

## BONUS FRAMEWORK DISCLOSURE

As disclosed in the 2017 Annual Report (page 81), annual incentives are based 70% on financial performance and 30% on the achievement of individual performance objectives linked to leadership and operational targets. Given the early stage growth of the Company, the goals are set annually within a three year context from 2017 – 2020 and assessed annually for progress versus expected performance at maturity in 2020. For greater clarity, and to align with our goal of providing greater transparency around incentive payouts, the breakdown of CEO Michael Stanley's bonus framework for 2017 was as follows:

Area	Goal	Weighting	Performance
<b>Financial</b>	Achievement of Revenue and Margin targets for this year against 3 year budget to achieve progress as set by the Board at the start of the year	70%	<p><b>Above Target</b></p> <p>Revenue €149.5 million vs €40.9 million in 2016 and vs. progress against 2020 target of c. €500 million.</p> <p>Sales completions 418 vs 105 in 2016 and in excess of target of 375-400 sales completions for 2017. Increased completion target from 1,000 units at IPO to 1,200 units at maturity in 2019 guided in March 2017, demonstrating the considerable scaling progress in the business. Medium-term run-rate increased again in March 2018 to deliver revenue of c. €500 million from 1,300 to 1,400 sales completions annually from 2020 on foot of 2017 sales performance and site commencement activity.</p> <p>Gross margin 18.2% vs 17.3% in 2016 demonstrating strong gross margin progression of business.</p> <p>EPS: 0.6c vs. a loss of (0.3c) in 2016. On target to achieve 3 year target on EPS.</p> <p>Active on 11 developments (vs. 5 at the end of 2016), which will deliver in excess of 3,650 new homes which underpins forecast 2019 and 2020 sales completions targets.</p>
<b>Strategic Value</b>	Evaluate and execute land acquisitions to ensure strategic value captured and portfolio is risk balanced and value led.	10%	<p><b>Above Target</b></p> <p>Acquired Montrose, Greenfields and PBSA sites, reflecting considerable strategic value.</p> <p>Disposed non-core sites.</p> <p>+1,900 incremental units from planning gains to enhance land bank value.</p>
<b>Succession Planning</b>	Attract, retain and motivate best in market	10%	<p><b>At Target</b></p> <p>"9 box" succession planning methodology in</p>

	leadership.		<p>place which is linked to LTIP and active talent development.</p> <p>Key talent hired to strengthen future succession options.</p> <p>Performance management fully established and supporting our Values.</p>
<b>Brand, Values and Stakeholders</b>	<p>Define strategy and values for the Group that aligns with shareholder value and long term sustainable growth. Represent Cairn group effectively to create leverage for the company with stakeholders and enhancement of Cairn brand identity and group reputation in the market.</p>	5%	<p><b>Above Target</b></p> <p>Strategy and Values in place for the business and fully cascaded across all team into goals.</p> <p>Brand effectively communicated across all channels.</p> <p>Strong corporate presence and reputation within local market.</p>
<b>Risk Management</b>	<p>Provide leadership to ensure that there is an appropriate governance framework for the business, underpinned by the appropriate risk appetite for the Group.</p>	5%	<p><b>At Target</b></p> <p>Strong Health and Safety culture, support and record.</p> <p>Governance and risk framework as disclosed in annual report is fully effective and supported by the CEO.</p>

The Remuneration Committee fundamentally believes that the absence of formulaic bonus targets is in the best interests of the Company and our shareholders at this stage of the Company's development, as it provides the Committee with flexibility to determine payouts during a period of rapid development and change. The bonus framework has been publicly disclosed on our website: <https://www.cairnhomes.com/shareholder-information>.

Similar detail will be included in future Annual Reports.

