting Policies (continued)

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially measured at fair value less directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

For interest-bearing borrowings any difference between initial carrying value and redemption value is recognised in profit or loss over the period of the borrowings on an effective interest basis, or if appropriate, the Group capitalises borrowing costs directly attributable to the acquisition and development of a qualifying asset as part of the cost of that asset. Embedded derivatives requiring separation are measured at fair value through profit or loss (see policy (p)(iv)).

(iv) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any directly attributable transaction costs are recognised in profit or loss as incurred.

The Group held an embedded derivative (interest rate floor) in its bank borrowings. Embedded derivatives are separated from the host contract and accounted for at fair value through profit or loss if certain criteria are met.

(q) Impairment of financial assets

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss when they occur and are reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment is reversed through profit or loss.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

4. Measurement of Fair Values

A number 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);
- *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 period during which the change has occurred.

Further disclosure about the assumptions made in measuring fair values is included in the following notes:

- Note 12 - Loan assets;
- Note 15 - Trade and other receivables;
- Note 16 - Cash and cash equivalents;
- Note 19 - Loans and borrowings;
- Note 20 - Trade and other payables;
- Note 25 - Business combination;
- Note 26 - Financial instruments and risk management.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

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 Chief Operating Decision Maker ('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. In particular, the Group is managed as a single business unit, building and property development.

Management of the loan receivables acquired (Note 12) forms an integral part of the single reportable segment as the value of these loans is primarily derived from the underlying value of development properties on which they are secured.

As the Group operates in a single geographic market, Ireland, no geographical segmentation is provided.

6. Revenue

	€'000
Revenue	
Residential property sales	**3,401**
Income from property rental	**316**
	3,717

7. Administrative Expenses

	Note	Before Exceptional Items €'000	Exceptional Items €'000	Total €'000
Administrative Expenses				
Employee benefits expense	9 (i)	3,003	-	3,003
Other expenses		1,489	1,086	2,575
		4,492	**1,086**	**5,578**

Costs of €1.1 million treated as exceptional relate to costs assumed as part of the acquisition of Emerley Holdings, see Note 25.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

8. Finance Income and Finance Costs

	Before Exceptional Items €'000	Exceptional Items €'000	Total €'000
Finance Income			
Interest income on short term deposits	114	-	**114**
Finance Costs			
Interest expense on financial liabilities measured at amortised cost	(1,927)	(1,858)	**(3,785)**
Gain on fair value of derivative	127	-	**127**
	(1,800)	(1,858)	**(3,658)**

€3.6m of the above finance cost is attributable to a loan which was acquired as part of the acquisition of Emerley Holdings Limited, see note 25. The amount of €1.9 million treated as exceptional represents the pre-existing interest cost of Emerley Holdings Limited prior to its acquisition by the Company, that the Company assumed on acquisition of Emerley Holdings Limited as part of the Group's Initial Public Offering process. That loan and interest were repaid in full in December 2015.

9. Statutory and other information

(i) Employees

The average number of persons employed by the Group (including executive Directors) during the period was:

	2015
Number of Employees	**14**

The aggregate payroll costs of these employees were:	**€'000**
Wages and salaries	2,884
Social welfare costs	277
Pension costs - defined contribution schemes	170
Other	33
	3,364
Amounts capitalised into inventories	(361)
Employee benefit expense	**3,003**

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

9. Statutory and other information (continued)

(ii) Other Information

	€'000
Operating lease rental expense	36
Net foreign currency losses recognised in profit or loss	(8)

Auditor's Remuneration	
Audit of Group, Company and subsidiary financial statements*	95
Tax advisory services	72
Other non-audit services	339
	506
Directors' Remuneration	
Salaries, fees and other emoluments	1,837
Pension contribution - defined contribution schemes	69
	1,906

* Inclusive of review of interim financial statements for period to 30 June 2015.

10. Current and Deferred Taxation

	Note	€'000
Current tax charge for the period		-
Deferred tax credit for the period		(312)
Total income tax credit		**(312)**

Deferred tax

The deferred tax liability is comprised of the following:

On incorporation - 12 November 2014		-
Liability on acquisition of Emerley Holdings Limited	25	1,127
Credited to profit or loss		(312)
As at 31 December 2015		**815**

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

10. Current and Deferred Taxation (continued)

Deferred tax arises from temporary differences relating to:

	Acquired in business combinations €'000	Recognised in profit or loss €'000	Net deferred tax €'000
Land held for development	(2,361)	-	(2,361)
Tax losses	1,234	312	1,546
	(1,127)	**312**	**(815)**

No deferred tax assets have been recognised in these financial statements in relation to €4.1 million of unused tax losses. The potential deferred tax asset not recognised is €1.0 million.

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

	€'000
Loss before tax	**(37,520)**
Tax credit at standard Irish income tax rate of 12.5%	(4,690)
Effects of:	
Income taxed/expenses deductible at the higher rate of corporation tax	(423)
Expenses not deductible for tax purposes	3,781
Unused tax losses not recognised as deferred tax assets	1,020
Total income tax credit	**(312)**

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

11. Property, Plant and Equipment

	Leasehold Improvements €'000	Computers & Equipment €'000	Total €'000
Cost			
At 12 November 2014	-	-	-
Additions	67	63	**130**
At 31 December 2015	**67**	**63**	**130**
Accumulated Depreciation and Impairment			
At 12 November 2014	-	-	-
Depreciation	-	-	-
At 31 December 2015	-	-	-
Net Book Value			
At 31 December 2015	**67**	**63**	**130**

Additions were mainly acquired in late 2015, and will be depreciated from January 2016.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

12. Loan Assets

	31 Dec 2015 €'000
Loan Assets	
Loan receivables	378,681
Construction bonds	4,270
Total loan assets	**382,951**

Loan receivables on the Group's Statement of Financial Position at the period end were purchased as a portfolio acquisition on 11 December 2015, subject to a sub participation period. Under the terms of the sub participation and related agreements, the original lender continued to administer the loans for a short period until formal legal transfer to the Group, however, the Group had effective control over these loan assets from 11 December 2015. As detailed in Note 30, 94% of the loans legally transferred to the Group on 19 February 2016, and 6% are still currently subject to sub participation. The portfolio of loans is secured on real estate collateral all of which is located in the Republic of Ireland.

The nominal value outstanding on the loans at period end is €1.7 billion. The loans were acquired at a substantial discount to their nominal value reflecting their distressed state at the time of acquisition. Direct transaction costs incurred relating to the acquisition of these loans have been capitalised. Construction bonds associated with the underlying real estate collateral were also acquired as part of the portfolio and the value of these bonds is due to be recovered on either completion of the site development or expiry of the related planning permission.

All of the loans are past due and in default and hence fall due for immediate repayment and are classified as current assets. Limited income is expected to be generated on some of the underlying collateral assets. A limited number of the loans are expected to be repaid by recourse to the original borrower. €197.9 million of the purchase price relates to loans which were the subject of a receivership when acquired.

The objective in purchasing the portfolio of loans was to generate future returns for the Group in the following ways:

- acquisition of collateral assets by the Group for inclusion as inventory in its development portfolio subject to compliance with the Group 's development strategy;
- disposal of collateral assets over time to achieve a redemption of the loan at a value greater than the acquisition cost; and
- income from the underlying portfolio.

The fair value of the loan receivables was based on the value of the secured real estate collateral. The Directors do not consider further impairment allowances are required against these loans as they expect that the loans will be resolved at least at their carrying value due to the value of the collateral on which they are secured. The Group expects to recover these loans within a two year period. It is not possible to determine with accuracy the specific amount of loan assets that will be recovered within 12 months of the reporting date.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

13. Inventories

	31 Dec 2015 €'000
Land held for development	132,074
Construction work in progress	17,257
	149,331

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 of the reporting date. It is not possible to determine with accuracy when specific inventory will be realised as this will be subject to a number of factors such as consumer demand and the timing of planning permissions.

Having considered the current market conditions compared to the market conditions when the Group's various development sites were acquired, the Directors do not consider there to be any factors that give rise to concern in relation to the net realisable value of the Group's inventories as at 31 December 2015. Consequently, the Directors believe that the carrying value of all land held for development and construction work is stated at the lower of cost and net realisable value.

14. Deposits Paid

	31 Dec 2015 €'000
Deposits Paid	
Exclusivity deposit	5,000
	5,000

The deposit of €5 million ("Exclusivity Deposit") represents a payment made by the Group in December 2015 to give it the ability to contract to acquire a business ("Business") by 28 February 2016 (this date was subsequently extended, see Note 30). The Business owns five sites (one of which has commenced construction) and has a conditional contract to acquire a sixth site, located in Dublin and the Dublin commuter belt. In the event that the Group acquires the Business, the Exclusivity Deposit will be re-categorised as part of the consideration for the acquisition of the Business. In the event that the Group decides not to proceed with the transaction, it will forfeit the Exclusivity Deposit. In the event that the vendor decides not to proceed with the transaction, the Exclusivity Deposit will be returned to the Group.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

15. Trade and Other Receivables

	31 Dec 2015 €'000
VAT recoverable	2,101
Other receivables	861
Total trade and other receivables	**2,962**

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

16. Restricted Cash and Cash and Cash Equivalents

	31 Dec 2015 €'000
Non-current	
Restricted cash	27,000

€27 million of restricted cash is required to be maintained in an interest-bearing blocked deposit for the duration of the Group's senior debt facilities (Note 19), as part of the collateral for those facilities. The estimated fair value of restricted cash at 31 December 2015 is its carrying value.

	31 Dec 2015 €'000
Current	
Cash and cash equivalents	6,551

Cash deposits are made for varying short-term periods depending on the immediate cash requirements of the Group. All deposits can be withdrawn without significant changes in value and accordingly the fair value of current cash and cash equivalents is identical to the carrying value.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

17. Share Capital and Share Premium

Authorised	Number	31 Dec 2015 €'000
Ordinary Shares of €0.001 each	1,000,000,000	1,000
Founder Shares of €0.001 each	100,000,000	100
Deferred Shares of €0.001 each	120,000,000	120
A Ordinary Shares of €1.00 each	20,000	20
Total Authorised Share Capital		**1,240**

	Number	Share Capital €'000	Share Premium €'000	Total €'000
Ordinary Shares of €0.001 each	516,663,977	517	521,290	521,807
Founder Shares of €0.001 each	100,000,000	100	100	200
Deferred Shares of €0.001 each	19,980,000	20	-	20
A Ordinary Shares of €1.00 each	-	-	-	-
		637	**521,390**	**522,027**

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

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per Ordinary Share at meetings of the Company.

The holders of Founder Shares are not entitled to receive dividends and do not have voting rights at meetings of the Company save in relation to a resolution to wind up the Company or to authorise the directors to issue further Founder Shares. Founder Shares entitle New Emerald LP (the sole limited partner and economic beneficiary of which is the Emerald QIAIF, the ultimate beneficiaries of which are Alan McIntosh, a director, and his spouse), Michael Stanley and Kevin Stanley to receive 20% of the Total Shareholder Return (which is the increase in the market capitalisation of the Company, plus dividends or distributions in the relevant period), over the seven years following Admission of the Company's Ordinary Shares to the London Stock Exchange, subject to the satisfaction of the Performance Condition, being the achievement of a compound rate of return of 12.5%. per annum in the Company's share price, as adjusted for any dividends paid in the period. The Founder Shares will be converted into Ordinary Shares or paid out in cash, at the option of the Company, in an amount equal to the return earned by the Founders, if any.

The holders of Deferred Shares do not have voting rights at meetings and are not entitled to receive dividends except for the right to receive €1 in aggregate for every €100,000,000,000 paid to the holders of Ordinary Shares.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

17. Share Capital and Share Premium (continued)

The holders of A Ordinary Shares are not entitled to receive dividends and do not have voting rights at meetings of the Company.

Issue costs of €15.9 million in relation to Ordinary Shares issued in the period have been charged directly in equity to retained earnings.

Share Issues

On incorporation, on 12 November 2014, the Company issued 100 Ordinary Shares for cash consideration of €100.

On 2 April 2015, the Company passed a resolution whereby every one Ordinary Share of €1 each was sub-divided into 1,000 Ordinary Shares of €0.001 each.

On 2 April 2015, the Company issued 100 Ordinary Shares for cash consideration of €100,000.

On 2 April 2015, 20,000 A Ordinary Shares were issued for cash consideration of €20,000.

On 2 April 2015, 100,000,000 Founder Shares of €0.001 each were issued for cash consideration of €200,000.

On 4 May 2015, the Company issued 4 Ordinary Shares for cash consideration of €0.04.

On 9 June 2015, 20,000 A Ordinary Shares were converted to 20,000 Ordinary Shares of €0.001 each and 19,980,000 Deferred Shares of €0.001 each.

On 10 June 2015, the Company issued 400,000,000 Ordinary Shares at €1.00 each by way of an Initial Public Offering, raising gross proceeds of €400 million.

On 10 June 2015, the Company issued 26,657,224 Ordinary Shares at €1.00 each in consideration for the transfer to the Company of the entire share capital of Emerley Holdings Limited (See Note 25).

On 10 June 2015, the Company issued 2,579,900 Ordinary Shares at €1.00 each as part of the Admission Founders Subscription, raising proceeds of €2,579,900.

On 10 June 2015, the Company issued 380,000 Ordinary Shares at €1.00 each as part of the Additional Persons Subscription, raising proceeds of €380,000.

On 23 June 2015, the Company issued 40,000,000 Ordinary Shares at €1.00 each by way of the exercise of an Over-Allotment Option, raising gross proceeds of €40 million.

On 2 December 2015, the Company issued 46,926,749 Ordinary Shares at €1.11 each by way of a Share Placing, raising gross proceeds of €52.1 million.

The proceeds of share issues were or will be used to acquire assets to develop the Group's business of property development and construction of residential units and for general corporate purposes.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

18. Share-Based Payments

Founder Shares

A valuation exercise has been undertaken to fair value the Founder Shares (the terms of which are outlined in Note 17), which results in a non-cash charge in the period to 31 December 2015 of €29.1 million, with a corresponding increase in the share-based payment reserve in equity such that there is no overall impact on total equity. This non-cash charge to profit or loss for the period is for the full fair value of the award relating to the Founder Shares, all of which must be recognised up front under the terms and conditions of the Founder Share agreement. No charge will be recognised in subsequent years.

The valuation exercise was completed using the "Monte Carlo" simulation methodology and the following key assumptions:

- Share price volatility of 25% per annum, based on a basket of comparative UK listed entities;
- Risk free rate of 0.1% per annum;
- Dividend yield of 3% per annum, effective from 2018;
- 15% discount based on restrictions on sale once Founder Shares convert to Ordinary Shares.

Share Options

500,000 ordinary share options were issued in the period, to a director. 250,000 of these options vest during 2018 and the remaining 250,000 vest during 2019. The exercise price of each ordinary share option is €1.00. The fair value of the options that vest during 2018 is €0.219 per share while the fair value of options that vest in 2019 is €0.220 per share. A valuation exercise has been undertaken to fair value the share options, which results a non-cash charge in administrative expenses in the period to 31 December 2015 of €0.018 million with a corresponding increase in the share-based payment reserve in equity.

19. Loans and Borrowings

	31 Dec 2015 **€'000**
Non-current liabilities	
Bank loans	
Repayable as follows:	
Between one and two years	-
Between two and five years	63,543
	63,543

On 30 November 2015, the Group entered into a €150 million Term Loan and Revolving Credit Facility with AIB for a term of 4 years from initial drawdown at an interest rate of Euribor (subject to a 0% floor) plus a margin ranging from 2.5%-3%. The first drawdown by the Group in December 2015 amounted to €65.5 million (gross). Undrawn facilities of €84.5 million were available as at 31 December 2015. The facility is repayable by 11 December 2019 and is secured by way of a floating charge over the assets of the Company and its subsidiaries. The Directors confirm that all covenants have been complied with and are kept under regular review.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

19. Loans and Borrowings (continued)

The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs. In addition, the fair value of an embedded derivative (interest-rate floor) was deducted and separated from the fair value of the host loan at inception.

The key covenants under the Facility Agreement are that the Group must convert 60% of all loan assets into direct site ownership within 12 months of acquisition. In addition, loan assets must not represent greater than 70% of the Gross Asset Value (as defined in the Facility Agreement) of the Group during year 1 of the Facilities, 35% during year 2 and 20% during year 3. In addition, Total Debt (as defined in the Facility Agreement) must not exceed 40% of Gross Asset Value and in the event that Senior Debt (i.e. the amount due under the Facility Agreement) exceeds 30% of Gross Asset Value, the Group must achieve defined EBITDA hurdles in each of 2017, 2018 and 2019.

During the period, the Group held a loan of €18.1 million due from Emerley Properties Limited to Northern Trust Fiduciary Services Limited (acting in its capacity as trustee to the Emerald QIAIF, the ultimate beneficiaries of which are Alan McIntosh, a director, and his spouse). The loan was acquired as part of the acquisition of Emerley Holdings Limited (see Note 25). The loan was repaid in full together with the minimum interest amount payable under the loan agreement of €3.6m on 3 December 2015.

20. Trade and Other Payables

	31 Dec 2015 €'000
Trade payables	583
Accruals	10,610
	11,193

The carrying value of all trade and other payables is approximate to their fair value. Accruals include €5.1 million in relation to accrued transaction costs applicable to the purchase of the loan assets in Note 12.

21. Dividends

There were no dividends declared and paid by the Company during the reporting period and there were no dividends proposed by the Directors in respect of the reporting period up to the date of authorisation of these financial statements.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

22. Related Party Transactions

For the period from incorporation on 12 November 2014 to 31 December 2015, the following related party transactions have taken place requiring disclosure:

- On 15 June 2015, 100% of the share capital of Emerley Holdings Limited, subsequently renamed Cairn Homes Holdings Limited, was acquired by the Company from Everleigh Investment Partners Limited (an entity, in which the ultimate beneficiaries are Alan McIntosh, a director, and his spouse) and Stanbro Property Holdings Limited (a company, of which over 96 per cent. of the ultimate beneficial interest is held by Michael Stanley, a director, together with family members) for €26.7 million, the consideration for which was satisfied by the issue of 26,657,224 Ordinary Shares of €0.001 each in the Company (see Note 25);
- As part of the acquisition of Emerley Holdings Limited, subsequently renamed Cairn Homes Holdings Limited, a loan of €18.1 million due to Northern Trust Fiduciary Services Ireland Limited (acting in its capacity as trustee to the Emerald QIAIF, the ultimate beneficiaries of which are Alan McIntosh, a director, and his spouse) was acquired. The loan was secured by a fixed and floating charge over the assets of Emerley Properties Limited, subsequently renamed Cairn Homes Properties Limited. If all of any part of the loan were repaid by 31 December 2015, a minimum interest amount of €3.6 million was payable and thereafter interest would accrue at a rate of 20 per cent per annum. This loan was repaid in full by 31 December 2015, incurring the minimum interest charge of €3.6 million which was paid on 3 December 2015.
- Butterly Business Park, Kilmore Road, Artane, Dublin 5 was acquired by Cairn Homes Butterly Limited, a 100% subsidiary of the Company, from Butterly Capital Investments Limited an entity in which the ultimate economic interest is indirectly held by Alan McIntosh, a director, and his spouse, for cash consideration of €9.3 million. In addition, Cairn Homes Butterly Limited was charged management fees of €0.1 million in the period by Butterly Capital Investments Limited in respect of Butterly Business Park;
- Development land at Letteragh Road, Rahoon, Galway was acquired by Cairn Homes Galway Limited, a 100% subsidiary of the Company, from Emerald Opportunity Investment (Galway) Limited, an entity in which the ultimate economic interest is indirectly held by Alan McIntosh and his spouse, for cash consideration of €4.9 million;
- Development land at Albany House, Shanganagh Road, Ballybrack, Co. Dublin was acquired by Cairn Homes Killiney Limited, a 100% subsidiary of the Company, from Albany House Investments Limited, an entity in which the ultimate economic interest is indirectly held by Alan McIntosh and his spouse, for cash consideration of €5.7 million;
- Development land at Moathill, Navan, Co Meath was agreed to be conditionally acquired by Cairn Homes Navan Limited, a 100% subsidiary of the Company, from Sonbrook Property Moathill Limited, an entity in which the ultimate economic interest is held by Kevin Stanley, a member of the management team, and his spouse. The consideration for the acquisition, which has not been completed, will be 80% of a Red Book valuation of the land to be carried out by an appropriate valuer when appropriate planning permission has been granted.
- Edward Square Limited, an entity directly held by Alan McIntosh, a director, recharged €0.35 million in the period to the Group for professional services and expenses incurred on its behalf.
- Emerald Opportunity Investment Fund, an entity indirectly held by Alan McIntosh, a director, recharged €0.2 million in the period to the Group for professional services incurred on its behalf.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

22. Related Party Transactions (continued)

- The remuneration of key management personnel (which comprise the Board of Directors of the Company) during the period from incorporation on 12 November 2014 to 31 December 2015 was as follows:

	Note	31 Dec 2015 €'000
Short-term employee benefits		1,837
Post-employment benefits (pension contributions - defined contribution schemes)		69
Share based payment expense - share options		18
Total Remuneration of key management personnel		**1,924**
Share based payment expense - fair value charge relating to Founder Shares of key management personnel	18	**24,735**

23. Group Entities

The Company's subsidiaries are set out below. All of the Company's subsidiaries are resident in Ireland, with their registered address at 7 Grand Canal, Grand Canal Street Lower, Dublin 2.
All group companies operate in Ireland only.

Group Company	Principal Activity	Company's holding	
		Direct	Indirect
Cairn Homes Holdings Limited (formerly Emerley Holdings Limited)	Holding company	100%	-
Cairn Homes Properties Limited (formerly Emerley Properties Limited)	Holding of property	-	100%
Cairn Homes Construction Limited (formerly Emerley Construction Limited)	Construction company	-	100%
Cairn Homes Butterly Limited	Holding of property	100%	-
Cairn Homes Galway Limited	Holding of property	100%	-
Cairn Homes Killiney Limited	Holding of property	100%	-
Cairn Homes Navan Limited	No activity in period	100%	-
Cairn Homes Finance Designated Activity Company	Financing activities and acquisition/management of loan assets	100%	-

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

24. Earnings Per Share

The basic loss per share for the period ended 31 December 2015 is based on the loss attributable to ordinary shareholders of €37.2 million and the weighted average number of ordinary shares outstanding for the period. There is no difference between basic and diluted loss per share. The potential ordinary shares from share-based payment arrangements are not dilutive in view of the loss made in the period.

	31 Dec 2015
Loss for the period attributable to ordinary shareholders (€'000)	(37,208)
Weighted average number of ordinary shares for period	233,546,612
Basic and diluted loss per share	15.9 cents

25. Business Combination

On 15 June 2015, the Company acquired 100% of the share capital of Emerley Holdings Limited (subsequently renamed Cairn Homes Holdings Limited), for a consideration of €26.657 million, all of which was satisfied by the issue of 26,657,224 ordinary shares in the Company (Note 17). This acquisition had been conditional on the successful completion of the Company's IPO. The fair value of the consideration was €26.657 million based on the Company's IPO share issue price of €1.00 per share. The purpose of the acquisition was to acquire Emerley Holdings Limited's business of the development of residential property at Parkside, Dublin. The fair value of recognised amounts of assets acquired and liabilities assumed were as follows:

	€'000
Inventories	43,810
Cash and cash equivalents	1,963
VAT recoverable	369
Other receivables	545
Trade payables	(60)
Accruals	(3,658)
Borrowings	(18,130)
Deferred tax liability	(1,127)
Net assets acquired	**23,713**
Charge to profit or loss - exceptional item	**2,944**
Consideration - fair value of shares issued	**26,657**

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

25. Business Combination (continued)

The fair value of consideration exceeded the fair value of net assets and liabilities acquired by €2.94 million. The Directors believed that certain expenses incurred directly by Emerley Holdings Limited in advance of the acquisition were incurred for the benefit of the Company and its shareholders and the Group assumed these pre-existing costs at its own expense. The costs assumed were as follows:

- €0.94 million of certain costs relating to the restructuring of the Emerley Holdings Limited Group prior to its acquisition by the Group as part of the Initial Public Offering and €0.15 million of other administrative expenses;
- €1.86 million in accrued interest in relation to the Emerley Properties Loan (see Note 19);

The above costs have been expensed to profit or loss and disclosed as exceptional items (see Notes 7 and 8). From the acquisition date to 31 December 2015, this acquisition contributed revenue of €3.6 million and a loss of €1.9 million to the consolidated results of the Group. If the acquisition had occurred with effect from the beginning of the period, it would have contributed revenue of €3.6 million and a loss of €4.8 million to the consolidated results of the Group for the period (including the impact of the €2.9 million exceptional costs noted above).

26. Financial Instruments and Risk Management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- 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 Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit and Risk Committee keeps under review the adequacy and effectiveness of the Group's internal financial controls and the internal control and risk management systems.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loan assets, trade and other receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

26. Financial Instruments and Risk Management (continued)

(b) Credit risk (continued)

Exposure to credit risk

The Group's main financial assets are loan receivables, construction bonds, cash and cash equivalents and restricted cash.

Loan receivables, which totalled €378.7 million (Note 12) at 31 December 2015 and are secured on real estate collateral in Ireland, will either be recovered by the direct acquisition of the properties by the Group, through the sale of collateral properties and the receipt of income from these properties or through the sale of the loan assets. As at 31 December 2015, the Directors estimate the value of real estate collateral less costs to be incurred in acquiring the underlying properties approximates to the carrying value of loan receivables.

Based on the nature of the loan receivables there is a concentration of risk in these assets which relates to the value of development property in Ireland and the achievability of future profitable development of such property.

Construction bonds which total €4.3 million (Note 12) at 31 December 2015 and relate to the underlying real estate collateral, will either be recovered on completion of the site development or expiry of the related planning permission.

Group management in conjunction with the Board manage risk associated with cash and cash equivalents and restricted cash by depositing funds with a number of Irish financial institutions and AAA rated international institutions. At 31 December 2015, the Group's deposits were held in two Irish financial institutions with a minimum credit rating of BBB-.

The maximum amount of credit exposure is therefore:

	31 Dec 2015 €'000
Loan receivables (Note 12)	378,681
Construction bonds (Note 12)	4,270
Other receivables (Note 15)	861
Restricted cash - non-current	27,000
Cash and cash equivalents - current	6,551
	417,363

Other receivables of €0.9 million and construction bonds of €4.3 million were all neither past due nor impaired.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

26. Financial Instruments and Risk Management (continued)

(b) Credit risk (continued)

At 31 December 2015, the aging of loan receivables was as follows:

	31 Dec 2015 €'000
Neither past due nor impaired	-
Past due, in default and not impaired	378,681
Total loan receivables	**378,681**

As described in Note 12, the Group purchased these loan receivables, which are all in default, in December 2015 for their fair value plus directly attributable transaction costs. The total nominal amounts outstanding on the loans are €1.7 billion. Based on the value of collateral held, the Directors are satisfied that the carrying value of these assets is not impaired.

(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 receivables and expected residential property sales together with expected cash outflows on borrowings, trade and other payables, commitments and site acquisition costs. All trade and other payables (€11.2 million) at 31 December 2015 are considered current with the expected cash outflow equivalent to their carrying value.

Management monitors the adequacy of the Group's liquidity reserves (comprising undrawn borrowing facilities as detailed in note 19 and cash and cash equivalents as detailed in note 16) against rolling cash flow forecasts. In addition, the Group's liquidity risk management policy involves monitoring short term and long term cash flow forecasts.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

26. Financial Instruments and Risk Management (continued)

(c) Liquidity risk (continued)

	31 Dec 2015 €'000
Liabilities due in less than one year	
Trade and other payables	11,193
Total liabilities due in less than one year	**11,193**
Liabilities due after more than one year	
Borrowings	63,543
Derivative liability	514
Total liabilities due after more than one year	**64,057**
Total Funds available:	
Cash and cash equivalents (excluding restricted cash)	6,551
Revolving credit facility undrawn	34,500
Term loan facility undrawn	50,000
Total funds available	**91,051**

The Board has reviewed the Group financial forecasts and associated risks for the period beyond one year from the date of approval of the financial statements. The forecasts reflect key assumptions, based on information available to the Directors at the time of the preparation of this financial information. These forecasts are based on:

- detailed monthly forecasting by site for the period 2016-2019, reflecting trends experienced up to the date of preparation; and
- future revenues for 2016-2019 based on management's assessment of trends across principal development sites.

The critical assumptions underlying the forecast were then stress-tested to ensure sufficient financial covenant headroom exists to cope with a reasonable level of negative movement in the key assumptions. Having completed this forecasting process, the Directors expect that the Group will meet the covenants under its bank facilities and consider that there is sufficient liquidity available to the Group for the period beyond one year from the date of approval of these financial statements.

The following are the remaining contractual maturities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

26. Financial Instruments and Risk Management (continued)

(c) Liquidity risk (continued)

	Carrying Amount €'000	Total €'000	Contractual cash flows 6 months or less €'000	6-12 months €'000	1-2 years €'000	2-5 years €'000
Non-derivative financial liabilities						
Trade and other payables	11,193	(11,193)	(11,193)	-	-	-
Loans and borrowings	63,543	(73,868)	(977)	(1,009)	(2,180)	(69,702)
	74,736	**(85,061)**	**(12,170)**	**(1,009)**	**(2,180)**	**(69,702)**
Derivative financial liabilities						
Embedded interest-rate floor	**514**	(514)	(48)	(68)	(144)	(254)

(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.

(e) Currency risk

The Group is not exposed to currency risk. The Group operates only in the Republic of Ireland.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

26. Financial Instruments and Risk Management (continued)

(f) Interest rate risk

At 31 December 2015, the Group had Term Loan and Revolving Credit facilities with AIB that had a principal drawn balance of €65.5 million, with a variable interest rate of Euribor (with a 0% floor) plus a margin of 3%. The Group has an exposure to cashflow interest rate risk where there are changes in Euribor rates.

The loan facilities have an embedded interest rate floor derivative, whereby if the Euribor benchmark is negative at the commencement of an interest period the benchmark rate is set to zero. The fair value of this embedded derivative liability at 31 December 2015 was €0.51 million.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in 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.

	Profit or loss		Equity	
	100 bp increase €'000	**100 bp decrease €'000**	**100 bp increase €'000**	**100 bp decrease €'000**
31 December 2015				
Variable-rate instruments - borrowings	36	(36)	36	(36)
Cash flow sensitivity (net)	**36**	**(36)**	**36**	**(36)**

(g) 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 future development of the business. The Group takes a conservative approach to bank financing and the debt to total asset value ratio was 11% at 31 December 2015.

(h) 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;

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.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

26. Financial Instruments and Risk Management (continued)

(h) Fair value of financial assets and financial liabilities (continued)

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
Loan assets	Amortised cost	3	Assessed in relation to collateral value	Valuation of collateral is subjective based on agents' guide sales prices and market observation of similar property sales where available, expected scale of development and development costs assumptions.
Borrowings	Amortised cost	3	Discounted Cash Flow	Variable rate loan which is interest bearing at market rates. Carrying value approximates to fair value.
Derivative liability	Fair value	2	Black Scholes Valuation Model	Valuation is based on Euribor interest rate forecasts.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

26. Financial Instruments and Risk Management (continued)

(h) Fair value of financial assets and financial liabilities (continued)

The following table shows the carrying values of financial assets and liabilities including their values in the fair value hierarchy. The table does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	31 Dec 2015		Fair Value	
	Carrying Value €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
Financial Assets measured at amortised cost				
Loan assets	382,951			382,951
Trade and other receivables	861			
Cash and cash equivalents - current	6,551			
Restricted cash - non current	27,000			
	417,363			
Financial Liabilities measured at amortised cost				
Trade and other payables	11,193			
Borrowings	63,543			63,543
	74,736			
Financial Liabilities measured at fair value				
Derivative liability	514		514	
	514			

27. Commitments

(a) Capital Commitments

	31 Dec 2015 €'000
No later than one year	150
Later than one and no later than five years	-
Later than five years	-
	150

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

27. Commitments (continued)

(b) Operating Lease Commitments

The Group's operating lease commitments relate to the lease of its Head Office property.

At the period end, the Group had outstanding commitments under this non-cancellable operating lease which fall due as follows:

	31 Dec 2015 €'000
No later than one year	389
Later than one and no later than five years	1,558
Later than five years	789
	2,736

28. Contingent Liabilities

Pursuant to the provisions of Section 357, Companies Act 2014, the Company has guaranteed the liabilities of its subsidiary undertakings for their financial periods ending 31 December 2015 and as a result such subsidiary undertakings have been exempted from the filing provisions of Companies Act 2014.
The Group is not aware of any other contingent liabilities that should be disclosed in these financial statements.

29. Profit/(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 period of incorporation on 12 November 2014 to 31 December 2015, determined in accordance with IFRS as adopted by the EU, is €32.8m.

Notes to the Consolidated Financial Statements - continued

For the period from incorporation on 12 November 2014 to 31 December 2015

30. Events After the Reporting Period

On 4 January 2016, the Group contracted to acquire a 2 acre site in Hanover Quay, Dublin 2 at a cost of €18 million. The contract is expected to complete in March 2016.

On 11 February 2016, the Group contracted to acquire a site in Cherrywood, Dublin 18 at a cost of €21.5 million and conditionally contracted to acquire a second site at the same location, on the receipt of planning permission, at a cost of €9.5 million.

On 16 February 2016, on payment of a further €2.5 million, the Group extended the exclusivity agreement relating to the agreement to purchase the Business referred to in Note 14. The exclusivity period now ends on 21 April 2016.

On 19 February 2016, the sub participation period relating to the residential land loan portfolio acquired by the Company (Note 12) ended and 94% of all loans were legally transferred to the Group, with 6% still subject to sub participation. On 14 March 2016, 3 of the underlying development sites (15% of the residential land loan portfolio) moved into the Company's direct asset ownership. If the necessary consent to transfer the 6% to the Group has not been obtained by 31 December 2016, enforcement action will be taken by Ulster Bank.

On 3 March 2016, the Senior Debt Facility was amended and restated following the accession of Ulster Bank to the Banking Group and the Facility increased to €200 million.

On 7 March 2016, the Group contracted to acquire a site in Maynooth at a cost of €27 million. The contract is expected to complete in April 2016.

31. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 14 March 2016.

Company Financial Statements

For the period from incorporation on 12 November 2014 to 31 December 2015

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Company Statement of Financial Position

At 31 December 2015

	Note	€'000
Assets		
Non-current assets		
Property, plant and equipment		75
Intangible assets		130
Investments in subsidiaries	2	26,657
		26,862
Current assets		
Amount due from subsidiary undertakings	3	394,712
Inventories	4	72,899
Deposits paid	5	5,000
Trade and other receivables	6	990
Cash and cash equivalents		4,506
		478,107
Total Assets		**504,969**
Equity		
Share capital	7	637
Share premium	7	521,390
Share-based payment reserve	8	29,118
Retained earnings		(48,732)
Total equity		**502,413**
Liabilities		
Current liabilities		
Trade and other payables	9	**2,556**
Total liabilities		**2,556**
Total equity and liabilities		**504,969**

On behalf of the Board:

Mr John Reynolds
Chairman

Mr Gary Britton
Director

Company Statement of Changes in Equity

For the period from incorporation on 12 November 2014 to 31 December 2015

	Share Capital							
	Ordinary shares	A Ordinary shares	Deferred shares	Founder shares	Share premium	Share-based payment reserve	Retained earnings	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
As at 12 November 2014	-	-	-	-	-	-	-	-
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(32,785)	**(32,785)**
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	**(32,785)**	**(32,785)**
Transactions with owners of the company								
Issue of ordinary shares for cash	490	-	-	-	494,660	-	-	**495,150**
Share issue costs	-	-	-	-	-	-	(15,947)	**(15,947)**
Issue of founder shares for cash	-	-	-	100	100	-	-	**200**
Issue of ordinary shares for business combination	27	-	-	-	26,630	-	-	**26,657**
Issue of A ordinary shares for cash	-	20	-	-	-	-	-	**20**
Conversion of A ordinary shares to deferred shares	-	(20)	20	-	-	-	-	**-**
Equity-settled share-based payments	-	-	-	-	-	29,118	-	**29,118**
	517	**-**	**20**	**100**	**521,390**	**29,118**	**(15,947)**	**535,198**
As at 31 December 2015	**517**	**-**	**20**	**100**	**521,390**	**29,118**	**(48,732)**	**502,413**

Company Statement of Cash Flows

For the period from incorporation on 12 November 2014 to 31 December 2015

	€'000
Cash flows from operating activities	
Loss for the period	(32,785)
Adjustments for:	
Share-based payments expense	29,118
Finance income	(114)
	(3,781)
Increase in inventories	(72,899)
Increase in amounts due from group undertakings	(394,712)
Increase in deposits paid	(5,000)
Increase in trade and other receivables	(990)
Increase in trade and other payables	1,758
Net cash used in operating activities	**(475,624)**
Cash flows from investing activities	
Purchases of property, plant and equipment	(75)
Purchases of intangible assets	(83)
Interest received	114
Net cash used in investing activities	**(44)**
Cash flows from financing activities	
Proceeds from issue of share capital, net of issue costs paid	480,174
Net cash from financing activities	**480,174**
Net increase in cash and cash equivalents in the period	**4,506**
Cash and cash equivalents at incorporation	-
Cash and cash equivalents at 31 December 2015	**4,506**

Notes to the Company Financial Statements

For the period from incorporation on 12 November 2014 to 31 December 2015

1. Significant accounting policies

The individual financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014. As described in Note 29 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 period from 12 November 2014 to 31 December 2015 is €32.8 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 impairment.

(b) Intra-group guarantees

The Company has given guarantees in respect of borrowings and other liabilities arising in the ordinary course of business of the Company and subsidiaries. The Company considers these guarantees to be insurance contracts and accounts for them as such. These guarantees are treated as contingent liabilities until such time as it becomes probable that a payment will be required under such guarantees.

2. Investment in Subsidiaries

	31 Dec 2015 €'000
Shares in subsidiary undertakings	26,657
	26,657

Details of subsidiary undertakings are given in Note 23 of the consolidated financial statements.

3. Amounts due from Subsidiary Undertakings

Amounts due from subsidiary undertakings are non-interest bearing and are repayable on demand.

Notes to the Company Financial Statements

For the period from incorporation on 12 November 2014 to 31 December 2015

4. Inventories

	31 Dec 2015 €'000
Development land	72,899
	72,899

For further information on inventories refer to Note 13 of the consolidated financial statements.

5. Deposits Paid

For further information on Deposits Paid refer to Note 14 of the consolidated financial statements.

6. Trade and Other Receivables

	31 Dec 2015 €'000
VAT recoverable	792
Other receivables	198
	990

7. Share Capital and Share Premium

For further information on Share Capital and Share Premium refer to Note 17 of the consolidated financial statements.

8. Share-Based Payments

For further information on Share-Based Payments refer to Note 18 of the consolidated financial statements.

9. Trade and Other Payables

	31 Dec 2015 €'000
Trade payables	248
Accruals	2,308
	2,556

Notes to the Company Financial Statements

For the period from incorporation on 12 November 2014 to 31 December 2015

10. Financial Instruments

The carrying value of the Company's financial assets and liabilities, comprising amounts due from subsidiary undertakings, other receivables, cash and cash equivalents, and trade and other payables, are a reasonable approximation of their fair value. Relevant disclosures on Group financial instruments and risk management are given in Note 26 of the consolidated financial statements.

11. 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 23 of the consolidated financial statements). Key management compensation is set out in Note 22 of the consolidated financial statements.

For the period from incorporation on 12 November 2014 to 31 December 2015, the following related party transactions by the Company have taken place requiring disclosure:

- On 15 June 2015, 100% of the share capital of Emerley Holdings Limited, subsequently renamed Cairn Homes Holdings Limited, was acquired by the Company from Everleigh Investment Partners Limited (an entity, in which the ultimate beneficiaries are Alan McIntosh, a director, and his spouse) and Stanbro Property Holdings Limited (a company, of which over 96 per cent. of the ultimate beneficial interest is held by Michael Stanley, a director, together with family members) for €26.7 million, the consideration for which was satisfied by the issue of 26,657,224 Ordinary Shares of €0.001 each in the Company (see Note 25 of the consolidated financial statements);
- Edward Square Limited, an entity directly held by Alan McIntosh, a director, recharged €0.35 million in the period to the Company for professional services and expenses incurred on its behalf.
- Emerald Opportunity Investment Fund, an entity indirectly held by Alan McIntosh, a director, recharged €0.2 million in the period to the Company for professional services incurred on its behalf.

12. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 14 March 2016.

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