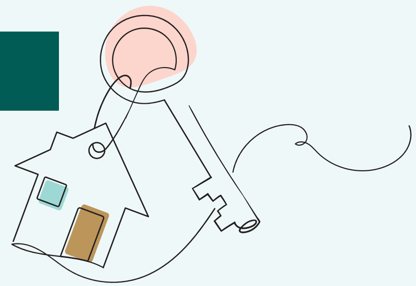
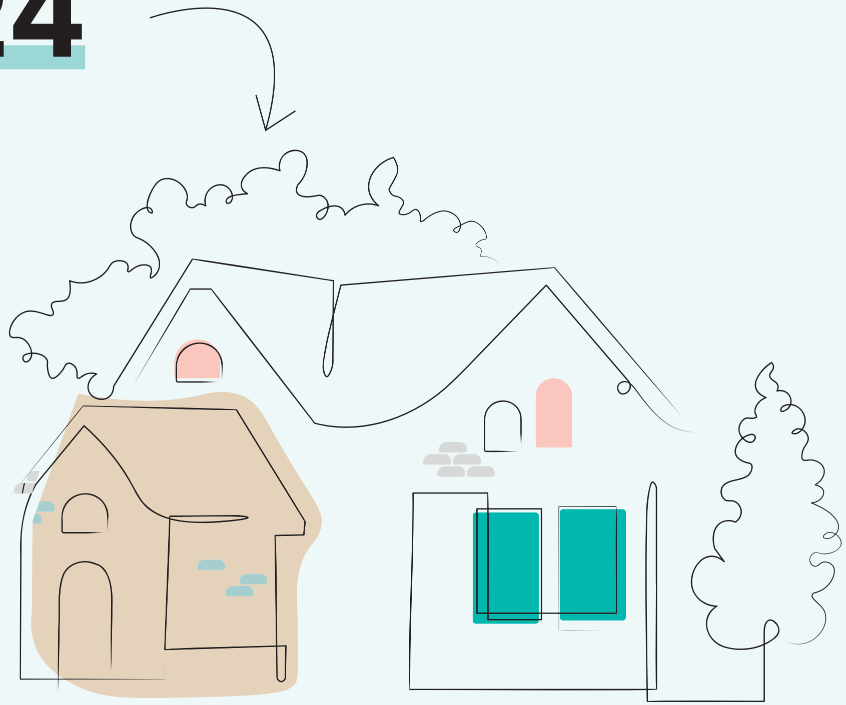


CREST NICHOLSON

Annual Report and Accounts 2024



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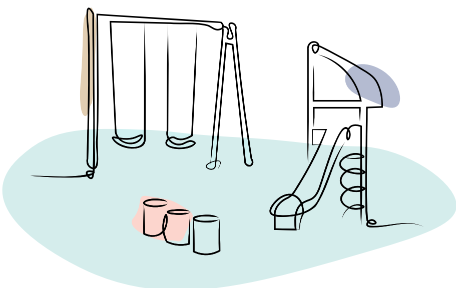

Defined terms are set out in the Glossary on **page 162**

Cautionary statement

The Annual Report and Accounts for the year ended 31 October 2024 as contained in this document (Annual Report), contains information which readers might consider to be forward looking statements relating to or in respect of the financial condition, results, operations or businesses of Crest Nicholson Holdings plc (Company or Group). Any such statements involve risk and uncertainty because they relate to future events and circumstances. There are many factors that could cause actual results or developments to differ materially from those expressed or implied by any such forward looking statements. Nothing in this Annual Report should be construed as a profit forecast.

Approval

The Strategic Report for the financial year ended 31 October 2024 as presented on pages 2-50 was approved by the Board of Directors on 3 February 2025 and signed on its behalf by:

Penny Thomas
Group Company Secretary

04
Chief Executive Officer's statement

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The Board's year

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Key performance indicators

At Crest Nicholson, we build high quality homes and create vibrant communities in sought-after locations where homeowners can settle and thrive.

OUR PURPOSE

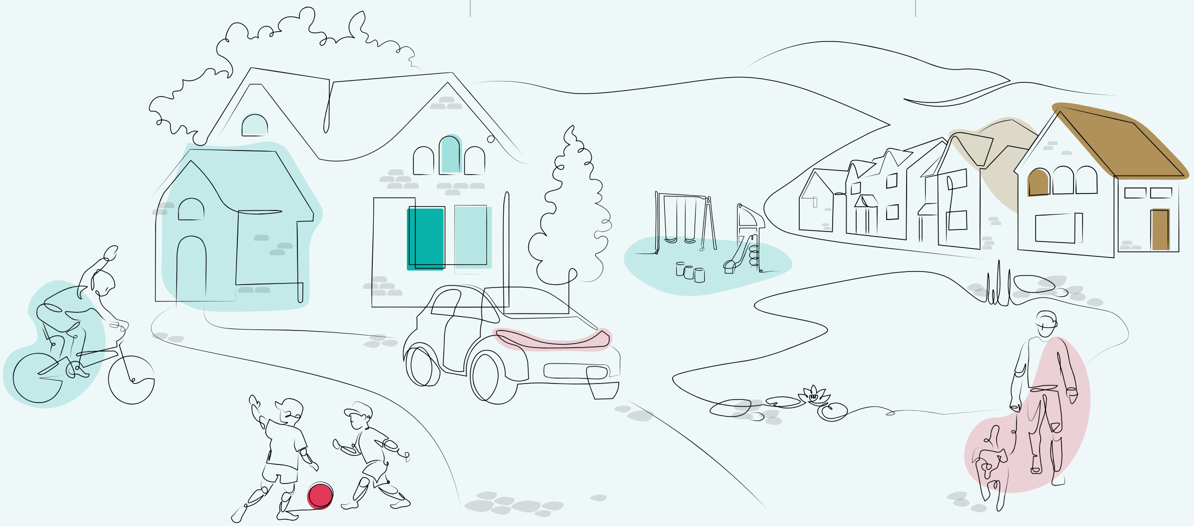
We build great places for our customers, communities and the environment. Our focus on placemaking means that we create sustainable communities where people and nature can thrive. We are committed to incorporating sustainable and energy-efficient features into each property, ensuring our homes not only provide comfort but also support environmental responsibility. We strive to make a lasting and positive impact on people's lives, creating spaces where they can live, grow and thrive.

OUR CULTURE

We aspire to have an open and honest culture, creating a positive, effective and collaborative environment, where all colleagues are empowered to deliver our success. We are focused on the wellbeing of our people and developing talent. Our values underpin how we implement our business strategy and enable us to deliver against our goals.

OUR VALUES

1. Working together
2. Doing the right thing
3. Being the best we can be
4. Leaving a positive legacy
5. Championing our people



OUR YEAR IN REVIEW

We have responded to difficult trading conditions with decisive actions.

Sales[1]
£658.1m
2023: £692.1m

Revenue
£618.2m
2023: £657.5m

Adjusted profit before tax[1]
£22.4m
2023: £48.0m[2]

Adjusted operating profit margin[1]
5.1%
2023: 7.7%[2]

(Loss)/profit before tax
£(143.7)m
2023: £23.1m

Operating (loss)/profit margin
(20.8)%
2023: 4.5%

Return on capital employed[1]
4.1%
2023: 7.3%[2]

Net (debt)/cash[1]
£(8.5)m
2023: £64.9m

1 Sales, adjusted profit before tax, adjusted operating profit margin, return on capital employed and net (debt)/cash are non-statutory alternative performance measures (APM) used by the Directors to manage the business, which they believe should be shared for a greater understanding of the performance of the Group. The definitions of these APM and the reconciliation to the statutory numbers are included on pages 158-159.

2 Represented as per note 29 of the financial statements.

Chairman's review

A focused and experienced team

"2024 was an eventful and challenging year for Crest Nicholson, marked by significant macroeconomic and geopolitical headwinds."

Iain Ferguson CBE
Chairman

Our 2024 performance was negatively affected by both external and internal factors. Persistently high mortgage rates and a sluggish housing market recovery have placed additional pressure on the business environment and particularly on the housing sector.

Internally, we executed a carefully planned Chief Executive Officer succession in early summer. We then faced considerable operational disruption, as distractions from the unsolicited Bellway bid had a noticeable impact on our performance for the second half of the financial year.

2024 PERFORMANCE

We completed 1,873 homes, with adjusted profit before tax at £22.4m. During the year, we made positive progress in addressing three difficult areas which have impacted our financial performance: completed sites, fire remediation and complex legacy sites. Management has undertaken a comprehensive review, supported by external consultants, to evaluate the remediation requirements across our portfolio of sites. Subsequently, the Group made appropriate provisions to cover the necessary rectifications which largely consist of several legacy sites with identified building defects. Within these provisions there are also costs related to obligations that the Group may retain after legal completion, such as road and public space adoption, third-party contracts, and remedial work for defects. It is reassuring to have these issues identified and addressed, allowing us to resolve them properly and focus on moving forward. Significant efforts and progress were made in assessing and provisioning fire remediation costs for all buildings under the Developer Remediation Contract, which I believe will provide greater clarity, reduce uncertainty and distraction, and allow us to

focus on driving the business forward. I would like to thank everyone who contributed to this tremendous progress.

Management is focused on completing the few remaining projects which we class as complex legacy sites. I am pleased to report that Farnham, our largest remaining complex legacy site, achieved practical completion, with the majority of homes occupied in the development. This marks an important step forward as we finally conclude this chapter over the next year or so and focus exclusively on building good quality homes and achieving normalised margins.

Chairman's review continued

PEOPLE

Our colleagues are at the heart of everything we do, and their dedication and resilience continue to be our greatest asset. I am pleased that our people remain committed to navigating this difficult landscape with determination and focus. I want to personally thank every colleague for their unwavering commitment during the period of the recent attempted takeover which created uncertainty about their futures. Despite this, our teams have embraced new technologies and processes to deliver better customer services, enhance operational processes and bring greater accountability throughout the business.

We remain committed to investing in the growth of our colleagues' capabilities, providing training and development opportunities to nurture talent, and enhance our company culture to make Crest Nicholson a great place to work. It is through their efforts that we will strengthen our business and position ourselves for future success.

BOARD CHANGES AND LEADERSHIP

In June 2024, Peter Truscott, Chief Executive Officer, retired and stepped down from the Board after five years at Crest Nicholson. The Board and I would like to thank Peter for the contribution he made over the past five years.

The Board appointed Martyn Clark as the new Chief Executive Officer and a member of the Board in June 2024. Martyn brings vast operational and commercial experience in housebuilding, with a detailed understanding of every aspect of the business. His first weeks in the business were compromised and made particularly challenging by the unsolicited and unsuccessful Bellway takeover approach. Since then, Martyn has moved quickly to lead his senior team to focus on improvements in operational efficiency, product quality, enhanced management information, and a positive shift in both culture and employee attitude. The Board and I are confident that Martyn will continue to drive meaningful change to further improve Crest Nicholson's performance in the coming years.

DIVIDEND

The Group is maintaining its dividend policy of two and a half times cover, and the Board is recommending a final dividend of 1.2 pence per share (2023: 11.5 pence), and subject to shareholder approval, this will be paid on 25 April 2025, which will make the total dividend 2.2 pence for 2024 (2023: 17.0 pence).

OUTLOOK AND FUTURE FOCUS

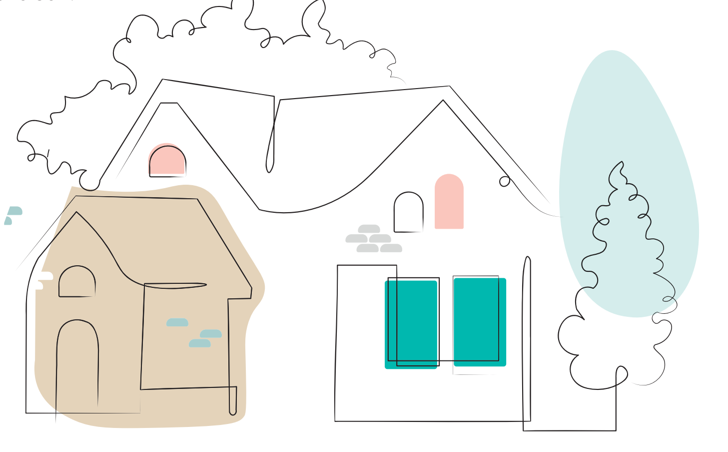
The government budget in October 2024 confirmed an increased focus on reforming the planning system which could help to address housing supply challenges. However, increases in overall taxation levels, particularly in employers' National Insurance, are likely to depress economic growth and will feed through into higher costs. There were no measures aimed at stimulating demand for new housing, especially with reducing support for first-time buyers. While the recent interest rate reduction is encouraging, we anticipate a slower trajectory towards more affordable mortgage rates, especially given the outlook for limited economic growth in the coming year. We will closely monitor developments and look forward to further insights in the government's spring briefing.

2025 is a reset year for Crest Nicholson. We have sufficient land with full planning permission for our budgeted completions and the key focus will be to build high quality homes with excellent customer service and to continue to optimise our land bank to maximise value. We are already seeing the benefits of increased operational efficiency and rigorous focus on quality being instilled under Martyn's leadership.

The Board is confident in the Group's ability to navigate current market challenges and believes that the strength of the brand, the inherent value of the land bank and the rigorous operational focus of the leadership team positions us well for the future.

Looking ahead, in spring 2025, Martyn will provide more details to the market on our reset strategy and future vision for Crest Nicholson.

Iain Ferguson CBE
Chairman



Chief Executive Officer's statement

Focusing on the future

"We delivered 2024 results in line with guidance updated at the start of my tenure, a testament to my colleagues' dedication and commitment during challenging times."

Martyn Clark
Chief Executive Officer

It is my pleasure to present my first set of results as Chief Executive Officer of Crest Nicholson. The unique circumstances of my introduction to the business coincided with the unhelpful distraction of an unsuccessful, unsolicited takeover approach for the Group. This allowed me to gain real insight into, and a comprehensive understanding of, our operations, our people, our strengths, the areas we need to address and the many opportunities for us to grow the business profitably and create value for our shareholders within a more condensed period. I am encouraged by the potential I see within the Group and am increasingly confident of being able to shape Crest Nicholson into a best-in-class UK housebuilder.

My initial focus has been on implementing early operational changes at pace, and ensuring we have a solid foundation for the years ahead. As part of that, I have reviewed the existing Executive Committee to ensure we have the right breadth of expertise and capability, in order to enhance decision making, strengthen internal controls, address operational challenges and drive future strategic priorities.

I have also made considerable progress in reviewing our strategy and defining my long-term vision for Crest Nicholson to re-invigorate the business for growth, focusing on three key strategic priorities:

- building homes of exceptional quality efficiently;
- delivering outstanding service to customers, and optimising value from the Group's high quality land portfolio;
- growing private sales and emphasising value-led growth to enhance returns and margins.

I look forward to sharing with the market in March more information on those strategic priorities and the initiatives I will implement to maximise sustainable value for all Crest Nicholson shareholders.

2024 has undoubtedly been a challenging year for Crest Nicholson. Previous failures to identify and implement appropriate internal controls within the Group, particularly in relation to legacy operational issues on complex developments and legacy sites have significantly impacted our financial performance. We have taken steps to address these shortcomings. Furthermore the market was affected by the impact of persistently high interest rates and subdued consumer confidence. Despite these challenges, we have delivered 2024 results in line with guidance updated at the start of my tenure, and through a rigorous focus on cash management have exited the year with better than expected net debt. This is a testament to my colleagues' dedication and commitment during highly uncertain times, and I thank them for their hard work.

Chief Executive Officer's statement continued

Adjusted profit before tax

£22.4m

2023: £48.0m[1]

Homes completed

1,873

2023: 2,020

FIRST IMPRESSIONS

Since joining, I have been encouraged by the strengths I see within our business. We have a valuable portfolio of land assets, which positions us well to optimise value creation as market conditions evolve. The team is talented and dedicated. However, my initial assessment has identified certain operational areas that need attention to improve efficiency and performance. There is also an opportunity to streamline processes, tighten controls and enhance our approach to project execution to meet our goals effectively.

ACTIONS TAKEN DURING THE YEAR

My initial focus has been on implementing early operational changes and ensuring we have a solid foundation for the years ahead. As part of that, I have expanded the existing Executive Committee to ensure we have the right breadth of expertise and capability in order to enhance decision making, strengthen internal controls, address operational challenges and drive future strategic priorities. We have also taken several key actions during the year to set us on the right path, and support our strategic goals focusing on actions that can deliver immediate improvements. For example, we are upgrading our management information systems, which will enable better and more timely data-driven decision making across the business. I have also noticed a marked positive cultural change over the past few months, as cross-functional teams are now working together more effectively, creating a unified focus on our strategic priorities and promoting a results-driven environment.

DELIVERING OUTSTANDING SERVICE TO CUSTOMERS

It is essential to recognise that we are, at our core, a business offering customers one of the most significant emotional and financial purchases of their lives. We have taken meaningful steps to enhance our customer service, ensuring a seamless and exceptional experience throughout the entire sales journey and beyond. Since January 2024, we have consistently achieved a customer satisfaction rating above the 90% required to achieve 5 star status from the Home Builders Federation. Our sales team has undergone comprehensive recurrent training to enhance the skills to better meet our customers' needs. Initial feedback from both the sales team and customers has been positive and we will continue to invest in training going forward. Additionally, we have repositioned our incentive structure to align with our goal of maximising value while maintaining high service standards.

We are developing a new customer portal, which will not only support customers during the reservation stage, but also provide them with ongoing access and visibility of the progression of the sales and build process for their home. This is due to be rolled out during 2025. Post-sales customer service has also been significantly improved, with dedicated site teams now in place to address warranty items promptly and efficiently. The introduction of new systems to track performance in resolving warranty matters will help us significantly improve customer response times. These enhancements reflect our unwavering commitment to delivering quality and ensuring customer satisfaction.

The development of our product offering will be central to our activity in 2025. Several factors will drive these initiatives including changing regulations (such as the Future Homes Standard), raising quality and, more importantly, meeting the needs and aspirations of our customers. We have already enhanced some of the specifications of our homes.

BUILDING HOMES OF EXCEPTIONAL QUALITY, EFFICIENTLY

Building right first time is essential to deliver an exceptional customer experience and drive profitable growth. It reduces warranty claims and costs and hence safeguards our brand value while maintaining the trust of our customers. In order to optimise resources to maximise returns, we have taken significant steps in recent months to enhance our build quality, to ensure operational efficiency and to manage our work in progress effectively. This means that our build rate needs to be aligned with our expected sales rate and costs need to be closely monitored for each development. We appointed a new Group Commercial Director, whose leadership has driven the implementation of an enhanced system for establishing site budgets and managing cost effectively in the second half of the year. Additionally, to further improve build precision, we introduced new software to track build progress and sign off quality assessments at each build stage, including the capture of photographic evidence.

We have continued to focus on improving our build quality and are pleased that independent measures of quality assessed by NHBC and Premier Guarantee show an improvement on 2023. Furthermore, NHBC has been appointed to carry out Construction Quality Reviews on all sites. These will serve as an independent key performance indicator, providing a quantitative assessment of build quality across construction sites, which we will use to assist us to align with best practices and maintaining high standards in construction quality.

Health and safety remain a top priority for the Group. We continue to maintain the highest standard to ensure the wellbeing of our teams and subcontractors, reinforcing our commitment to a safe working environment.

1 Represented as per note 29 of the financial statements.

Chief Executive Officer's statement continued

OPTIMISING VALUE FROM OUR HIGH QUALITY PORTFOLIO

Our land portfolio is strategically located in highly sought-after areas. We are focused on leveraging our high quality land assets to maximise their value, ensuring that every site is optimised for profitability. The portfolio includes a mix of site sizes. We are conducting a comprehensive review of our land bank with a focus on managing our cash outlay while increasing the number of outlets over the medium term.

FIRE REMEDIATION

In December 2024, the Group signed up to the Joint Plan to accelerate developer-led remediation and improve resident experience (Joint Plan to Accelerate), requiring developers to complete all assessments of buildings under the scope of the Developer Remediation Contract by July 2025 and commence work on 100% of affected buildings by July 2027. The timing aligns closely with our revised business plan, with the associated costs integrated into our budgets and cash flow forecasts.

The Group has made significant progress, supported by our newly centralised Special Projects division, and is nearing completion of its assessment of all buildings within the scope of the Developer Remediation Contract. As a consequence of additional and better information, we are now in a position to account for the expected costs for known buildings within scope. As a result, the total fire remediation provision at the 2024 year end is £249.3m and compares with £145.2m at the 2024 half year.

In determining the quantum of the provision, whilst acknowledging that no approach can eliminate all uncertainty, the Group has applied its experience to date and the most plausible current risk scenario to ensure it accounts for its probable liabilities and maintains an appropriate and responsible approach to fire safety remediation provisions. The provision does not include any third-party recoveries or contributions that could offset these costs. The remediation programme is expected to be completed during 2029, exceeding the obligations of the Joint Plan to Accelerate, and is intended to be funded from the Group's cash flow and balance sheet. This approach highlights our commitment to transparency and financial responsibility, and we believe it should address lingering concerns regarding Crest Nicholson's future legacy fire-related liabilities, providing greater confidence in our valuation and business case.

Further details can be found in the Financial Review on pages 30-31.

SUSTAINABILITY

We remain committed to our sustainability strategy which focuses on three priority areas: protecting the environment, making a positive impact on our communities, and operating the business responsibly. In 2024, we made good progress against our own targets and continue to work collaboratively with our suppliers and the wider industry on a range of sustainability initiatives. More details on our sustainability progress and focus can be found on pages 19-27.

STRATEGIC FOCUS FOR 2025

In the coming year, our primary goal is to reinvigorate the business for growth. During the year, I have undertaken a comprehensive review to understand the business, which has included obtaining both internal and external perspectives. This has allowed me to identify the market opportunity and craft a strategy that will allow us to maximise that opportunity and optimise the Group for sustainable growth, enhanced profitability and consistent shareholder value creation, based upon the three key strategic priorities set out above. The changes to the business and the strategic direction we are heading will not happen overnight but I am confident we will deliver success.

I look forward to updating you in March 2025 with the findings when I will also set out our medium-term strategic focuses and goals for ensuring Crest Nicholson realises its full potential.

SUMMARY AND OUTLOOK

2025 will be a year of transition for Crest Nicholson as we implement and start to deliver on our new strategy for profitable growth. We are well-positioned with sufficient land with full planning permission to support our planned outlets and volumes.

The broader economic landscape is showing tentative signs of stabilisation, even if at a more tempered pace than expected, providing a slightly more supportive environment for growth in 2025. A more stable and benign interest rate climate will help to restore confidence among both developers and homebuyers, reducing financial pressures and enabling greater investment in housing projects.

Additionally, the government has intensified its efforts to address the critical shortage of homes in the UK, introducing targeted measures to streamline and improve the planning process. Such initiatives are not only vital for addressing the housing crisis but also provide a strong foundation for the sector to meet the country's pressing demand for homes.

Reflecting on my first months, I am encouraged by the progress we have made and the potential we have to drive meaningful changes. I am confident that we can navigate the challenges ahead. I look forward to leading Crest Nicholson through this transformative period, creating a stronger, more resilient business and optimising the Group for sustainable growth, enhanced profitability and consistent shareholder value creation.

Martyn Clark
Chief Executive Officer

Chief Executive Officer's statement continued

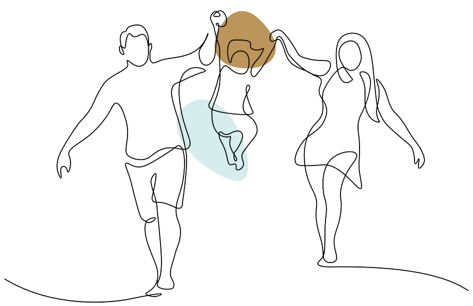
Q&A
with Martyn Clark,
Chief Executive Officer

Q

Reflecting on your first six months, what have been your key takeaways, and how have they shaped your understanding of the business and its culture?

A

It has obviously been an eventful few months! Reflecting back, I think my overriding sense is one of optimism. There is clearly a great deal to be done but I can see how we take Crest Nicholson forward and it has the strong foundations to be a best-in-class housebuilder. These foundations include a quality land portfolio, a dedicated team and a trusted brand. As I say though, there is more to be done. Culturally, the organisation required some reshaping to encourage collaboration and better communication, while operationally there is room for improvement. I look forward to sharing my thoughts on that further in March.



Q

What is your overarching vision for the Group, and how do you see it evolving within the housebuilding industry over the next five years?

A

My vision is for Crest Nicholson to be a best-in-class housebuilder – and to my mind this means being renowned for building high quality homes, having excellent customer service, being a good business partner for our suppliers, being a place where people can build long-term, rewarding careers, and maximising value by creating sustainable returns for our investors. We are selling one of the most significant assets anyone will ever purchase in their lifetime. Over the next five years, I want us to set a benchmark for industry standards in both quality and customer satisfaction. We will be hosting a Capital Markets Day in March, and I look forward to updating the market on my vision and future plans for the business in more detail.

Q

What are the main challenges and opportunities you foresee for the business in the medium term, and how do you plan to address them?

A

Over the medium term, it is clear that the UK needs more homes built. We want to make our contribution to that effort, in a sustainable way which helps all our stakeholders. The current market backdrop is beginning to show signs of improvement. Interest rates are gradually coming down, and there are encouraging signals from the government on planning reform. While external factors continue to influence buyer confidence and affordability, these positive developments provide a more optimistic outlook. Internally, we are focused on implementing reasonably significant changes that will take time to embed. This period of transition is an opportunity to strengthen our operations, refine our processes, and position ourselves to fully capitalise on a more favourable market environment as it emerges.

Q

What milestones or achievements should stakeholders expect to see as you implement your vision and strategy in the coming years?

A

My key focus is on returning the Group to industry-level operating margins and increasing our return on capital through appropriate land acquisitions and operational efficiency. Stakeholders will see a more disciplined approach to land buying, rigorous cost control, and enhanced customer engagement. Our goal is to build homes that meet high quality standards, deliver a seamless sales process, and solidify our reputation as a company customers trust for one of the most significant investments of their lives.

Q

What have been the most valuable lessons you've learned in your leadership journey so far?

A

The most important lesson is the power of teams and teamwork. I hope to foster an open culture in the business and encourage our people to talk to me, the leadership team and their colleagues. No individual has the answer to every question but by working together and collaborating, we will determine the most appropriate outcome.

I've also realised that resilience and flexibility are important. Challenges will come, but staying focused on the bigger picture while being ready to adapt is key to moving forward. Lastly, it's all about empowering people. When you trust and invest in your team, you create a culture where everyone feels motivated to step up and deliver their best.

Our investment case

A strong proposition with growth potential

RESILIENT HOUSING MARKET FUNDAMENTALS

- The housing market benefits from a growing population and limited housing supply
- The lending market remains functional and stable

ADAPTIVE LAND PORTFOLIO

- We hold a high quality strategic land portfolio, ensuring flexibility in land development with a strong five-year land bank
- We hold land in desirable locations to capture growth as the market recovers

BRAND, QUALITY AND PLACEMAKING

- Our established brand, known for quality and placemaking, helps differentiate us as a niche housebuilder in the market
- We have a strong reputation for creating attractive, sustainable communities

STRATEGIC LAND AND PARTNERSHIPS

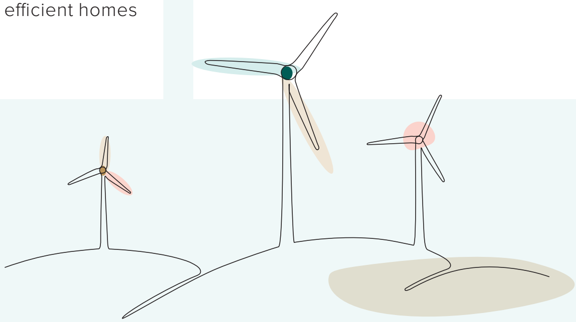
- The land division ensures a strong pipeline of strategic land for medium-term growth
- We benefit from a diversified approach, including working with the private rented sector and partnerships, providing resilience against market fluctuations

SUSTAINABILITY COMMITMENT

- We remain committed to protecting the environment including achieving net-zero emissions by 2045 and 100% renewable electricity by the end of 2025
- We make a positive impact on our communities and deliver high quality energy efficient homes for our customers

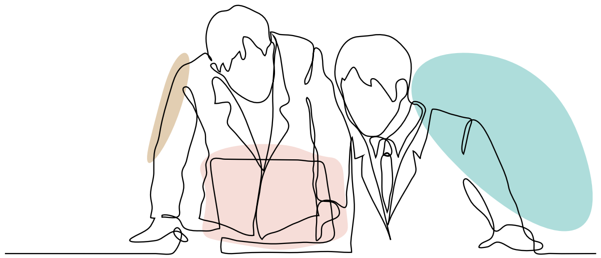
MAINTAINING OUR FINANCIAL POSITION

- We conduct rigorous cash management and utilise internal working capital opportunities such as enhanced WIP management
- We maintain our balance sheet to provide optionality and sufficient funding headroom



Business model

How we build value



VALUE CREATION – LAND ACQUISITION TO CUSTOMER SERVICE

1 Land acquisition

Acquiring land in desirable locations is essential for creating value. Our focus is primarily in the southern regions of England, where land supply is scarce and demand for homes is high.

We have a rigorous, formal land acquisition process. We set minimum gross margin and return on capital employed requirements for each site, and consider location, planning constraints, site suitability, viability, profitability and alignment with our strategic goals.

INTEGRATING SUSTAINABILITY

Our land acquisition appraisals embed sustainability principles. We consider factors such as biodiversity, water conservation measures and habitat protection. We prioritise locations with access to sustainable transport, including public transport links and major road networks, and ensure space for social infrastructure to promote thriving, inclusive communities.

2 Design, planning and placemaking

Our approach creates vibrant, sustainable and community-focused developments. Our designs balance functionality and aesthetics with attention to street scenes and diverse house types. We prioritise accessible green spaces, pedestrian-friendly pathways and community amenities, ensuring developments meet housing needs while creating connected, resilient communities where people thrive.

Sustainability is integrated across every stage of design and planning. We incorporate biodiversity net gain, design attractive green spaces to encourage outdoor activity and wellbeing, and plan for sustainable connectivity through walking, cycling and public transport links. Social infrastructure, such as schools, healthcare facilities, play areas and community hubs, is carefully considered to deliver a lasting positive legacy.

3 Selling our homes

Our process ensures a seamless journey from initial enquiry to completion of purchase. Our dedicated sales team engages and identifies buyers' needs, provides detailed home and community information, and supports mortgage applications and pre-approvals. Throughout construction, updates are shared, and a thorough final inspection is conducted to meet quality standards.

We deliver high quality energy efficient homes and provide buyers with information on the sustainability features of their homes. Alongside high performance insulation, many of our homes include solar PV panels, electric vehicle charging points and an increasing number of sites are installing air source heat pumps. All new houses achieve a minimum EPC B rating to support energy efficient living.

4 Construction

We instil a right first time attitude in building good quality houses to a consistent standard. Our construction process is meticulously planned and monitored to ensure quality, efficiency and compliance. The build team follows strict programmes and standards, with each phase meeting the New Homes Quality Code with rigorous inspections and safety checks. Advanced project management tools track progress in real time, enabling swift issue resolution and ensuring smooth, on-time completion that meets our high standards and client expectations.

We integrate sustainable practices throughout our construction activities, focusing on resource efficiency and waste reduction. On-site recycling stations and waste segregation processes maximise landfill diversion, while we work to conserve and enhance natural habitats around the site. Additionally, protective measures for wildlife, such as temporary fencing and ecological monitoring, ensure construction activities align with our environmental stewardship commitment.

5 Customer experience

Central to our customer commitment is delivering a high quality home and minimising the number of issues that customers require our support with after they move in. Our personal and responsive post-sales service, led by customer relations managers, addresses any questions or concerns, ensuring a smooth transition into homeownership. The introduction of new systems to track performance in resolving customer issues has significantly improved response times.

We deliver homes that prioritise energy efficiency, helping to keep running costs down. Sustainable features support customers to live more sustainably. Many developments also incorporate measures to support nature, alongside accessible green space and social infrastructure, creating more enjoyable spaces for residents.

Business model continued

What we use to create value

Our business needs key resources and is dependent on critical relationships to operate efficiently.

RESOURCES AND RELATIONSHIPS

PEOPLE

Skilled employees are essential in building and delivering homes that meet regulatory standards and customer expectations. A strong focus on workforce development, through training, health and safety measures and employee wellbeing, helps ensure efficiency, innovation and sustainability in operations. Engaging a motivated, well-trained workforce enhances productivity and contributes to maintaining the Group's reputation and long-term growth.

DESIGN AND INNOVATION

High quality design enhances our customer proposition, ensuring long-term value and customer satisfaction. Maintaining the flexibility of house types allows for customisation while improving construction efficiency. Innovation to enhance the sales process and streamline the build process can reduce costs and supports safety, quality and service.

NATURAL AND MANUFACTURED RESOURCES

Natural resources like timber and aggregates, alongside manufactured materials such as bricks and steel, are the foundation of our building operations. Sourcing materials responsibly supports sustainability and minimises environmental impact.

We are committed to reducing waste and optimising resource use which controls costs while enabling us to meet regulatory and environmental standards.

PARTNERSHIPS

We have good relationships with the private rented sector, landowners and government bodies. These collaborations provide us with access to key development sites, shared resources and funding opportunities, while also facilitating compliance with regulations. By working together, we can expand project pipelines, improve delivery efficiency and meet housing demand, driving growth and long-term profitability.

FINANCIAL RESOURCES

Financial resources are a critical component enabling investment in land, development and construction. We have a diverse capital structure ensuring flexibility and resilience. We adopt a prudent approach to risk and have a disciplined cash management approach which helps us maintain financial stability, supports sustainable growth and ensures the Group can weather market fluctuations.

The financial structure of the Group prioritises maintenance of the balance sheet, supported by diverse financing. Rigorous cash management ensures liquidity and operational efficiency. Our capital allocation strategy focuses on sustainable growth by investing in the business and acquiring land, while maximising dividends for shareholders. This balanced approach underpins our long-term financial stability and commitment to delivering shareholder value.

DIVISIONAL STRUCTURE

The Group operates through regional divisions, each handling local developments and construction. There are two central divisions, one specialising in strategic land acquisitions and supporting projects through the planning process, and the new Special Projects division which focuses exclusively on fire remediation and legacy sites.

Strategic priorities

Our strategy

Our strategy builds on our strengths and addresses current challenges. It is structured around five strategic priorities, supported by four foundations.

OUR STRATEGIC PRIORITIES

- Land Portfolio
- Strategic Land and Partnerships
- Placemaking and Quality
- Operational Efficiency
- 5 Star Customer Service

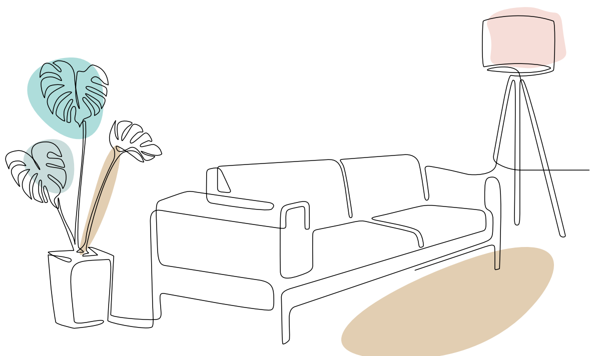
OUR FOUNDATIONS

People
Read more on **pages 26-27**

Safety, health and environment
Read more on **page 25**

Sustainability and social value
Read more on **pages 19-24**

Financial targets
Read more on **pages 30-31**



LAND PORTFOLIO

We own or control a prime land portfolio which offers the long-term stability of a land pipeline for development and revenue generation. It enables us to react swiftly to growth opportunities when the market recovers.

2024 highlights
- We successfully progressed planning applications with 13,935 plots now in our short-term land portfolio
- Land acquisition appraisals considered sustainability-related factors such as biodiversity net gain which support long term value creation

Focus for 2025
- Manage land portfolio suitable for the size of business
- Drive planning consents forward to enhance the operational deliverables and optimise the value of the land bank

Progress measured by land creditors as a % of net assets and land portfolio gross margin

See KPIs on **page 28**

STRATEGIC LAND AND PARTNERSHIPS

We manage acquisitions of strategic land in a central function, to incorporate land at the advanced planning stage into the short-term land portfolio for development. We build strategic relationships within the private rented sector and with registered providers of affordable housing.

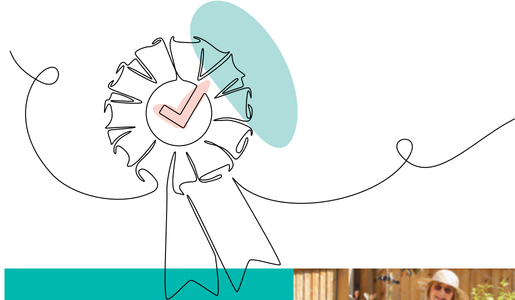
2024 highlights
- Good progress made in progressing planning permissions for key strategic sites
- Continued focus on progress through partnerships and planning for strategic land

Focus for 2025
- Affordable housing will remain a key composite of our revenue
- The private rented sector will provide a good source of revenue for larger sites

Progress measured by affordable unit completions

See KPIs on **page 29**

Strategic priorities continued



PLACEMAKING AND QUALITY

The quality of the homes we build is a key component of our strategy. It directly impacts customer satisfaction, brand reputation and our long-term value. Right first time, high quality homes reduce defects, enhance durability and have fewer maintenance issues, which lead to stronger confidence from our customers. Placemaking is important to create developments that have a positive impact on our customers, communities and the environment.

2024 highlights

- Incorporated biodiversity net gain on all new planning submissions
- Maintained our focus on creating desirable developments in sought-after locations, such as the Windsor Gate development which opened in the year

Focus for 2025

- Focus on precision and quality in the build process
- Thorough internal inspection to ensure consistency and reliability

Progress measured by EBIT and customer satisfaction scores

See KPIs on **pages 28-29**

OPERATIONAL EFFICIENCY

We are driving increased operational rigour and efficiency, managing costs effectively and increasing value and productivity of the business. This will ensure we are able to optimise resources to support long-term sustainable growth.

2024 highlights

- Fully implemented our automated system across the business managing payments, sales and financial forecasting
- Focused on governance oversight via improved management information systems and embedding our Operational Framework

Focus for 2025

- Embed a right first time ethos throughout the Group
- Align overheads to output and drive efficiencies through process and policy reviews

Progress measured by net cash, greenhouse gas emissions intensity and waste intensity

See KPIs on **pages 28-29**

5 STAR CUSTOMER SERVICE

Exceptional customer care and service is fundamental in the housebuilding sector. Providing customer care, with consideration of what customers' expectations are, is always at the forefront of our minds. Strong commitment to deliver high quality homes and exceptional customer experience is at the heart of everything.

2024 highlights

- 7% improvement in customer satisfaction scores
- New processes and software to enhance quality and service after customers move into their new homes

Focus for 2025

- Improve longer-term customer support
- Continue to enhance the quality regime
- Re-design elements of our housing range to meet new regulatory requirements

Progress measured by customer satisfaction scores

See KPIs on **page 29**

Market environment

Operating in a cyclical environment

UK ECONOMY AND HOUSING SECTOR

The housing market has faced a long-standing imbalance between supply and demand, and the sector is influenced by multiple economic indicators.

What's happening?

Population growth and relatively static household sizes have driven up demand, while housing supply has failed to keep pace. This shortage has been exacerbated by decades of underinvestment in new housing, leading to increasing pressure on the market and higher housing costs. The persistent gap between demand and supply continues to challenge affordability and access to housing across the country.

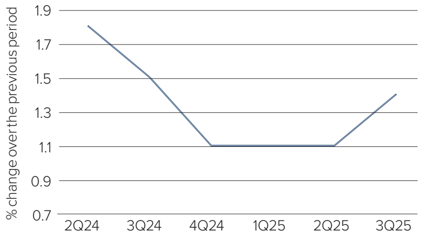
GDP growth, while slowing in the second half of 2024 after a strong start, is still expected to start to rise moderately in 2025. The economic rebound, primarily driven by increased investment and stronger government spending, will provide resilience and lay the foundation for long-term growth. This will create opportunities for renewed housing investment, benefiting developers and buyers.

Vacancies in the labour market are nearing pre-pandemic levels which could ease wage pressures and reduce inflation, fostering economic stability. Ongoing growth and employment prospects should support buyer confidence, encouraging more households to consider homeownership.

Risks and opportunities for Crest Nicholson

- With moderated wage pressures helping to stabilise inflation, consumer spending power may improve. This more stable economic environment should increase affordability for potential buyers, supporting sustained demand for new homes
- The ongoing shortage creates a sustained demand for new homes, offering a stable market to capitalise on. There are potential price growth opportunities which will enhance margins.
- The need to address the housing crisis could result in government support in the form of demand stimulus as well as more efficient planning regulations and process. The introduction of the new housing target of 300,000 homes per annum is a positive sign which will require further support such as a faster planning process and more funding for affordable housing.
- There are risks of shortage in materials supply and skilled labour if the whole sector increases build production, in turn leading to build cost inflation.
- The land market could tighten as competition for land intensifies and the planning system is not efficient enough to cope with increased demand.

GDP expected to grow at modest level



Source: Barclays Global Economic research

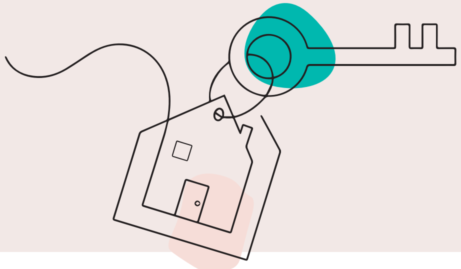
LENDING MARKET AND AFFORDABILITY

Interest rates have a significant bearing on the cost of borrowing and the affordability of homes for our customers.

What's happening?

In the first half of 2024, there were significant fluctuations in mortgage rates, but there was a notable shift in the second half of the year to more stable conditions. With inflation anticipated to rise in early 2025, driven by higher energy and services costs, affordability for home buyers may be impacted. However, the Bank of England's gradual approach to interest rate cuts, with the base rate expected to fall during 2025, offers a positive outlook for mortgage affordability.

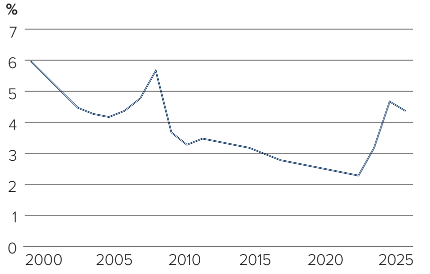
Decreases in mortgage rates will make it easier for prospective buyers to enter the market. Stabilisation of mortgage rates will lead to renewed buyer confidence, which could help alleviate some of the pressures caused by previous rate volatility. Persistently high rental costs make it more difficult for first-time buyers to save up for a deposit and there are fewer mortgage products at reasonable rates for higher loan to value mortgages.



Risks and opportunities for Crest Nicholson

- Our focus on cost-efficiency can help to mitigate the risks of a volatile lending market and potentially a stretched affordability environment, particularly for first-time buyers.
- As inflation trends downwards, there is a likelihood of more favourable borrowing conditions, increasing demand for houses.
- Diversifying portfolios, leveraging government initiatives, and focusing on cost-efficiency can help mitigate the risks while capitalising on emerging opportunities in a challenging economic environment.

5-year fixed mortgage rate – 75% LTV



Source: statista.com

Market environment continued

LAND MARKET AND PLANNING

The land market and planning system are critical for housing growth and new home delivery.

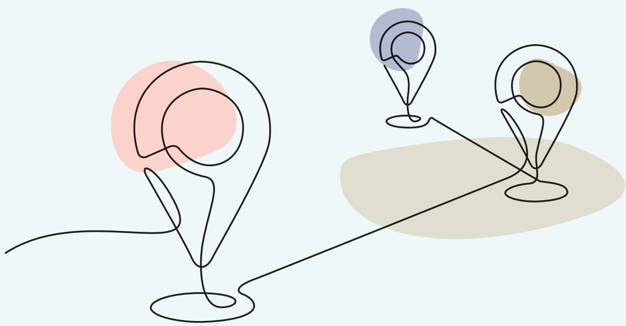
What's happening?

The operation of the planning system is a major factor contributing to the under-delivery of housing in the UK.

In December 2023, the government shifted local housing targets from mandatory to advisory, and removed the obligation for local authorities to maintain a five-year rolling land supply. The target has since been reinstated but as a result, many local authorities paused their housing delivery plans for the first half of 2024. This has been exacerbated by under resourcing in planning departments to meet the growing demand. The reintroduction of mandatory housing targets by the government is seen as a positive step to clear some of the historical backlogs.

Risks and opportunities for Crest Nicholson

- We have a good quality land portfolio with a land bank life of over five years based on our current capacity. We are well positioned to quickly capitalise on any improvements in the planning system.
- The sector will continue to face risks related to planning delays as it will take time for new regulations and processes to work through the current backlog of planning permissions, but the sector has significant opportunities, particularly with the government's efforts to streamline the system and its drive to meet housing targets. These factors, combined with a quality strategic land bank, position us to capture future growth when the housing market recovers.



GOVERNMENT AND REGULATORY ENVIRONMENT

The government's recent policies and regulatory reforms aim to boost housing supply while reinforcing standards of safety, quality and sustainability.

What's happening?

The Building Safety Act 2022 introduced comprehensive reforms to improve building safety, especially in multi-occupancy building developments, mandating safety certificates, fire safety protocols, and increased developer accountability. The Joint Plan to Accelerate was introduced in December 2024 and requires that remediation work begins on 100% of affected buildings by July 2027.

Regulations, including the Future Homes Standard (set to be legislated in 2025) and the biodiversity net gain requirement under the Environment Act 2021, are driving sustainable building practices. The biodiversity mandate requires developers to enhance biodiversity by at least 10% above the pre-development baseline. Together, these measures are shaping a sustainable future for UK housing.

Risks and opportunities for Crest Nicholson

- We are committed to prioritising safety for all residents living in a home built by the Group that falls within the scope of the Developer Remediation Contract, and are expediting the process of fire remediation. During the year, the fire remediation team was moved into a newly created Special Projects division. This highly skilled team is dedicated to assessing and remediating the 291 affected buildings within scope. At the beginning of January 2025 the group has external wall assessments and internal assessments on 211 and 169 buildings respectively, each out of the 291 buildings identified. The Group has committed to performing 100% of assessments by July 2025. This will provide clarity and reassurance to all stakeholders affected.
- The Future Homes Standard will future-proof our homes by delivering zero carbon ready homes, supporting the UK's greenhouse gas emissions reduction goals. The transition to low-carbon heating systems, such as air source heat pumps, poses a risk if customers are not properly supported in their use, while uncertainty around government guidance on implementation timelines and technical requirements could impact our design and planning processes.
- The biodiversity net gain requirement necessitates integrating ecological enhancements into land acquisition plans, potentially increasing initial costs and aligning with long-term sustainability objectives. This initiative will make our developments more attractive to buyers and improve public perception.

Stakeholder engagement

Section 172 statement

We work hard to understand and meet the needs of our different stakeholder groups, engaging and creating value for them.

Under Section 172 of the Companies Act 2006, our Board has a duty to promote the success of the Company, and in doing so it must consider a number of matters when making decisions.

The Board acknowledges that it may have to make decisions that affect one or more stakeholder groups negatively. In challenging markets it is even more important to reflect upon the need to act fairly and with integrity. The factors influencing Board decision-making, including stakeholder and sustainability considerations, are shown below.

The following pages set out how the Group and the Board have engaged with key stakeholder groups during the year, and how their views have been taken into account and influenced the outcomes of decisions made.

Factors considered during the Board decision-making process

OUR PEOPLE

Individuals who are directly employed by us.

WHAT DO THEY EXPECT FROM US?

Our employees require a safe and healthy working environment which is complemented by a supportive, diverse and inclusive culture. Our employees value challenging and rewarding work that is enhanced by professional development and career opportunities.

HOW WE HAVE ENGAGED

Board engagement

- Received updates on employee matters at each of its meetings and regularly discussed employee turnover, engagement, succession planning, appraisals, training and development
- Directors attended employee forums and divisional roadshows to provide strategic and trading updates
- The CEO and CFO introduced monthly business briefing calls including Q&A sessions
- Three Employee Voice Forum meetings were held during the year

Group engagement

- Employee forums were held as part of the Culture Action Plan development
- Employees were offered health and wellbeing training and the ability to enhance their mental health fitness through online resources
- Updates were provided to employees from the CEO and CFO throughout the unsolicited takeover bid

WHAT DID THEY TELL US?

- Employees expressed a need for better communication from management to understand the direction of the business
- Employees have a clear appetite for training and development, including enhanced onboarding for new colleagues
- A need was identified for improved recruitment standards and additional support in standardising related processes

KEY OUTCOMES

- A Culture Action Plan was developed and initial actions implemented
- Enhanced onboarding process implemented
- Fortnightly business briefings introduced to support the dissemination of key information across the Group
- Launched online recruitment support modules
- Participation of 24% in the 2024 Sharesave scheme
- Delivered 6,130 hours of in-person and online training

FURTHER INFORMATION

See Our people on **pages 26-27**, Safety, health and environment on **page 25**, Embedding and monitoring culture on **page 58** and Listening and responding to employees on **page 59**.

Stakeholder engagement continued

INVESTORS

Institutional and individual investors, lenders and analysts.

WHAT DO THEY EXPECT FROM US?

It is important to investors that we navigate the current market challenges, while maintaining sustainable returns. They value clear communication about our strategy and performance, and expect strong leadership, effective risk management and robust governance.

HOW WE HAVE ENGAGED

Board engagement

- The CEO and CFO met regularly with investors, lenders and analysts including hosting visits to sites under development
- The Chairman and Senior Independent Director consulted with the Group's major investors on strategic and governance matters
- Investor Relations updates including feedback from investor roadshows were presented at each Board meeting
- The Chairman and Executive Directors discussed the approach and response to the unsolicited bid with the Group's largest investors
- All Directors attended the AGM and were available to answer shareholder questions

Group engagement

- The CEO, CFO and Head of Investor Relations attended a programme of meetings and investor conferences, and carried out investor roadshows at half and full year, including providing insight on progress against sustainability targets

WHAT DID THEY TELL US?

Investors spoke with us about the main areas of interest including:

- Macro factors affecting the housebuilding sector
- The planning process
- Land portfolio and land market
- Balance sheet and capital allocation
- Fire remediation provision and progress
- Other completed sites provision
- Operational issues

KEY OUTCOMES

- Regular Board engagement increased confidence among investors by demonstrating that the Board is committed to open communication and addressing shareholder concerns
- Continued shareholder support as shown by all resolutions being passed at the 2024 AGM with in excess of 80% votes in favour
- We remained a constituent of the FTSE4Good Index series and received an A- rating in the CDP climate change disclosure

FURTHER INFORMATION

See Approach to stakeholder engagement on **page 60**.

CUSTOMERS

The people who purchase our homes. These can be individuals or larger institutions that we work in partnership with.

WHAT DO THEY EXPECT FROM US?

Our customers expect quality homes in attractive, safe communities, delivered on time and offering good value for money. They seek an excellent customer experience throughout the homebuying journey and once in occupation.

HOW WE HAVE ENGAGED

Board engagement

- Received regular updates on actions taken to enhance the customer experience from the CEO, Group Operations Director and the Group Sales and Marketing Director
- Reviewed metrics on quality and customer satisfaction scores at each meeting, providing insights into strategic issues

Group engagement

- Product development working groups reviewed feedback on home designs and specifications with a focus on continuous improvement
- Customer Service forums met to review customer feedback and develop improvements to processes
- Meetings were held with partner organisations to ensure good working relationships

WHAT DID THEY TELL US?

- Customers want a choice of home sizes and layouts suitable for local needs, with modern specifications and a range of optional extras
- Responsive and efficient after-sales service is important
- There is a growing desire for more energy-efficient homes to drive down running costs, built to a high quality for long lasting value
- Early engagement with partners is crucial to delivering to requirements

KEY OUTCOMES

- Consistently achieved a customer satisfaction rating above the 90% required to achieve 5 star status from the Home Builders Federation when it is announced in March 2025
- 7% increase in customer satisfaction score compared with prior year
- Trustpilot score of 4.3 (2023: 4.1)
- Delivered 44% affordable homes, including open market bulk sales

FURTHER INFORMATION

See the Chief Executive Officer's statement on **pages 4-7**.

Stakeholder engagement continued

SUPPLIERS

The suppliers who provide the materials for our homes and the skilled subcontractors for our construction activities.

WHAT DO THEY EXPECT FROM US?

Our suppliers and subcontractors want mutually beneficial working relationships that share risk and reward alongside operational efficiency. Suppliers expect us to deliver projects safely and on time and to pay them within agreed timescales.

HOW WE HAVE ENGAGED

Board engagement

- Received regular updates on the Group's supply chain, including payment practices, material costs and availability
- Reviewed and approved the Modern Slavery Act Statement

Group engagement

- Maintained relationships with key suppliers with particular focus on safety, costs and sustainability
- Periodic meetings held with subcontractors at a divisional level to disseminate updates and gather valuable feedback
- Encouraged key suppliers to engage with the Supply Chain Sustainability School
- Continual dialogue with suppliers on innovative new products aimed at enhancing our offering
- Engaged with suppliers on their greenhouse gas emissions data to support our whole life carbon analysis

WHAT DID THEY TELL US?

- They want clear information about timelines and project statuses so that they can plan manufacturing schedules and build programmes
- Identifying future and upcoming projects empowers them to forecast their workload effectively and provide more competitive pricing
- Prompt payment is important for them to maintain cash flow

KEY OUTCOMES

- The adoption of innovative products has significantly contributed to the enhancement of our home energy efficiency ratings and overall energy performance across our diverse range of house types
- 66% of Group suppliers actively engage with the Supply Chain Sustainability School
- Average time taken to pay suppliers was 38 days
- Maintained our status as a Living Wage employer and continued to engage with subcontractors on their compliance

FURTHER INFORMATION

See Responsible practice on **page 24**.

Our Supply Chain Code of Conduct is on our website at **crestnicholson.com/supply-chain**

COMMUNITIES AND ENVIRONMENT

The communities and environment local to our developments.

WHAT DO THEY EXPECT FROM US?

Our neighbours in the communities around our developments expect engaged two-way communication. They want us to uphold our commitments to invest in essential infrastructure, including transport, schools and health facilities. It is also important that we protect the local environment, reduce emissions and waste, and support sustainable lifestyles.

HOW WE HAVE ENGAGED

Board engagement

- Reviewed product development changes to enhance home design and specifications
- Received updates and monitored progress against agreed SHE targets
- Received updates on sustainability and monitored progress against published targets

Group engagement

- Engaged with local communities, planning authorities and environmental regulators, allowing us to respond and incorporate feedback into the development process
- Partnered with Young Lives vs Cancer and supported local charities and organisations
- Joined the Homes for Nature commitment and implemented actions to meet new biodiversity net gain requirements

WHAT DID THEY TELL US?

- Local communities want to engage with us to enable them to input into development infrastructure plans
- It is important that our neighbours are given clear information about the impact of planned works
- The charities we support want us to understand their needs, and to know what kind of support we can provide
- It is important to create attractive outdoor spaces that support both biodiversity and community wellbeing, while mitigating our environmental impact

KEY OUTCOMES

- 63% reduction in scope 1 and 2 greenhouse gas emissions compared with the baseline year of 2019
- 95% homes built during the year with an Environmental Impact Rating of A or B
- More than 160 employees participated in our annual company fundraising day for Young Lives v Cancer

FURTHER INFORMATION

See Protect the environment on **pages 20-23** and Thriving communities on **page 23**.

Stakeholder engagement continued

GOVERNMENT AND OTHER BODIES

The government, regulatory and industry bodies that shape the legislative environment in which we operate.

WHAT DO THEY EXPECT FROM US?

The government expects proactive engagement from us and solutions to meet key housing targets, the Future Homes Standard and industry initiatives that support biodiversity and climate change matters.

HOW WE HAVE ENGAGED

Board engagement

- Representation on the leadership council of the Future Homes Hub (FHH)
- Meetings with various industry bodies including the Home Builders Federation (HBF)
- Meetings with government ministers

Group engagement

Management met with the following bodies:

- FHH, on the Future Homes Standard and industry initiatives on biodiversity and climate change
- Ministry of Housing, Communities and Local Government, on regulations for housing
- Department for Energy Security and Net Zero (DESNZ), regarding securing long-term energy supply
- HBF, involving high level policy and regulatory changes
- National House Builders Council and Premier Guarantee, on building controls
- Building Safety Regulator, including workshops on compliance with updates to the Building Safety Act

WHAT DID THEY TELL US?

- The government is setting new mandatory housing targets including 50% delivery of affordable homes
- Support and advice was received from FHH in aligning business operations with sustainability goals
- Support from DESNZ on implementation of home energy modelling including understanding new software and trial parameters
- HBF outlined high level expectation of government regulations including water authorities, OFWAT, local authority highway departments and electricity distribution network operators

KEY OUTCOMES

- Contributed to FHH research, influencing the creation of realistic standards that the industry can work towards, including whole life carbon conventions, water efficiency targets and biodiversity net gains
- Preparedness for home energy modelling and gave direct feedback on how to improve the software for industry implementation
- Influenced input on practical advice to ministers who are responsible for housing and other government regulation

FURTHER INFORMATION

See Government and regulatory environment on **page 14.**

Sustainability

Our sustainability strategy

Sustainability is one of our strategic foundations. It remains at the core of our purpose to build great places for our customers, communities and the environment. Our sustainability strategy is built around three overarching priorities (see opposite).

MONITORING OUR MATERIAL ISSUES

Recognising the dynamic nature of environmental and social challenges, we remain committed to regularly engaging with our stakeholders to ensure we focus on the most important sustainability-related issues. These discussions help us identify and address areas where we have an impact, or where we are impacted, allowing us to stay responsive to emerging risks and opportunities. Our stakeholder engagement process supports our alignment with their priorities.

Read more on our stakeholder engagement on **pages 15-18**

"At the heart of everything we do is a commitment to sustainability. It's not just part of our strategy, it's embedded into our values and culture. By embracing responsible practices across the Group, we're able to make a meaningful difference in the communities in which we operate, while delivering long-term value for our stakeholders."

Mark Kershaw
Group Head of Sustainability

EVOLVING REPORTING REQUIREMENTS

We continue to monitor evolving reporting requirements to stay ahead of future compliance. We are preparing for the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, aiming to voluntarily disclose ahead of any mandatory requirements.

We are also closely tracking the UK's Sustainability Disclosure Requirements, including the adoption of ISSB S1 and S2 standards, the UK Green Taxonomy and transition plan disclosures. Our approach ensures we remain well-prepared to meet forthcoming sustainability-related obligations.

OUR GOVERNANCE APPROACH TO SUSTAINABILITY

Strong governance is essential to driving sustainability performance. Our commitment to responsible operations is reinforced by Board oversight of our sustainability strategy and objectives. The Sustainability Committee, chaired by our Chief Executive Officer, guides the evolution and integration of this strategy across the Group, with delegated authority from the Board and Executive Committee. In 2024, the Committee met four times. Further details on our governance structure is found on page 41.

We also link sustainability targets to remuneration (see pages 78 and 81) and have tied our Revolving Credit Facility to four sustainability targets. Performance against these targets is on page 142.

Our ESG Data Handbook provides further information on our sustainability performance, including our response to the Sustainability Accounting Standards Board Home Builder's industry standard. See **crestnicholson.com/sustainability-reports**.

PROTECT THE ENVIRONMENT — 1

We are committed to reducing our climate impact, conserving resources, minimising waste and enhancing biodiversity.

Highlights from 2024

63% % reduction in scope 1 and 2 emissions against 2019 base year

26% % reduction in waste against 2019 base year

Climate action
Read more on **pages 20-21**

Natural resources and waste
Read more on **page 22**

Biodiversity
Read more on **page 23**

MAKE A POSITIVE IMPACT ON OUR COMMUNITIES — 2

We create high quality homes and invest in infrastructure and placemaking to bring lasting benefits to our communities.

Highlights from 2024

495 affordable homes delivered

92% developments within 1km of a public transport link

Thriving communities
Read more on **page 23**

Social value
Read more on **page 23**

High quality homes and service
Read more on **pages 5 and 23**

OPERATE RESPONSIBLY — 3

We uphold high ethical standards and prioritise the health, safety and welfare of everyone connected to our value chain.

Highlights from 2024

66% Group suppliers actively engaged with the Supply Chain Sustainability School

66 internal promotions in the year

Responsible practice
Read more on **page 24**

Health and safety
Read more on **page 25**

People and capability
Read more on **pages 26-27**

1 Protect the environment

Our journey to net zero at a glance

As the urgency to address climate change intensifies, we are committed to reducing our greenhouse gas (GHG) emissions in line with our science-based targets. Achieving net zero across our value chain by 2045 is a key priority and significant challenge. We are focused on mitigating and adapting to climate change, building resilience for the future.

SHORT-TERM TARGETS 2025

- Procure 100% renewable electricity by 2025
- Reduce waste intensity by 15% by 2025 from a 2019 base year

MEDIUM-TERM TARGETS 2025 ▸ 2030

- Reduce scope 3 GHG emissions intensity by 55% by 2030 from a 2019 base year[2]
- Reduce absolute scope 1 and 2 GHG emissions by 60% by 2030 from a 2019 base year[1,2]
- Increase proportion of homes with an Environmental Impact Rating A and B (90% A rated by 2027)[1]

LONG-TERM TARGETS 2030 ▸ 2045

Achieve net zero across our value chain

- Reduce absolute scope 1 and 2 GHG emissions 90% by 2045 from a 2019 base year[1,2]
- Reduce scope 3 GHG emissions intensity 97% by 2045 from a 2019 base year[2]
- Reach net-zero GHG emissions across the value chain by 2045[2]

Scope 1 and 2

Key actions from 2024

- Reduced site diesel consumption through reporting and early grid connections, reducing generator reliance
- Maintained use of hydrotreated vegetable oil (HVO) accounting for 46% of site fuel
- Expanded low emission vehicle fleet. Electric and hybrid cars account for 82% of our Group car fleet (2023: 64%)

Focus for 2025

- Enhance energy and fuel efficiency awareness through strengthened colleague engagement
- Explore opportunities to adopt more lower emission technologies, such as lower carbon plant and machinery on site
- Expand the use of renewable tariffs to meet 100% target by 2025 (2024: 85%)

Scope 1 emissions encompass direct emissions from the use of fuel in the operation of plant and equipment at our sites, gas consumption for heating and hot water and the fuel used by our vehicle fleet. **Scope 2 emissions** represent indirect emissions arising from the procurement of electricity and heat.

Scope 3

Key actions from 2024

- Collaborated with the Future Homes Hub, suppliers and industry peers on GHG emission disclosure and emissions reduction opportunities
- Advanced preparation for the Future Homes Standard, increasing the use of air source heat pumps across developments
- Prioritised waste reduction and material use efficiency

Focus for 2025

- Leverage insights from sites using air source heat pumps to scale best practices and feed learning into future developments
- Expand supplier collaboration to drive reductions in embodied carbon emissions across the value chain

Scope 3 emissions encompass emissions for which we are indirectly responsible throughout our value chain. These emissions are primarily associated with our supply chain (upstream) and the use of our homes (downstream).

1. Revolving Credit Facility-linked target   2. Science-based target

You can find information regarding our climate-related risks and opportunities in our Task Force on Climate-related Financial Disclosures (TCFD) section on pages 40-48. Information on the RCF and the sustainability-linked targets is on page 142.

1 **Protect the environment** continued

Performance against our science-based targets

REDUCING OUR SCOPE 1 AND 2 EMISSIONS

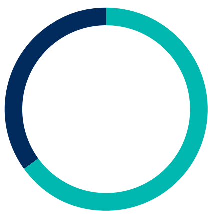
In 2024, our total scope 1 and 2 GHG emissions were 3,105 tonnes of CO_2 equivalent (tCO_2e), marking an 18% reduction from 2023 and 63% decrease against our 2019 baseline. On an intensity basis, emissions were 1.83 tCO_2e per 100 sq. m, a 12% reduction compared with 2023 (2.09 tCO_2e).

Reducing site diesel emissions has been a key priority. During the year, we achieved a 42% reduction compared with 2023, driven by regular communication and reporting on fuel, plant and equipment use. This helped minimise generator hire, prioritise early grid connections and ensure generators in use were appropriately sized. Along with using efficient Tier 5 telehandlers, we have continued to use hydrotreated vegetable oil as a direct replacement for white diesel, accounting for 46% of our site diesel consumption.

We maintained 85% of our electricity use on renewable tariffs, with a target of 100% by the end of 2025. Until this year, renewable tariffs were not available for unmetered supplies on our sites. Through collaboration with our utility management partner and industry engagement, we secured access to renewable unmetered supplies and have already transitioned the majority to renewable tariffs.

Additionally, we continue to promote low emission vehicles, with 82% of our Group car fleet now either electric or hybrid, up from 64% in 2023.

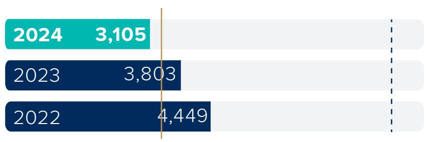
Scope 1 and 2 GHG emissions breakdown



Scope 1	2,030 tCO_2e	65%
Scope 2	1,075 tCO_2e	35%

Scope 2 emissions use location-based emission factors.

Scope 1 and 2 emissions performance (tCO_2e)



2030 target (3,383 tCO_2e)

2019 base year (8,458 tCO_2e)

REDUCING OUR SCOPE 3 EMISSIONS

Scope 3 emissions account for 99% of our total GHG emissions and predominantly comprise emissions relating to our supply chain (upstream) and the use of our homes (downstream).

In 2024, our absolute scope 3 emissions reduced by 15% compared with 2023. Scope 3 intensity was 2.39 tCO_2e/sq. m, representing a 9% decrease from 2023 and a 7% reduction against our 2019 baseline.

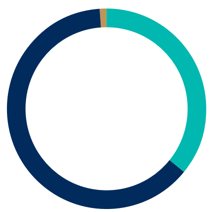
The use of our homes accounts for 62% of our total emissions. The Future Homes Standard (FHS) will deliver zero carbon ready homes using electric heating systems like air source heat pumps. Despite delays to the FHS timeline, we remain focused on preparing for its introduction.

In 2024, we introduced air source heat pumps on several developments and will expand their use in 2025, leveraging insights to scale best practices and align with future regulations. Our fabric-first approach enhances thermal efficiency, reducing heat loss and improving energy performance. Additionally, 95% of our homes achieved an Environmental Impact rating of A or B in 2024, meeting our sustainability-linked RCF target for the year.

Materials and services used in construction contribute around 36% of our total emissions. As emissions from home use decrease, supply chain emissions will become our largest carbon source.

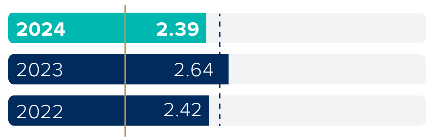
Collaboration is critical to achieving net zero. We engage with suppliers on emissions data, including Environmental Product Declarations, and strategies to cut emissions. We also participate in the Future Homes Hub's working groups on embodied and whole-life carbon, helping to drive industry-wide reductions and supporting the net zero transition.

Scope 3 emissions breakdown



Supply chain	36%
Use of sold product	63%
Other scope 3	1%

Scope 3 emissions intensity performance (tCO_2e/sq. m)



2030 target (1.16 tCO_2e/sq. m)

2019 base year (2.57 tCO_2e/sq. m)

1 **Protect the environment** continued

Natural resources and waste

Unsustainable resource consumption and waste are significant contributors to climate change, biodiversity loss and pollution. Reducing waste aligns with our Operational Efficiency strategic priority.

In 2024, we reduced total construction waste by 39% compared with 2023, generating 12,132 tonnes (2023: 19,975 tonnes). Waste intensity also decreased to 7.15 tonnes per 100 sq. m of completed floor area, reflecting a 26% reduction from our 2019 baseline and a 35% reduction compared with last year.

Driving compliance with our Waste Management Policy has been key to this progress. We produced a waste management video to demonstrate best practice on site and provided regular guidance to divisions to support further waste reduction.

Total construction waste (tonnes)

Year	Tonnes
2024	**12,132**
2023	19,975
2022	21,356

Waste intensity (tonnes/100 sq. m)

Year	Tonnes/100 sq. m
2024	**7.15**
2023	10.98
2022	8.72

---- 2019 base year (9.64 tonnes/100 sq. m)

We recognise that we still generate too much waste and we will continue to focus on efficiency improvements. We maintained strong waste segregation practices, diverting 98% of waste from landfill (2023: 98%), exceeding our 95% target. Additionally, our ongoing collaboration with Community Wood Recycling resulted in 11 jobs, 16 training places and facilitated timber re-use. Our pallet return scheme saw 23,763 pallets collected for repair, re-use or recycling.

EVOLVING OUR WASTE METRICS AND TARGETS

This year, we continued to report waste intensity based on floor area. However, for 2025, we will transition to using equivalent build units for reporting as this approach offers a more representative view of the production taking place on our sites. This change will help us refine our targets and further enhance our waste management practices.

WATER RESILIENCE

The UK faces increasing pressure on its water supply due to climate change, population growth and ageing water infrastructure. To help address these challenges, we focus on both reducing water demand and improving water management across our developments.

Our homes are designed to use less than 105 litres per person per day (lpppd), 16% lower than the regulatory requirement of 125 lpppd. Our homes incorporate water-saving features such as dual-flush toilets, low-flow taps and showers and water meters, helping to reduce household water consumption.

At a development scale, we integrate sustainable drainage systems (SuDS) to build resilience against water scarcity and mitigate flood risk. SuDS, which reduce surface water runoff by using natural features like swales and attenuation ponds, not only improve water quality but also enhance biodiversity and create recreational spaces.

NUTRIENT NEUTRALITY

In response to elevated phosphate and nitrate levels in watercourses, several local authorities mandate nutrient neutrality for new developments, following guidance from Natural England. While this approach seeks to improve water quality, it has caused planning delays without fully addressing the root cause of river pollution. We continue to work closely with government bodies, industry partners and stakeholders to find effective solutions for nutrient neutrality.

Our waste management best practice video is a mandatory training requirement for commercial and site-based colleagues.

SuDS at Sevington Lakes, Ashford creates an attractive vista while mitigating flood risk across the development.

1 **Protect the environment** continued

Enhancing biodiversity

Biodiversity loss is a significant global challenge, and we can play a role in supporting ecosystems at both a local and national level.

In February 2024, biodiversity net gain (BNG) became a mandatory requirement for all new planning applications, requiring at least a 10% increase in biodiversity compared with a pre-development baseline. This regulation forms part of the Environment Act 2021, reinforcing efforts to preserve local ecosystems and support broader biodiversity targets.

Homes for Nature

Our approach to biodiversity net gain varies across our developments, and to ensure effective delivery, we incorporate it early in the land acquisition and planning stages. By engaging ecologists and landscape architects from the outset, we aim to create habitat solutions that are both environmentally beneficial and cost effective.

As biodiversity net gain is still a relatively new requirement, we recognise that our approach will continue to evolve as we learn from each project. We are committed to refining our strategy over time, ensuring we implement best practices in biodiversity and consistently meet both regulatory requirements and the ecological needs of each site.

HOMES FOR NATURE COMMITMENT

Nature is highly intricate and cannot be captured through metrics alone. We go beyond the requirements measured for biodiversity net gain set out in the Environment Act 2021. This includes protecting and, when necessary, relocating species on our developments, installing bird and bat bricks and creating hedgehog highways to support local wildlife.

In 2024, we signed up to the Homes for Nature commitment, developed in collaboration with the Future Homes Hub and industry peers. As part of this initiative, we will install a bird-nesting brick or box for every new house we build, as well as creating hedgehog highways as standard in every new development taken through planning from September 2024.

2 **Make a positive impact on our communities**

Thriving communities

We are committed to delivering attractive, high quality homes and leaving a lasting positive legacy for our communities and the local environment.

CREATING THRIVING COMMUNITIES AND SOCIAL VALUE

Through thoughtful placemaking, collaborative planning and stakeholder engagement, we are committed to providing high quality homes with convenient access to local amenities. We prioritise enhancing connections between our customers and nature by incorporating accessible green spaces wherever possible.

We aim to create thriving communities that bring lasting benefits. Our approach integrates social value through local infrastructure enhancements, such as improved public transport links, community centres, educational facilities and recreational and play areas. We also drive socio-economic growth by creating jobs for local subcontractors, apprentices, trainees and supply chain partners.

CHARITABLE GIVING AND SUPPORTING THE LOCAL COMMUNITY

In 2023, we launched a charity partnership with Young Lives vs Cancer, supporting their mission to ensure children and young people with cancer get the right support at the right time. We also actively support local charities and organisations through donations, sponsorships and our payroll giving scheme.

DELIVERING HIGH QUALITY HOMES AND EXCELLENT CUSTOMER EXPERIENCE

Building high quality homes and delivering an outstanding customer experience are central to our strategy. We aim to provide our customers with the best possible experience throughout their home buying journey and beyond.

In 2024, we renewed our focus on quality and customer service, consistently achieving a customer satisfaction rating above the 90% threshold required for 5 star status from the Home Builders Federation. We enhance the energy efficiency of our homes by incorporating sustainable technologies and efficient building fabric, helping reduce emissions and lower energy costs for homeowners. More details can be found on page 5.

More than 160 colleagues participated in the annual charity challenge raising funds for Young Lives vs Cancer.

3 **Operate our business responsibly**

Responsible practice

We are dedicated to running our business responsibly, fostering a safe, inclusive workplace and working closely with our supply chain to drive positive outcomes for our stakeholders.

Group suppliers at bronze, silver or gold status with the Supply Chain Sustainability School

66%

of which

48%

received gold

GOLD SUPPLY CHAIN SUSTAINABILITY SCHOOL

SUSTAINABLE SUPPLY CHAIN AND RESPONSIBLE PROCUREMENT

Collaboration with our supply chain partners is crucial to the successful delivery of our strategy and sustainability objectives. Our Sustainable Procurement Policy and Supply Chain Code of Conduct (Supplier Code) outline clear environmental, ethical and social obligations for our partners, ensuring safe and fair working conditions.

We remain a Gold status partner of the Supply Chain Sustainability School (the School), an industry initiative that provides valuable sustainability-related learning resources to our supply chain and colleagues. This partnership enhances the skills and knowledge of our suppliers through targeted learning modules on key sustainability topics such as climate change, waste management and modern slavery.

One of our sustainability-linked Revolving Credit Facility targets focuses on supplier engagement with the School. We aim for 90% of suppliers with Group Trading Agreements to achieve bronze, silver or gold membership of the School by 2026. In 2024, 66% (2023: 56%) of these suppliers had reached at least bronze membership, of which 48% achieved gold status.

SUSTAINABLE TIMBER

Our Sustainable Timber Policy commits us to sourcing certified timber from responsibly managed forests, including Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) certified timber. This promotes sustainable forest management and helps mitigate the risk of illegal deforestation. In our most recent audit, 99% of our timber procured from suppliers was FSC or PEFC certified.

HUMAN RIGHTS AND ANTI-SLAVERY

We are committed to conducting our business with integrity, helping to ensure that human rights are respected and protected throughout our operations. This extends to our colleagues, supply chain, customers and the communities we serve. Our Human Rights Policy supports the principles set out in internationally recognised standards, including the UN Guiding Principles on Business and Human Rights and the UN Universal Declaration of Human Rights.

We expect our supply chain partners to act responsibly, with respect for human rights. Our Supplier Code clearly sets out expectations on environmental and social issues, and all partners are contractually required to comply with these standards.

To raise awareness of modern slavery, we require all new employees to complete anti-slavery training during induction, with existing employees undertaking an annual update. We provide updates through our intranet and display posters across our sites in multiple languages, to help those working on our sites identify signs of modern slavery. We maintain a zero-tolerance approach to all forms of modern slavery, including forced labour and child labour.

Our Speaking Up (whistleblowing) helpline and website allow our colleagues, subcontractors, suppliers and the local community to report concerns. In 2024, no substantiated grievances related to human rights were reported, and no instances of modern slavery were identified.

REAL LIVING WAGE

We maintained our accreditation as a Living Wage Employer in 2024. The real Living Wage exceeds both the government's minimum wage and the National Living Wage, being the only wage rate in the UK calculated based on the actual cost of living.

We ensure that all direct employees are paid at least the real Living Wage, with annual reviews to ensure compliance. Our Supplier Code requires that subcontractors working on our sites are also paid the real Living Wage, and we actively communicate this across our sites. We also provide information on how to report any concerns of non-compliance through our Speaking Up channels.

Read more in our Speaking Up policy and our Supply Chain Code of Conduct at: **crestnicholson.com/supply-chain**

3 **Operate our business responsibly** continued

Safety, health and environment

The safety and welfare of everyone who comes into contact with our operations is our number one priority.

There is nothing more important than the health, safety and wellbeing of our people, subcontractor workforce, customers and the public. As a Home Builders Federation Health and Safety Charter Signatory organisation, we are committed to continuous improvement and to the charter's core aims of driving improved performance and growing a positive health and safety culture. We have continued to make improvements in the way that we manage workplace health and safety risks throughout 2024.

There is a Group Safety, Health and Environment (SHE) Committee whose role is to ensure oversight and stewardship of the Group's SHE management system, and performance and compliance with applicable laws and standards. Responsibilities of the Committee include setting policy, developing strategic objectives, ensuring resources are available to manage risk and ensuring operational processes are being controlled effectively. SHE Committee actions and progress are reported to the Board at every meeting.

Everything we do is built on a foundation of integrity, quality and care. Our SHE mission is to promote a culture and environment that empowers everyone to work collaboratively and responsibly, promoting operational excellence and wellbeing, centred around keeping people and places healthy and safe.

This includes the occupiers of legacy buildings which we are now revisiting to ensure they comply with the latest fire related standards. Additional measures and processes have been put in place to ensure this work is carried out to the highest health and safety standards and monitored by both senior management and our SHE team.

2024 HIGHLIGHTS

The Group has had no health and safety prosecutions, prohibition or improvement notices, work related fatalities or environmental breaches resulting in prosecution during the year.

A total of 519 site inspections were completed, by a combination of divisional and Group senior management, build and site managers, the in-house SHE team and our independent external consultants. SHE compliance inspections on all active sites were carried out measuring our compliance with industry best practice guidance and legal requirements. Compliance has steadily improved over the past four years and we have raised our Group target for compliance from 90% to 95% for 2025.

A key focus area was accidental buried cable strikes, which are both dangerous and costly. We implemented new working practices and engaged our supply chain, and as a result we were able to reduce cable strikes by nearly 50% over the second half of the year.

AIIR

396

2023: 305

SHE inspection compliance

92.3%

2023: 89.9%

Our Annual Injury Incident Rate (AIIR) increased compared with 2023. AIIR is the ratio of accidents to the number of people exposed to the risk. In 2024, the number of people working on our sites and other premises fell while the number of reportable incidents remained the same as the previous year, leading to a rise in the AIIR.

2025 FOCUS AREAS

We have set targets for reducing accidents in 2025. Our priorities include focusing on the causes of accidents, and increasing our expectations of tidiness and material management on our sites.

We want to make sure that customers moving into their new homes have the best possible experience while construction of additional homes continues on the development. We are introducing new public safety processes and monitoring to ensure occupied areas of new and established developments are as safe as possible and being managed to provide an excellent experience for our customers.

We will continue to work with stakeholders on our remedial schemes to improve how they are managed.

3 **Operate our business responsibly** continued

Our people

We want our people to feel valued, heard and included. Our people are at the heart of everything we do, and their commitment and hard work are critical to our long-term success.

There has been a level of uncertainty for our people throughout this financial year, with some major changes within the business as well as external factors having an impact. Our people have shown true resilience, and we have sought to champion them with a continued aim of being an employer of choice.

TRAINING AND DEVELOPMENT

We have invested time and resources into how we train and develop our employees and have focused on compliance and mandatory training.

To enhance the skillset of our people on a more personal level, we have facilitated a number of learning avenues.

Personal skills programme

We partner with an external provider to deliver a series of short management training modules. We have different modules which come under three key themes, which are Myself, My Team and My Relationships.

Hours of in-person and online training delivered

6,130

Recognising and preventing harassment and bullying training

We have developed and provided a new training programme to reinforce our stance on harassment, especially sexual harassment, in line with new legislation which came into force in October 2024.

We have invested time and resources in its development to ensure it is as impactful as possible. Working with an external trainer and two actors, we launched the training in person for all employees with line management responsibilities, with live online training for all other employees.

The training encompasses what does it mean to be respectful at work, what is harassment, what our standards are in terms of our code of conduct, what is banter, what constitutes being 'at work', implicit bias and speaking up.

Positive feedback has been received on this and we have heard our employees saying how they will change their mindset, especially given the industry we are in and that a different approach is required.

"If only courses like this were available many years ago, perhaps all industries, or even everyday life, would be in a better place."

Cliff Thomas
Senior Site Manager – Recognising and preventing harassment and bullying training

"I joined Crest Nicholson in January 2022 as a Sales and Marketing Director.

After a year I expanded my role to include overseeing customer service and later supported the commercial department, which broadened my knowledge of the business. In my second year, I attended a Senior Leadership course which included 1:1 coaching with an external, professional coach. This was to help us, as leaders, drive business performance and face into challenges with authenticity, agility and bravery. This gave me the confidence to apply for the Managing Director role for the South West division, which I was delighted to be offered."

Charlie Joseph
Managing Director, South West

3 Operate our business responsibly continued

Sales management team – coaching skills

Sales is a key focus for our business and we have invested in broadening the skillset of our sales management team by giving them an in-depth dive into what coaching is, so that they can better support our sales executives in their roles.

We have received positive feedback on the coaching training delivered to our sales management team, which also includes a follow up with divisional teams to truly embed the coaching mindset.

Trainees

We continue to invest in our trainees, noting the importance of having a future talent pipeline within the business. We achieved the Gold Award with the government-recognised 5% Club scheme for our 2024 financial year.

SIte employee development

We continue to enhance the technical knowledge and expertise of our site management population, by partnering with the Chartered Institute of Building and ensuring our site managers, assistant site managers and trainee assistant site managers have the option to complete an enhanced qualification to broaden their horizons in site management.

EMPLOYEE TURNOVER

Our voluntary employee turnover has slightly increased to 22% in 2024. Our focus on recruitment process improvements, onboarding and management communication has been in the service of improving the turnover of our people and to ensure we have the right people in place to implement our strategy and achieve our goals. We will continue this focus in 2025 specifically around upskilling leaders and managers in our business.

ONBOARDING

We have invested time in how we can improve our onboarding experience for new starters.

We focused on the responsibility of hiring managers to be accountable for a new starter as part of their preboarding and onboarding experience, looking to show that we are a business that cares about and values our people. We have created a series of new documents to aid our hiring managers and others involved in the process and introduced a buddy system where each new starter is assigned someone from another division to widen their support network and build relationships further afield for their future career.

We are also utilising our HR system to bolster how we receive feedback from new starters and look to continually improve our onboarding experience.

HEALTH AND WELLBEING

It is important for our people to feel valued, happy and healthy in their workplace. We promote an agile working environment, valuing the importance of work-life balance.

We continue to invest in having Mental Health First Aiders in the business, and understand the impact of the training these people have received, should a situation arise where these skills are required.

EQUALITY, DIVERSITY AND INCLUSION

It is essential to have a diverse workforce who bring different experiences and perspectives to our workplace, who feel valued, included and empowered to succeed.

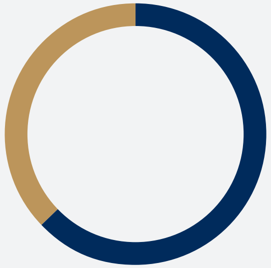
Our policies are clear that we do not discriminate, either in hiring, development or career progression, based on any protected characteristic including gender, race, age, sexual orientation or disability.

We held a Diversity and Inclusion Forum during the year, to further discuss how we could embed an equality, diversity and inclusion strategy across the business. Given the uncertainty the business and industry faced this year, the implementation of the strategy will be a focus for 2025.

We continue to be a Silver Award holder with the Employer Recognition Scheme, showing our ongoing support of the armed forces, especially being an employer that has a reservist policy in place.

We are currently developing new guidance for both line managers and employees on managing neurodivergence in the workplace. We aim to ensure all employees are supported in working to the best of their ability, and gaining the advantages that a neurodiverse workforce can bring.

Gender balance



Male	63%
Female	37%

Ethnicity split

White British or other white	88%
Mixed/multiple ethnic groups	1.5%
Asian/Asian British	4%
Black/African/Caribbean/Black British	3%
Other including Arab	0.5%
Not specified/prefer not to say	3%

Ethnicity categories as specified in Listing Rule 9, to align with data on diversity on the Board and in executive management shown on page 92.

Voluntary employee turnover

22%

2023: 19%

Employees promoted through the year

66

2023: 61

Key performance indicators

Measuring our performance

We use key performance indicators to monitor our progress against our strategy. These are how we measure the performance and health of our business.

Link to remuneration

To align the focus of the Board and Executive Committee with the interests of stakeholders, some KPIs are reflected in our senior management incentive schemes.

1 KPI used in the annual bonus scheme

2 KPI used in the Long-Term Incentive Plan

Further information on remuneration can be found on **pages 74-91**

Links to Strategic Priorities

- Land Portfolio
- Strategic Land and Partnerships
- Placemaking and Quality
- Operational Efficiency
- 5 Star Customer Service

FINANCIAL KPIS

Return on capital employed (ROCE)[1] 4.1%

2024	4.1%
2023	7.3%[2]
2022	22.4%

Definition
Adjusted operating profit before joint ventures divided by average capital employed.

Why we measure
Illustrates how effective the Group's capital allocation is in delivering returns.

2

Earnings before interest and tax (EBIT) margin[1] 5.1%

2024	5.1%
2023	7.7%[2]
2022	15.4%

Definition
EBIT margin (operating profit margin) reflects the adjusted profit before interest, joint ventures and tax achieved by the Group, divided by revenue.

Why we measure
Assesses the financial efficiency of our Group operations before any one-off costs.

2

Unit completions 1,873

2024	1,873
2023	2,020
2022	2,734

Definition
Sales of homes recognised in the year including 100% of those held in joint ventures and on an equivalent unit basis.

Why we measure
Reflects overall business activity and output and enables us to forecast future capacity requirements.

Land creditors as a % of net assets[1] 18.1%

2024	18.1%
2023	24.0%
2022	22.5%

Definition
Land creditors divided by net assets.

Why we measure
Ensures that the Group is maintaining its financial position when entering into future land commitments.

Net (debt)/cash[1] £(8.5)m

2024	£(8.5)m
2023	£64.9m
2022	£276.5m

Definition
Cash and cash-equivalents plus non-current and current interest-bearing loans and borrowings.

Why we measure
Illustrates the Group's overall liquidity position and general financial resilience.

1

Land portfolio forecast gross margin 23.1%

2024	23.1%
2023	23.2%
2022	25.0%

Definition
The forecast gross margin after sales and marketing costs of land we hold in our short-term land portfolio.

Why we measure
Indicates the earnings potential of current and future land development and the sale of associated homes.

1 ROCE, EBIT margin, net debt/cash and land creditors as a percentage of net assets are alternative performance measures. See pages 158-159 for further details.

2 Represented as per note 29 of the financial statements.

Key performance indicators continued

NON-FINANCIAL KPIS

Greenhouse gas emissions intensity 1.83

2024	1.83
2023	2.09
2022	1.82

Definition
The greenhouse gas emissions intensity reflects our scope 1 and 2 emissions (tCO_2e) per 100 sq. m of completed floor area. It includes business travel via company cars, fuel and energy used on sites and in offices.

Why we measure
Tracks our progress on reducing our impact on the environment. There is also a financial benefit from increased operational efficiency and reduced cost of fuel used.

2

Waste intensity 7.15

2024	7.15
2023	10.98
2022	8.72

Definition
Waste intensity reflects tonnes of construction waste per 100 sq. m of completed floor area.

Why we measure
Tracks our progress on reducing our impact on the environment. There is also a financial benefit from the reduced cost of materials purchased and waste generated in the construction process.

1

Voluntary employee turnover 22%

2024	22%
2023	19%
2022	27%

Definition
The percentage of leavers during the year by reason of resignation or retirement as a proportion of total employees at the end of the year.

Why we measure
Low employee turnover supports greater depth of experience, continuity and development of skills within our teams.

1

Customer satisfaction 4*

2024	4*
2023	4*
2022	5*

Definition
The annual HBF's customer satisfaction rating based on the NHBC survey which new home buyers receive. Survey results are published in March each year.

Why we measure
Providing 5 star customer service is one of our strategic priorities. In 2024, we have consistently achieved a customer satisfaction rating above the 90% required to achieve 5 star status in March 2025.

1

Annual Injury Incidence Rate (AIIR) 396

2024	396
2023	304
2022	468

Definition
AIIR represents the number of accidents in the year normalised per 100,000 people working on-site.

Why we measure
The safety, health and welfare of everyone who is part of our operations is our number one priority.

Affordable and bulk housing completions 44%

2024	44%
2023	40%
2022	35%

Definition
Proportion of unit sales of homes recognised in the year to affordable housing, including open market bulk sales.

Why we measure
Partnerships form part of our strategic priorities.

The number published for 2023 in last year's report has been updated to include open market bulk sales.

Financial review

"2024 has been a challenging year for the Group. We exit the year better placed to address the opportunities ahead."

Bill Floydd Chief Financial Officer

Completions and revenue

Open market private completions were 1,047 (2023: 1,222), open market bulk completions were 331 (2023: 273) and affordable completions were 495 (2023: 525). As a result, total home completions were 1,873 (2023: 2,020), down 7.3%, reflecting a weak order book at the start of the year as a consequence of low levels of confidence in the housing market. There was some modest improvement in market sentiment as the year progressed, largely as a result of the 0.25% interest rate reduction in August 2024.

The total weighted average selling price for the Group was substantially unchanged at £344k (2023: £347k). On like-for-like units, we experienced modest sales price deflation in the first half of the financial year, which reversed in the second half of the year to leave the average selling prices largely unchanged, but with some positive momentum being taken into 2025.

The open market private sales rate as measured by sales per outlet week, was 0.48 for the year compared with 0.52 in 2023. The housing market remained sluggish throughout 2024 compared with much of the previous decade, with comparatively high mortgage rates, low consumer confidence and an absence of meaningful government support all contributing to the suppressed levels of demand. As the year progressed, a commencement of loosening monetary policy and a new government with more expansive housing aspirations provided some level of improvement in the overall sales environment. Average sales outlets were 44 (2023: 47).

Planning matters continue to take much longer to progress sites to operational development and associated environmental impacts such as water and nutrient neutrality further delay planning decisions. We therefore expect a minor reduction in our sales outlets in 2025. As a result of these factors, revenue from housing totalled £572.5m (2023: £638.0m), a reduction of 10.3%.

We completed £45.7m (2023: £19.5m) of land sales on sites that we would not have been able to access ourselves for several years.

Total revenue for the year was £618.2m, compared with £657.5m in 2023, a decline of 6.0%.

Representation of 2023

The current year consolidated income statement presents other operating income, other operating expenses and administrative expenses separately, with comparators being represented. Following the in-year review, completed site accruals are now split into accruals and provisions, also with comparators being represented. These changes provide greater clarity for users of the accounts and are marked by footnotes throughout the Annual Report and explained fully in note 29 of the consolidated financial statements. The Group's accounting policy for exceptional items has also been revised to include completed site costs relating to changes in the estimate of costs associated with completed sites which are no longer part of the core strategy. The previous year's completed sites charge has been represented to align with the revised policy.

Gross profit

Adjusted gross profit was £86.8m (2023: £105.6m[1]), a reduction of 17.8%. The reduction in gross profit substantially reflected the continued weak sales environment. Additionally, we recognised pre-exceptional costs of £7.3m in respect of completed sites as a result of a one-off review. During the year £14.2m (2023: £13.4m) additional NRV was charged consisting of £8.5m, mainly on legacy developments and £5.7m on freehold reversionary interests as disclosed in note 4.

Gross profit on lands sales was £10.1m (2023: £7.1m). Adjusted gross profit margin was 14.0% (2023: 16.1%[1]). Gross loss was £71.6m (2023: gross profit £84.7m[1]).

Operating profit and margin

Adjusted operating profit of £31.3m (2023: £50.8m[1]) was a decline of £19.5m (38.4%) as a result of the gross profit reduction of £18.8m and an increase in administrative costs. The operating loss for the year was £128.7m after an exceptional items charge of £160.0m (2023: £29.9m[1] operating profit after an exceptional items charge of £20.9m).

Control environment

As noted in my report last year, during 2023 we identified that controls were not operating effectively in two divisions. The control weaknesses related to the divisions' management and forecasting of build costs and margin.

At the end of 2023, we completed the rollout of a new ERP system that strengthened the key financial and commercial controls across the business. During 2024, further control improvements were implemented. There has been significant cultural change within the business, led by the new Chief Executive Officer, Executive Committee and senior management, on the importance of both governance and transparency in the business. A Chief Operating Officer was appointed on 1 January 2024 and a Group Commercial Director joined the business in a newly established role on 3 June 2024. I changed the reporting line for divisional finance directors from divisional managing directors to myself, to increase the level of independence and oversight within divisional management teams. Numerous other governance and reporting improvements have been implemented during the course of the year to improve the control environment.

As a result the control environment is operating effectively and we are continuing to monitor the processes to identify any further improvements that can be made.

Exceptional items

An exceptional net cost of sales charge of £158.4m was recognised in the year, comprising

1 Represented as per note 29 of the financial statements.

Financial review continued

combustible materials charge of £131.7m, combustible materials recovery from third parties of £4.4m, completed site costs of £25.0m, freehold inventories written off of £5.7m and professional legal fees of £0.4m.

In the prior year, as a consequence of signing the Developer Remediation Contract on 13 March 2023, the Group entered into contractual commitments with the government to identify and remediate those buildings it has developed with possible life-critical fire safety defects.

The £131.7m combustible materials charge comprises £98.5m relating to the Group's estimated remedial costs for non-surveyed buildings and £15.2m remedial costs of buildings surveyed in the year requiring remediation, both of which were previously disclosed as contingent liabilities, and £18.0m relating to changes in forecast build cost scope and price over the duration of remediation for buildings upon which a provision was already recognised.

With additional information, the Group is now able to estimate a charge for non-surveyed buildings based on its experience of the cost analysis of surveyed and tendered buildings. The number of surveyed buildings has increased significantly over the year enabling the Group to compute a reliable estimate for these buildings.

The Group has also undertaken a comprehensive review, supported by external consultants, of the Group's remaining cost obligations on completed sites. Initially, work focused on four sites that were completed prior to 2019 when the Group closed its Regeneration and London divisions. Subsequently, a review has been carried out on all sites that the Group has completed but maintains an obligation to carry out remediation or maintenance on, prior to adoption by the relevant local authority or management company. The review of completed site costs is now concluded, resulting in a one-off charge of £32.3m, of which £25.0m is treated as an exceptional item as it relates to non-standard developments started prior to the change in strategy in 2019, and the balance of £7.3m is recorded within adjusted operating profit.

The Group provided £5.7m to write off the value of its remaining freehold reversionary interests in buildings previously constructed by the Group. The market for freehold reversionary interests is increasingly uncertain given proposed legislative changes in this area and the impact of some freehold buildings requiring fire remediation works.

An exceptional administrative cost of £1.6m is recognised reflecting aborted transaction costs from the unsolicited approach from Bellway plc.

A further £6.1m (2023: £4.6m) was charged in relation to imputed interest on the combustible materials charge.

The tax credit on exceptional items is £48.2m (2023: £6.5m[1]) based on actual tax rates.

Further detail on exceptional items can be found in note 4 and note 22 to the consolidated financial statements.

Financing and liquidity

At 31 October 2024, the Group had net debt of £8.5m (2023: net cash of £64.9m). Net debt including land creditors was £140.1m (2023: £140.6m). Average net debt in the year was £49.6m (2023 average net cash: £47.1m). Return on capital employed (ROCE) for the year was 4.1% (2023: 7.3%[1]) reflecting the lower adjusted operating profit compared with the prior year.

The Group made good progress on improving its cash management during the year, with increased discipline on part exchange and WIP controls, which continue to deliver benefits to cash flow.

The Group's debt facilities include a £250m Revolving Credit Facility, the expiry date of which was extended in the year to October 2027. The Group is also financed by an £85m private placement. In August 2024, in accordance with the note purchase agreement, the Group made its first amortisation payment of £15m. A further amortisation payment of £20m is due to be made in August 2025.

Going concern

The Directors have assessed the Group's going concern position, analysing a base case and a range of adverse scenarios that are deemed to be Severe But Plausible (SBP), including aggregates of multiple factors.

The base case scenario utilised rolling forecasts up to 30 April 2026 (the going concern period) that reflect the Group's current financial position and the prevailing economic landscape, taking into account that the Group has already secured a proportion of sales for 2025 by way of its forward order book. The SBP downside conditions incorporate potential macroeconomic scenarios which could be experienced by the UK, industry-wide dynamics, and Group-specific risks. The assessment also evaluated the anticipated effectiveness of proposed mitigating actions that are within the Group's control. Whilst the Group forecasts to meet all its covenants in the base case scenario, the cumulative impact of the assumptions and mitigations in the SBP downside case indicates that the Group would not meet its interest cover covenant during the going concern period, with the first measurement date in April 2025. The Group maintains good relationships and a regular dialogue with all its lenders and is confident that an amendment to its covenants would be secured if necessary, however, this is not guaranteed and therefore this represents a material uncertainty related to going concern. In all scenarios, except where the interest cover covenant is breached and a covenant amendment is not agreed, the Group forecasts adequate liquidity.

In reviewing the assessment outlined above, and notwithstanding the material uncertainty related to going concern outlined above, the Directors are confident that the Group has the necessary resources and mitigations available to continue operations and discharge its obligations as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the consolidated financial statements continue to be prepared on a going concern basis.

Further detail can be found in note 1 to the consolidated financial statements.

Pension

The Group operates a defined benefit pension scheme. At 31 October 2024, the retirement benefit surplus under IAS 19 was £19.5m (2023: £10.0m).

Taxation

Effective tax rate applied to the loss before tax (2023: profit before tax) for the year was 28.0% (2023: 22.5%). The increase in effective tax rate is due to the impact of changes in the UK corporation tax rate. Full details are set out in note 8 to the consolidated financial statements.

Earnings per share

Adjusted basic earnings per share was 5.6 pence (2023: 14.2[1] pence), reflecting the decrease in the Group's earnings on prior year. Basic loss per share was 40.4 pence (2023: earnings per share 7.0 pence).

Dividend

The Board proposes to pay a final dividend of 1.2 pence per share for the financial year ended 31 October 2024 which, subject to shareholder approval, is expected to be paid on 25 April 2025 to shareholders on the Register of Members on 28 March 2025. This is in addition to the interim dividend of 1.0 pence per share that was paid on 11 October 2024.

Land and planning

At 31 October 2024, the short-term land portfolio comprised 13,935 (2023: 14,922) plots and the Group's strategic land portfolio totalled 17,700 (2023: 18,830) plots, meaning the total land portfolio at 31 October 2024 was 31,635 plots (2023: 33,752). The total gross development value of the portfolio is £11.5bn (2023: £12.2bn).

During the year, the Group added 1,158 plots to the short-term land portfolio (2023: 3,197). The Group has sufficient land with planning consents to meet its requirements for 2025. The Group has a well-developed land bank for 2026 and is working to obtain the relevant planning consents to enable it to meet its development plans for 2026. The Group is undertaking a thorough review of its land bank beyond 2026 to determine its overall suitability for the business' medium-term needs and strategic direction.

Bill Floydd
Chief Financial Officer

1 Represented as per note 29 of the financial statements.

Principal risks and uncertainties

How we manage risk

The Group's performance may be impacted by potential risks and uncertainties in the pursuit of its objectives.

To continue to be a successful housebuilder in the long term, our decision making must be informed by a clear understanding of our business risks and opportunities.

Our Risk Management Framework provides assurance that we have identified our principal and emerging risks. Risk management is an integral part of our business and is embedded throughout our strategy, investment decisions, health and safety activities and core decision-making processes.

Our divisional boards consider their risk registers on a half-yearly basis, and site risks and opportunities are considered on a bi-monthly basis. Divisional risks, alongside the Group's principal risks, are carefully considered by the Executive Committee at half year and full year. They are subsequently reviewed by the Audit and Risk Committee and the Board, together with the Group's emerging risks. The risks are then assessed against the Group's risk appetite and its capacity to handle risk. More detailed and specific risk matters are reviewed by the Audit and Risk Committee on a regular basis.

RISK APPETITE

Risk appetite is the amount of risk that the Board is prepared to accept in return for achieving our purpose of building great places for our customers, communities and the environment.

Our appetite for risk is based on our analysis of market context, our strategy and input from management and advisors. These are assessed and reviewed throughout the year.

The Board takes a prudent view on risk and has an overall risk appetite across its portfolio that reflects this.

We seek to balance our risk position by:

- Maintaining a strong focus on health, safety and regulatory compliance matters
- Ensuring financial stability by generating profits and cash through our operations to meet our stakeholder objectives
- Being selective in land acquisitions - this allows us to adapt to cyclical markets and be flexible in our investment decisions
- Being disciplined in our operational efficiency and future growth
- Establishing the right culture and shared values

RISK CULTURE

Risk awareness exists throughout our decision-making processes and is embedded in systems, policies, leadership, governance and behaviours. Aligned to our values and defined in our Operational Framework, the culture we maintain is one where our colleagues are empowered to make decisions within agreed parameters in the delivery of our objectives. We ensure we have the right accountabilities across the Group, maintaining effective risk-based decision making.

RISK MANAGEMENT FRAMEWORK

TOP DOWN
Assessment and mitigation of risks at a Group level

Board
- Has overall responsibility for strategy, risk management and internal control
- Reviews the Group's principal and emerging risks
- Sets the Group's appetite for risk and strategy
- Delegates risk oversight to the Audit and Risk Committee and to the Executive Committee and divisions

Audit and Risk Committee
- Responsible for monitoring our risk management processes and approving relevant disclosures
- Monitors financial reporting and internal and external audit activities
- Provides assurance to the Board in relation to financial, operational and compliance controls

Executive Committee
- Oversees how we are managing the principal, emerging and divisional risks within the Group's risk appetite
- Embeds risk management within the Group
- Responsible for control and risk management of Group functions
- Monitors divisional performance and development risks
- Oversees the management and application of the internal control framework

Divisional boards
- Responsible for control and risk management within the division
- Monitor and assess the divisional and operational risks
- Maintain an effective system of control and risk management at a site level, including SHE and supply chain risks

BOTTOM UP
Assessment and mitigation of risk across divisional and functional areas

Principal risks and uncertainties continued

EMERGING RISKS

Emerging risks have the potential to impact our strategy but are either currently not fully defined, or are principal risks, which are particularly elevated or increasing in velocity. Our emerging risks are identified through horizon scanning by the Board and Executive Committee and include industry and macroeconomic trends.

Economic outlook
Although the economic outlook for the house building sector has improved during the year, resulting in a reduction in the residual market conditions risk, there are still significant risks related to the overall performance of the economy which may impact this trend in 2025. Growth remains fragile and there may be additional impacts from the government's budget, changes in fiscal policy and proposed legislation. This could have further implications on consumer confidence and demand in the housing market.

Planning reform
We continue to monitor developments from the government's plans to unlock the planning system and develop land planning reform. We welcome these proposals, but clearly there are risks that actions may take longer than anticipated or fail to deliver the necessary change required.

Fire remediation
We closely monitor the performance and progress of remedial fire safety works against our required commitments and contractual obligations. Regulatory requirements have continued to evolve under the Building Safety Act 2022 and there can be challenges with the scale, complexity and capabilities required to complete the works expediently. We are also mindful of the impacts on residents and the disruption this can cause. Given the increased impact, this principal risk has increased this year.

Organisational change
As the business pursues its strategy in 2025 there may be a high degree of organisational change and transformation required. Such change can impact a number of risks which will need appropriate mitigation and will be carefully monitored throughout the year.

Artificial intelligence
With the rapid advancement of artificial intelligence (AI) there are a number of emerging risks that we will need to consider in this area. There are risks that we do not make significant investment in AI or have the necessary skills to take advantage of the substantial productivity, commercial or competitive opportunities that will arise through this technology. There are further emerging risks around data security, misinformation and data manipulation where regulation and control environments will need to evolve.

BOARD ASSESSMENT

The Board acknowledges that several principal risks have increased during the year or have remained elevated. This reflects the uncertainty we face through challenging trading conditions, an evolving regulatory landscape, or where further change and transformation is required.

The Board confirms that it has performed a robust assessment of the Group's principal and emerging risks, with consideration of the long term. Overall, the Group has operated within its risk tolerance. Actions are in place over the long term to address specific risks where necessary, reducing the level of residual risk.

2024 RISK REVIEW TIMELINE

MAY 2024
Half-year divisional risk reviews
Including assessing specific site risks and sustainability impacts considered at meetings throughout the year

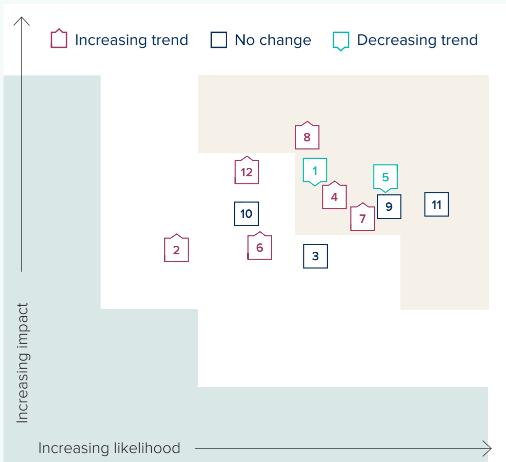
JUNE 2024
Group risk review by principal risk owners and Executive Committee
Considered existing principal and emerging risks against appetite

OCTOBER 2024
Full-year divisional risk reviews
Including assessing specific site risk and sustainability impacts considered at meetings throughout the year

NOVEMBER 2024
Executive Committee and Board risk reviews
Considered output of divisional and executive risk reviews, risk appetite and disclosures

RISK HEAT MAP

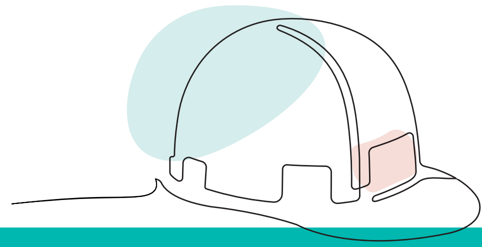
The Board has identified 12 principal risks that it considers material to the Group's performance. They have been mapped on a residual risk basis considering likelihood and impact. The Group's risk review process identified that some of the Group's principal risks had evolved during the year.



1 Market conditions
2 Safety, health and environment
3 Supply chain
4 Customer service and quality
5 Build cost and margin
6 Information technology, cyber security and business continuity
7 Attracting and retaining our skilled people
8 Solvency and liquidity
9 Laws, policies and regulations
10 Climate change
11 Land availability and planning
12 Combustible materials and legacy obligations

Principal risks and uncertainties continued

Our principal risks



1 MARKET CONDITIONS

Residual: High/Medium **Appetite:** Medium **Movement in year:** Reducing

Risk description

A decline in macroeconomic conditions in the UK negatively impacts the residential property market and reduces the ability of people to buy homes, either through unemployment or low employment, or constraints on mortgage availability.

Decreased sales volumes, occurring from a drop in housing demand, sees an increasing number of units held as unreserved and part exchange stock with a potential loss realised on final sales.

Changes to regulations and taxes negatively impact the market; for example, Stamp Duty Land Tax and the impact of government schemes such as Help to Buy: Equity Loan.

Actions/mitigations

We continually evaluate our strategy which we can flex and adjust as demand profiles change.

Regular sales forecasts and cost reviews to manage potential impact on sales volumes.

Forward sales, land expenditure and WIP are all carefully monitored to ensure they are aligned to levels of demand.

We focus on strategic purchase of sites, continued development of shared ownership models and engagement with a variety of incentive schemes.

We actively develop our sales offering by introducing new and innovative products to reflect the nature of market conditions.

We continually assess whether our organisational structures are appropriate to meet the changing demands within the housebuilding sector.

Development in the year

Market conditions have continued to improve against a tough economic backdrop, which encompassed political and economic instability. With reducing interest rates, improving house buyer demand and mortgage availability, the market outlook continues to stabilise and we are well placed to react to these changes.

We have expanded our sales and product offering to reflect the current market and strengthened our sales processes and incentives.

Links to strategic priorities

- Placemaking and Quality
- Land Portfolio
- Operational Efficiency
- Strategic Land and Partnerships

2 SAFETY, HEALTH AND ENVIRONMENT

Residual: Medium **Appetite:** Low **Movement in year:** Increasing

Risk description

A significant health and safety event results in injury, a dangerous occurrence or potentially even a fatality.

Significant environmental damage occurs caused by operations on site or in our offices.

A significant fire safety incident occurs at a legacy building under remediation.

Lack of recognition of the importance of the wellbeing of employees leads to increased sickness absence or employee turnover.

These incidents or situations have an adverse effect on people affected by our actions, our reputation and ability to secure public contracts or, if illegal, prosecution or significant financial losses.

Actions/mitigations

We have effective SHE management systems in place with increased authority for divisional build managers and Group SHE advisors to undertake incident investigations and implement follow up actions.

We use external independent safety auditors to conduct regular site safety reviews as appropriate and unannounced.

Use of external specialist consultants or contractors where specific health and safety requirements demand.

We have a network of mental health first aiders and a dedicated Employee Assistant Programme.

Where appropriate, interim risk mitigation solutions have been deployed in buildings where fire safety concerns have been identified.

Development in the year

We continue to report positive safety compliance scores and have increased our targets to drive greater performance and set higher standards.

Director and senior leadership site visits have been increased to drive stronger safety culture.

We continue to support and develop our network of mental health first aiders across the divisions.

The Group continues to assess and identify risks with legacy buildings impacted by fire-safety matters.

The risk has increased slightly during the year, reflecting the need to drive higher health and safety compliance.

Links to strategic priorities

- Operational Efficiency

Principal risks and uncertainties continued

3 SUPPLY CHAIN

Residual: Medium **Appetite:** Medium/Low **Movement in year:** No change

Risk description

Changing production levels across the industry put pressure on our materials supply chain.

Materials availability is impacted by changes in demand, rising energy prices and dislocation in supply chains due to external events.

Suppliers and subcontractors face insolvency due to adverse economic conditions.

The industry struggles to attract the next generation of talent into skilled trade professions.

The labour market does not have the knowledge and skills required to deliver modern methods of construction projects.

Actions/mitigations

We establish longer-term relationships with our supply chain partners through Group Trading Agreements and multi-year subcontractor framework agreements, including competitive tendering.

We engage in dialogue with major suppliers to understand critical supply chain risks and respond effectively.

We have developed effective procurement schedules to mitigate supply challenges.

Development in the year

Access to site labour and materials through the supply chain continues to be resilient, with forward demand and capacity planned through to the end of 2025. We have continued to build on supply chain relationships, price competitiveness and greater product selection. Our tendering processes have been enhanced through our Operational Framework and enhanced commercial controls.

Links to strategic priorities

- Placemaking and Quality
- Operational Efficiency

4 CUSTOMER SERVICE AND QUALITY

Residual: High **Appetite:** Low **Movement in year:** Increasing

Risk description

Build quality and customer service fall below our required standards, resulting in reduction of reputation and trust, and impact sales and volumes.

Unforeseen product safety or quality issues or latent defects emerge due to new construction methods.

Failure to effectively implement or comply with new regulations on build quality or customer service requirements and respond to emerging technologies impacts our sales and volumes.

Actions/mitigations

We continue to focus on enhancing build quality, achieving high customer satisfaction ratings and a retained commitment to excellent placemaking.

We have enhanced quality and build stage inspections to monitor adherence to our quality standards.

There is a central team of quality assurance and customer relationship managers to cover all divisions.

Customer service and build quality performance are bonus metric targets across the Group, including for Executive Directors.

The customer service dashboard which measures key performance targets is reviewed by the Executive Committee.

Development in the year

We have continued to refine our customer service and quality processes to enhance the customer experience and strengthen the quality of our homes. We have streamlined customer service teams to ensure greater ownership of the customer journey at legal completion and improved the design and layout of our sales suites. We remain on target for a 5 star customer service rating from HBF when it is announced in March 2025, and are improving our nine-month survey scores under the new NHBC methodology, which will require a higher customer service performance. This risk has increased for the year, reflecting where further improvements can be made. Expectations are this risk should reduce in 2025 given ongoing actions and continued focus.

Links to strategic priorities

- Placemaking and Quality
- Operational Efficiency
- 5 Star Customer Service

Principal risks and uncertainties continued

5 BUILD COST AND MARGIN

Residual: High/Medium **Appetite:** Medium/Low **Movement in year:** Reducing

Risk description

A lack of oversight and control of build costs, project progress and performance leads to margin erosion and significant increase in costs.

Lack of awareness and understanding of external factors impacts build costs including complex planning permissions and emerging sustainability and environmental regulations.

A lack of quality in the build process exposes the Group to increased costs and reduced volume, and impacts our reputation.

Build cost inflation and unforeseen cost increases occur, driven by demands in the supply chain or failure to implement adequate cost control systems.

Actions/mitigations

We benchmark our costs against existing sites to ensure rates remain competitive. We build and maintain strong relationships with our suppliers and seek to obtain volume purchasing benefits.

We operate a fair and competitive tender process and we are committed to paying our suppliers and subcontractors promptly.

There are rigorous and regular divisional build cost review processes and site-based quality reviews.

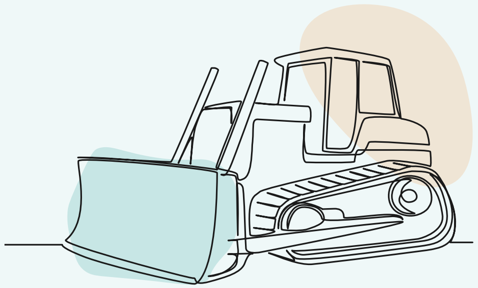
We continue to investigate alternative sources of supply where possible and utilise alternative production methods or materials where it is appropriate to do so.

Development in the year

We have continued to strengthen our commercial processes and controls as we have developed our Operational Framework. The level of oversight, review and assurance has also increased, through our second line Group Commercial function, over key build cost management processes. We expect to see this risk continue to reduce in 2025 given increased certainty and performance management over build costs.

Links to strategic priorities

Operational Efficiency



6 INFORMATION TECHNOLOGY, CYBER SECURITY AND BUSINESS CONTINUITY

Residual: Medium **Appetite:** Medium/Low **Movement in year:** Increasing

Risk description

Data breaches, ransomware or phishing attacks lead to the loss of operational systems, market-sensitive information or other critical data which risks non-compliance with data privacy requirements.

Advancement of artificial intelligence impacts data security breaches or leads to misuse in our business. This in turn results in a higher risk of fraud and, as a result, financial penalties and an impact to reputation.

Actions/mitigations

We employ network security measures and intrusion detection monitoring, including virus protection on all computers and systems, and carry out annual security-breach tests. We utilise customer relationship management systems for storing sensitive data to prevent negligent misuse by employees. We operate in a cloud environment with resilient IT providers, reducing centralised and physical risk exposure.

This is complemented by: employee training on data protection and internet security; data classification, retention policies and toolsets with appropriate and responsive procedures embedded to respond to data privacy matters; and IT disaster recovery plans. The IT Cyber Security and Data Sub-Board Committee, chaired by the Chief Financial Officer, meets through the year to address cyber security matters, assess threat levels and to develop appropriate policies and procedures.

We are Cyber Essentials Plus certified and are subject to regular external and internal audit review.

Development in the year

An external third-party review to assess the Group's cyber security against the National Institute of Standards and Technology Cybersecurity Framework was undertaken and benchmarked against our peers. The assessment deemed that Crest Nicholson is operating at an appropriate level for cyber security and identified opportunities for further improvement.

We have tested our cyber incident response plan through a tabletop exercise of various scenarios and we will use the output to improve our resilience.

A number of application security tools have been deployed across IT operations which has further strengthened our IT environment.

This risk has risen slightly during the year given an increase in external threats.

Links to strategic priorities

Operational Efficiency

Principal risks and uncertainties continued

7 ATTRACTING AND RETAINING OUR SKILLED PEOPLE

Residual: High **Appetite:** Medium **Movement in year:** Increasing

Risk description

An increasing skills gap in the industry at all levels results in difficulty with recruiting the right and diverse mix of people for vacant positions.

We don't have the right culture and environment to attract and retain talent, resulting in increased employee turnover and the requirement to induct and embed new employees, alongside increased cost of wages as a result of inflation.

Loss of knowledge within the Group results in inefficiencies, productivity loss, delays to business operations, increasing costs, and an overuse or reliance on consultants and the supply chain.

Actions/mitigations

We provide flexible and agile working arrangements to support employees.

Programmes of work are carried out to develop robust succession plans and improve diversity and inclusion across the business.

We monitor pay structures and market trends to ensure we remain competitive against our peers.

We monitor employee turnover, absence statistics and feedback from exit interviews.

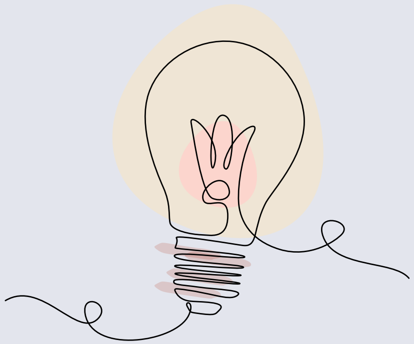
Development in the year

Employee turnover has been steady throughout the year, although higher than anticipated with challenges over retention. We have focused on strengthening our culture, delivering key and specific training in a number of areas across the Group. We have also enhanced our recruitment support and onboarding procedures for new joiners.

This risk has increased during the year, given the degree of change and transformation required and the impact of staff turnover.

Links to strategic priorities

Operational Efficiency



8 SOLVENCY AND LIQUIDITY

Residual: High/Medium **Appetite:** Low **Movement in year:** Increasing

Risk description

Cash headroom is affected by economic pressures that result in delayed receipts and potentially lower sales in the short to medium term.

Commitments to significant land and build obligations are made ahead of revenue certainty.

Commitments to significant remediation costs as a result of the Developer Remediation Contract.

Fall in sales during economic slowdown and lack of available debt finance.

Reduction in margins as average selling prices fall, inability to restructure appropriately and unsustainable levels of work-in-progress.

The Group fails to meet the three banking covenants that the Group's borrowings are subject to, which are tested on a six-monthly basis.

Actions/mitigations

Cash generation is a key focus for the Executive Committee. Cash performance is measured against forecast with variance analysis issued weekly. Cash performance is considered in detail at divisional board level.

We scrutinise the cash terms of land transactions. Private Rented Sector and bulk sales offer us the potential for early cash inflow.

The Group has the use of a £250m Revolving Credit Facility, and its expiry date was extended during the year.

Throughout the year there has been a working capital reduction action plan in place.

We generally control strategic land rather than own it and have limited capital tied up on the balance sheet. These sites are subject to regular review and diligent appraisal before being drawn down.

Development in the year

There has been a greater focus on controllable operating cash management, which has enabled us to manage the cash position adequately during the year. We continue to monitor profitability impact on interest cover covenants and liaise with banking advisors where appropriate. The Group continued to benefit from a balance sheet with diverse sources of funding and has adequate liquidity to deal with all plausible downside market scenarios.

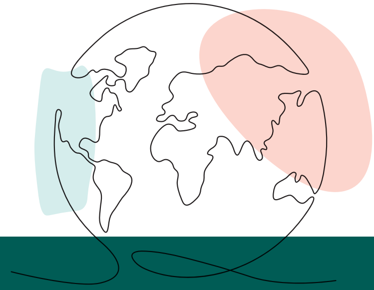
The Group closely monitors its forecast covenant compliance on a monthly basis. In its base case projections, the Group will meet all its banking covenants in the going concern and viability statement periods. In its severe but plausible downside projections, the Group would meet all its banking covenants except the interest cover ratio. See note 1 to the consolidated financial statements on going concern.

Links to strategic priorities

Land Portfolio

Operational Efficiency

Principal risks and uncertainties continued



9 LAWS, POLICIES AND REGULATIONS

Residual: High **Appetite:** Medium **Movement in year:** No change

Risk description

Future regulatory changes impact our ability to make medium- and longer-term decisions.

Failure to effectively implement new regulations including the Future Homes Standard (which has been delayed), the Environment Act 2021, the New Homes Quality Code, and the Building Safety Act 2022, impacts the Group.

Actions/mitigations

We engage with the government directly and through the Home Builders Federation and memberships of industry groups, and build relationships in key local authority areas.

We continue to assess and plan for emerging regulation and developments in readiness for potential change.

Development in the year

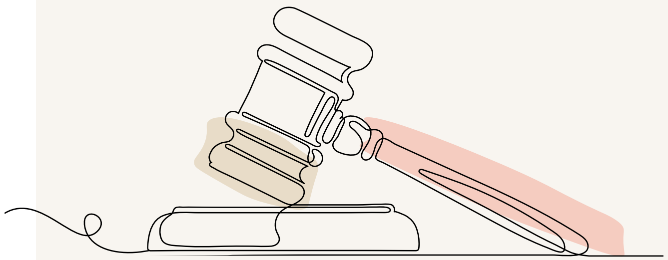
This continues to be an elevated risk given the challenging regulatory landscape in the housebuilding sector. We have increased regulatory and compliance training during the year to drive greater understanding of requirements on our business.

A new workstream has been established to review and implement requirements of the Building Safety Act 2022.

Emerging legislation such as the Employment Rights Bill has significant reforms and implications to employment rights that will impact our business, and we continue to monitor developments.

Links to strategic priorities

- Placemaking and Quality
- Operational Efficiency
- 5 Star Customer Service



10 CLIMATE CHANGE

Residual: Medium **Appetite:** Low **Movement in year:** No change

Risk description

Failure to further enhance our sustainable practices and processes and transition to a carbon net zero business by 2045, and failure to continue to meet evolving government regulations and growing investor expectations.

Climate change impacts our business through transition and physical risks. Transition risks include regulatory change, increased carbon pricing and shifts in stakeholder preferences. Physical risks are direct impacts from a changing climate, including rising temperatures, changing weather patterns increasing the risk of droughts and flooding, and more frequent and severe weather events.

Failure to manage climate-related risk leads to additional costs, build programme delays and damage to our reputation.

Actions/mitigations

Our Sustainability Committee oversees our sustainability strategy, including our approach to climate change. The Committee monitors performance against our climate targets and monitors climate-related risks and opportunities.

We are members of the Future Homes Hub, an industry-wide initiative to support the implementation of the Future Homes Delivery Plan to meet climate and environmental targets. We have internal workstreams to plan for new regulations, including the Future Homes Standard.

Near- and long-term science-based targets are in place, driving action to reduce greenhouse gas emissions.

Our Executive Directors have greenhouse gas emission reduction targets within their Long-Term Incentive Plan.

Development in the year

The rollout of air source heat pumps has increased on a number of sites and we are delivering more homes to the current Future Homes Standard which will positively impact our emissions.

We have increased Board level awareness on TCFD and CDP and increased engagement with the supply chain through the Supply Chain Sustainability School and procurement selection.

We are on track for 2030 greenhouse gas and 2025 waste intensity targets.

Links to strategic priorities

- Placemaking and Quality
- Land Portfolio
- Operational Efficiency
- 5 Star Customer Service

Principal risks and uncertainties continued

11 LAND AVAILABILITY AND PLANNING

Residual: High **Appetite:** Medium/Low **Movement in year:** No change

Risk description

Failure to maintain a supply of suitable strategic land with planning consent at the right economic terms to support our growth ambitions.

Acquired land is delayed in the planning process where local authorities and public sector resources are constrained.

Regulatory planning and environmental requirements continue to evolve with the National Policy Framework developments. Environmental requirements such as nutrients, phosphates and water neutrality, flood risk assessment requirements and biodiversity obligations are increasing. This increases the challenge of providing quality and affordable homes in the locations required.

Actions/mitigations

We have expertise within our land teams to ensure we acquire sites in the best locations that allow us to demonstrate our placemaking credentials.

We build strong relationships with key land suppliers, landowners and agents, and local authorities.

Land acquisitions are subject to appraisal and viability assessment through our formal approval process prior to bid submission and exchange of contracts.

The planning status of all our sites is regularly reviewed.

We undertake close consultation with the government on planning reform.

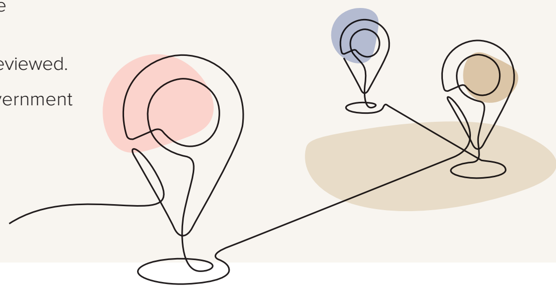
Development in the year

Although our strategy continues to focus on achieving planning consent on land under our control, we have reduced land acquisitions during the year. The planning process continues to be challenging, highly complex and time consuming. There continue to be challenges in some of our divisions regarding nutrients, water neutrality and the impact of flood risks.

We are pleased with the strong political consensus behind planning reform through the National Policy Framework and the government's commitment to increase the supply of new homes. However, material change may take time to deliver the actions needed to increase housing supply.

Links to strategic priorities

- Placemaking and Quality
- Land Portfolio
- 5 Star Customer Service



12 COMBUSTIBLE MATERIALS AND LEGACY OBLIGATIONS

Residual: High/Medium **Appetite:** Low **Movement in year:** Increasing

Risk description

Failure to address the issues faced by residents impacted by combustible materials in a timely manner, significantly impacts our brand and reputation. There is heightened political and public awareness with government publication of remediation progress.

This is a complex area where it is often difficult to identify and implement remedies quickly. The rapidly changing landscape of regulatory guidance and the need to engage with multiple stakeholders contribute to this complexity, as does the limited availability of qualified resource to oversee work performed. Given this, costs can be difficult to estimate and control which could be subject to considerable variability and government legislation, or regulation could further change, increasing the scope of legacy buildings and required remedial works.

The Group has a large number of legacy obligations with old site remedial works and it may take longer to address the actions than anticipated.

Actions/mitigations

A dedicated specialist team is in place with robust controls and processes in respect of combustible materials. There is a regular review process in place which is overseen by the Chief Executive Officer, Chief Financial Officer and the Special Projects division which is responsible for this area.

There is a detailed risk register of all schemes under review including any safety considerations, and recent customer or stakeholder correspondence, that considers how we may choose to respond.

In addition, the Special Projects division assesses whether faulty workmanship or design was a factor in the potential remedial works, and if appropriate seeks to recover these costs directly from the subcontractor or consultant involved.

Development in the year

During the year, the Group made substantial progress in its assessment of required remediation related to combustible materials, allowing it to make a full assessment of its probable liabilities for the first time.

Management has considered the progress of any combustible remedial works and has adjusted the financial provision to reflect the Group's best estimate of any future costs. In December 2024, the Group signed up to the Joint Plan to Accelerate, requiring developers to complete all assessments of buildings under the scope of Developer Remediation Contract by July 2025 and commence work on 100% of affected buildings by July 2027.

Divisions have increased focus on completion of old sites and associated remedial works projects continue including addressing resident management company obligations. However, there are a significant number of legacy activities to complete that will take time to resolve.

A new division was established to address remedial works for legacy buildings in scope.

Links to strategic priorities

- Placemaking and Quality
- 5 Star Customer Service

TCFD

Taskforce on Climate-related Financial Disclosures (TCFD)

As global greenhouse gas (GHG) emissions rise and the challenge of limiting warming to 1.5°C grows, we are committed to reducing our emissions.

Aligned with a 1.5°C pathway, our target is to achieve net-zero emissions across our value chain by 2045. Achieving this requires collaboration across our value chain to drive decarbonisation.

Climate change has been a principal risk for the Group since 2021, with our first voluntary TCFD disclosure published that year and our first full disclosure in 2022. We continue to work closely with external climate experts to strengthen our climate risk analysis. Given the uncertainties around the potential future impacts of climate change, we will continue to adapt our response as scientific and economic understandings evolve, alongside advancements in methodologies and risk management tools.

The following pages outline our disclosures consistent with the TCFD recommendations. In accordance with UK Listing Rule 6.6.6(8), the disclosure is consistent with the TCFD recommendations and recommended disclosures. The table below provides page references for further details. The bullet points to the right summarise progress over the past year and outline actions planned for 2025 to further enhance our approach.

In our consistency assessment, we referred to the October 2021 publication of the TCFD's 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures' document.

Further information on the TCFD can be found on the Financial Stability Board's website **fsb-tcfd.org**

TCFD pillar	Recommended disclosure	Page(s)
Governance	A. Board oversight	41
Disclose the organisation's governance around climate-related risks and opportunities.	B. Management's role	41
Strategy	A. Risks and opportunities	42-45
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	B. Impact on organisation	43
	C. Resilience of strategy considering climate scenario analysis	43
Risk management	A. Risk identification and assessment process	46
Disclose how the organisation identifies, assesses and manages climate-related risks.	B. Risk management processes	46
	C. Integration into overall risk management	46
Metrics and targets	A. Climate-related metrics	47
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	B. Scope 1, 2, 3 GHG emissions	21, 47
	C. Climate-related targets	20, 47

2024 PROGRESS

- Engaged third-party consultants to support our TCFD disclosure development and climate scenario analysis
- Continued collaboration with supply chain partners to reduce value chain emissions
- Reduced absolute scope 1 and 2 emissions by 18% compared with 2023
- Reduced scope 3 emissions intensity by 9% compared with 2023
- Measures to reduce emissions are provided on pages 20-21

2025 AREAS OF FOCUS

- Expand the installation of air source heat pumps, incorporating learnings and customer feedback
- Refine home designs to ensure future compliance with the Future Homes Standard
- Strengthen engagement with supply chain partners and wider industry to improve embodied carbon reporting and emission reductions
- Continue to review and evolve our assessment of climate-related risks and opportunities

TCFD continued

GOVERNANCE

A. Board's oversight of climate-related risks and opportunities

The Board is responsible for overseeing risk management, including climate-related risks and opportunities. This involves semi-annual reviews and updates to the Group's principal risks, including climate change, which is governed by our Risk Management Framework (see page 32).

The Board receives updates on the Group's approach to climate change and sustainability, including progress against climate-related KPIs and science-based targets. Throughout the year, the Board has reviewed emerging environmental regulations, assessed performance against sustainability targets and monitored progress towards our net-zero commitment. The Board considers climate-related issues when reviewing the business strategy and risk management policies.

The Board's oversight is supported by three key committees: the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee. Additionally, the Sustainability Committee, chaired by the Chief Executive Officer, is responsible for overseeing the development and implementation of our sustainability strategy. The Sustainability Committee met four times in 2024, and provided at least quarterly updates to the Board and Executive Committee on climate-related risks, opportunities and performance against sustainability targets. Table 1 illustrates our governance structure in more detail.

B. Management's role in assessing and managing climate-related risks and opportunities

Our Group Operations Director, with executive responsibility for sustainability, leads our climate-related work and is a member of both the Executive Committee and the Sustainability Committee. This role includes overseeing climate risk assessments, managing associated risks and pursuing business opportunities related to sustainability. The Group Operations team provides regular updates to the Board and Executive Committee on progress towards climate-related targets and regulatory developments.

Supporting this work, the Climate Risk Working Group assesses and monitors climate-related risks and opportunities using our standard risk-scoring system. The Group evaluates both physical and transition climate impacts and maintains a climate risk register that consolidates these risks across the business.

To build internal expertise, Climate Risk Working Group members participated in climate scenario workshops led by third-party consultants. These workshops enhanced understanding of climate impacts and risk management practices. Additionally, our Group Operations team collaborated with industry groups such as the Future Homes Hub and the Supply Chain Sustainability School to stay informed on emerging regulations and best practices.

At the divisional level, teams assessed climate-related risks, such as flood risk, and integrate these into project planning and divisional risk registers. These registers undergo semi-annual reviews as part of the Group's Risk Management Framework. This multi-layered approach helps ensure that climate considerations are embedded into site selection, planning processes and overall operations.

Table 1. Governance framework and climate touch points throughout the business

BOARD AND EXECUTIVE COMMITTEE OVERSIGHT	**The Board** ■ Oversight of the Group's sustainability strategy and its performance ■ Overall responsibility for risk management, including climate-related risks and opportunities		
	Audit and Risk Committee ■ Conducts formal reviews of principal and emerging risks semi-annually, including climate-related risks ■ Oversees the Internal Audit Plan which includes climate-related audits	**Remuneration Committee** ■ Aligns relevant incentives with sustainability targets ■ Approves climate-related targets in long-term pay incentives for Executive Committee and senior management	**Nomination Committee** ■ Considers a broad range of skills, including sustainability and climate expertise, in Board and executive appointments
	Executive Committee ■ Considers the Group's principal risks and oversees the divisional risk process, with support from functional representatives		
	Sustainability Committee ■ Met four times in 2024 ■ Oversees the development and delivery of strategic aims and initiatives to improve sustainability performance	**SHE Committee** ■ Met five times in 2024 ■ Oversees the management of the Group's SHE risks and SHE strategy, including environmental risk management on-site	**Divisional boards** ■ Meet monthly and are responsible for key risks, including climate change, within the division. ■ Review and update the divisional risk register semi-annually
MANAGEMENT OVERSIGHT	**Climate Risk Working Group** ■ Responsible for assessing climate-related risks and opportunities ■ Membership includes representatives from the Finance, Procurement, Sustainability, Technical and Internal Audit teams	**Group Operations team** ■ Subject matter experts on sustainability and climate change ■ Responsible for developing the Group's sustainability strategy and supports the divisions in driving its implementation	**Functional Forums** ■ Meet quarterly and are responsible for delivering initiatives, achieving targets and embedding procedures within the Group ■ Functional Forums include SHE and Build, Technical, Commercial, Sales and Marketing, Land and Planning and Customer Service

TCFD continued

STRATEGY

A. Climate-related risks and opportunities identified over the short, medium and long term

While we are actively working to reduce our GHG emissions across our value chain, climate change presents a range of risks and opportunities for our business. Climate change has been designated as a principal risk since 2021 by the Audit and Risk Committee. The extent and severity of these risks depend on actions taken both in the UK and internationally.

In 2024, the Climate Risk Working Group conducted a climate scenario analysis workshop to assess risks and opportunities, including:

Transition risks
These relate to the transition towards a low carbon economy to mitigate severe physical impacts of climate change. Examples include regulatory changes, carbon taxation, new technologies and evolving stakeholder expectations.

Physical risks
These arise directly from a changing climate and are categorised as acute risk (event-driven, such as increased severity of storms and floods) and chronic risk (long-term shifts in climate patterns, including rising temperatures, sea level rise, chronic heatwaves and droughts).

Our physical risks were assessed across UK regions where we operate, covering both office and development sites, while transition risks and opportunities were analysed at the sector and key supply chain levels. Climate risks and opportunities rated as 'medium' or 'high' are considered most material to the business. More details on our process for identifying, assessing and managing climate risks and opportunities are available on page 46.

Consistent with TCFD recommendations, we evaluated three warming scenarios to assess the potential impact of each identified risk and opportunity on our operations and financial planning. Our analysis uses data from recognised climate models and frameworks, including the International Energy Agency's World Energy Models, Shared Socioeconomic Pathways, the Climate Natural Catastrophe Damage Model, CORDEX regional climate forecasts, and Integrated Assessment Models. By using multiple datasets, we gain insights into how key factors affecting our operations may change under different climate scenarios.

These scenarios represent possible future pathways rather than definitive forecasts, serving as a basis for assessing both transition and physical climate risks and opportunities. While climate models provide guidance, they also have limitations and may overestimate or underestimate certain variables. We are committed to continuously refining and updating our assessments.

Table 2. Climate scenario analysis summary

	Scenario 1: Orderly Transition	Scenario 2: Disorderly Transition	Scenario 3: Hot House Earth
Scenario source[1]	RCP 2.6	RCP 4.5	RCP 8.5
Scenario description	Well co-ordinated and effective global response to climate change to limit warming to between 1.5 and 2°C by 2100.	Emissions are not reduced in an orderly manner; not enough action is taken before 2030. Warming reaches 2–3°C by 2100.	The global response to climate change is poorly co-ordinated and ineffective, resulting in warming >3°C by 2100.
Business impacts	**Products and services:** Climate-related risks and opportunities influence our product development. In scenarios 1 and 2, we anticipate increased emissions reduction regulations, requiring lower-emission and energy-efficient materials and enhanced reporting. In scenario 3, fewer regulatory requirements are expected, but we may need to adapt products to address physical risks such as rising temperatures and flooding. **Supply chain:** Approximately one-third of our emissions are in our supply chain, creating potential challenges in the transition to net zero. Scenarios 1 and 2 foresee higher carbon prices, potentially leading to increased material costs. Additionally, there may be heightened demand for lower carbon products, potentially affecting costs. Scenario 2 could lead to steeper carbon price increases. In scenario 3, physical risks such as severe weather and flooding may cause delays or necessitate supplier relocations, causing productivity reductions.		
	Operations: In scenarios 1 and 2, we anticipate increased energy and fuel costs, driven by rising carbon prices and heightened demand for lower carbon alternatives. In scenario 3, increased risks of severe storms, heatwaves and flooding may disrupt operations and reduce the availability of suitable land development.		
	Access to capital: Scenarios 1 and 2 present opportunities for accessing capital through mechanisms like sustainability-linked loans, green mortgages and increased investment in lower carbon businesses. However, failure to meet stakeholder expectations on climate risk management and sustainability performance could make accessing capital more challenging. Scenario 3 may hinder investment due to higher physical risks.		
	Customers and markets: In scenarios 1 and 2, demand for lower carbon homes is likely to increase. Successfully transitioning to lower carbon homes will require high levels of customer engagement. In scenario 3, these opportunities may diminish as customers face greater challenges from physical climate impacts.		

1 Representative Concentration Pathways (RCPs) are trajectories of greenhouse gas concentrations that provide a broad range of climate outcomes.

TCFD continued

Our climate modelling time horizons were designed to align with the UK net-zero target by 2050 and our internal target of 2045. Table 3 below provides further detail on why these time horizons were selected.

Table 3. Time horizons used for climate scenario analysis

Time horizon	Time period	Description
Short term	0–3 years	Covers the current operating climate and aligns with our business planning cycle. Existing legislation expected to remain in place.
Medium term	3–10 years	Aligns with anticipated legislative changes and our 2030 science-based targets, representing a period of possible regulatory impact.
Long term	> 10 years	This period is challenging to predict. While the climate has already changed, and will continue to do so, long-term physical risks are expected to have a more significant impact. Considering risks through to 2050 prompts exploratory discussions on the likelihood and potential impact of new and evolving risks and opportunities, which may differ from current experiences.

B. Impact of climate-related risks and opportunities on business, strategy and financial planning

Our climate scenario analysis provided insights into how climate change may impact our products, operations, supply chain and market position. To address these risks and capitalise on opportunities, we remain committed to reducing GHG emissions throughout our value chain while adapting our response to evolving regulations and other climate-related impacts.

Our financial planning incorporates risks into land acquisition and appraisal processes, maintaining resilience as climate risks evolve. We also pursue opportunities by enhancing resource efficiency and delivering energy-efficient, lower carbon homes. Building on prior commitments, we continue to reduce GHG emissions across our value chain while adapting to evolving regulations and climate-related impacts. In 2024, we advanced our home designs to improve energy efficiency and reduce emissions. In line with our internal policy, all our houses are designed to achieve a minimum Energy Efficiency Rating of 'B' on the Energy Performance Certificate (EPC). Additionally, 95% of homes built in 2024 achieved an Environmental Impact Rating of A or B. We continue to develop solutions to meet the Future Homes Standard, with anticipated additional build costs factored into our land acquisition appraisals.

C. Resilience of strategy, taking into consideration different climate-related scenarios, including 2°C or lower

To mitigate risks in an evolving sustainability landscape, we engage with peers, suppliers and other stakeholders to anticipate and adapt to future changes. Dedicated team members monitor emerging developments, helping ensure our strategy remains resilient in a low-carbon future.

We assess climate resilience through multiple scenarios, including pathways aligned with a below 2°C target and higher emission projections. Physical climate risks, such as flooding and overheating, are expected to increase, particularly in high emission scenarios. While there is significant uncertainty about the extent and impact of these risks, we continue to assess and monitor them. Although we do not foresee significant short-term impacts, we mitigate potential impacts through risk assessments and strong supplier relationships.

Transition risks, including rising carbon prices and stricter regulatory and planning requirements, are expected to have a more substantial medium-term impact. We factor anticipated Future Homes Standard costs into project appraisals and continue to monitor regulatory developments. Additionally, we track the potential rise in carbon taxes under the climate scenarios and continue to monitor this risk. Short-term climate-related risks, such as new regulations, are not currently considered material due to existing mitigation measures.

Our ongoing horizon scanning and collaboration enable us to identify and respond to new risks and opportunities, ensuring our strategy remains resilient. There has been no material impact on financial reporting judgements or estimates in the 2024 Annual Report and Accounts. Additional details can be found on pages 112.

TCFD continued

RISK MANAGEMENT

Table 4: Climate-related Transition Risks

Risk description	Primary financial driver	Management response
POLICY AND LEGAL		
Carbon pricing mechanisms		
Carbon taxes and pricing mechanisms are key policy tools for governments to reduce greenhouse gas emissions and drive economies towards net zero. If carbon prices escalate, they could impact our direct fuel and energy costs, as well as increase expenses within our supply chain. **Highest impact scenario:** Disorderly transition	Increased cost of sales from carbon taxes, along with increased procurement costs due to carbon-related taxes imposed on suppliers. **Time horizon:** Medium to long term **Risk score:** High	We are committed to reducing GHG emissions across all scopes in alignment with our science-based targets. Through active engagement with supply chain partners and the wider industry, we aim to lower upstream Scope 3 emissions, mitigating the potential impact of carbon taxes and other pricing mechanisms on our operations.
Mandates on and regulation of products and services		
Emerging regulations aimed at reducing emissions could impact our home specifications, particularly with additional build costs associated with standards like the Future Homes Standard. We anticipate that further low carbon requirements from the government or local authorities may arise, alongside increased reporting obligations and potential future regulations addressing embodied carbon. **Highest impact scenario:** Disorderly transition	Increased cost of sales to comply with evolving regulatory standards. **Time horizon:** Short to long term **Risk score:** Medium	Our relevant departments monitor and respond to regulatory changes and consultations. Active engagement with government bodies, the Home Builders Federation and the Future Homes Hub strengthens our understanding and preparedness for new policies. We collaborate with local authorities, partners and expert consultants to ensure cost-effective and compliant outcomes. Additionally, anticipated costs related to the Future Homes Standard are factored into our new project acquisition appraisals.
TECHNOLOGY		
Transition to low carbon technology		
The adoption of lower carbon technologies in our homes may introduce challenges for customers unfamiliar with these systems. Rising demand for such technologies could strain supply chains and lead to shortages of skilled labour for installation and maintenance, potentially increasing after-sales costs. Furthermore, certain locations may experience electrical capacity constraints on the grid, requiring infrastructure upgrades. **Highest impact scenario:** Disorderly transition	Increased cost of sales through technology adoption, supply chain constraints and after sales costs. **Time horizon:** Medium to long term **Risk score:** Medium	We engage with our supply chain to review and implement low carbon technologies in our homes, including using low carbon heating solutions ahead of the implementation of the Future Homes Standard across several sites. Collaboration with local authorities and energy providers allows us to address potential electrical capacity constraints early. By engaging in early discussions, we aim to anticipate and plan for necessary infrastructure upgrades during planning stages to minimise costs and risk of delays.
MARKET		
Increasing cost of raw materials		
Growing global demand for materials with lower embodied carbon, driven by governments and corporations seeking emissions reduction, poses a potential risk. This heightened demand may lead to increased prices for raw materials, such as timber. Additionally, escalating physical risks could disrupt supply chains, impacting material availability and costs. Regulations and carbon pricing could raise material costs as suppliers implement new processes and technology to decarbonise. **Highest impact scenario:** Disorderly transition	Increased cost of sales associated with energy and raw materials. **Time horizon:** Medium to long term **Risk score:** Medium	We regularly engage with our supply chain partners to mitigate material availability risks and assess their climate risk and sustainability performance.

TCFD continued

RISK MANAGEMENT CONTINUED

Table 5: Climate-related Physical Risks

Risk description	Financial driver	Management response
CHRONIC PHYSICAL		
Rising mean temperatures		
Increasing temperatures could elevate the risk of overheating within homes, requiring enhanced mitigation measures. These measures could impact home specifications, potentially leading to higher design and construction costs. **Highest impact scenario:** Hot house earth	Increased cost of sales associated with implementing mitigation measures. **Time horizon:** Long term **Risk score:** Medium	Our Group Technical team works closely with energy consultants to address overheating risks through thoughtful design. Key considerations include optimising window size, orientation of the home and integrating ventilation systems to reduce solar gains in the summer while providing effective means to remove heat from the home.
Changing precipitation patterns		
Changing precipitation patterns could result in more frequent occurrences of droughts and floods, posing challenges to planning and development. These changes may necessitate enhanced flood mitigation measures and stricter water efficiency requirements, potentially increasing construction costs. **Highest impact scenario:** Hot house earth	Increased cost of sales due to the implementation of flood mitigation and water efficiency measures. **Time horizon:** Long term **Risk score:** Medium	We conduct flood risk assessments during the land acquisition process to identify and address flood mitigation requirements. To reduce water stress, our homes are designed to achieve water consumption rates of less than 105 litres per person per day, exceeding current Building Regulations. Close collaboration between our Land teams and the Group Technical team aims to ensure that planning requirements are met while maintaining project deliverability.

Table 6: Climate-related Opportunities

Risk description	Financial driver	Management response
PRODUCTS AND SERVICES		
Greater demand for sustainable homes		
The global transition to net zero is expected to drive increased demand for energy-efficient and lower carbon homes. Financial incentives, such as green home mortgages, may further stimulate demand for homes with lower carbon footprints. **Highest impact scenario:** Orderly transition	Increased revenue through greater demand for low emission homes. **Time horizon:** Short to long term **Risk score:** Medium	We are committed to reducing emissions associated with the operational use of our homes while enhancing their energy efficiency. As a result, the majority of our homes meet the criteria for green mortgages. During the sales process, we actively educate customers about the energy-efficient features of our homes, helping them understand their benefits and value.
Green finance		
The growing availability of green finance, including sustainability-linked loans, offers opportunities to access lower interest rates. Investors consider climate-related risks, opportunities and emission reduction progress when reviewing portfolios, creating a more favourable environment for organisations with strong sustainability credentials. **Highest impact scenario:** Orderly transition	Lower cost financing options. **Time horizon:** Long term **Risk score:** Medium	We maintain open and transparent communication with investors, updating them on our strategy and performance. Additionally, our Revolving Credit Facility is directly linked to our sustainability metrics.

TCFD continued

RISK MANAGEMENT

A. Processes for identifying and assessing climate-related risks

Climate-related risks and opportunities are reviewed as part of our Risk Management Framework. Our governance structure, including the Board, Executive Committee and divisional boards conduct formal risk assessments semi-annually. Additionally, the Climate Risk Working Group undertakes a detailed review of our climate-related risks and opportunities at least annually.

Building on prior assessments, our 2024 review applied qualitative and quantitative modelling techniques to evaluate 13 transition risks, six physical risks and six opportunities across short, medium and long-term time horizons. This assessment was tailored to our business and included an evaluation of key suppliers' exposure to transition and physical risks, providing a broader understanding of our overall risk landscape.

Risks and opportunities are scored on a 1-5 scale for likelihood and potential impact, with their multiplication producing an overall score from 1 (low) to 25 (high). The most material risks, scoring medium or high, are prioritised for management at both operational and strategic levels.

To maintain a granular focus, climate risks and opportunities are documented in a dedicated climate risk register. The Audit and Risk Committee oversees climate as a singular material risk within the consolidated principal risk register, which is informed by our climate risk assessment.

Our 2024 assessment produced a prioritised list of risks and opportunities, supported by analysis under different climate scenarios. This process helps to ensure our strategy remains resilient, enabling us to adapt and continue delivering high quality, energy-efficient homes.

B. Processes for managing climate-related risks

Climate change is classified as a principal risk, reflecting its strategic importance to our business. To manage material climate-related risks effectively, we draw on internal expertise across the Group and engage external specialists where needed.

Our risk management process involves detailed assessments of climate-related risks, evaluating their potential short and long-term impacts on our strategy. We design and implement mitigation measures to address these risks.

For a detailed breakdown of our current risk mitigation actions, refer to the climate-related risks and opportunities tables on pages 44-45. Additional information about our overarching risk management process, including the integration of climate-related risks, can be found on pages 32-33.

C. Processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Climate change is recognised as a principal risk and is integrated into our Risk Management Framework. Semi-annual reviews of principal risks by the Board, Audit and Risk Committee and Executive Committee ensure climate-related risks are considered alongside other key risks within our evolving risk landscape. These reviews support broader assessments of the Group's ongoing viability.

Our climate scenario analysis identified and reviewed 25 climate-related risks and opportunities, documented in a climate risk register. This register allows for a focused and detailed approach to climate-related risk management. For more information on our principal risks and the Risk Management Framework, see pages 32–39.

TCFD continued

METRICS AND TARGETS

A. Metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process

Table 7: Climate-related metrics, targets and performance indicators

Target/metric	Performance	Links to climate-related risks and opportunities
GHG EMISSIONS		
Reduce absolute scope 1 and 2 (location-based) GHG emissions by 60% by 2030 (2019 base year)	63% reduction in absolute scope 1 and 2 GHG emissions compared with the 2019 base year	■ Carbon pricing mechanisms ■ Enhanced emissions-reporting obligations ■ Mandates on and regulation of existing products and services ■ Use of energy-efficient technology ■ Greater demand for sustainable homes
Reduce scope 3 GHG emissions intensity by 55% by 2030 (2019 base year)	7% reduction in scope 3 GHG emissions intensity compared with the 2019 base year	
Achieve net zero across the value chain by 2045	Reduction in GHG emissions as detailed above Continued supply chain engagement and investigation of further carbon reduction opportunities	
Environmental Impact Rating of our homes	95% of our homes built in 2024 received an Environmental Impact Rating of A or B	
ENERGY		
Procure 100% renewable electricity by 2025	85% of scope 2 electricity procured from renewable tariffs	■ Carbon pricing mechanisms ■ Greater demand for sustainable homes ■ Green finance
NATURAL RESOURCES AND WASTE		
Waste		
Reduce waste intensity (t/100 sq. m) by 15% by 2025 (2019 base year)	26% reduction in waste intensity compared to 2019	■ Carbon pricing mechanisms
Divert at least 95% of waste from landfill	Diverted 98% of waste from landfill	
Water		
Homes designed to use 105 litres per person per day (lpppd)	Standard house type specification is 105 lpppd	■ Changing precipitation patterns ■ Greater demand for sustainable homes

B. Scope 1, 2 and 3 GHG emissions and energy consumption statement

Table 8: GHG emissions and energy consumption statement

GHG scope 1 and 2 emissions data	2024 Location-based	2024 Market-based	2023 Location-based	2023 Market-based
Scope 1 (tCO_2e)	2,030	2,030	2,848	2,848
Scope 2 (tCO_2e)	1,075	354	956	202
Total scope 1 and 2 (tCO_2e)	3,105	2,384	3,803	3,050
Scope 1 and 2 intensity (tCO_2e/100 sq. m)	1.83	1.41	2.09	1.68

GHG scope 3 emissions data	2024 Location-based	2023 Location-based
Scope 3 (tCO_2e)	406,345	479,972
Purchased goods and services and capital goods	142,516	170,073
Use of sold products	255,415	300,334
Other scope 3 emissions[1]	8,413	9,565
Scope 3 intensity (tCO_2e/sq. m)	2.39	2.64

Energy consumption data	2024	2023
Scope 1 and 2 Group-wide energy use (kWh)	18,433,516	24,027,259
Scope 1 and 2 energy use intensity (kWh/100 sq. m)	10,862	13,203

1 Other Scope 3 emissions have been grouped together within the table. The categories included are: 3. Fuel and energy-related activities; 4. Upstream transportation and distribution; 5. Waste generated in operations; 6. Business travel; 7. Employee commuting; 12. End of life treatment of sold products.

C. Targets used to manage climate-related risks and opportunities and performance against targets

The Group is committed to achieving net-zero emissions by 2045 in alignment with the Paris Climate Agreement's 1.5°C target. Our science-based targets, approved by the SBTi, include reducing absolute scope 1 and 2 emissions by 90% and scope 3 emissions intensity by 97% by 2045 from a 2019 base year, with residual emissions being neutralised through high integrity offsets.

We report our scope 1, 2 and 3 emissions annually to track progress. These metrics help assess climate-related risks and opportunities and guide actions to meet our targets. Details on these emissions, including reduction measures and progress against targets, are provided on pages 20-21.

In addition to emissions reduction, we have set complementary targets addressing areas of significant environmental impact. These metrics are chosen to directly address the climate challenges and opportunities the Group faces. We focus on areas where our actions can have the most substantial impact, providing a targeted approach to climate risk management.

TCFD continued

GHG EMISSIONS CALCULATION METHODOLOGY

We report on emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our operational control. GHG emissions are also referred to as carbon emissions within the report.

Scope 1 and 2 emissions

In accordance with the GHG Protocol's Corporate Standard, we disclose both location-based and market-based scope 2 emissions:

Location-based emissions
Calculated using the UK Government's GHG Conversion Factors for Company Reporting 2024. Our science-based targets are based on location-based emissions.

Market-based emissions
Calculated using tariff specific factors provided by our energy suppliers, which may be more or less carbon intensive than the location-based factor.

All electricity and gas data for sites and offices under our control is supplied by our utilities management partner. Meter readings for non-plot supplies are obtained quarterly while plot data is recorded at customer handover. Data for shared office utilities is apportioned based on occupied floor area. Site diesel, hydrotreated vegetable oil and LPG usage is recorded from supplier data, and business travel emissions are tracked through fuel card data and expense claims.

Scope 3 emissions

Scope 3 emissions are reviewed and calculated in line with the GHG protocol across nine applicable categories. The most significant categories are category 1 'purchased goods and services', category 2 'capital goods' and category 11 'use of sold products'. Category 1 includes emissions associated with our supply chain that are not accounted for in our standard house type material bill of quantities. These emissions are calculated using a spend-based approach. Category 2 includes all material included in our bill of quantities and emissions are calculated using the OneClick LCA tool. Category 11 includes emissions related to regulated and unregulated energy. Emissions from regulated energy are calculated using the dwelling emission rate, which is calculated in line with Building Regulations. Emissions from unregulated energy are based on guidance given by the Royal Institute of Chartered Surveyors (RICS) professional standard for whole life carbon assessment for the built environment and adapted to estimate the residential energy consumption in the absence of primary data. The remaining six applicable categories are detailed below Table 8 on page 47, with their associated emissions grouped as 'other scope 3' within the table.

Six categories were deemed not applicable, including upstream leased assets, downstream transportation and distribution, processing of sold products, downstream leased assets, franchises and investments. Our baseline for emission reduction targets is the financial year 2019.

For operational joint ventures, we include GHG emissions from our site compounds and the homes we deliver directly.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

Our SECR disclosure aligns with the methodology above, covering scope 1 and 2 emissions and energy consumption data, including electricity, gas, diesel, LPG and business travel for our Group-operated fleet. All figures relate to UK operations. For details on energy and fuel reduction initiatives, see pages 20-21.

Verification statement by Verco Advisory Services

Verco Advisory Services Ltd has reviewed Crest Nicholson's GHG calculations using the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) GHG Protocol: A Corporate Accounting and Reporting Standard. Verco has provided limited assurance for all emission scopes and operational energy consumption data against ISO 14064. Based on its review of Crest Nicholson's GHG emissions inventory for 1 November 2023 to 31 October 2024, Verco has determined that there is no evidence that the GHG assertion is not materially correct. Furthermore, Verco finds no evidence that Crest Nicholson's assertion is not a fair and accurate representation of Crest Nicholson's actual emissions. Verco finds that the information submitted by Crest Nicholson is consistent with the WRI/WBCSD GHG Protocol's methodology and reporting guidance and conforms to generally accepted GHG accounting standards.

Non financial and sustainability information statement

The following table summarises the information required by sections 414CA and 414CB of the Companies Act 2006 and sets out where relevant information can be found throughout this report.

Reporting requirement	Description of policies and standards[1]	Related principal risks	Relevant information to understand our impact, policy, due diligence and outcomes	Page
Environmental matters	- Sustainability policy - Climate change policy - Sustainable procurement policy - Sustainable timber policy - Supply Chain Code of Conduct Our policies are designed to support activities that preserve and enhance the natural environment.	2. Safety, health and environment 9. Laws, policies and regulations 10. Climate change	Protect the environment Task Force on Climate-related Financial Disclosures Principal risks and uncertainties	20-23 40-48 32-39
Employees	- Corporate health and safety policy - Speaking Up policy - Equality and diversity policy Our policies set out our commitment to developing our employees and to providing a safe and diverse working environment.	2. Safety, health and environment 7. Attracting and retaining our skilled people	Stakeholder engagement Safety, health and environment Our people Principal risks and uncertainties Speaking Up	15-18 25 26-27 32-39 71
Human rights	- Anti-slavery and human trafficking statement - Human rights policy - Speaking Up policy - Supply Chain Code of Conduct - Privacy policy Our policies set out our commitment to human rights and the steps taken to reduce risk.	2. Safety, health and environment 3. Supply chain 7. Attracting and retaining our skilled people	Stakeholder engagement Responsible practice Speaking Up	15-18 24 73 and 93
Social matters	- Sustainability policy - Supply Chain Code of Conduct Our policies demonstrate our commitment to maintaining high social standards throughout our value chain and delivering lasting societal value for our stakeholders.	2. Safety, health and environment 4. Customer service and quality 12. Combustible materials and legacy obligations	Stakeholder engagement Making a positive impact on our communities Our people Principal risks and uncertainties	15-18 23 26-27 32-29
Anti-bribery and corruption	- Anti-bribery and corruption policy - Speaking Up policy - Supply Chain Code of Conduct Our policies detail the expected conduct of our employees and supply chain.	9. Laws, policies and regulations	Anti-fraud and anti-bribery Speaking Up	93 73 and 93
Business model				9-10
Non-financial KPIs				29
Principal risks and uncertainties				32-39
Climate-related financial disclosures				40-48

1 Policies and standards are available on our corporate website: **crestnicholson.com/governance**

Viability statement

The UK Corporate Governance Code requires the Directors to have assessed the Group's current position and its emerging and principal risks and uncertainties over a longer period than the 12 months required by the going concern statement.

The following statement is made in accordance with the UK Corporate Governance Code.

As in prior years the Board considers that a three-year period continues to remain an appropriate timeframe for this assessment. While the nature of the material issues, opportunities and risks faced by the Group limits the Directors' ability to reliably predict the longer term, detailed trading and cash flow forecasts are maintained and regularly scrutinised over the three-year period to October 2027.

As set out on pages 110-111, the Directors have modelled a base case and Severe But Plausible (SBP) downside model which shows a breach of the interest cover covenant during the going concern period to 30 April 2026 under the SBP scenario. The going concern model is then further extended through to October 2027 utilising the rolling three-year forecast for the income statement, balance sheet, cash flow and key financial ratios at each reporting date. There is no breach in the interest cover covenant projected beyond the going concern period. These forecasts serve as the assessment for the viability statement. The Group benefits from a forward order book of sales, providing a level of confidence in near-term revenue delivery.

The cause of the potential breach of the interest cover covenant is the sensitivity of the Group's EBIT to changes in the wider economy alongside Group specific risk factors. The Group has £335m of available debt facilities, the maturity of which has been extended in 2024 and a high quality land bank that can either be utilised to build houses or disposed of to other housebuilders to generate further liquidity. Given these factors, and that the Group maintains good relationships and a regular dialogue with its lenders, the Directors remain optimistic about the Group's prospects.

The Group has extended its £250m Revolving Credit Facility by 12 months to October 2027 and maintained the expiry date of its senior loan notes of £85m, of which £20m is due to be repaid in August 2025 and £50m in August 2027.

Conclusion

Based on the assessment, the Directors have concluded there is a material uncertainty in respect of going concern for the period through to April 2026 in that under the SBP scenario they would require a covenant amendment from their lenders. Taking into account the assets that back the Group alongside longer term opportunities the Directors expect to be able to meet liquidity and covenant requirements in the longer term, continue in operation and meet its liabilities as they fall due over the assessment period to 31 October 2027.

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Reporting against the 2018 UK Corporate Governance Code (the Code).

How we have applied the principles and complied with the provisions of the Code is set out within this report, the Directors' Remuneration Report and the Directors' Report. For more information on our compliance, see opposite.

Our compliance statement can be found on **page 52** of this report.

1. Board leadership and company purpose

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5. Remuneration

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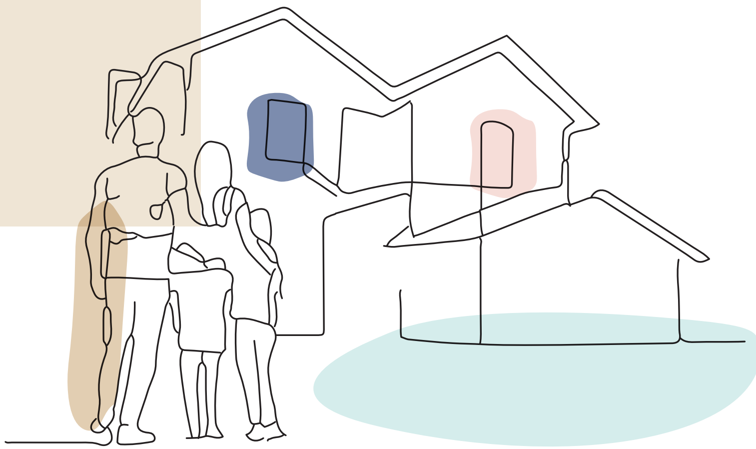


Chairman's introduction

"Our strong Board governance has helped us navigate a busy and eventful year."

Iain Ferguson CBE Chairman

Compliance with the UK Corporate Governance Code (the Code)

The Group complied with the Code for the financial year ended 31 October 2024 other than provision 21 which requires an externally facilitated board evaluation at least every three years. Further information on the board evaluation and the reason for non-compliance can be found on page 62.

The Code is available on the FRC's website, **frc.org.uk**

As Chairman of Crest Nicholson, I am pleased to present this year's Governance report. The following pages explain the effective leadership of the Group and the oversight and application of high governance standards as we deliver our strategy.

BOARD FOCUS AND OUTLOOK

The past year has been an eventful one for the Group with both macroeconomic and geopolitical headwinds, together with changes in the composition of the Board and the internal challenges of the unsolicited Bellway bid.

Our strong Board governance has helped us navigate the changes of Directors during the year, together with their induction and management of a busy agenda through the summer during the offer period.

We have now returned to a more normal cadence and the Board is delighted to have welcomed Martyn Clark, our new Chief Executive Officer, to the Board. We look forward to working with him over the coming years.

BOARD CHANGES

Martyn Clark joined the Board on 3 June 2024 following a rigorous appointment process, He brings a wealth of experience and extensive knowledge of the housebuilding industry.

Bill Floydd joined the Board as Chief Financial Officer on 13 November 2023 and Maggie Semple as an independent Non-Executive Director on 1 January 2024. Lucinda Bell stepped down from the Board on 31 December 2023 and we thank her for her valuable input on the Board and the Committees on which she served. Peter Truscott retired from the Board on 14 June 2024.

We continue to strive for a diversity of experience on our Board, which includes Directors from a wide range of backgrounds. The Board meets the FTSE Women Leaders requirements for gender diversity and the Parker requirement for ethnic diversity.

BOARD EFFECTIVENESS

The Board undertook an internal board performance review this year to review its effectiveness and performance. While it has been three years since the last externally conducted review, given the recent appointment of a new Chief Executive Officer, it was considered that it would be more informative to wait another year before carrying out an in-depth externally conducted review in 2025.

The results of the internal review are set out on page 62 and an action plan has been developed to implement the findings of the review.

SHAREHOLDER ENGAGEMENT

I have been pleased to meet with a number of our shareholders during the year to discuss a range of topics and understand their views and their priorities.

We invite shareholders to our AGM in March 2025. Further details are set out in the Notice of AGM which accompanies this Annual Report.

On behalf of the Board, I would like to thank shareholders for their continued support and the Board welcomes further engagement during 2025.

Iain Ferguson CBE
Chairman

Role of the Board

A clear governance structure

THE BOARD

The Board sets the Group's strategy to promote the long-term sustainable success of the Group in line with its purpose, values and culture. The Board provides leadership within a framework of strong governance, risk management and effective controls. It oversees the performance and progress of the Group against the business plans and forecasts.

Non-Executive Chairman
Iain Ferguson CBE
The Chairman leads the Board and acts as the Group's external representative with major shareholders and other stakeholders, seeking their views on governance, strategy and performance. He facilitates an environment for overall Board and individual Director effectiveness, driving a culture that supports constructive discussion, challenge and decision-making.

Chief Executive Officer (CEO)
Martyn Clark
The CEO is responsible for leadership of the Group, development of the strategy for Board approval, and delivery of performance against the strategy. He leads the Executive Committee and the Group's divisions and support functions. He is responsible for the Group's sustainability policies and practices.

Chief Financial Officer (CFO)
Bill Floydd
The CFO leads the Group Finance function and oversees divisions' financial control functions. He is responsible for the Group's financial statements, financial controls, tax strategy and investor relations. He manages the Group's risk profile, oversees risk management actions and establishes effective internal controls.

Senior Independent Director (SID)
Octavia Morley
The SID acts as a sounding board for the Chairman and is a trusted intermediary for other Directors. She is available to discuss concerns with stakeholders that cannot be resolved through the normal channels of the Chairman or the Executive Directors. She is responsible for leading the Chairman's performance evaluation.

Independent Non-Executive Directors (NEDs)
David Arnold, Louise Hardy, Maggie Semple OBE
The role of the NEDs is to bring external perspective, sound judgement and objectivity to the Board's deliberations and decision-making. They constructively assist and challenge the development of Group strategy, providing independent insight, support and specialist advice, and review the performance of the Executive Directors.

Group Company Secretary
Penny Thomas
The Group Company Secretary provides advice and assistance to the Directors on all governance matters, ensuring that Board procedures are followed, and all relevant statutory and regulatory requirements are met. She supports the Chairman in developing the Board agenda, considering Board effectiveness and ensuring the Board receives timely and relevant information.

BOARD COMMITTEES

Audit and Risk Committee
Oversees external financial reporting and disclosures, and monitors internal controls and risk management.

Reviews the effectiveness and independence of the external and internal auditors.

Reviews Internal Audit reports, findings and actions.

Read more on **pages 66-73**

Nomination Committee
Reviews the balance, diversity, independence and effectiveness of the Board, and monitors succession planning for the Board and the Executive Committee, alongside talent management.

Oversees the selection and appointment of new Directors to the Board.

Read more on **pages 63-65**

Remuneration Committee
Sets the remuneration policy for the Executive Directors and Executive Committee members, with focus on aligning remuneration with the enhancement of shareholder value and delivery of the Group's strategy.

Considers employee pay when setting remuneration for the Executive Directors.

Read more on **pages 74-91**

EXECUTIVE COMMITTEE

Provides executive leadership to deliver the Group's strategy and manages the operations of the Group on a day-to-day basis. Oversees SHE compliance, operational and financial matters, customer service and quality performance, sustainability strategy, legal matters, business ethics and culture, and the people strategy.

MANAGEMENT COMMITTEES

Divisional boards
Each division is run by a divisional board comprising functional directors responsible for specific disciplines. They consider the operational matters and key risks of the division, monitor and control costs at a divisional level and ensure high levels of SHE performance and customer service.

Safety, Health and Environment (SHE) Committee
The SHE Committee oversees the management of the Group's SHE risks. It monitors performance against the Group's SHE strategy and sets associated policies, procedures and initiatives.

Read more on **page 25**

Sustainability Committee
The Sustainability Committee oversees the management of the Group's sustainability risks. It monitors performance against the Group's sustainability strategy and recommends associated targets, policies and initiatives.

Read more on **page 19**

Investment Committee
There is a clear dedicated approval process for acquiring land. There are three key stages:

- Assessment and feasibility stage
- Bid stage
- Contract stage

The Investment Committee provides the relevant authority to acquire land.

The process enables the Group to act quickly while ensuring an appropriate level of diligence is applied to significant capital allocation decisions.

Board of Directors

Iain Ferguson CBE
Chairman

Appointed: September 2019

Experience: Iain was Chief Executive Officer of Tate & Lyle plc, later chairing Berendsen plc and Stobart Group Ltd. He was also Senior Independent Director of Balfour Beatty plc and Non-Executive Director at Greggs plc.

In addition, Iain was Lead Independent Director at the Department for Environment, Food and Rural Affairs (DEFRA), Chair of Wilton Park (Agency of the Foreign and Commonwealth Office) and a Member of the PricewaterhouseCoopers LLP UK Advisory Board. In 2003, Iain became a Commander of the British Empire for his services to the food industry.

What Iain brings to the Board: Iain is a highly experienced public company Chairman, Non-Executive Director and former FTSE 100 CEO. He has extensive and diverse leadership experience and a sound and practical understanding of corporate governance. Iain has a deep appreciation of capital markets and investor sentiment which he brings to Board deliberations, in addition to financial expertise and construction experience.

External appointments: Chairman of Genus plc, Chairman at externally managed investment trust Personal Assets Trust plc and Pro Chancellor, Cranfield University.

Martyn Clark
Chief Executive Officer

Appointed: June 2024

Experience: Prior to joining the Group, Martyn was at Persimmon plc for nine years, holding several senior roles in the South Division including Regional Chairman before his appointment as Group Chief Commercial Officer in 2022. He also spent 28 years at Bloor Homes.

What Martyn brings to the Board: Martyn's extensive knowledge of the housebuilding industry and strong leadership experience enable him to lead the Group in its next phase of growth.

External appointments: None.

Bill Floydd
Chief Financial Officer

Appointed: November 2023

Experience: Bill joined the Group from a consumer-focused listed background having been Chief Financial Officer at Watches of Switzerland Group plc and Rank Group plc. Prior to this, he was the Chief Financial Officer responsible for the UK and Ireland business of Experian plc and held a number of senior finance roles at Logica plc. Bill is a chartered accountant, having qualified with Price Waterhouse.

What Bill brings to the Board: Bill brings a wealth of senior financial and commercial expertise having previously served as Chief Financial Officer across a range of sectors. He has extensive experience within the public listed environment and strong leadership qualities essential to delivering growth.

External appointments: None.

Octavia Morley
Senior Independent Director

Appointed: May 2017

Experience: After working in management roles at companies including Asda Stores Ltd, Laura Ashley plc and Woolworths plc, Octavia was Chief Executive then Chair at LighterLife UK Ltd, Managing Director at Crew Clothing Co. and Chief Executive at OKA Direct Ltd. Octavia also served as a Non-Executive Director and Chair of the Remuneration Committee at John Menzies plc and Card Factory plc.

What Octavia brings to the Board: Octavia has a variety of experience in senior operational and non-executive roles in retail and multi-site companies, both privately owned and publicly listed. She brings customer experience insight to the Board, gleaned through her previous retail and consumer roles.

External appointments: Chair of Banner Ltd, Senior Independent Director of Marston's plc and Senior Independent Director of Currys plc.

KEY TO COMMITTEE MEMBERSHIP

- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- E Executive Committee
- Chair of Committee

Board of Directors continued

David Arnold
Non-Executive Director

Appointed: September 2021

Experience: David is Chief Financial Officer of Grafton Group plc, having joined Grafton in September 2013. He was previously Group Finance Director Enterprise plc from 2010 to 2013, and Group Finance Director of Redrow plc from 2003 to 2010. David has previously held senior finance positions with Six Continents plc and Tarmac plc.

What David brings to the Board: David is an established plc board director, who brings extensive finance, property and commercial experience to the Group.

External appointments: Chief Financial Officer of Grafton Group plc.

Louise Hardy
Non-Executive Director

Appointed: January 2018

Experience: Louise was European Project Excellence Director at Aecom and Infrastructure Director for CLM, which was the consortium partner for the London 2012 Olympic Delivery Authority. Louise has been a Non-Executive Director at Genuit Group plc and the Ebbsfleet Development Corporation. Louise is a fellow of the Institution of Civil Engineers and of the Chartered Management Institute.

What Louise brings to the Board: Louise has a wealth of relevant experience in the delivery of complex infrastructure projects and experience as a non-executive director of other publicly listed companies. Louise is the Non-Executive Director responsible for employee engagement.

External appointments: Non-Executive Director of Balfour Beatty plc and Travis Perkins plc.

Dr Maggie Semple OBE
Non-Executive Director

Appointed: January 2024

Experience: Formerly an academic, Maggie began advising governments on education in the 1990s. She went on to hold several non-executive director positions in different organisations such as Her Majesty's Court Service, the Criminal Cases Review Commission, the Ministry of Justice (Chair of Audit, Risk and Compliance) and McDonald's Restaurants.

Maggie is the owner of three businesses – The Experience Corps Limited, a global niche consultancy firm, Maggie Semple Limited, a luxury bespoke womens-wear brand, and is the co-founder of I-Cubed Group Limited. Maggie is an author, and she writes on inclusion matters.

What Maggie brings to the Board: Maggie has a wealth of experience in executive and non-executive roles across a number of different sectors and offers great insight to the Board.

External appointments: Non-Executive Director of Phoenix Group Holdings plc and Jamaica National Bank UK Limited, Chief Executive of The Experience Corps Limited, Owner of Maggie Semple Limited, Co-Founder of I-Cubed Group Limited and Honorary Bencher of Middle Temple.

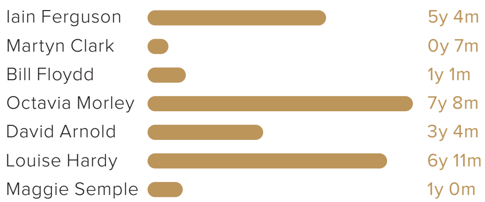
Penny Thomas
Group Company Secretary

Appointed: September 2023

Experience: Penny is a chartered company secretary and governance professional. She has significant experience as a company secretary in a number of FTSE250 companies, including the real estate sector.

BOARD TENURE[1]

Tenure (years)



BOARD COMPOSITION[1]

One Chairman
Independent on appointment

Two Executive Directors

Four Independent
Non-Executive Directors

[1] As at 3 February 2025.

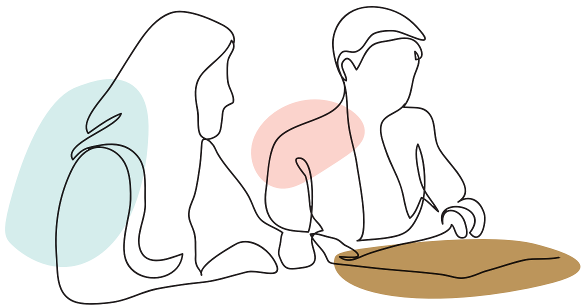
The Board's year

Board activities

The Board plans an annual programme of business prior to the start of each financial year.

This ensures that essential topics are covered and that time is built into the agenda to give the Board the opportunity to have in-depth discussions on key issues.

The Board has a formal schedule of matters specifically reserved for its decision-making and approval. These include responsibility for the overall management and performance of the Group and the approval of its long-term objectives, commercial strategy, annual and half-year results, annual forecasts, material acquisitions and disposals, material contracts, major capital commitments, going concern and long-term viability statements, and key policies.



BOARD DISCUSSIONS THROUGH THE YEAR

Strategy, operations and finance

Read more on **pages 1-39**

Matters considered

- Reviewed strategy in the context of external market drivers
- Reviewed performance, sustainability and safety progress against KPIs
- Considered the Group's financing arrangements, capital allocation and tax strategy
- Responded to bids and proposals from third parties to acquire or merge with the Group
- Reviewed the Group's approach and progress on remedial work in relation to building safety and combustible material matters

Outcomes

- Approved the annual forecast and business plan
- Approved half and full-year dividends and financial statements
- Extended the Group's Revolving Credit Facility

Stakeholders considered

- Investors
- Our people
- Supply chain
- Customers

Governance, legal and compliance

Read more on **page 62**

Matters considered

- Received updates on significant legal matters relating to the Group
- Received regular governance updates including developments in corporate reporting
- Carried out an internally-facilitated Board performance review

Outcomes

- Approved and published the Modern Slavery Act statement
- Reviewed compliance with the Code
- Progressed a range of agreed actions arising from the prior year Board performance review

Stakeholders considered

- Our people
- Investors
- Communities and environment
- Government and other bodies

Leadership and people

Read more on **pages 58-59**

Matters considered

- Received updates on the Culture Action Plan and Employee Voice Forums
- Received updates on employee engagement, diversity, retention and other cultural markers
- Reviewed strategies on learning and development, and diversity and inclusion
- Received recommendations from the Nomination Committee and approved new appointments to the Board

Outcomes

- Approved the appointments of the Chief Executive Officer, Chief Financial Officer and a Non-Executive Director
- Endorsed the implementation of a new onboarding process

Stakeholders considered

- Investors
- Our people

Internal control and risk management

Read more on **pages 71-73**

Matters considered

- Debated the risk appetite and significant and emerging risks
- Reviewed the Group's risk management framework, principal risks and uncertainties
- Reviewed the Group's internal control framework

Outcomes

- Confirmed the Group's 2023 viability and going concern statements
- Updated the Group's risk appetite and principal risks

Stakeholders considered

- Investors
- Our people
- Supply chain
- Customers

The Board's year continued

MEETINGS OF THE BOARD

The Board met six times during the year as scheduled, excluding sub-committee meetings to approve the financial results. In between scheduled meetings, the Board held monthly update calls which enabled the Board to consider operational performance and external market developments. Short notice meetings were called as required for approval of director resignations and appointments and administrative approvals such as guarantees and mandates.

In addition to scheduled meetings, the Board convened as required between April and August 2024 to discuss matters relating to the unsolicited bid received from Bellway. During those meetings, the Board debated the best course of action to promote the long-term success of the Group and the impact on its stakeholder groups.

All scheduled meetings were held in person, making use of hybrid facilities via Teams video conference for ad hoc meetings and to bring in presenters and other attendees when appropriate. Time was also scheduled for the Non-Executive Directors to meet without the Executive Directors present.

The Chair and the Company Secretary ensured that the Directors received clear, timely information on all relevant matters. Board papers were circulated electronically via a secure Board portal in advance of meetings to ensure that there was adequate time for them to be read and to facilitate robust and informed discussion.

BOARD STRATEGY DAY

Each year the Board dedicates a day to reflect on the Group's strategy. This year's Strategy Day was particularly important with a new Chief Executive Officer and followed the falling away of the unsolicited bid for the Group.

The day commenced with a detailed review of the Group's sector from an external advisor, and an overview of the market and planning environment from the Group's real estate advisors.

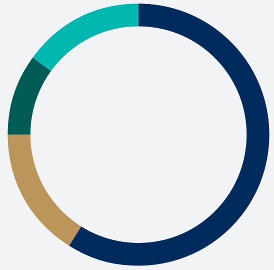
The Board received detailed strategic presentations from Executive Committee members on a number of topics including the Group's land bank position, legacy matters including fire remediation and building safety, overheads, commercial direction, sales and marketing, people, sustainability and customer service.

COMMITTEES

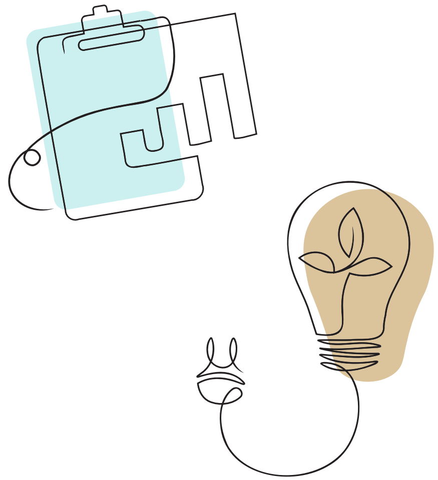
The Board is assisted by three Board committees to which it formally delegates matters as set out in each committee's terms of reference. These are reviewed annually, with any amendments approved by the Board. Terms of reference for each committee can be found at **crestnicholson.com/governance**. The reports of the committees can be found on pages 63-91.

The Board may constitute further committees for regular long-term duties or to address specific short-term situations, as set out in the Company's articles of association. The Board may also call on a number of Directors to form a sub-committee for an individual decision or authorisation, such as the approval of trading updates.

How time was spent in scheduled meetings



Strategy, operations and finance	59%
Governance	16%
Leadership and people	10%
Internal control and risk management	15%



ATTENDANCE AT SCHEDULED BOARD MEETINGS

Director	Board	Audit and Risk Committee	Nomination Committee	Remuneration Committee
Iain Ferguson	6/6		3/3	3/3
Martyn Clark[1]	3/3			
Bill Floydd	6/6			
Octavia Morley	6/6	4/4	3/3	3/3
David Arnold	6/6	4/4	3/3	3/3
Louise Hardy	6/6	4/4	3/3	3/3
Maggie Semple[2]	5/5	3/4	1/1	2/2
Peter Truscott[3]	4/4			
Duncan Cooper[4]	1/1			
Lucinda Bell[5]	1/1		2/2	1/1

1 Martyn Clark joined the Board on 3 June 2024.
2 Maggie Semple joined the Board on 1 January 2024. Dr Semple did not attend an Audit and Risk Committee meeting in March 2024 due to a pre-existing commitment.
3 Peter Truscott stepped down from the Board on 14 June 2024.
4 Duncan Cooper stepped down from Board on 13 December 2023.
5 Lucinda Bell stepped down from the Board on 31 December 2023.

The Board's year continued

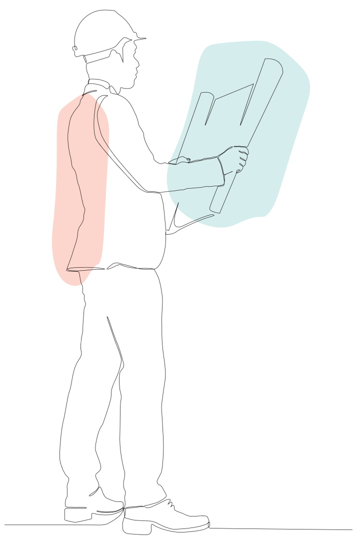
Embedding and monitoring culture

In 2023, we undertook a key project to further define and improve the Group's culture.

We worked with an external consultancy to develop a Culture Action Plan which was presented to the Board in September 2023. Since then, the Board has continued to be involved, has reviewed the plan and provided input at regular updates throughout the year.

The output of the Culture Action Plan focused on key themes, aims and outcomes to integrate across the Group, as set out opposite.

The Board monitors culture through a range of indicators including the annual injury incidence rate, customer satisfaction scores, employee engagement scores, employee turnover and whistleblowing incident reports – see page 29 for Key Performance Indicators.



CULTURE ACTION PLAN – TIMELINE

Summer 2023

Discover what matters

We listened to the perspectives of leadership and our workforce through focus groups, speaking to all levels of the organisation across all divisions to understand what our current culture was. We brought leadership together to align on the opportunity to develop culture to drive future business growth.

Winter 2023/24

Develop what we stand for

Through a co-creative process, and using guardrails established by leadership, we fed back to the business what we heard and reconvened leadership to align on the cultural framework and build understanding of what leadership shifts were required to drive the change. A Culture Action Plan was then developed.

2024 and ongoing

Take action

We continue to deliver on our Culture Action Plan, working towards everyone becoming better engaged and culture being further embedded in tangible, measurable ways.

THEMES, AIMS AND OUTCOMES

Understanding who we are

Aim

- Refreshing and embedding our brand with a clear purpose and vision
- Improving our new starter experience

Outcome

- Launched a renewed Code of Conduct with supporting training
- Launched a new improved onboarding process

Uniting our workforce

Aim

- Standardising policies and procedures across the Group
- Increasing recognition and connections with colleagues

Outcome

- Launched our Operational Framework with supporting training
- Launched consistent, improved communication across the business
- Rolled out the employee recognition CARAs (see page 59)

Growing our leadership capabilities

Aim

- Enhance information and communication flow through the business
- Enhance leadership skills across the business

Outcome

- Launched fortnightly business briefings, supporting managing directors in easily sharing procedural updates and good practice with their divisions
- Developing mandatory training programmes for senior and middle managers, to be launched in 2025

Creating exceptional customer service

Aim

- Increase customer satisfaction
- Embed customer-centric approach

Outcome

- A comprehensive review of the customer journey is under way with training to be launched across all functions in 2025

The Board's year continued

Listening and responding to employees

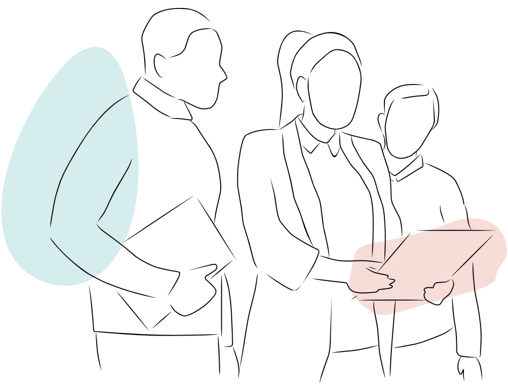
"We value the voice of our employees and work to ensure it is heard when taking decisions.

It has been a year of change here at Crest Nicholson, with both Martyn and Bill joining during the year, and this has been reflected by the questions and topics employees have raised at the Employee Voice Forums I have chaired around the offices.

The forums have been an invaluable way to feel the pulse of the Group on our values and culture and how they have developed as we have implemented our Culture Action Plan.

I am looking forward to continuing my conversations with colleagues as we work together to enhance our culture."

Louise Hardy
Non-Executive Director responsible for employee engagement



EMPLOYEE VOICE FORUM

Our Employee Voice Forum provides insight into what matters to our employees as well as their views on important topics such as culture, workload, communication and organisational change. The forum is led by Louise Hardy and attended by employees from each of the divisions and across all grades, ensuring a wide range of views is heard.

This year, the forum discussed topics including collaboration between teams and across the Group, onboarding of new starters and the importance of having an open and accessible management team.

While formal feedback was provided to the Board at the June Board meeting, Louise Hardy ensured that the voice of our employees was reflected at every Board meeting, particularly where there were discussions relating to employees.

MONTHLY BUSINESS BRIEFING

Communication is a top priority for the Executive Committee. As part of improving employee engagement, Martyn Clark introduced Monthly Business Briefing calls via group video conference.

Both Martyn Clark and Bill Floydd use these briefings to keep employees informed on the Group's latest opportunities and their perspectives on the business and the market, as well as sharing achievements, progress and important updates.

All employees are encouraged to join the calls and participate actively. Time is allocated to answer questions submitted ahead of the call as well as questions from employees on the call itself, no matter the topic.

Read more about our people on **pages 26-27**

HOW THE BOARD HAS LISTENED AND RESPONDED TO EMPLOYEES IN 2024

Onboarding

At the Employee Voice Forum, a lack of consistency in how inductions were undertaken for office and site staff and also between divisions was raised. This feedback had been identified in the culture perception study and included in the Culture Action Plan which the Board regularly reviews. Our People team listened and introduced a new strengthened onboarding process with easy to find resources for line managers and new starters.

Communication

Communication continued to be a discussion topic at the Employee Voice Forums. While communication had improved over the past year, it was felt that there was a lack of consistency between the divisions on how and when important information about the Group was communicated.

In response, new channels of communication, in the form of fortnightly business briefing notes, were introduced to support the dissemination of key information across the Group, allowing managing directors to easily share procedural updates and good practice with their divisions. In the coming year these tools will be broadened further.

The CARAs

When discussing culture at Crest Nicholson, employees let us know they felt that more could be done to recognise those employees excelling in their role. The Crest Annual Recognition Awards (the CARAs) were developed to promote a culture of recognition and highlight the great people we have within the business.

We celebrated the exceptional efforts and contributions from individuals and teams at our inaugural CARA ceremony in September 2024 and have already started planning for next year. The Board discussed the CARA winners following the award ceremony and were delighted with the quality of their nominations and that employees were recognised across all divisions and grades.

Star Quality Award:
Molly Hill, Assistant Site Manager

The Board's year continued

Approach to stakeholder engagement

The Board actively encourages and carries out engagement with key stakeholders and considers this to be paramount to the long-term success and performance of the business.

Our Section 172 statement on page 15 sets out how key stakeholders are taken into consideration by the Board when making decisions.

The Board seeks to understand the views of its stakeholders and mainly engages with them through the Executive Directors, who ensure the Board is kept informed of any key issues or changes. It also keeps engagement mechanisms under review to ensure they remain effective.

Information on how the Board has engaged with key stakeholders during the year can be found on pages 15-18 and information on engagement with employees can be found on page 59.

INVESTORS

Our investor stakeholders include institutional shareholders, retail shareholders, lenders, analysts and the financial media. The Chief Executive Officer and Chief Financial Officer engage proactively and constructively with shareholders throughout the year and provide regular feedback to the Board.

The Chairman and Senior Independent Director are available to shareholders to discuss governance and strategic matters and consulted with the Group's major investors during the year.

Committee Chairs are available to engage with shareholders on significant matters related to their area of responsibility.

Investor meetings

The Chief Executive Officer and Chief Financial Officer attended 60 meetings during the year, engaging with over half of current shareholders. Key themes discussed included macro factors affecting the housebuilding sector, the planning process, land portfolio and land market, balance sheet and capital allocation, fire remediation and operational issues. The Chairman and Executive Directors discussed the approach and response to the unsolicited bid with the Group's largest investors.

There were investor conferences, regular one-to-one and group meetings, and investors and analysts were invited to visit our sites.

AGM

All Directors, including the Chairs of the Committees, attended the AGM and were available to answer shareholder questions. Shareholders were encouraged to vote by appointing the Chair of the meeting as proxy if they were unable to attend in person and all resolutions were passed. The 2025 AGM will be held at the Crest Nicholson offices in March 2025.

Lenders

Executive Directors met with our lenders throughout the year, keeping them updated about the financial and operational progress of the Group, discussing sustainability and governance and receiving market feedback.

Retail shareholders

Private shareholders are encouraged to access the Group's investor website which is kept updated with analyst consensus, forecasts and trading updates on the Group's strategy.

The Board's year continued

The 2024 Investor Relations Programme

NOVEMBER 2023 ▸ DECEMBER 2023 ▸ JANUARY 2024 ▸ FEBRUARY 2024 ▸ MARCH 2024 ▸ APRIL 2024 ▸ MAY 2024 ▸ JUNE 2024 ▸ JULY 2024 ▸ AUGUST 2024 ▸ SEPTEMBER 2024 ▸ OCTOBER 2024

NOVEMBER/DECEMBER

Investor site visits

Representatives from shareholders and analysts visited several sites under construction with the Chief Financial Officer.

JANUARY

2023 full-year results investor roadshow

The 2023 results announcement was followed by a roadshow, with meetings held either in person or virtually, with investors primarily based in the UK.

FEBRUARY

2023 Annual Report published

The 2023 Annual Report and financial statements were published along with the Notice of Annual General Meeting.

MARCH

Annual General Meeting

The 2024 AGM was held at the Crest Nicholson offices in Addlestone. Shareholders were invited to attend, ask questions and vote on the resolutions.

APRIL

Full-year dividend paid

JUNE

2024 half-year roadshow

The half-year results announcement was followed by a roadshow, with meetings held either in person or virtually, with investors primarily based in the UK.

JULY/AUGUST

Unsolicited bid discussions

The Chairman and Executive Directors spent time with the Group's largest institutional investors discussing the approach and response to the unsolicited bids received.

SEPTEMBER

Market update

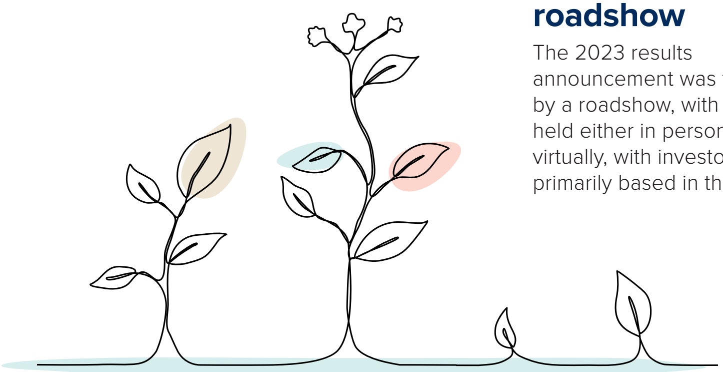
External presentation to the Board on market developments at the Strategy Day.

Analyst site visit

Analysts visited a number of sites across the South division, including the newly completed Farnham site.

OCTOBER

Interim dividend paid



Board performance review and outcomes

Board performance

The Board undertook an internal review of its performance during the year.

The Code requires that the Board reviews its performance on an annual basis and externally every three years. This year should have been an external review. However, with significant changes in the latter part of the year in the Group's executive management, it was decided to undertake a further internal review and to delay the external review by a year.

Martyn Clark joined the Board in June 2024 and the review took place in September 2024. The internal evaluation allowed the Board to receive initial views of how the new composition of the Board was embedding.

The Board considered progress against the actions from the 2023 evaluation under the themes set out below.

CULTURE AND VALUES

Culture Action Plan

There are regular updates on the progress of the Culture Action Plan at each meeting of the Board.

Read more on **page 58**

Engagement with Executive Committee

There are regular engagement opportunities throughout the year at Board meetings and in informal settings.

SUCCESSION PLANNING

Succession planning

The Nomination Committee continued to review succession plans for the Board and for senior management.

Induction

Inductions for Maggie Semple and Bill Floydd were completed during the year. The induction for Martyn Clark commenced when he joined in June 2024.

Read more on **page 65**

STRATEGIC PRIORITIES

Customers and 5 star customer experience

The Board received regular updates on the Group's progression back to 5 star customer service.

BOARD PERFORMANCE REVIEW PROCESS

Stage 1
September 2024
Board discussion

- The Board discussed the evaluation and agreed that it was most appropriate to conduct an internal evaluation for a third consecutive year following significant changes in Board composition and due to the proximity of the timing of the evaluation
- The Board appointed Gould Consulting to assist with collating responses to a questionnaire compiled by the Chairman.
- The majority of questions followed the same format as the previous year, to allow comparison between performance year on year, with additional questions to reflect current topics
- It was agreed that the review of the performance of the Chairman would be led by the Senior Independent Director, Octavia Morley

Stage 2
October 2024
Questionnaire and meetings

- All Directors completed the questionnaire
- Executive Committee members completed a shorter survey
- Results were analysed and shared with the Chairman
- The Chairman held individual meetings with each Director
- A Non-Executive Director meeting was led by the Senior Independent Director with the Chairman not present to discuss the Chairman's performance

Stage 3
November 2024
Nomination Committee and Board meetings

- The Chairman presented the output from the evaluation
- The Senior Independent Director presented the output of the review of the Chairman's performance
- The Board considered the key findings and agreed an action plan to progress the items from previous and current years

Action plan
Priorities following the 2024 evaluation

Succession planning

- Succession planning for Board and senior management remains a priority with particular focus on planning for orderly Non-Executive Director rotation in the years ahead as they near the end of nine years' service

Culture Action Plan

- The Culture Action Plan remains a focus at every Board meeting with oversight of the key milestones

Nomination Committee report

I am pleased to present this year's Nomination Committee report. The report sets out how the Committee discharged its responsibilities during the year, ensuring the Board and Executive Committee have the right people leading the business, with a balance of skills, experience, diversity, independence and knowledge.

Iain Ferguson CBE
Nomination Committee Chair

Committee members

- **Iain Ferguson CBE,** Nomination Committee Chair
- **Octavia Morley,** Senior Independent Director
- **David Arnold,** Non-Executive Director
- **Louise Hardy,** Non-Executive Director
- **Maggie Semple OBE,** Non-Executive Director (from 1 January 2024)
- **Lucinda Bell,** Non-Executive Director (until 31 December 2023)

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

- Reviewing the structure, size and composition of the Board to ensure that it remains effective, balanced and qualified to deliver the Group's strategy
- Leading the appointment process for Directors and ensuring that it is formal, rigorous, transparent and merit-based
- Identifying and nominating candidates for appointment to the Board
- Ensuring relevant and tailored inductions are provided for new Directors
- Reviewing the composition of the Executive Committee and senior management roles, to ensure a talented and diverse pipeline of future leaders
- Emergency succession planning for the Board and Executive Committee
- Setting the Board's approach to diversity and inclusion
- Reviewing Non-Executive Directors' time commitments, independence, external appointments and conflicts of interest

HIGHLIGHTS

Succession planning

- Board composition and Committee membership review
- Executive Director succession planning
- Approved appointments to the Executive Committee
- Approved the Emergency Succession Plan

Diversity and inclusion

- Updated the Board and Leadership Diversity Policy
- Approved the Group's ethnicity target for senior leadership
- Monitored progress against diversity targets

Director appointments

- Appointment of Bill Floydd as Chief Financial Officer on 13 November 2023
- Appointment of Maggie Semple as a Non-Executive Director on 1 January 2024
- Appointment of Martyn Clark as Chief Executive Officer on 3 June 2024

Shareholder engagement

- Shareholder governance consultation

Governance matters

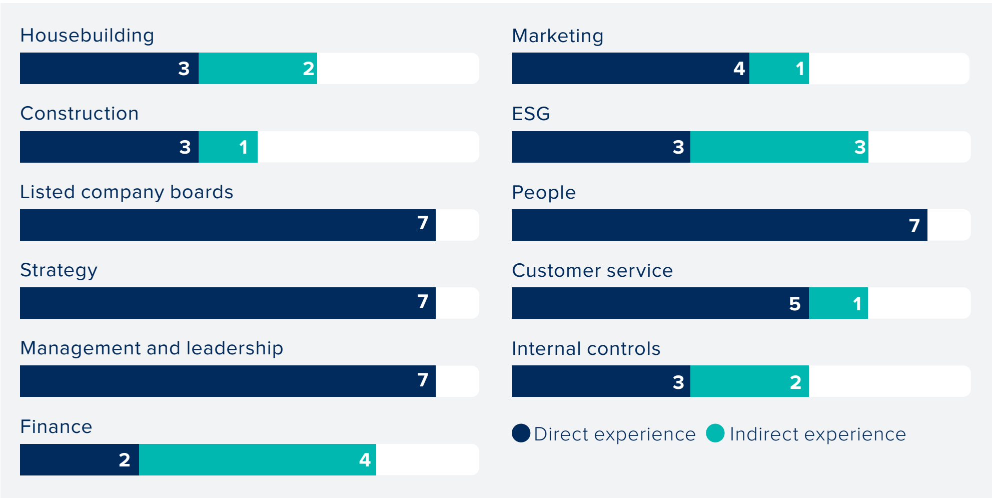
- Recommended Directors for election and re-election at the Annual General Meeting
- Development of the plan to implement the outcomes of 2023 Board evaluation
- Annual review of conflicts of interest and Non-Executive Director independence

Nomination Committee report continued

BOARD COMPOSITION AND SUCCESSION PLANNING

The Committee reviews the balance of skills, experience, independence and knowledge on the Board to ensure the right individuals are in place to support the development and implementation of our strategy.

BOARD SKILLS AND EXPERIENCE



ELECTION AND RE-ELECTION TO THE BOARD

When considering Directors for re-election, careful consideration was given to each of the Non-Executive Directors' existing commitments and time required to fulfil their obligations to the Group including any changes to their external appointments.

As part of this process, particular consideration was given to Iain Ferguson's two Chair mandates in FTSE 250 listed entities (Crest Nicholson Holdings plc and Genus plc). He holds a further Chair mandate at an externally managed investment trust, Personal Assets Trust plc. Taking into account the externally managed nature of the trust and the corresponding reduction in time commitment required compared with FTSE 250 appointments, the Board is satisfied that the third appointment represents half the commitment of a FTSE 250 Chair appointment.

The Board remains satisfied that the external appointments of the Chairman and Non-Executive Directors do not impede their ability to allocate sufficient time to the Company to discharge their responsibilities. This was demonstrated by a particularly busy and challenging year from a Board perspective, with excellent attendance at both scheduled and ad hoc Board meetings.

All the Non-Executive Directors are considered to be independent.

Martyn Clark is standing for election by shareholders at the AGM. All other Directors are standing for re-election at the AGM in March 2025 with the support of the Board.

DIVERSITY AND INCLUSION

The Group has a Board and Leadership Diversity Policy which is reviewed annually by the Committee. The Policy reflects a recognition that diversity on the Board, Board Committees and of leadership improves operational performance. This Policy has targets in line with the Listing Rules and Parker Review requirements, that at least:

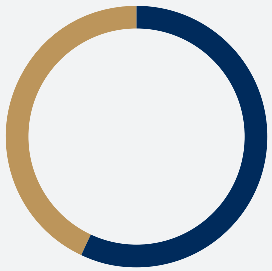
- 40% of the Board be female
- One of the Senior Board positions (comprising the Chairman, Chief Executive Officer, Senior Independent Director and Chief Financial Officer) be female
- One Director be appointed to the Board from an ethnic minority background by end of 2024
- 40% of senior management be female by end of 2025

The policy also includes an internally set target of 13% ethnic minority background representation across senior management by end of 2027.

The gender and ethnicity targets for the Board were met during the year, and we are working towards meeting the senior management targets.

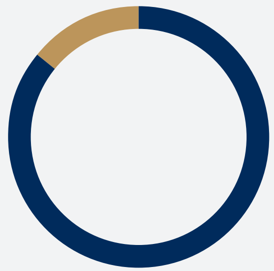
For further information on diversity in the business see page 27 and for Listing Rules disclosures see page 92.

Board gender balance



Male	57%
Female	43%

Board ethnicity balance

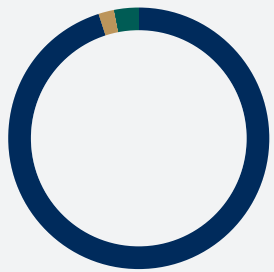


White British or other white	86%
Other ethnic group	14%

Executive management[1] gender balance

Male	58%
Female	42%

Executive management[1] ethnicity balance



White British or other white	95%
Mixed/multiple ethnic groups	2%
Asian/Asian British	3%

1 Executive management comprises members of the Executive Committee and their direct reports.

Nomination Committee report continued

DIRECTOR APPOINTMENTS

Recruitment of a new Chief Executive Officer (CEO) was a key focus during the year. The Board was mindful of both operational needs and compliance with the Code throughout the process.

The appointment of Maggie Semple OBE as a Non-Executive Director was completed at the end of 2023 and was described in the 2023 Annual Report.

CEO appointment process

Criteria
The process to identify a new CEO started in 2023 with the development of a detailed specification, having considered the particular skills, experience and background required. These included housebuilding experience, and management, strategic and people skills.

Search
The Committee considered a number of external search organisations to assist with the process. Russell Reynolds was retained to conduct the search. Russell Reynolds has no other connection with the Group or any individual Director. The search focused on candidates that met the criteria identified. The longlisting and shortlisting processes were robust and remained diverse throughout.

Interviews
A number of shortlisted candidates were interviewed by the Chairman and other members of the Board over a series of meetings. The preferred candidate met again with the Chairman to complete mutual due diligence.

Recommendation and offer
After due consideration of feedback from the interviews, the Committee recommended the appointment of Martyn Clark as CEO due to his strong and extensive background in the housebuilding industry. An offer was made for a remuneration package described in the Directors' Remuneration Report. Martyn Clark's appointment was announced at the same time as the Group's full-year results for 2023 in January 2024. He commenced employment with the Group on 3 June 2024.

DIRECTOR INDUCTIONS

Martyn Clark

Martyn Clark's induction was led by the Chairman with assistance from the Group Company Secretary. A comprehensive induction process was completed despite the constraints caused by the unsolicited bid approach at the start of his tenure.

Documentation
A bible of company documentation was provided for him to access as required as he got to know the business. This included recent Board and Executive meeting papers, key policies, divisional summaries, structure charts, site layouts, house types and land bank data.

Meetings with Directors and executives
Over the first few weeks, meetings were held with individual Directors and members of the Executive Committee, as well as divisional managing directors. This provided an understanding of the culture, values, strategy, recent developments, financial situation, key challenges and opportunities.

He also had introductory meetings with teams covering fire remediation and old sites activities.

Meetings with external advisors
Meetings were organised with Group advisors including lawyers, brokers and auditors.

Site visits
Martyn Clark visited most sites across the divisions in order to meet colleagues and understand key issues in the build phase of developments.

Maggie Semple

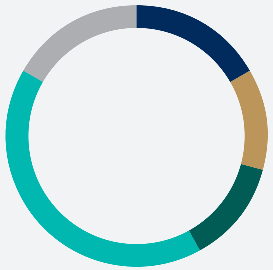
Maggie Semple's induction was led by the Chairman with assistance from the Group Company Secretary. As a Non-Executive Director, her induction focused on a detailed introduction to the business including meeting her colleagues on the Board and members of the Executive Committee. Site visits were organised to meet colleagues and customers.

MEETINGS

The Committee met three scheduled times during the year. There were a number of ad hoc meetings predominantly to discuss the CEO appointment process and to hold meetings with Russell Reynolds. Committee meetings usually take place on the same day as a Board meeting and the activities of the Committee, and any matters of particular relevance are reported to the Board.

All members of the Committee attended all meetings that they were eligible to join (see page 57 for full attendance record). Attendees at each meeting comprise Committee Chair and members, who are all independent Non-Executive Directors, and by invitation as appropriate the Chief Executive Officer, the Group HR Director and the Group Company Secretary.

How time was spent



NED appointments	17%
Culture	13%
Diversity and inclusion	13%
Executive succession planning	42%
Governance and shareholders	17%

CONFLICTS OF INTEREST

The Committee reviews any actual and potential conflicts of interest on behalf of the Board. All Directors have a duty to avoid conflicts of interest, and where they arise to declare conflicts to the Board. The Board has a process to identify and manage Directors' conflicts or potential conflicts of interest, including those resulting from significant shareholdings, so that the influence of third parties does not compromise or override independent judgement.

Directors' interests were reviewed by the Board at each meeting and Directors are required to complete an annual declaration. New conflicts arising between meetings are dealt with at the time between the Chairman and the Group Company Secretary. The Board confirmed that any appointments or interests held by the Directors that are current conflicts of interest, or that the Board considers may be conflicts in the future, were reviewed and authorised. Should conflicts of interest arise in future, measures will be put in place accordingly.

Audit and Risk Committee report

I am pleased to present this year's Audit and Risk Committee report. The report sets out how the Committee discharged its responsibilities during the year, predominantly monitoring the integrity of financial reporting and the effectiveness of risk management and internal control processes.

David Arnold
Audit and Risk Committee Chair

Committee members

David Arnold, Audit and Risk Committee Chair

Octavia Morley, Senior Independent Director

Louise Hardy, Non-Executive Director

Maggie Semple OBE, Non-Executive Director (from 1 January 2024)

Lucinda Bell, Non-Executive Director (until 31 December 2023)

David Arnold is the Director with recent and relevant financial experience. The Board is satisfied that the Committee as a whole has competence relevant to the sector.

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

- Monitoring the integrity of the Group's financial statements and significant announcements related to financial performance, including assessing significant financial reporting judgements
- Reviewing the effectiveness of the Group's internal controls and risk management including processes around fraud detection, anti-bribery and corruption and anti-money laundering
- Monitoring the effectiveness of the external auditor; advising on matters relating to their appointment, fees, independence, objectivity and provision of non-audit services
- Monitoring and reviewing the independence, objectivity and effectiveness of the internal audit function; evaluating and agreeing the internal audit plan; reviewing internal audit findings

HIGHLIGHTS

Financial reporting

- Recommended to the Board the approval of the 2023 full-year results, the 2023 Annual Report and the 2024 half-year results, including
  – adoption of the going concern basis for the preparation of the 2023 financial statements and approval of the viability statement in the 2023 Annual Report
  – advising that the 2023 Annual Report was a fair, balanced and understandable assessment of the Group's position and prospects
- Reviewed the 2024 full-year results and 2024 Annual Report including key accounting judgements (see pages 67-69)

External audit

- Assessed the effectiveness of the 2023 external audit and concluded that the audit was effective
- Approved the services and fees for non-audit related work provided by PwC
- Considered and approved PwC's Group audit plan for the 2024 financial results and the recommended Audit Quality Indicators
- Led the process for tendering the external audit work and recommended the re-appointment of PwC as the external auditor at the 2025 AGM

Risk management and internal control environment

- Reviewed the effectiveness of risk management activities and internal controls
- Reviewed management's diagnosis of reasons for control weaknesses
- Agreed management's remediation plan and monitored progress
- Concluded that the actions taken by management were appropriate and was satisfied with the improvements made
- Considered the principal and emerging risks and their associated mitigating actions and related disclosures

Internal audit

- Reviewed and approved the Internal Audit plan for 2024
- Instructed Internal Audit to audit divisions with control weaknesses
- Reviewed the scope, quality and effectiveness of Internal Audit and concluded that the Internal Audit function provided independent and objective assurance over the internal controls
- Considered Internal Audit reports, findings and agreed actions

Governance matters

- Monitored compliance in respect of data privacy, anti-money laundering, bribery and corruption, speaking up reports and investigations and other compliance matters
- Considered changes to the UK Corporate Governance Code and preparation for compliance with new provisions on internal control

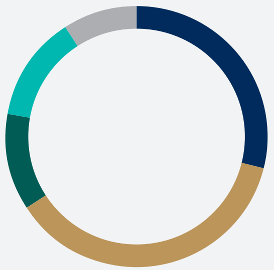
Audit and Risk Committee report continued

MEETINGS

The Committee met four scheduled times during the year and on further occasions to discuss the audit tender. Committee meetings usually take place on the same day as a Board meeting and the activities of the Committee, and any matters of particular relevance are reported to the Board. All members of the Committee attended all meetings that they were eligible to join other than one meeting affected by a pre-existing commitment (see page 57 for full attendance record).

Attendees at each meeting comprised the Committee Chair and members, who are all independent Non-Executive Directors, and by invitation the Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit, the external auditor, and other members of the Executive Committee and senior management as appropriate.

How time was spent



Financial reporting	29%
External audit including tender	37%
Risk management and internal controls	12%
Internal audit	13%
Governance	9%

REVIEW OF FINANCIAL STATEMENTS

The Committee reviewed the full-year and half-year financial statements. The reviews included key accounting judgements (see pages 68-69), compliance with relevant legal and financial reporting standards and external audit findings, including any accounting and audit adjustments.

The Committee reviewed the budget and agreed management's base case model for the going concern period (through to 30 April 2026), and the assumptions for a Severe But Plausible (SBP) downside case. The Committee also considered the Group's viability modelling through to October 2027.

The SBP downside conditions incorporate potential macroeconomic scenarios which could be experienced by the UK, industry-wide dynamics, and Group specific risks. The assessment also evaluated the anticipated effectiveness of proposed mitigating actions that are within the Group's control.

Whilst the Group forecasts to meet all its covenants in the base case scenario, the cumulative impact of the assumptions and mitigations in the SBP downside case indicates that the Group would not meet its interest cover covenant during the going concern period, with the first measurement date in April 2025. The Group maintains good relationships and a regular dialogue with all its lenders and is confident that an amendment to its covenants would be secured if necessary, however, this is not guaranteed and therefore this represents a material uncertainty related to going concern. In all scenarios, except for where the interest cover covenant is breached and a covenant amendment is not agreed, the Group forecasts adequate liquidity.

Notwithstanding the material uncertainty related to going concern outlined above, the Committee satisfied itself that the going concern basis of preparation continues to be appropriate and made recommendations to the Board in this regard. The Group's viability statement is on page 50. See note 1 to the consolidated financial statements on going concern.

2024 ANNUAL REPORT AND ACCOUNTS – FAIR, BALANCED AND UNDERSTANDABLE

At the request of the Board, the Committee considered whether the 2024 Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group's strategy, performance and business model.

To form its opinion, the Committee reflected on information provided by the Chief Financial Officer, who was supported by members of Group Finance, the Company Secretariat, Investor Relations, Sustainability, HR and Communications functions, who regularly reviewed the report drafting process. The Committee took into account reports from the external auditor on the outcomes of their half-year review and annual audit.

The Committee considered whether the key messages in the narrative reflected the financial reporting and checked whether any sensitive material had been omitted that should have been included.

The Committee concluded that:

- The financial statements comply with all applicable financial reporting standards and any other required regulations
- Material areas of significant judgement have been given due consideration by management and reviewed with the external auditor
- The application of acceptable accounting policies and practices is consistent across the Group
- The disclosures provided are clear, and as required by financial reporting standards
- The reporting and commentary provide a fair and balanced view of Group performance

The Committee subsequently made a recommendation to the Board, which in turn reviewed the report as a whole, confirmed the assessment and approved publication.

Audit and Risk Committee report continued

KEY ACCOUNTING JUDGEMENTS CONSIDERED IN THE 2024 FULL-YEAR FINANCIAL STATEMENTS

Key issues	Committee review and decision
Valuation of inventory Inventory is the most significant balance on the consolidated statement of financial position and is held at the lower of cost and net realisable value (NRV). A forecast is maintained for the NRV of each development and this contains several key assumptions. Due to the influence of external factors and the cyclical nature of the housing market, there is a risk that the calculation of the developments' NRV may be subject to estimation error, leading to inventory being held at an incorrect value when an impairment charge to reduce its value would be appropriate. **Value £1,137.4m**	Management regularly reviews the selling prices and build costs of all the Group's housing stock, including the impact on future forecasts for developments not yet under construction, considering latest market valuations. Where forecasts determine that a site may no longer generate a margin, an impairment is recognised in the consolidated income statement. During the year £14.2m of impairment was charged consisting of £8.5m on legacy developments and £5.7m on freehold reversionary interest. £12.1m of impairment was used in the year on housing units sold, resulting in a net movement in the NRV provision of £2.1m in the year. See note 18 to the financial statements. The Committee reviewed and understood the controls in place concerning NRV, including the minimum hurdle rates management requires before projects are approved and how management monitors NRV on an ongoing basis. Where impairment was recognised during 2024, the Committee challenged management to ensure that appropriate assumptions were in place, in particular around expected levels of sales prices and build costs. **Outcome:** The Committee was satisfied that the inventory carrying value, and associated impairment, was appropriate.
Margin recognition and forecasting The Group's margin recognition framework is based on the margin forecast for all phases of development. These margins, which drive the recognition of costs as revenue is taken, reflect estimated selling prices and costs for each development. This methodology then guides the allocation of total forecast costs, matching both land and build costs of a development, to each component of revenue. There is a risk that the margin forecast for the site, and the margin subsequently recognised on revenue, is not appropriate and reflective of the actual final profit that will be recognised on a development, based on this best estimate of information available.	Sales prices and build costs are inherently uncertain as they are influenced by changes in external market factors, such as the availability and affordability of mortgages, changes in customer demand due to market uncertainty and availability of labour and materials. The Committee reviewed management's internal control processes, the main areas of estimation and challenged management to improve the process. Management undertook a number of control improvements in the year including the appointment of a Group Commercial Director to oversee the Cost Value Recognition (CVR) process. The CVR process was improved and a significant increase in oversight from Group functions was implemented which was monitored through the internal audit process and reported to the Committee. **Outcome:** The Committee was satisfied that the changes and additional work by management to gain comfort over the build cost position had improved the control environment and the margins recognised were appropriate.
Combustible materials provision The provision relates to forecast costs associated with remedial works to be performed on legacy buildings with potential fire safety issues due to combustible materials and where the Group has a legal or constructive obligation to remediate. The Directors have used Building Safety Fund (BSF) cost information, other external information and internal assessments as a basis for the estimated remedial costs, as well as considering the impacts of build cost inflation. These estimates are inherently uncertain due to the highly complex and bespoke nature of the buildings, actual costs differing to the amounts notified by the BSF costed projects, and that fire safety assessments in progress may require different levels of remediation and associated costs than those currently estimated. **Value £249.3m**	The Group recognised a net exceptional combustibles materials related charge of £131.7m in the year, in addition to that recognised in prior years. The year end provision balance was £249.3m. This increase reflected that the Group has now, with more surveys completed and better information, been able to make an assessment of costs in respect of all buildings in scope of the Developer Remediation Contract, as well as forecast changes in build costs and the imputed interest on the provision balance, net of amounts spent in the year. This is a complex area with judgements in respect of the extent of those properties within the scope of the Group's combustible materials commitments and the provision could be extended as the interpretation of government guidance continues to evolve or due to cost estimation changes. By contrast, the Group expects to recover some costs from architects and subcontractors involved in the construction of these schemes but does not recognise these recoveries until they are received. The Committee reviewed and challenged the appropriateness, quantum, adequacy and completeness of the provision taking into account government guidance in this area, experience gained since 2019 and potential exposure over the population of legacy developments. **Outcome:** The Committee was satisfied that the provision and related disclosures were appropriate. Due to the size and nature of the individual items within the charge, the Committee agreed with management's opinion to continue to treat the combustible materials charge, and associated recoveries, as an exceptional item.

Audit and Risk Committee report continued

Key issues	Committee review and decision
Completed sites costs During the first half of the financial year, the Group became aware of certain build defects on four sites that were completed prior to 2019 when the Group closed its Regeneration and London divisions. The Group subsequently completed a thorough review of all completed sites assisted by third-party consultants. The Group has recognised a one-off completed sites costs related charge of £32.3m, of which £25.0m is treated as an exceptional item as it relates to developments no longer part of the core strategy. The balance of £7.3m is recorded as pre-exceptional. Completed sites costs include accruals for costs to complete outstanding site infrastructure and amenities, and completed site provisions for costs to complete remedial works on buildings where faults have been identified and the Group is responsible for remediation. At 31 October 2024, the Group held completed site accruals of £21.8m and completed site provisions of £23.6m. **Value £45.4m for completed site accruals and provisions combined**	The Group considered the pre-exceptional/exceptional presentation of the prior year completed sites charge to the income statement and the classification of the closing completed sites accrual on the statement of financial position. Completed sites costs require a number of estimates and assumptions in their calculation. The Group has estimated the costs to complete outstanding site infrastructure and amenities within developments and the cost of remediation required where faults have been identified. The Group has internal controls that are designed to ensure an effective assessment of estimates is made of the costs to finalise completed developments. The Committee reviewed and challenged the results of the third-party completed sites review, the presentation of the income statement charge between pre-exceptional and exceptional, and the classification of liabilities between accruals and provisions. The prior year representation and presentation was also reviewed and challenged. **Outcome:** The Committee was satisfied that the income statement, statement of financial position and prior year completed sites cost related disclosures were appropriate.
Going concern As part of the process for the preparation of the financial statements management modelled a set of scenarios for the Committee and the Board to consider in order to be able to make a statement of going concern. The base case and SBP downside, including aggregates of multiple factors were modelled. The base case scenario considered the period through to 30 April 2026, the going concern period, reflecting the Group's current financial position and the prevailing economic landscape, taking into account that the Group has already secured a proportion of sales for 2025 by way of its forward order book. The Severe But Plausible (SBP) downside conditions incorporate potential macroeconomic challenges experienced by the UK, industry-wide dynamics, and Group specific risks. The assessment also evaluated the anticipated effectiveness of proposed mitigating actions that are within the Group's control.	The Committee considered the detailed modelling prepared by management of the base case and the SBP downside case, challenging them on the risk factors being applied. The Committee also considered the detailed risk mitigation options and considerations. **Outcome:** The Committee considered the going concern statement in light of the detailed review of the base case and SBP downside case. After detailed consideration, the Committee satisfied itself that the going concern basis of preparation continued to be appropriate and made recommendations to the Board in this regard acknowledging the disclosure of a material uncertainty around going concern was required.

Audit and Risk Committee report continued

EXTERNAL AUDIT

The Committee considered a number of areas in relation to the external audit, including the auditor performance in discharging the audit and the half-year review, their independence and objectivity, and their re-appointment and remuneration.

PwC has acted as external auditor to the Group since 2015. Darryl Phillips, the Group's lead audit partner, is in the fifth and final year of his tenure in 2024. Further to the completion of an audit tender (see opposite), PwC was re-appointed as auditor from 2025 going forward. A successor lead audit partner was appointed and shadowed the current partner throughout the 2024 year end process as part of their onboarding.

PwC provided the Committee with its strategy, scope and plan for undertaking the year end audit, alongside proposed Audit Quality Indicators (AQIs). AQIs are designed to assess the quality of the audit and have been developed by PwC alongside management to assist the Committee in measuring both management's and PwC's performance.

The plan described the proposed approach of the audit and identified the key areas of audit risk, including the audit approach for these areas. The Committee reviewed and robustly challenged the basis for the audit plan before agreeing the proposed approach and scope of the external audit.

Committee meetings allowed time for the Committee and the external auditor to meet without management being present and the Committee's Chair had regular contact with the external audit partner outside of Committee meetings. PwC met with the Chief Financial Officer and the Group Finance team at regular intervals during the audit process.

Independence and non-audit services

The Committee assessed PwC's independence from the Group during the year. The Committee reviewed reports from PwC on its internal quality controls and assurances confirming that all partners and employees involved with the audit were independent of any links to the Group.

The Committee carried out its annual review of the Group policy for the provision of non-audit services and concluded that it had been implemented consistently. The policy is aligned with the regulatory framework for statutory audit. It sets out the types of non-audit service for which the use of the external auditor is prohibited (including accounting and valuation services) and provides a list of activities that are Permitted Non-Audit Services that require the approval of the Committee prior to any service being provided.

Non-audit services approved by the Committee and carried out by PwC during the year consisted of the review of the half-year results, which the Committee considers supports PwC's work on the statutory full-year audit.

Total fees payable for these non-audit services were £130,000 (2023: £154,000). The ratio of fees for non-audit services to those for audit services for the year was 8% (2023: 16%), within the 70% cap in the FRC's guidance.

Both the Group and PwC operated robust processes to prevent auditor independence being compromised when carrying out any non-audit work. The Committee considered the nature and level of non-audit services provided by the external auditor and was satisfied that the objectivity and independence of the external auditor was not compromised by the non-audit work undertaken during the year.

PwC also provides audit services to the Group's defined benefit pension scheme. The associated fees are met by the scheme and this is therefore not a non-audit service provided to the Group. See note 5 to the consolidated financial statements.

Audit tender

The Committee led a tender exercise during the year, in accordance with the EU Audit Regulation and Directive (as it forms part of UK law).

The Committee confirmed compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 with respect to both the approach to the tender of the external audit and the provision of non-audit services.

Following the tender process, the Committee determined that it had received two strong proposals from the bidding firms. Both bidding firms were given access to management and the business during the process. The process concluded with a formal presentation by both firms. Further details are shown to the right. The Committee recommended to the Board the reappointment of PwC based on the overall quality of its tender.

AUDIT TENDER KEY ACTIVITIES

- Request for Information issued and firm expressions of interest received from two firms
- FRC's AQR assessments of the firms reviewed
- Tendering parties confirmed after independence reviews, and lead partners selected following interviews with Committee Chair
- Request for Proposal issued and data room populated with relevant material. Tendering parties reviewed data room, additional information supplied and meetings held
- Written responses to the Request for Proposal provided and presentations made to Committee. The criteria used included:
  - Audit quality and independence
  - Challenge and professional scepticism
  - Alignment to our Group values.
  - Strength and clarity of audit approach.
  - Diversity and skills of proposed team
  - Value for money
  - Sustainability credentials
- Committee recommended PwC as the preferred audit firm to the Board and formal approval given
- Feedback sessions held with tendering parties

Audit and Risk Committee report continued

Effectiveness and quality of external audit

An annual review of external audit effectiveness is undertaken at the conclusion of each year end audit.

The review of the 2023 audit concluded that the audit process and the audit team continued to perform well. Their key strengths included a good quality audit plan, good communication and keeping the Committee and management informed throughout the process.

EXTERNAL AUDIT ASSESSMENT PROCESS

- PwC presented findings from the annual FRC review on Audit Quality Inspections of audits carried out by PwC
- The Committee discussed and agreed at the planning stage the draft list of specific risks to audit effectiveness and quality and approved auditor remuneration
- The Committee assessed audit planning work in respect of specific audit quality risks and ensured that matters of key interest (including those listed as significant issues on pages 68-69) were addressed in the audit plan
- PwC reported against audit scope and subsequent meetings provided the Committee with an opportunity to monitor progress and raise questions
- The Committee discussed both internally and with PwC the extent to which PwC demonstrated professional scepticism and challenged management's assumptions through the audit process, particularly in areas of estimation and judgement
- Private discussions took place regularly between the Committee and representatives from PwC without management being present to encourage open and transparent feedback by both parties
- The Committee assessed final audit work and reporting along with the overall conclusion reached regarding significant audit risks
- Regular meetings were held between the Chair of the Committee, the Chief Financial Officer and the audit engagement partner
- All Committee members, key members of management, and those who regularly provide input into the Committee or have regular feedback with the external auditor were asked for feedback on PwC's performance and the quality and technical skills of the audit team
- Feedback and conclusions were discussed, along with the conclusion and transparency of reporting regarding specific audit risks and issues, with an overall conclusion on audit effectiveness and quality reached. Any opportunities for improvement were brought to the attention of PwC
- The Committee, having considered all relevant matters, concluded that it was satisfied that auditor independence, objectivity and effectiveness has been maintained

RISK MANAGEMENT AND INTERNAL CONTROL

Overall accountability for risk management and internal controls sits with the Committee, and it reviewed pertinent information at every meeting. The Group's approach to risk management and process for review are set out on pages 32-33. During the year the Board, with support from the Committee, reviewed its risk appetite, which was themed around market, operational and governance matters. The Board, with input from the Committee, carried out an assessment of the principal and emerging risks facing the Group and how those risks affect the prospects of the Group alongside the mitigations in place, as set out on pages 34-39.

Effectiveness of internal controls

The Committee reviewed the Group's control environment alongside the principal risks. The Group's internal controls are designed to mitigate, rather than eliminate, the risk of not achieving the Group's strategy and objectives. As such, they provide reasonable, and not absolute, assurance against material misstatement or loss.

Following the identification of control failures in two divisions in 2023, management, supported by the Committee, initiated a number of improvement actions related to culture, people and process. Culture change focused on an increased emphasis on clear expectations of standards set by senior leadership. People changes included the appointment of a Chief Operating Officer and two new divisional finance directors. The reporting line for divisional finance directors was moved from divisional managing directors to the Chief Financial Officer to increase the level of independence and oversight within divisional management teams. The Cost Value Recognition (CVR) process was improved with increased oversight from the Group and appointment of a Group Commercial Director.

Internal Audit tested the adequacy of divisional key controls and also tested the CVR process in all divisions.

The Chief Financial Officer is responsible for maintaining a sound system of internal control that supports achievement of the organisation's policies, aims and objectives, and for reviewing its effectiveness. The Committee considered the outputs of the Chief Financial Officer's review of the internal control framework as well as key assurance activities outlined on page 72. Where appropriate, employees responsible for functional areas associated with principal risks were asked to present updates to the Committee.

Committee conclusions

The Committee noted that the embedding of the Operational Framework together with the control improvements implemented were addressing the previously identified issues. Based on the improvements initiated by management and the testing by Internal Audit, the Committee is satisfied with the improvements made in the control environment, whilst noting that management will continue to refine the control environment in 2025.

The Committee is satisfied that the Group's risk management and internal control systems, including the control and compliance culture within the business, provide a reasonable level of assurance that the financial statements are free from material error and misstatement.

The Committee was satisfied that relevant systems and processes were in place and were operating effectively at the year end.

Audit and Risk Committee report continued

KEY ELEMENTS OF THE INTERNAL CONTROL FRAMEWORK

Strategy and risk

- Key risks and assumptions within the strategy are regularly assessed and stress tested, including assessment of emerging risks and risk combinations that threaten the Group
- Risk assessments are performed periodically throughout the year, and risk registers for the Group and each division are maintained and updated regularly

Performance monitoring

- The financial and operational results of each division are reviewed periodically and compared against the plan
- Divisional performance is assessed against approved budgets and explanations are provided for significant variances on a periodic basis
- The Chief Operating Officer attends all divisional board meetings and the Group Commercial Director attends all divisional CVR meetings

Group and divisional controls

There is a structure of divisional key controls in place, defined in our Operational Framework and enforced by management teams across the business. They are periodically assessed by Internal Audit.

Clearly defined authorisation and approval levels are in place for all key business decisions with appropriate segregation of duties.

Group control activities include:

- Periodic reviews of cash, liquidity and headroom positions against our budget and compliance with covenants
- Approval of all land purchases by the Investment Committee, and Board approval for high value acquisitions
- Operation of multiple IT applications and systems which are subject to regular enhancements, disaster recovery testing and review by both Internal Audit and the external auditor
- Continual monitoring of IT infrastructure for external threats and vulnerabilities, backed up by comprehensive IT controls
- Application of financial reporting standards and reviews of significant judgments and financial performance
- Regular reviews of tax processes, controls and tax accounting arrangements
- Reviews of the Group's fraud risk register to ensure it remains relevant and complete, supported by policies related to fraud prevention

KEY ASSURANCE ACTIVITIES

- **Board, Board Committees and management committees:** monitor performance, recommend policies, procedures and initiatives and oversee the management of risks and the operation of internal controls
- **Internal Audit:** the Internal Audit plan covers the specific key risks of the Group and is approved by the Committee annually. All Internal Audit reports are distributed to the Executive Committee and Board and are available to the external auditor
- **Safety, Health and Environment (SHE) function:** drives continual improvement in SHE performance across the Group's sites. It engages with the business via SHE inspections, the provision of training, information and advice to all employees and by reporting to the SHE Committee, with the Board considering appropriate SHE-related matters
- **Sustainability function:** drives continual improvement in sustainability performance across the Group and is responsible for driving performance against targets
- **Functional forums:** each divisional function of the Group meets on a regular basis to review new and emerging risks, including new regulations. They also review and update policies and procedures, and recommend improvements to internal controls
- **Divisional key control attestation:** the managing directors and finance directors of each division are required to sign off compliance with the established divisional key controls every year. Any identified control breaches, material risks and uncertainties and fraud incidents are required to be disclosed as part of this assessment
- **Fraud:** where instances of fraud are suspected or alleged, Internal Audit will investigate the circumstances and report to the Committee and management with the results of the investigation and any agreed actions to be taken
- **External assurance** provides additional assurance in the following areas:
  - The external audit of financial statements and reporting
  - Carbon emissions data assured to ISO 14064 standard
  - External independent safety auditors are engaged to conduct regular and unannounced site safety reviews
  - Security Operations Centre monitor the Group's networks and have Cyber Essentials Plus certification

Audit and Risk Committee report continued

INTERNAL AUDIT

Internal Audit is an important part of the Group's corporate governance framework. Its role is to provide independent and objective assurance, and advice and insight on risk management and internal control to the Committee. Internal Audit reports directly to the Committee Chair.

Internal Audit reviews the effectiveness and efficiency of internal controls, providing assurance that internal controls remain fit for purpose and that they are applied consistently throughout the Group. In addition, Internal Audit agrees actions with management to address any key observations and improve processes. Management is responsible for ensuring actions are implemented. Internal Audit monitors their implementation and reports to the Committee on progress.

Internal Audit plan

The Internal Audit plan was approved by the Committee. The scope of individual audits were aligned to the principal risks faced by the Group. The plan was continually assessed against progress and any emerging risks, resulting in amendments to the plan where necessary.

The Committee considered the internal control recommendations raised by the external auditor during the external audit and incorporated these recommendations into the Internal Audit plan as appropriate.

The internal audit methodology aligns with the Institute of Internal Auditors Code of Practice and International Professional Practice Framework. This provides a quality benchmark for the performance of internal audit work.

2024 INTERNAL AUDIT PLAN

The 2024 Internal Audit plan focused on specific key and emerging risk areas across the Group.

- Continued audits of divisional commercial site cost review process
- A review of compliance with the New Homes Quality Code (NHQC) from the reservation process, through to handover to customer service following legal completion of the sale
- Testing the subcontractor tender and payment management processes across divisions
- Reviewing the effectiveness of partnership deals
- Testing of key processes introduced to support closing our sites effectively
- A specific audit to review fire remediation projects and assess performance against policy
- A rolling audit programme testing key divisional controls defined in our control frameworks
- An audit of key IT controls to support the delivery and integration of financial reporting

Outcomes

Throughout the year, the audits have identified where controls have not operated effectively, or where the design can be improved. Specifically, audits identified gaps in customer service processes, and where further improvements can be made in closing our sites effectively. Actions have been addressed and improvements have been made to address observations from these audits and all agreed actions raised are tracked and monitored by management and the Committee to ensure appropriate closure.

Internal Audit effectiveness

The Committee reviewed Internal Audit effectiveness, considering quality, objectivity and expertise. Feedback was received from key stakeholders including the Board, the Executive Committee, and divisional and functional management. The Committee confirmed that both the processes and management of Internal Audit were appropriate and effective.

Internal Audit independence

The Committee reviewed the independence of the Internal Audit function and concluded that the processes in place to maintain independence were effective. These included that the Head of Internal Audit can report any impairment to objectivity or independence direct to the Chair of the Committee, and that Internal Audit liaises with the external auditor, discussing relevant aspects of their respective activities, which ultimately supports the assurance provided to the Committee and the Board.

POLICIES AND BEHAVIOURS

The Board and Committee are committed to the highest standards of ethical behaviour, honesty and integrity in the Group's business practices.

Employees and supply chain partners are made aware of the Group's strategy and how their behaviours impact delivery. The Group Code of Conduct was refreshed and relaunched during the year, to ensure that employees are aware of the Group's values and expected behaviours.

The Group operates and maintains policies and procedures which set out required actions in more detail. These policies and procedures are supported by mandatory online training which employees are required to complete on a regular basis. The Committee oversees the implementation of these policies, reviews any incidents arising and receives regular reports on training progress.

Supply chain partners are required to sign up to the Group's Supply Chain Code of Conduct and to abide by relevant policies.

Anti-fraud and anti-bribery

The Group has an anti-bribery and corruption policy and an anti-fraud policy which all employees must follow. Employees are required to comply with the Group's gifts and entertainment policy.

Employees must declare any actual or potential conflicts of interest, and these are reviewed by the Group Company Secretary.

The Group has in place robust anti-money laundering policies, processes and oversight, supported by anti-money laundering guidance.

Mandatory training is provided on these policies and procedures to all employees.

Speaking Up

The Board is responsible for the Group's arrangements with regard to reporting actual or suspected wrongdoing including breaches of law, regulations and Group policies. The Committee received updates on these matters at each of its meetings.

The Committee is responsible for reviewing the Group's speaking up arrangements and concluded that they remain effective. The Group's Speaking Up policy is written in accessible language to support employees, supply chain and subcontractors and is made available at all sites. Employees and supply chain partners are encouraged to report any concerns of malpractice in an open and honest way.

The policy provides details of a free independent helpline that can be used to report concerns and includes confidential support services that individuals could use if they need assistance in making a report. This is advertised with posters at all sites in shared areas and all offices.

Directors' remuneration report

I am pleased to introduce our Directors' remuneration report (Report) for the year ended 31 October 2024. This Report sets out how the Committee has considered the performance of the Group in determining remuneration outcomes, and in setting targets for 2025.

Octavia Morley
Remuneration Committee Chair

Committee members

Octavia Morley, Remuneration Committee Chair

Iain Ferguson CBE, Non-Executive Chairman

David Arnold, Non-Executive Director

Louise Hardy, Non-Executive Director

Maggie Semple OBE, Non-Executive Director (from 1 January 2024)

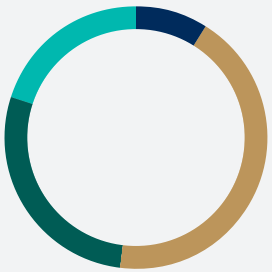
Lucinda Bell, Non-Executive Director (until 31 December 2023)

MEETINGS

The Committee met three scheduled times during the year and on further occasions as required. Committee meetings usually take place on the same day as a Board meeting, and the activities of the Committee, and any matters of particular relevance are reported to the Board. All members of the Committee attended all meetings that they were eligible to attend (see page 57 for full attendance record).

Attendees at each meeting comprised the Committee Chair and members, who are independent Non-Executive Directors and the Group's Chairman, who was independent on appointment, and by invitation the Chief Executive Officer, the Group HR Director, the Group Company Secretary and the Committee's independent advisor, Korn Ferry.

How time was spent



Remuneration policy	9%
Risk and reward	43%
Annual remuneration discussions	28%
Governance	20%

Defined terms are set out in the Glossary on **page 162**

2024 has been a challenging year for the Group, the housebuilding industry and house buyers with sales continuing to be impacted by ongoing affordability concerns. An unsolicited offer for the Group which fell away in August further impacted the Group's performance.

However, despite these challenges, under the leadership of our new Chief Executive Officer, Martyn Clark, the 2024 results were delivered in line with guidance updated at the start of his tenure. It is in this context that the Remuneration Committee has reviewed the 2024 incentive outturns.

Board changes

Bill Floydd joined the Board on 13 November 2023. His remuneration arrangements were disclosed in the 2023 Directors' remuneration report.

Martyn Clark joined the Board on 3 June 2024. The Committee determined a remuneration package in line with the Directors' remuneration policy (Policy) summarised below. Martyn Clark's fixed pay is lower than that of his predecessor, had he remained in post, and his variable pay is in line with the Policy.

- Salary of £600,000 per annum
- Annual bonus opportunity of 150% of salary (applicable from 2025)
- LTIP award of 150% of salary (200% for 2024 was agreed as an exception as part of Martyn Clark's buy-out arrangements)
- Pension of 6% of salary
- Benefits aligned with wider workforce

As part of Martyn Clark's recruitment, the Committee agreed compensation for remuneration forfeited from his previous employer. The buy-out of the awards forfeited was structured on consistent terms. Full details of the buy-out awards are set out on page 83.

Peter Truscott retired and stepped down from the Board and his role as Chief Executive Officer on 14 June 2024, but remained an employee of the Company until 21 October 2024. His leaving arrangements are in line with the treatment for good leavers under the Policy and are set out in further detail on page 86 of this report.

2024 REMUNERATION OUTCOMES

In determining that the outcomes for 2024 were appropriate and that the Policy had operated as intended, the Committee considered overall performance and the incentives payable across the Group, the relativities in pay between employees and the Executive Directors, noting the impact of roles and seniority on pay, and the wider stakeholder experience.

Annual bonus

Martyn Clark joined the business on 3 June 2024 and was not eligible to receive a bonus for 2024. Bill Floydd, who joined on 13 November 2023, was eligible for a bonus. The Committee determined that Peter Truscott, the former Chief Executive Officer, would not receive a bonus.

The 2024 bonus targets were 40% on adjusted profit before tax (APBT), 30% on net cash, and 30% on a range of non-financial measures focusing on customer service, reduction in waste and Safety, Health and Environment (SHE) leadership.

The Group's performance was impacted by a number of factors including persistently high interest rates and subdued consumer confidence which reflected the weak sales environment along with build cost increases. As a result, the APBT target was not achieved.

Directors' remuneration report continued

Net cash targets were set that reflected the challenging operating environment at the start of the year. The strong performance on cost control, cash conversion, and other efficiencies in the second half of the year meant that the target was achieved in full.

Strong progress was also made in improving customer service and reduction in waste. Performance was above the stretch targets that were set resulting in performance above maximum for both measures. The Committee assessed SHE leadership performance during the year and was satisfied no downward modifier should apply.

Based on the targets, the Group's performance resulted in an overall formulaic outcome of 60% of maximum against all measures, with full achievement against net cash, customer service and waste. However, using its discretion, the Committee determined that taking into account disappointing shareholder experience and that, while APBT was delivered in line with recent guidance, it did not reach the threshold target set at the beginning of the year, the Chief Financial Officer's bonus outcome should be reduced from 60% to 20% of maximum. The Committee believes this is a fair outcome in a difficult year, including disruption from the unsolicited bid and reflecting a strong cash performance. This approach was broadly consistent with the approach taken for the entire senior management team.

LTIP

The 2022 LTIP award measured performance over the three financial years 2022 to 2024. The 2022 LTIP award will lapse in full as none of the targets were achieved. See page 82.

2025 REMUNERATION APPROACH

The Committee reviewed remuneration for 2025, taking into account the new leadership team, the strategy going forward and recognising 2025 is a transitional year for the Group.

Salary

An average salary increase of 2% was applied in January 2025 for employees including Bill Floydd. Martyn Clark did not receive an increase to his salary for 2025.

Annual bonus

The annual bonus opportunity for Martyn Clark is 150% of salary and the opportunity for Bill Floydd will be increased from 125% to 150% of salary for 2025. The Committee considers this increase, within the shareholder approved policy limit, to be appropriate taking into account market positioning of the Chief Financial Officer's total package, his strong performance and the stretch inherent in the targets that have been set.

Performance measures will be based on 60% financial measures (30% APBT (reduced from 40%) and 30% on net cash) and 40% on non-financial measures (20% customer service, 10% build quality and 10% employee engagement). The inclusion of build quality as a performance measure reflects its importance as a strategic aim for the Group in 2025.

Recognising the slight increase in the weighting towards the non-financial measures for 2025 compared with 2024, before any bonus may be payable under the non-financial performance measures, the Group's APBT must achieve a predefined threshold level set by the Committee.

LTIP

Awards to Executive Directors at 150% of salary will be made in February 2025.

Using their flexibility under the Policy, the performance measures have been reviewed by the Committee and reweighted for 2025, in line with our strategic priorities. Performance will be based 40% on ROCE, 22.5% on a significant improvement in the Group's share price, 22.5% on Total Shareholder Return (TSR) relative to a housebuilder peer group, and 15% on ESG measures to incentivise further reductions in emissions by 2027, in line with our science-based targets, approved by the SBTi.

The Committee reviewed the TSR peer groups for the 2025 award and determined that TSR performance should be assessed solely against sector peers so that payouts are determined by outperformance against our peers only rather than in part by outperformance of the FTSE 250 index. The Committee considers this approach to align more closely with the interests of our investors.

The introduction this year of share price as a measure will apply to the 2025 grant only. The measure is intended to provide a direct focus for management on the restoration of the Group's share price through the successful execution of the strategy. The target has been set such that it will require a significant improvement in the Group's share price and, based on back-testing, would require significant stock market performance over the three year period.

Fair pay

Employee remuneration continued to be an area of focus for the Committee during the year. The workforce's remuneration was reviewed in the year and there continued to be good alignment with the Executive Directors.

We ensure our employees' remuneration packages are attractive, aligned to our strategy and positioned to enable us to retain our workforce and attract new talent.

CONCLUSION

I would like to thank our shareholders for their ongoing support on our approach to remuneration.

The Committee continues to welcome shareholder feedback and will be proactively engaging with investors during the year in advance of the AGM in 2026 where the Directors' Remuneration Policy will be proposed for approval. We will continue to align our remuneration approach with our strategy and ensure that all measures will be subject to the achievement of stretching targets.

We hope that you will support the advisory vote on the Directors' remuneration report at the 2025 AGM.

Octavia Morley
Remuneration Committee Chair
3 February 2025

HIGHLIGHTS

- Considered 2024 bonus scheme outcomes and final vesting of LTIP awards
- Reviewed 2024 AGM outcomes and feedback from shareholders
- Reviewed the pay of Executive Directors and Chairman
- Determined leaver terms for Chief Executive Officer and other senior management roles
- Agreed remuneration package for incoming Chief Executive Officer
- Determined the annual bonus scheme structure for 2025
- Considered 2025 LTIP measures and targets
- Reviewed employee pay and benefits.
- Considered potential remuneration outcomes in light of the unsolicited bid from Bellway

LOOKING AHEAD

- Ongoing consideration of employee pay
- Monitor performance of in-flight incentive awards during the year and consider 2025 outcomes
- Consider annual bonus and LTIP measures and targets for 2026
- Review the Directors' Remuneration Policy, for approval at the 2026 AGM
- Engage with employees and shareholders as part of setting the 2026 Directors' Remuneration Policy

Directors' remuneration report continued

Remuneration at a glance

Fixed pay + Short-term incentives + Long-term incentives = Total pay

Salary, benefits and pension

Fixed remuneration in conjunction with the variable elements to attract, retain and incentivise high calibre talent to execute the Group's strategy.

Annual bonus

Incentivises and rewards individuals to execute the Group's strategy and achieve objectives linked to the strategic priorities and foundations.

Long-term incentive plan

Incentivises shareholder value creation and execution of the strategy over the longer term.

2024 PERFORMANCE SNAPSHOT

Net (debt)/cash
£(8.5)m

Customer service and quality
95%

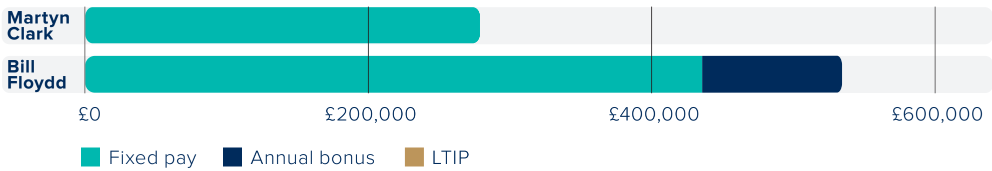
EBIT margin
5.1%

ROCE
4.1%

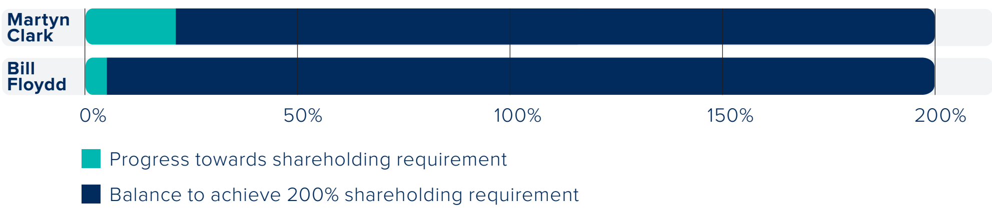
Performance measure	Outturn	% achieved
APBT[1]	£22.4m	0%
Net(debt)/cash	£(8.5)m	30%
Customer service and quality[2]	95%	20%
Reduction in waste[3]	7.1 t/unit	10%
TSR	Below median	0%
EBIT margin	5.1%	0%
ROCE	4.1%	0%

1 As shown on page 159
2 12-month NHBC 'recommend your housebuilder' score for 2024
3 tonnes per 100 square metres

Executive Directors' total remuneration for 2024 (excluding buy-out)



Executive Director's shareholding



REMUNERATION FRAMEWORK FOR 2025

Salary + Benefits + Pension = Fixed pay

APBT 30% + Net Cash 30% + Customer service 20% + Build quality 10% + ESG 10% = Annual bonus

Relative TSR 22.5% + Share price 22.5% + ROCE 40% + ESG 15% = LTIP

Directors' remuneration report continued

Summary of the Directors' remuneration policy

Below is a summary of the Policy that was approved by shareholders at the AGM on 23 March 2023. The Policy is set out in full in the 2022 Annual Report and can be found at **crestnicholson.com/results**

Element of remuneration		2025	2026	2027	2028	2029	Link to strategy	Framework
Fixed	**Base salary**						Attracts, retains and incentivises the best people in the market to execute the Group's strategy. Provides an appropriate level of fixed remuneration without over-reliance on variable elements.	Reviewed annually or when change in position or responsibility. Increases usually in line with market and general increases across the Group.
	Benefits							A range of competitive benefits in line with what is available to our employees.
	Pension contribution							Payable in line with the pension contribution available to the majority of the workforce, currently 6% of salary.
	Non-Executive Director fees						Remunerates appropriately based on an individual's experience, time commitment and responsibilities.	Non-Executive Directors' fees are paid in cash and are not performance related. Additional fees may be payable in relation to extra responsibilities undertaken or time commitments.
Variable	**Annual bonus** Cash Deferred period						Incentivises and rewards individuals to execute the Group's strategy and achieve objectives linked to the strategic priorities and foundations. Deferred element encourages longer-term shareholding and links part of annual bonus payment to the further success of the Group and stakeholder and shareholder interests.	The maximum bonus opportunity is capped at 150% of salary for Executive Directors, with on-target performance receiving 50% of maximum and up to 25% of the maximum payable for threshold performance. Two-thirds of the bonus is paid in cash. One-third of the bonus is paid in shares (post tax, National Insurance and other statutory deductions) and subject to a holding period of three years (deferred shares).
	Long-term incentive Performance period Holding period						Incentivises shareholder value creation and execution of the strategy over the longer term. Drives and rewards achievement of key long-term Group objectives aligned with the strategy and with shareholder interests. Contributes to building a meaningful shareholding by aligning interests with wider shareholders.	Awards take the form of nil-cost options or conditional share awards. LTIP awards normally vest on the third anniversary of grant subject to achievement of performance measures and (other than in good leaver situations) provided the Director remains in office with the Company. Award levels will be at a maximum of 200% of salary. Amounts equivalent to any dividends or shareholder distributions made during the vesting period may be awarded in respect of vested or exercisable LTIP awards, normally in the form of shares. A two-year post-vesting holding period will apply to all vested LTIP awards.

KEY

Fixed pay | Short-term incentives | Long-term incentives

Directors' remuneration report continued

Implementation of the Policy in 2025

EXECUTIVE DIRECTORS' BASE SALARY

Executive Director salary increases are aligned to the average increase for the wider workforce. In 2025, the increase for the wider workforce will be 2% of salary. Bill Floydd will receive an increase in line with the wider workforce. Martyn Clark will not receive a salary increase for 2025.

Director		2025 salary (annual)
Martyn Clark	No increase awarded in January 2025	£600,000
Bill Floydd	Increase of 2% awarded in January 2025	£408,000

NON-EXECUTIVE DIRECTORS' FEES

Non-Executive Director fees are reviewed on an annual basis. Fees were not increased in 2024 but will be increased by 2% for 2025.

Director	Role	Base fee	Role/Chair fee	2025 fee (annual)
Iain Ferguson	Chairman	£216,424	N/A	£216,424
David Arnold	Audit Committee Chair	£55,750	£9,200	£64,950
Louise Hardy	Non-Executive Director responsible for employee engagement	£55,750	£5,410	£61,160
Octavia Morley	Senior Independent Director and Remuneration Committee Chair	£55,750	£18,400	£74,150
Maggie Semple	Non-Executive Director	£55,750	N/A	£55,750

PENSION

The Executive Directors receive the same level of pension as the majority of the workforce. Executive Directors can elect whether to contribute some of the benefit directly into the Group's defined contribution pension plan and receive any balance (or all the benefit) as cash.

Director	Pension or cash equivalent
Martyn Clark	6% of salary
Bill Floydd	6% of salary

ANNUAL BONUS

For 2025, the annual bonus opportunity for Martyn Clark is 150% of salary and the opportunity for Bill Floydd will be increased from 125% to 150% of salary. The rationale for this change is set out in the Chair's letter.

Targets are considered to be commercially sensitive and will be disclosed in the 2025 Directors' Remuneration Report. The Committee will review performance in the context of wider stakeholder experience over the performance period when determining bonus payments. One-third of any bonus earned will be paid in shares which are subject to a three-year holding period.

The Committee has reviewed and agreed the combination of measures and weighting in line with the Group's strategy and these are set out below. The Committee is satisfied that the annual bonus scheme framework is applied in a similar way to employees across the Group, tailored to roles and functions.

Performance measure	Measure detail	Links to strategy	Weighting (% of total bonus opportunity)
Financial			
APBT	Performance is measured between threshold and maximum		30
Net cash	Performance is measured between threshold and maximum		30
Non-financial			
Customer service	HBF satisfaction score as at 31 October 2025		20
Build quality	Average Reportable Items (RIs) from the NHBC and Premier Guarantee Quality Score		10
ESG	Employee engagement	Underpinned by the People and Sustainability and Social Value foundations	10

Recognising the slight increase in the weighting towards the non-financial measures for 2025 compared with 2024 (which was 70:30 in favour of financial measures), before any bonus may be payable under the non-financial performance measures, the Group's APBT must achieve a predefined threshold level set by the Committee. The threshold will be disclosed next year.

OUR STRATEGIC PRIORITIES

- Land Portfolio
- Strategic Land and Partnerships
- Placemaking and Quality
- Operational Efficiency
- 5 Star Customer Service

Directors' remuneration report continued

LTIP

The Committee intends to grant awards at 150% of base salary to both Executive Directors but will consider the grant level at the time of the award taking into account the share price level at grant. The final vesting value of any awards will be considered carefully by the Committee at that time to ensure the value delivered to participants remains appropriate relative to the performance of the Group, shareholder experience, and employee workforce impact over the performance period.

Awards are subject to a three-year performance period and a two-year post-vesting holding period.

The Committee has reviewed the measures for 2025 and these are set out below:

Performance measure	% of award	Threshold (25% of element)	Maximum (100% of element)	Links to strategy
TSR[1]	22.5	Median	Upper Quartile	
Share price	22.5	250p	300p	
ROCE 2027	40	9.5%	12%	
ESG	15	1.81 tCO_2e/sq. m	1.56 tCO_2e/sq. m	Underpinned by the Sustainability and Social Value and Safety, Health and Environment foundations

1 versus a selection of sector peers (see opposite).

OUR STRATEGIC PRIORITIES

- Land Portfolio
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- Placemaking and Quality
- Operational Efficiency
- 5 Star Customer Service

TSR is measured against a selection of sector peers. The 2025 peer group comprises Barratt Redrow plc, Bellway plc, The Berkeley Group plc, MJ Gleeson plc, Persimmon plc and Taylor Wimpey plc. Performance will be measured on a straight-line basis between a threshold of median TSR (earning 25% of the element) and a maximum at upper quartile TSR (earning 100% of the element). TSR provides a focus on the Company's relative TSR performance against the sector.

The share price performance condition provides a direct incentive and focus on the restoration of the Group's share price. This is intended to apply for the 2025 LTIP award only. To the extent dividends are payable over the performance period, the aggregate value of these will be added to the share price for the purpose of assessing the achievement of the performance condition.

ROCE will reward operational efficiency and margin accretion and will be an adjusted measure as defined on pages 158-159.

The ESG measure is aligned to the Group's 2030 science-based greenhouse gas emissions reduction target. It includes scopes 1, 2 and 3 emissions measured on an intensity basis (tCO_2e/sq. m of legally completed floor area). The stretch target represents a linear reduction in emissions from the 2019 base year to the 2030 target. The threshold target represents a linear reduction from the 2023 performance level to the 2030 target.

In determining the targets the Committee considered forecast performance and analyst consensus to ensure that threshold targets were incentivising and achievable and that the stretch targets were sufficiently challenging beyond internal targets considering market conditions and external benchmarks.

OUR APPROACH TO REMUNERATION IN 2025

Risk	- Discretion can be applied to variable pay outcomes to ensure these are consistent with underlying Group performance and stakeholder experience - Withholding and recovery terms apply to variable pay
Proportionality	- Higher weighting to variable pay for the Chief Financial Officer with delivery of higher variable pay at higher performance levels - Link to strategy set out against performance measures in the Report and a more direct focus on the restoration of the Company's share price - Committee discretion to override outcomes
Clarity	- Remuneration structures are set out clearly in the Report - Performance targets are fully disclosed (retrospectively, where commercially sensitive)
Alignment with culture	- Strategic KPIs link reward to strategy and align with stakeholders and employees - People and ESG targets focus on non-financial priorities - Bonus scheme framework and measures align to employee schemes
Simplicity	- Simple methodology for annual bonus and LTIP - Clearly articulated measures, targets and narrative in the Report
Predictability	- Award limits set out in the Directors' Remuneration Policy and Report

Directors' remuneration report continued

Annual Report on remuneration

The information in this Report is audited where this is indicated, and otherwise unaudited.

2024 REMUNERATION PAYABLE TO EXECUTIVE DIRECTORS (AUDITED)

		Salary[1] £000	Benefits[2] £000	Bonus £000	LITPs £000	Retirement benefits[3] £000	Other[4] £000	Total pay £000	Total fixed pay £000	Total variable pay £000
Martyn Clark[5]	2024	250	12	–	–	15	325	602	277	325
	2023	–	–	–	–	–	–	–	–	–
Bill Floydd[6]	2024	388	23	100	–	23	–	534	434	100
	2023	–	–	–	–	–	–	–	–	–
Former Executive Directors										
Peter Truscott[7]	2024	437	17	–	–	26	–	480	480	–
	2023	697	26	–	–	46	–	769	769	–
Duncan Cooper[8]	2024	47	3	–	–	3	–	53	53	–
	2023	392	23	–	–	23	–	438	438	–

1 Where salaries are adjusted for benefits which are provided via salary exchange, such salaries are quoted as the gross figure disregarding the effect of salary exchange.

2 The figure shown includes the value of car benefit, private medical insurance, group income protection, personal accident, life assurance and an annual health check.

3 Salary supplement of 6% (employee majority rate). No Director has a prospective interest in a defined benefit scheme.

4 Payments related to the buy-out awards to Martyn Clark. Full details can be found on page 83.

5 Martyn Clark was appointed to the Board as Chief Executive Officer on 3 June 2024. Remuneration is shown from this date.

6 Bill Floydd was appointed to the Board as Chief Financial Officer designate on 13 November 2023 and became Chief Financial Officer on 13 December 2023. Remuneration is shown from 13 November 2023.

7 Peter Truscott retired and stepped down from the Board on 14 June 2024 and remained an employee with the Company until 21 October 2024. Remuneration in the table above is shown for the period to 14 June 2024.

8 Duncan Cooper stepped down from the Board on 13 December 2023. In accordance with the Policy and scheme rules, no annual bonus was payable and unvested LTIPs lapsed as a result of resignation.

2024 NON-EXECUTIVE DIRECTORS FEES (AUDITED)

	2024 £000	2023 £000
Iain Ferguson	**212**	211
David Arnold	**64**	63
Lucinda Bell[1]	**9**	54
Louise Hardy	**60**	60
Octavia Morley	**73**	72
Maggie Semple[2]	**46**	–

1 Lucinda Bell stepped down from the Board on 31 December 2023. The fee shown is pro rata for the period of service during the year.

2 Maggie Semple joined the Board on 1 January 2024. The fee shown is pro rata for the period of service during the year.

Directors' remuneration report continued

PAY FOR PERFORMANCE 2024 (AUDITED)

Annual bonus targets and outcomes

The 2024 annual bonus scheme followed a similar format to previous years with targets for APBT and net cash (70%) as well as non-financial measures (30%) focusing on customer service, reduction in waste and SHE leadership. The maximum target for each element was set to stretch and further challenge the Executive Directors. Achievement was calculated on a straight-line basis between threshold and target, and target and maximum/stretch with a maximum bonus potential of 125% of salary for Bill Floydd.

While appropriately stretching targets had been set based on forecasts relating to the financial and market outlook at the end of 2023, the APBT target was not met this year. The Group's performance was impacted by a number of factors including persistently high interest rates and subdued consumer confidence which reflected the weak sales environment along with build cost increases. Strong performance against the net cash targets however resulted in performance above maximum.

During the period, the Group made good progress with respect to customer service and waste reduction with performance for both above the maximum target.

The Committee considered the SHE leadership shown by the Executive Directors during the year and taking into account a range of factors including divisional performance and leadership, and the level of incidents, the Committee considered that appropriate leadership had been demonstrated. As such, no deduction was necessary under this annual bonus measure.

Therefore, the formulaic bonus outcome for 2024 was 60% of maximum. However, taking into account the APBT outcome for the year and disappointing shareholder experience, the Committee exercised its discretion to reduce the outcome by two-thirds. As a result, the final bonus payout will be 20% of the maximum bonus potential of 125% to Bill Floydd. The Committee believes this is a fair outcome in a difficult year, including disruption from the unsolicited bid and reflecting a strong cash performance.

The results for each element of the annual bonus incentive are set out below:

Director	Measure (weighting)	Description and link to strategy	Threshold (25% of maximum)	On-target (50% of maximum)	Stretch and maximum (100% of maximum)	Actual performance outcome	% achieved	% of salary after discretion applied
Financial	Adjusted profit before tax (40%)	Adjusted profit before tax as shown on page 159.	£45m	£45m	£55m	£22.4m	0	0
	Net (debt)/cash (30%)	Cash and cash equivalents plus noncurrent and current interest bearing loans and borrowings as at 31 October 2024.	£(120)m	£(114)m	£(50)m	£(8.5)m	30	12.5
Non-financial	Customer service and quality (20%)	The 12-month NHBC 'recommend your housebuilder' score for 2024.	90%	92%	94%	95%	20	8.3
	Reduction in waste (10%)	Reduction in waste in 2024 compared to 2023[1]. See page 22 for further information on the Group's action to manage and minimise waste. Underpinned by the Sustainability and Social Value foundation	9.80 t/unit	9.33 t/unit	8.86 t/unit	7.10 t/unit	10	4.2
	SHE leadership (-10%)	A downwards adjustment of up to 10% of the bonus achieved should SHE leadership fall below the standard expected by the Group. Underpinned by Safety, Health and Environment foundation				No downwards adjustment applied		
Total bonus							**60**	**25**

1 Unit for waste intensity is tonnes per 100 square metres of legally completed homes

OUR STRATEGIC PRIORITIES

Land Portfolio
Strategic Land and Partnerships
Placemaking and Quality
Operational Efficiency
5 Star Customer Service

Directors' remuneration report continued

2024 bonus payments and deferral

One-third of the annual bonus is delivered in shares (post tax, National Insurance and other statutory deductions) and subject to a holding period of three years (Deferred Shares). The Deferred Shares are subject to withholding and recovery conditions and continue to be subject to the holding period after cessation of employment.

The 2024 bonus payment and share deferral is set out below:

	Bonus total	Bonus paid in cash		Bonus deferred into shares	
	£	£	% bonus	£	% bonus
Bill Floydd	100,000	67,000	67	33,000	33

2022 LTIP targets and outcomes (audited)

The 2022 LTIP award, granted on 28 January 2022, was based on performance over the three years ended 31 October 2024 and would have become exercisable from 28 January 2025 (subject to the Director still being in employment or otherwise having been a good leaver) had the performance targets been achieved. The table below sets out details of the measures, performance targets and actual performance which resulted in 0% of the awards vesting.

Measure	Weighting	Threshold (25%)	Maximum (100%)	Actual performance	% of award achieved
TSR in 2024[1]	40%	Median	Upper quartile	Below median compared with both peer groups	0%
ROCE in 2024[2]	30%	19%	22%	4.1%	0%
EBIT margin in 2024[3]	30%	16%	18%	5.1%	0%
Total	**100%**	**–**	**–**	**–**	**0%**

1 Measured using the companies comprising the FTSE 250 index (excluding investment trusts) as at 1 November 2021 (one-third) and a selection of sector peers (two-thirds). The 2022 peer group comprised Barratt Developments plc, Bellway plc, Countryside Properties plc, Vistry Group plc, Persimmon plc, Redrow plc and Taylor Wimpey plc. Countryside Partnerships was acquired by Vistry Group and delisted on 14 November 2022. Redrow was acquired by Barratt and delisted on 23 August 2024. For the purposes of calculating actual performance, both Countryside Partnerships and Redrow were retained in the peer group with their TSR performance tracked forward by reference to an index derived from their peers from the dates of delisting.

2 ROCE has been calculated using unrounded numbers. ROCE presented in the financial statements and elsewhere in the Annual Report has been calculated using numbers rounded to £0.1m.

3 EBIT margin as defined on page 28.

SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (AUDITED)

2024 LTIP Awards

Awards were granted to Executive Directors under the LTIP for the performance period 1 November 2023 to 31 October 2026. As explained in the Chair's letter, Martyn Clark received a 200% of salary award exceptionally in 2024.

	Award[1]	Type	Date of grant	Number of shares	Face value of award[1] £000	% of salary	% of award receivable at threshold
Martyn Clark	Performance	Nil-cost option	17 June 2024	498,628	1,200	200	25
Bill Floydd	Performance	Nil-cost option	5 February 2024	287,301	600	150	25

1 Face value for Martyn Clark calculated based on 240.66 pence, the average of the closing middle market share price for the 10 dealing days preceding the date of grant. Face value for Bill Floydd calculated based on 208.84 pence, the average of the closing middle market share price for the five dealing days preceding the date of grant.

2024 LTIP Performance conditions	Weighting	Threshold (25%)	Maximum (100%)
TSR in 2026	50%	Median	Upper quartile
ROCE in 2026	35%	10.5%	15%
Reduction in scope 1 and scope 2 carbon emissions	15%	4,260 tCO_2e	3,834 tCO_2e

Clawback and malus applies to all LTIP awards should an event occur within three years of an award vesting or, in the case of an option, when it first becomes exercisable. Repayments may be made through a reduction in future bonus or share awards on vesting, or by direct repayment. Circumstances in which clawback or malus may be applied are set out in full in the 2022 Annual Report that can be found at **crestnicholson.com/results**.

A two-year post-vesting holding period applies to all vested LTIP awards with those shares held by the Company until the end of the period.

DBP

No awards were made under the deferred bonus plan in 2024.

Directors' remuneration report continued

BUY-OUT ARRANGEMENT – MARTYN CLARK CHIEF EXECUTIVE OFFICER (AUDITED)

As set out in the Chair's letter, Martyn Clark joined the Company as Chief Executive Officer on 3 June 2024. As part of his recruitment, the Committee agreed to provide compensation for the remuneration he forfeited from his previous employer as a result of taking up the role of Chief Executive Officer of the Group.

The buy-out awards were structured taking into account the terms and quantum of the remuneration forfeited, and all payments are subject to the relevant applicable Persimmon plc performance conditions.

The awards set out in the table below were forfeited by Martyn Clark and replaced by buy-out awards in the form of shares, cash and options over shares. Shares arising from these awards will be retained towards satisfying the shareholding requirement of 200% of salary.

The deferred bonus awards, payable 50% in cash and 50% in shares, mirror the shareholding requirement that 50% of any share awards must be retained to count towards the shareholding requirement, after the date they would have originally vested.

The Committee has also committed to buy-out Martyn Clark's 2024 Persimmon bonus in relation to the four months of the year he worked in role and subject to the achievement of Persimmon's 2024 bonus performance conditions. This award will be made in cash in March 2025 and has not been included in the table below as the value is currently unknown. Full details will be provided in next year's report.

Buy-out award	Buy-out arrangement	Date of grant	Number of shares/options awarded by Crest Nicholson[1]	Face value of share award[2]	Cash payment (including any dividend equivalent payment)	Amounts included in 2024 Single Figure Table (actual)	Amounts to be included in future Annual Reports (estimated)	End of performance period	Vesting date	Operation
Persimmon plc 2021 LTIP Award	Shares	17 June 2024	13,234	£33,032	£9,261	£42,293	–	N/A	N/A	The number of shares granted reflects the extent to which the applicable Persimmon plc performance conditions were achieved, which was 14.3% of maximum as reported in the 2023 Persimmon plc annual report on remuneration. Persimmon dividend equivalents were paid as cash on the date of grant. No service conditions apply to this award. A two-year holding period applies to these shares.
Persimmon plc 2022 LTIP Award	Option over shares	17 June 2024	138,037	£334,540	–	–	£32,200	31 December 2024	8 March 2025	The shares will vest to the extent the applicable Persimmon plc performance conditions are achieved over the three-year period to 31 December 2024. Persimmon and Crest Nicholson dividend equivalents for the applicable periods will be payable. A two-year holding period applies to vested shares.
Persimmon plc 2023 LTIP Award	Option over shares	17 June 2024	224,909	£561,373	–	–	£541,266	31 December 2025	2 May 2026	The shares will vest on 2 May 2026 to the extent the applicable Persimmon plc performance conditions are achieved over the three-year period to 31 December 2025. Dividend equivalents will be payable. No service conditions apply to this award. A two-year holding period applies to vested shares.
Persimmon plc 2022 Deferred Bonus Plan	Cash and shares	17 June 2024	8,734	£21,800	£26,484	£48,284	–	N/A	N/A	The award, which would have vested in March 2024, was satisfied 50% by a cash payment made to Martyn Clark following commencement of employment and 50% in shares which are not subject to any holding period. Persimmon dividend equivalents were paid as cash on the date of grant.
Persimmon plc 2023 Deferred Bonus Plan	Cash and shares	N/A	To be granted 31 March 2025	–	–	–	£28,522[3]	N/A	N/A	This buy-out award is payable 50% in cash and 50% in shares. Crest Nicholson shares equivalent to 2,348 Persimmon plc shares will be granted on 31 March 2025 (which would have been the original vesting date of the award). The actual number of Crest Nicholson shares granted will be determined based on the average Persimmon and average Crest Nicholson share price over the 10 dealing days prior to 31 March 2025. Dividend equivalents will be payable. The cash payment, equivalent to the value of 2,348 Persimmon plc shares valued over the 10 dealing days prior to 31 March 2025, will be made on or after 31 March 2025, being the original vesting date of the award.
Persimmon plc 2023 Cash Bonus and 2024 Deferred Bonus Plan	Cash and option over shares	17 June 2024	97,544	£234,749	£234,750	£234,750	£234,749	N/A	1 March 2026	The total bonus reflects the extent to which the applicable Persimmon plc performance conditions were achieved, which was 85.2% of maximum, as reported in the 2023 Persimmon plc annual report on remuneration. The cash payment for 50% of the total bonus was made to Martyn Clark following commencement of employment. The shares awarded for the remaining 50% will vest on 1 March 2026 (which would have been the original vesting date of the award). Dividend equivalents will be payable.

1 The number of shares granted has been calculated based on converting the number of Persimmon plc shares which were, or would have been, awarded into Crest Nicholson shares, using the average Persimmon plc share price and average Crest Nicholson share price over the period 3 to 14 June 2024, being the 10 dealing days prior to grant.

2 Face value for the shares granted as options on 17 June was calculated based on the average closing middle market Crest Nicholson share price of 240.66 pence per share over the period 3-14 June 2024. The face value for the shares granted on 17 June is based on the share price at the time of grant (being 249.6 pence per share on 17 June 2024).

3 The total value of the buy-out award relating to Martyn Clark's 2023 Deferred Bonus Plan is an estimate based on the method set out in footnote 1. The actual value of the award will be determined based on the average Persimmon and average Crest Nicholson share price over the 10 dealing days prior to 31 March 2025, being the date the original award would have vested.

Directors' remuneration report continued

DIRECTORS' SHAREHOLDINGS AT THE END OF THE FINANCIAL YEAR (AUDITED)

There have been no changes to Directors' interests between 31 October 2024 and 3 February 2025.

	Shares held, including connected persons, at 31 October 2024	Outstanding share awards[1] at 31 October 2024 with performance conditions	Outstanding share awards[1] at 31 October 2024 without performance conditions	Total share interests at 31 October 2024	Shareholding[2] as a percentage of salary and share price of 169.3 pence at 31 October 2024
Iain Ferguson	150,000	N/A	N/A	150,000	N/A
Martyn Clark	11,621	861,574	108,391	981,586	20.9%
Bill Floydd	–	287,301	10,847	298,148	4.6%
Peter Truscott[3]	491,659	753,133	164,261	1,409,053	139%
Duncan Cooper[4]	69,552	–	–	69,552	30%
David Arnold	15,250	N/A	N/A	15,250	N/A
Lucinda Bell[5]	11,650	N/A	N/A	11,650	N/A
Louise Hardy	–	N/A	N/A	–	N/A
Octavia Morley	5,600	N/A	N/A	5,600	N/A
Maggie Semple	–	N/A	N/A	–	N/A

1 Share awards take the form of nil-cost options other than Sharesave awards which are fixed price options. There are no conditional or restricted share awards. There were no vested but unexercised share awards at 31 October 2024.

2 Shareholding includes shares held by connected persons, outstanding share awards without performance conditions (e.g. Deferred Bonus Plan (DBP) net of tax and Sharesave) and excludes outstanding share awards with performance conditions (e.g. LTIP).

3 Peter Truscott retired and stepped down from the Board and as Chief Executive Officer on 14 June 2024. The table above reflects the position at that date.

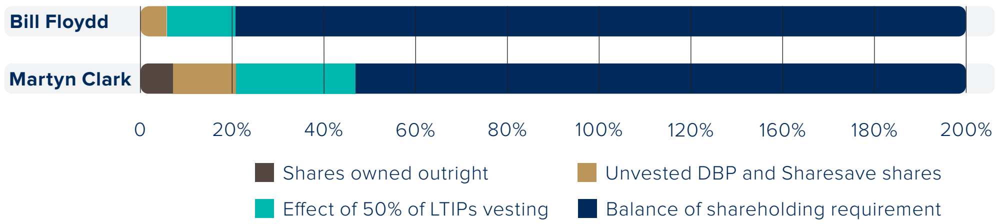
4 Duncan Cooper stepped down from the Board and as Group Finance Director on 13 December 2023. The table above reflects the position at that date.

5 Lucinda Bell stepped down from the Board on 31 December 2023. The table above reflects the position at that date.

DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

Share ownership plays a key role in aligning Executive Directors' interests with the interests of shareholders over the long term. The Policy requires Executive Directors to build up and maintain a significant shareholding of 200% of salary. On cessation of employment, they are required to continue to hold the lower of their shareholding requirement or their shareholding at the date of leaving for a period of two years. Under the Policy, shares owned outright and deferred shares (without performance conditions) count towards the shareholding requirement.

The chart below shows the Executive Directors' shareholdings and share interests. It includes unvested DBP and Sharesave awards and the illustrative effect if 50% of outstanding LTIP awards vested in the future. Unvested DBP and LTIP shares are shown net of tax (i.e. excluding that proportion of those shares expected to be sold on vesting to settle the associated tax liability).



EXECUTIVE DIRECTORS' ALIGNMENT TO SHARE PRICE

The table below contains the value of shares held by the Executive Directors, those awarded under the DBP but not yet released (net of tax) and Sharesave. It illustrates the Executive Directors' alignment to share price movement through their ordinary shareholdings.

	Shares owned outright	Unvested DBP shares (post-tax)	Unvested Sharesave shares	Total shares	Indicative value[1] on 31 October 2024 (£)	Consequence of a +/- £1 share price change (£)
Martyn Clark	11,621	97,544	10,847	120,012	203,180	120,012
Bill Floydd	–	–	10,847	10,847	18,364	10,847

1 Value calculated using the share price of 169.3 pence as at 31 October 2024.

Directors' remuneration report continued

EXECUTIVE DIRECTORS' SCHEME INTERESTS AT THE END OF THE FINANCIAL YEAR (AUDITED)

The LTIP awards have performance criteria attached to them in accordance with the Policy. The DBP and Sharesave (SAYE) awards do not have any performance criteria attached to them.

	Outstanding share options/ awards at 31 October 2023	Date of grant	Granted	Exercised	Lapsed	Outstanding share options/ awards at 31 October 2024	Market price on award £	Exercise price £	Market price at exercise /vesting £	Gain receivable £	Date exercisable or capable of vesting	Expiry date
Martyn Clark												
LTIP												
2024	–	17 June 2024	498,628	–	–	498,628	2.407	Nil	–	–	16 June 2027	17 June 2034
BUY-OUT												
2024	–	17 June 2024	224,909	–	–	224,909	2.407	Nil	–	–	2 May 2026	2 May 2029
2024	–	17 June 2024	138,037	–	–	138,037	2.407	Nil	–	–	8 March 2025	8 March 2028
2024	–	17 June 2024	97,544	–	–	97,544	2.407	Nil	–	–	1 Mar 2026	17 June 2034
SAYE												
2024	–	13 September 2024	10,847	–	–	10,847	2.136	1.710	–	–	1 October 2027	31 March 2028
Bill Floydd												
LTIP												
2024	–	5 February 2024	287,301	–	–	287,301	2.088	Nil	–	–	4 February 2027	5 February 2034
SAYE												
2024	–	13 September 2024	10,847	–	–	10,847	2.136	1.710	–	–	1 October 2027	31 March 2028
Peter Truscott												
LTIP												
2021	297,364	8 February 2021	–	–	297,364	–	3.279	Nil	–	–	8 February 2024	7 February 2031
2022	320,764	28 January 2022	–	–	–	320,764	3.131	Nil	–	–	28 January 2025	27 January 2032
2023	432,369	27 January 2023	–	–	–	432,369	2.439	Nil	–	–	27 January 2026	26 January 2033
DBP												
2022	73,597	28 January 2022	–	–	–	73,597	3.064	Nil	–	–	28 January 2025	27 January 2032
2023	90,664	27 January 2023	–	–	–	90,664	2.439	Nil	–	–	27 January 2026	26 January 2033
Duncan Cooper												
LTIP												
2021	166,981	8 February 2021	–	–	166,981	–	3.279	Nil	–	–	8 February 2024	7 February 2031
2022	180,121	28 January 2022	–	–	180,121	–	3.131	Nil	–	–	28 January 2025	27 January 2032
2023	242,792	27 January 2023	–	–	242,792	–	2.439	Nil	–	–	27 January 2026	26 January 2033
DBP												
2022	41,328	28 January 2022	–	–	41,328	–	3.064	Nil	–	–	28 January 2025	27 January 2032
2023	50,911	27 January 2023	–	–	50,911	–	2.439	Nil	–	–	27 January 2026	26 January 2033

Directors' remuneration report continued

LOSS OF OFFICE PAYMENTS (AUDITED)

Peter Truscott retired from the Board on 14 June 2024 and will not receive any compensation for loss of office. His remuneration arrangements have been treated in line with the shareholder approved Policy and the rules of the annual bonus and executive share schemes. The Committee determined that Peter Truscott would not receive a bonus. In accordance with his nine-month notice period, Peter Truscott remained an employee of the Group until 21 October 2024, continuing to receive his salary and normal benefits during this period, totalling £245,192 as salary, £14,712 as pension and £40,480 as benefits.

Peter Truscott's outstanding award under the LTIP made in 2023 will be pro-rated to the leaving date and will be eligible to vest at the normal time based on the achievement of the performance conditions. A two-year post-vesting holding period will continue to apply in accordance with the condition of the awards. His DBP options in respect of the annual bonuses for the financial years ended 31 October 2022 and 31 October 2023 will vest at the normal time in accordance with the relevant rules together with any dividend equivalent payments.

His two-year post-employment shareholding requirement, which requires him to hold 491,659 shares in Crest Nicholson Holdings plc, commenced on 14 June 2024.

Duncan Cooper's leaving arrangements were set out in the 2023 Remuneration Report. No payments were made to him during the year, other than as disclosed in the remuneration payable to Executive Directors table on page 80.

PAYMENTS TO PAST DIRECTORS (AUDITED)

Other than in respect of Peter Truscott and Duncan Cooper disclosed above under Loss of Office Payments, there were no payments to past Directors made during the year.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Executive Directors have contracts of employment providing for a maximum of nine months' notice from either party. Non-Executive Directors have letters of appointment for an initial three-year term and generally serve two to three terms. The required notice is three months from either party.

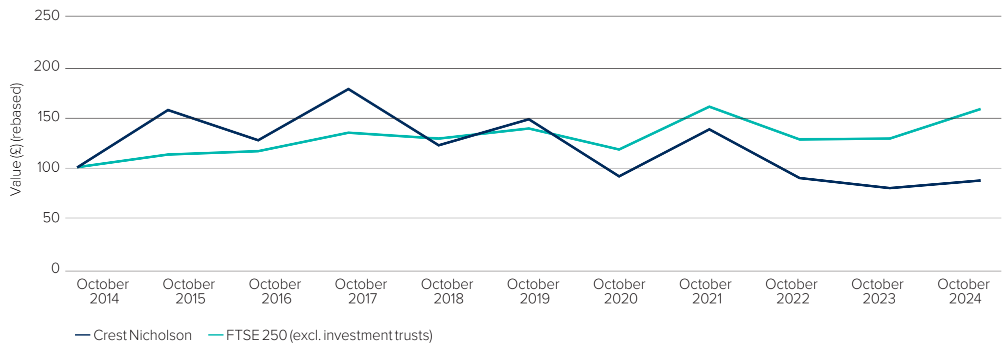
	Initial date of appointment	Notice period	Unexpired term remaining 31 October 2024
Martyn Clark	3 June 2024	Nine months	Terminable on nine months' notice
Bill Floydd	13 November 2023	Nine months	Terminable on nine months' notice
Iain Ferguson	16 September 2019	Three months	Terminable on three months' notice
David Arnold	1 September 2021	Three months	Terminable on three months' notice
Louise Hardy	24 January 2018	Three months	Terminable on three months' notice
Octavia Morley	1 May 2017	Three months	Terminable on three months' notice
Maggie Semple	1 January 2024	Three months	Terminable on three months' notice

The Group has the right to terminate the contracts of Executive Directors by making a payment in lieu of notice. Any such payment will typically reflect the individual's salary, benefits in kind and pension entitlements. Further information is found on page 109 of the Remuneration Policy set out in the 2022 Annual Report.

PERFORMANCE GRAPH AND TABLE

The graph below illustrates the Group's total shareholder return performance relative to the constituents of the FTSE 250 Index (excluding investment trusts) from 31 October 2014. As a member of the FTSE 250, the Committee considers this to be an appropriate comparator.

Total shareholder return



Source: Datastream (Refinitiv)

Directors' remuneration report continued

HISTORICAL CHIEF EXECUTIVE OFFICER REMUNERATION

The table below sets out total Chief Executive Officer remuneration for 2024 and prior years, together with the percentage of maximum annual bonus outcome and the percentage of maximum LTIP vested in that year.

£000	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Chief Executive Officer total remuneration	4,127	2,345	2,150	714[1]	1,495[2]	739	1,422	1,768	769	**1,082[3]**
Annual bonus % of maximum	82	82	84	0	3.5	0	84	80	0	**0**
Long-term incentive plan award % of maximum	100	100	100	25	0	0	0	54	0	**0**

1 Based pro rata, on salaries and total remuneration of Stephen Stone to 21 March 2018 and Patrick Bergin from 22 March 2018 to 31 October 2018.

2 Based pro rata, on salaries and total remuneration of Patrick Bergin to 26 March 2019, Chris Tinker from 26 March 2019 to 8 September 2019 and Peter Truscott from 9 September 2019. It includes the cost of buy-out arrangements for Peter Truscott.

3 Based pro rata, on salaries and total remuneration of Peter Truscott to 14 June 2024 and Martyn Clark from 3 June 2024. It includes the cost of buy-out arrangements for Martyn Clark.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows how employee remuneration costs compare with distributions made to shareholders in 2023 and 2024.

This includes data for all employees, including those who were promoted, had salary changes, were new starters or received incentive-based remuneration, as well as pay in respect of individuals who left during the year but had some service. Distributions to shareholders for 2023 and 2024 are made up of cash paid to shareholders in each respective year.

The decrease in total spend on pay is reflective of generally static pay levels during the year, and weaker financial performance in 2023 which impacted bonus levels and LTIP outcomes. The level of distributions to shareholders reflects the reduced dividend payment in comparison with 2023.

The measures shown below are those specified by the applicable disclosure requirements and total spend on pay reflects actual expenditure in the year.

Total spend on pay[1]

Distributions to shareholders by way of dividend

1 Total spend on pay is calculated using cash amounts paid to employees in the respective financial year. This is different to the disclosure in note 6 of the financial statements that uses accrued amounts which will be paid in future periods.

Directors' remuneration report continued

Our approach to fair pay

This section sets out how we monitor that the remuneration framework is transparent and fair across the wider workforce and covers pay and alignment across the business, pay comparisons (Chief Executive Officer pay ratios, percentage change in remuneration) and gender pay gap reporting.

The Committee reviews the remuneration framework applicable to all employees annually, ensuring that the Policy framework applies in a similar way across the Group in terms of types of benefits and variable pay relative to role grades and disciplines. This ensures alignment across the Group and encourages shared goals and objectives.

When making remuneration decisions for Executive Directors, the Committee considers the wider economic environment and conditions within the Group. In particular, the Committee is sensitive to pay and employment conditions across the employee workforce and carefully considers the broader employee salary increase budget when making reward decisions for Directors.

OUR FAIR PAY OBJECTIVES

1 Become an employer of choice for all in construction and housebuilding

2 Foster a culture of work-life balance that respects responsibilities outside of work

3 Remove any barriers to career progression for all employees

4 Continue to ensure salaries and bonuses are inclusive regardless of role

CASCADE OF REMUNERATION ACROSS THE GROUP

The table below summarises the information the Committee received as part of its annual review process and shows how remuneration compares across the Group in a transparent and fair way.

Base salary	Base salary is set with reference to the specific nature of the role and responsibility, individual experience and performance, relative to other Group employees and market practice among other UK housebuilders. This is normally reviewed and increased with reference to cost of living, inflation, role benchmarking and Group performance. All employees are paid at or above the voluntary Real Living Wage. **Matters considered during the year** After consideration of Group performance and wider economic factors such as inflation and role benchmarking, the average annual salary increase across the Group for 2025 was 2%. The Group's HR team regularly reviews base pay across the Group and compares this with market analysis and will continue to do so in 2025.
Benefits	The Group's benefit programme applies to all employees in a similar way including access to healthcare coverage and life assurance. Certain benefits have a service requirement or have enhanced cover for management roles and above. Employees have access to a real-time total reward statement via our MyReward platform which also allows them to access and manage their benefits. **Matters considered during the year** The Committee considered the Group's benefits programme, noting that it continued to be in alignment across the Group.
Pension	All employees are initially auto-enrolled into the Group pension plan with a 6% employer contribution or have the ability to opt in. Employees can opt to increase or decrease their contribution amounts. The maximum employer contribution is 10% depending on employee contribution level and service. The majority of employees receive an employer contribution of 6%. More than 94% of our employees are members of the Group pension plan. **Matters considered during the year** The Committee reviewed the Group's pension contribution framework and no changes were recommended.
Annual bonus	All employees are eligible for participation in a relevant bonus scheme. **Matters considered during the year** Where performance targets have been met, payments under employee schemes will be made. These are consistent with the performance of the Executive Directors' scheme.
Share schemes	All employees are invited to participate in the annual Sharesave scheme. A proportion of management and senior management participate in the LTIP by annual invitation. **Matters considered during the year** Performance against the targets for the 2022 LTIP were assessed and were not met. The Committee approved the launch of the 2024 Sharesave scheme to all employees which had 24% participation this year. The Committee approved in principle the introduction of a Share Incentive Plan for 2025, subject to shareholder approval at the 2025 AGM.

Directors' remuneration report continued

EMPLOYEE ENGAGEMENT

At the Employee Voice Forum meetings, Louise Hardy, Non-Executive Director responsible for employee engagement, discussed remuneration matters. In 2025, as part of the Policy review, forum members will discuss remuneration matters in more detail.

On the monthly briefing calls hosted by the Chief Executive Officer and Chief Financial Officer, employees were also encouraged to participate by asking questions (anonymously in advance or in person), and remuneration concerns were regularly addressed. Of those eligible, 24% of employees joined the 2025 Sharesave scheme and employee participation across all the Sharesave schemes remained high at 48%. The Committee considers Sharesave to be a valuable mechanism that provides employees with a path to share ownership. The Committee will continue to review employee pay structures and levels during 2025.

CHIEF EXECUTIVE OFFICER TO EMPLOYEES PAY RATIO FOR 2024

The table below reports the pay ratio for 2024 and has been calculated using the method known as Option B. Option B is considered to provide an appropriate and representative calculation based on the information available at this time. Previous years are shown below for comparison and will continue to build to show a rolling 10-year period.

Year	Method		25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
31 October 2020	Option A	**Ratio**	25:1	17:1	11:1
31 October 2021	Option A	**Ratio**	46:1	32:1	21:1
31 October 2022	Option A	**Ratio**	55:1	37:1	25:1
31 October 2023	Option B	**Ratio**	16:1	12:1	10:1
31 October 2024	Option B	**Ratio**	31:1	16:1	13:1
		Employees' total pay	£34,548	£68,991	£80,829
		Employees' salary	£31,570	£51,660	£68,000

To calculate Option B, the latest available gender pay gap data (April 2024) was used to identify three Group employees whose hourly rates of pay were at the 25th, 50th and 75th percentiles of all Group employees. The total remuneration for the three employees at each percentile was calculated as at 31 October 2024 on the same basis as the Chief Executive Officer single total figure of remuneration. The remuneration of employees above and below the selected employees was also reviewed to ensure that they were the best equivalents for each percentile.

Employee pay includes such items as overtime, commission, bonus[1] and any long-term incentives. Benefits include company car or car allowance, private medical insurance and employer pension contributions. Other than any bonus elements, all other payments are included on a cash basis. The bonus elements are for the bonus earned during 2024.

The Policy is designed taking into account the remuneration arrangements, policies and practices throughout the Group and when reviewing the implementation of the Policy, the Committee ensures outcomes throughout the Group are fair and appropriate. On this basis, the Committee considers the median pay ratio is consistent with the Group's wider policies on employee pay, reward and progression.

The total remuneration for the selected employees has been compared against the combined total remuneration of Peter Truscott to 14 June 2024 and Martyn Clark from 3 June 2024. The inclusion of the cost of buy-out arrangements for Martyn Clark has resulted in an increase of the ratio relative to last year, where the Chief Executive Officer did not receive any variable pay.

1 An element of employee bonus schemes is based on customer satisfaction scores on 31 January each year which falls after publication of this report. The figures for the selected employees are calculated using the customer satisfaction score on 31 December in the respective year.

Directors' remuneration report continued

PERCENTAGE CHANGE IN DIRECTORS' REMUNERATION

The table below sets out the percentage change between 2019 and 2024 for salary, benefits and annual bonus of Directors compared with a selected cohort of employees. The parent company, Crest Nicholson Holdings plc, does not have any direct employees. However, disclosure is made on a voluntary basis of the comparison of the pay decisions taken by the Committee for Directors against the experience of the wider workforce using a comparator group of employees.

To provide the best like-for-like comparison, this group of employees have similar employment terms to the Executive Directors and have not joined or left employment during the latest comparison period. The average increase in salary of 5.8% for the cohort of employees during 2024 is due to role changes, promotions and market rate adjustments during the year. The average increases for benefits and bonus are affected by these salary and role changes.

	% change in basic salary/fees					% change in benefits					% change in bonus[8]				
	2023 to 2024	2022 to 2023	2021 to 2022	2020 to 2021	2019 to 2020	2023 to 2024	2022 to 2023	2021 to 2022	2020 to 2021	2019 to 2020	2023 to 2024	2022 to 2023	2021 to 2022	2020 to 2021	2019 to 2020
Martyn Clark[1]	-1.4%	4.7%	2.5%	0.0%	35.2%	10.5%	3.6%	1.7%	-0.3%	-6.1%	0.0%	-100.0%	-1.9%	100.0%	-100.0%
Bill Floydd[2]	2.1%	4.7%	–	–	–	5.7%	1.2%	0.4%	4.6%	18.4%	100.0%	-100.0%	-1.9%	100.0%	-100.0%
Iain Ferguson[3]	0.5%	3.0%	2.5%	0.0%	-26.4%	–	–	–	–	–	–	–	–	–	–
David Arnold[4]	0.5%	3.0%	2.5%	0.0%	–	–	–	–	–	–	–	–	–	–	–
Octavia Morley[5]	0.5%	3.0%	2.5%	5.5%	8.3%	–	–	–	–	–	–	–	–	–	–
Louise Hardy[6]	0.5%	3.0%	2.5%	9.7%	0.0%	–	–	–	–	–	–	–	–	–	–
Maggie Semple[7]	0.5%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Average cohort employees	5.8%	7.1%	9.4%	7.1%	2.8%	14.2%	5.2%	16.5%	11.2%	13.8%	233.9%	-79.3%	4.7%	244.0%	-35.0%

1 The figures used for 2019 are the blended salaries for Patrick Bergin, Chris Tinker (who acted as Interim Chief Executive Officer) and Peter Truscott, in respect of their time serving as Chief Executive. They do not include buy-out awards in respect of Peter Truscott. 2024 remuneration is the blended remuneration of Peter Truscott and Martyn Clark and do not include buy-out awards in respect of Martyn Clark.

2 For comparison, the figure for 2023 and prior years relate to the remuneration of Duncan Cooper, former Group Finance Director. For 2024 we have used annualised amounts in respect of Bill Floydd.

3 The figure used for 2019 is the salary for Stephen Stone who was Chairman during this period.

4 The figure used for 2020 is the fee for Sharon Flood who served in the same role during this period.

5 The 2021 increase for Octavia Morley reflected her extra responsibilities as Senior Independent Director.

6 The 2021 increase for Louise Hardy reflected her extra responsibilities as Non-Executive Director responsible for employee engagement.

7 For comparison, the figure used for 2023 is the fee for Lucinda Bell who served in the same role during this period. For 2024 we have used annualised amounts in respect of Maggie Semple.

8 An element of employee bonus schemes is based on customer satisfaction scores on 31 January each year which falls after publication of this report. These figures for the cohort group are calculated using the customer satisfaction score on 31 December in the respective year.

GENDER PAY GAP REPORTING

During 2023, the mean hourly pay gap remained at 20% (2022: 20%) and the median hourly pay gap increased to 20% (2022: 13%). The workforce is majority male with men generally still holding the more senior roles, however, there has been a slight increase to the number of women in the upper quartile to 26% in 2023 (2022: 25%).

Women account for 38% of the workforce (compared with 39% in 2022) and work is under way to increase diversity and gender balance within all roles and at all levels. More details can be found on pages 26-27. The Committee continues to take into account gender pay gap when making pay decisions and works in conjunction with the Nomination Committee to improve the diversity of employees.

Directors' remuneration report continued

ADVISORS TO THE COMMITTEE

The Chief Executive Officer and Group HR Director provide input to the Committee on matters concerning remuneration and the Group Company Secretary acts as Secretary to the Committee.

The Committee received external remuneration advice in the year from Korn Ferry (total fees £74,166). Korn Ferry was appointed by the Committee following a competitive selection process in 2018. Korn Ferry is a founder member of the Remuneration Consultants' Group, which operates a code of conduct. Fees paid to external remuneration advisors are typically charged on an hourly basis with costs for work agreed in advance where possible. During the year, Korn Ferry provided professional search services to the Company. These services were carried out by a division separate to the remuneration advisory team.

The Committee manages conflicts of interest by ensuring the relevant member of management or the Committee is not present when their own remuneration is determined or discussed. Taking into account their work in the year and their relationship with the Company, the Committee is satisfied that the advice received by Korn Ferry in relation to executive remuneration matters was objective and independent.

STATEMENT OF VOTING AT ANNUAL GENERAL MEETING

The tables below set out the votes received for the 2023 Directors' Remuneration Report at the 2024 AGM and the Directors' Remuneration Policy at the 2023 AGM.

Directors' remuneration report (2024 AGM)[1]		
Shares voted in favour	172,275,257	98.25%
Shares voted against	3,067,217	1.75%

Directors' remuneration policy (2023 AGM)[2]		
Shares voted in favour	185,680,904	97.28%
Shares voted against	5,199,216	2.72%

1 Votes withheld 21,045 (0.01% of share capital).
2 Votes withheld 21,988 (0.01% of share capital).

The Committee welcomes feedback and encourages shareholders to contact the Remuneration Committee Chair via the Group Company Secretary (see page 161) to provide their views and feedback.

APPROVAL

This Directors' Remuneration Report was approved by the Board of Directors on 3 February 2025 and signed on its behalf by

Octavia Morley
Remuneration Committee Chair

Directors' report

The Directors present their report for the year ended 31 October 2024.

The Strategic Report on pages 1-50 of this Annual Report and Accounts, together with the Corporate Governance Report, the reports of the Board Committees and the Directors' Remuneration Report on pages 51-91 of this Annual Report and Accounts, include information that would otherwise need to be included in this Directors' Report.

DISCLOSURES BY REFERENCE

Items required to be included in this report under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, The Companies Act 2006, Disclosure and Transparency Rule 7.2, and Listing Rule 9.8.4R, which are not located in the Directors' Report, are located as follows.

Content	Page(s)
Business model	9-10
Directors' interests	84
Directors' remuneration report	74-91
Dividend	31
Employment of persons with a disability	27
Energy consumption and efficiency action	21 and 47
Financial risk management	142-144
Future developments	1-50
Greenhouse gas emissions	47
Key Performance Indicators	28-29
Listening and responding to employees	59
Our people	26-27
Principal risks	32-39
Stakeholder engagement	15-18
Viability statement	50

ARTICLES OF ASSOCIATION

The Articles of Association regulate the internal affairs of the Company and are available on the Company's website.

Amendment to the Articles of Association may be made in accordance with the provisions of the Companies Act 2006 by special resolution of the shareholders.

POWERS OF DIRECTORS

Directors' powers are conferred on them by UK legislation and by the Articles of Association.

Authority was given to the Directors at the AGM in March 2024 to allot shares, disapply statutory pre-emption rights and make market purchases of its own shares up to a maximum aggregate number of 25,692,053 (equivalent to 10% of the Company's issued shares).

DIRECTORS

The following were Directors of the Company during the year: Iain Ferguson CBE, Peter Truscott (to 14 June 2024), Martyn Clark (from 3 June 2023), Duncan Cooper (to 13 December 2023), Bill Floydd (from 13 November 2023), Octavia Morley, David Arnold, Lucinda Bell (to 31 December 2023), Louise Hardy and Maggie Semple OBE (from 1 January 2024).

The biographical details of the current Directors are set out on pages 54-55 of this report. The service contracts of the Executive Directors and letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office.

Data on the diversity of the individuals on the Board and Executive Committee as required by Listing Rule 9.8.6R(10) is set out opposite, as at 31 October 2024. Data is collected through self-disclosure from the individuals concerned.

GENDER IDENTITY OR SEX

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	% of executive management
Men	4	57%	3	35	58%
Women	3	43%	1	25	42%
Not specified/ prefer not to say	–	–	–	–	–

ETHNIC BACKGROUND

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	% of executive management
White British or other White (including minority groups)	6	86%	4	57	95%
Mixed/Multiple ethnic groups	–	–	–	1	2%
Asian/Asian British	–	–	–	2	3%
Black/African/ Caribbean/Black British	1	14%	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

ELECTION AND RE-ELECTION OF DIRECTORS

The Board may appoint any person to be a Director (so long as the total number of Directors does not exceed the limit prescribed in the Company's Articles). Any such Director shall hold office until the next AGM and shall then be eligible for election. All current Directors will submit themselves for election or re-election at the 2025 AGM. The Board confirms that it has the appropriate balance of skills, experience, independence and knowledge, and shareholders should support the re-election of the Directors. See page 64 for further details.

DIRECTORS' INDEMNIFICATION

The Company has granted qualifying third-party indemnities to the extent permitted by law to the Directors and to the Directors of Crest Nicholson Pension Trustee Limited, which acts as trustee to the Group's defined benefit pension scheme.

The Company also maintains Directors' and Officers' liability insurance.

Directors' report continued

SHARE CAPITAL

As at 31 October 2024, there were 256,920,539 ordinary shares of 5 pence in issue. No ordinary shares were issued during the financial year.

GOING CONCERN

The Directors have concluded that it continues to be appropriate to prepare the consolidated and company financial statements on a going concern basis. In a severe but plausible downside scenario there is a material uncertainty, in particular with respect to the ability to achieve a covenant amendment which may be required, which may cast significant doubt on the Group's and Company's ability to continue as a going concern. See note 1 of the consolidated financial statements and note 1 of the Company financial statements for further information.

RIGHTS AND RESTRICTIONS ATTACHED TO SHARES AND RESTRICTIONS ON TRANSFERS

Subject to the provisions of relevant statutes, and without prejudice to any rights attached to any existing share or class of shares:

- Any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine
- In any general meeting, on a show of hands, every member who is present in person shall have one vote, and on a poll every member present in person or by proxy shall have one vote for every share of which they are the holder
- There are no specific restrictions on transfer of shares, other than where these are imposed by law or regulations

There are no current restrictions on voting rights and the Company is not aware of any arrangements between shareholders that may result in restrictions on the transfer of securities or voting rights.

AGM

The AGM will be held on 26 March 2025. Details and arrangements for the meeting, together with the resolutions to be proposed and explanatory notes, are set out in the Notice of Annual General Meeting which is sent to shareholders and is available at **crestnicholson.com/shareholders**

EMPLOYEE SHARE OWNERSHIP TRUST

As at 31 October 2024, the Group's Employee Share Ownership Trust (ESOT) held 580,164 ordinary shares for the purposes of satisfying awards under the Company's share and incentive plans. The ESOT has waived rights to receive a dividend now and in the future.

ANTI-BRIBERY AND CORRUPTION

The Group operates an anti-bribery and corruption policy and all employees must complete mandatory online training annually.

The Group operates a Speaking Up policy whereby employees and supply chain partners can report concerns via an independent, free and confidential helpline. The policy details the appropriate lines of communication, and an escalation procedure enables any reports to be dealt with effectively and efficiently. See page 73 for further details.

SIGNIFICANT CONTRACTS

The Group does not have any contracts that are considered alone to be essential to the business of the Group. The Group does, on occasion, make significant purchases of goods and services from a sole supplier where this is deemed necessary for efficiency, practicality or value. However, it does so only after a tender or appropriate selection process and in the context of the level of risk such sole supply might bring.

POLITICAL DONATIONS

The Group made no political donations during the year (2023: nil).

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

BRANCHES

The Group has no branches outside the United Kingdom.

CHANGE OF CONTROL

The Group has in place several agreements with its lending banks, private placement note holders, joint venture partners, government authorities (such as Homes England), private investors and customers, which contain certain termination rights that would have an effect in the event of a change of control. The Directors believe these agreements to be commercially sensitive and consider that their disclosure would be seriously prejudicial to the Group.

The Group's share schemes contain provisions that, in the event of a change of control, would result in outstanding options and awards becoming exercisable.

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

SUBSTANTIAL SHAREHOLDINGS

Set out below are the percentage interests in ordinary share capital of the Company, disclosable under the Disclosure Guidance and Transparency Rules, that were notified to the Company as at 31 October 2024 and 3 February 2025.

Shareholder	31 October 2024 % of voting rights held	3 February 2025 % of voting rights held
Shanlis Investment Unlimited	6.03	6.03
FIL Limited	5.66	11.01
Boldhaven Management LLP	4.36	4.36
Janus Henderson Group plc	5.01	5.01
Aberforth Partners LLP	5.08	5.08
Norges Bank	2.89	2.89

APPROVAL

The Directors' Report was approved by the Board of Directors on 3 February 2025 and signed on its behalf.

Penny Thomas
Group Company Secretary

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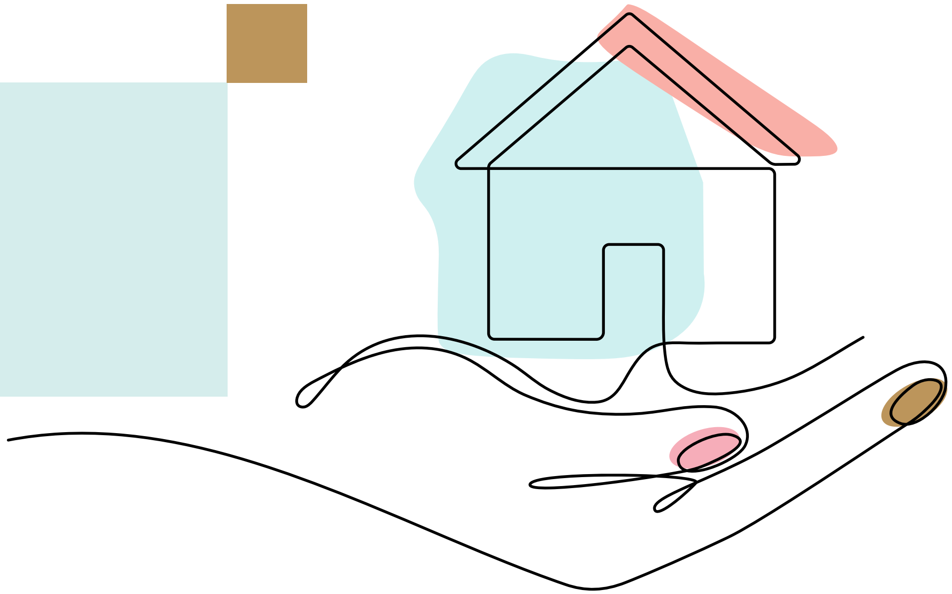
Financial statements



Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- State whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements
- Make judgements and accounting estimates that are reasonable and prudent, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 54-55 confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- The Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company, and
- The Strategic 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 it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware, and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

On behalf of the Board

Martyn Clark
Chief Executive Officer
3 February 2025

Independent auditors' report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- Crest Nicholson Holdings plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 October 2024 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2024 (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 October 2024; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5 of the consolidated financial statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 of the consolidated financial statements and note 1 of the Company financial statements concerning the Group's and the Company's ability to continue as a going concern.

The Company relies on the overall performance of the Group to fulfil its liabilities and obligations in the foreseeable future. The Group has prepared rolling forecasts covering the period until 30 April 2026. In a severe but plausible downside scenario the Group is forecast to breach its interest cover covenant during the going concern period, with the first measurement date in April 2025. If this covenant breach were to occur, it would constitute an event of default under the terms of the revolving credit facility agreement and senior loan notes. The Group is confident that amendments to its covenants would be secured if necessary, however, this is not guaranteed and therefore this represents a material uncertainty related to going concern.

These conditions, along with the other matters explained in those notes to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the base case scenario for the Group and Company going concern assessment, including the directors' assumptions over open market sales volumes and sales prices. We also considered the ability of the Group to make further land sales, as well as the gross profit margins which could be achieved across all revenue streams.
- Assessing the appropriateness of the level of potential build cost increases forecast in the context of recent financial performance, including the level of completed site costs and net realisable value ("NRV") charges.
- Verifying the source data and calculations used by the directors to determine the assumptions used in the severe but plausible downside scenario, in particular over the sales per outlet week ("SPOW") rate, sales price reductions and level of additional build cost increases.
- Validating the accuracy of management's modelling and the calculations of the covenant outcomes across the going concern period, including confirming the forecast breaches over the going concern period.

Independent auditors' report continued

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in note 1 of the consolidated financial statements and note 1 of the Company financial statements, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting, or in respect of the directors' identification in the financial statements of any other material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

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

Our audit approach

Context

Crest Nicholson Holdings plc is a residential housebuilder listed on the London Stock Exchange. The Group is wholly UK based. The Group is susceptible to external macroeconomic factors such as government regulation, mortgage availability and changes in the wider housing sector such as customer demand, supply chain availability and build cost inflation. This is particularly relevant for our work in the areas of margin forecasting and recognition and valuation of inventory. During the year ended 31 October 2024, the Group's revenues and profits have decreased from the prior year, reflecting a lower level of home completions and reduction in profit margins. The Group has also recorded an additional net exceptional charge in relation to the combustible materials provision and completed site costs. Our audit procedures, as set out below in the related key audit matters, focused on the appropriateness of the significant accounting estimates made by management.

Overview

Audit scope

- We conducted an audit of the complete financial information of five of the Group's revenue-generating housebuilding divisions, which form the majority of the Group. Specific balances and financial statement line items were audited within additional reporting units based on their size. Revenue, the carrying value of inventory, pensions, completed site costs and the combustible materials provision, amongst other items, were tested at the Group level.

Key audit matters

- Material uncertainty related to going concern (Group and Company)
- Accounting for completed site costs (Group)
- Margin forecasting and recognition (Group)
- Valuation of the combustible materials provision (Group)
- Valuation of intercompany receivables (Company)

Materiality

- Overall Group materiality: £3,400,000 (2023: £4,800,000) based on approximately 5% of a 3-year average of the Group's profit before tax and exceptional items (2023: a 3-year average of the Group's profit before tax and exceptional items).
- Overall Company materiality: £1,640,000 (2023: £1,800,000) based on approximately 1% of total assets.
- Performance materiality: £1,700,000 (2023: £3,600,000) (Group) and £820,000 (2023: £1,350,000) (Company).

Independent auditors' report continued

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

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

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Material uncertainty related to going concern and accounting for completed site costs are new key audit matters this year. Valuation of inventory, which was a key audit matter last year, is no longer included because of the greater level of audit effort focusing on the new key audit matters given developments during the year, and the inherent connection of this accounting estimate to the existing key audit matter for margin forecasting and recognition. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	***How our audit addressed the key audit matter***
Accounting for completed site costs (Group) Refer to Note 1 (Accounting Policies), Note 4 (Exceptional items) and Note 22 (Provisions) of the Consolidated financial statements and the Key accounting judgements section of the Governance report. The Group has held expected amounts on the consolidated statement of financial position for completed sites for a number of years, as this is normal practice within the industry where further costs are required on sites where there are no further revenues to be recognised. This is due to the time gap between incurring costs in cash terms and the completion of sites. These costs typically include items such as S106 matters (planning obligations or contributions agreed with planning authorities) and snagging works. During 2024 the Group announced it had identified certain defects on complex legacy developments which predominantly were started prior to 2019 and part of an older strategy which the Group no longer follows. This resulted in an additional charge and an increase in the completed site liability recognised as at 31 October 2024. The majority of the charge has been recognised as exceptional where these sites meet the above classification of not being part of the current strategy. Classification of these charges as exceptional was a change in accounting policy which management has applied retrospectively and represented corresponding figures as a result. Charges on sites not of this nature have been recorded as pre-exceptional. Management has also presented some of these balances as provisions based on their nature and certainty over the amount required to complete the works, and represented the consolidated financial statements for this change given previously all balances were presented as accruals. The valuation and presentation and disclosure of the accruals/provisions recognised is a key audit matter given the judgements management has to make in determining the amount to provide which meant we have treated this as a significant risk.	*Our audit procedures included:* ■ Obtaining and reviewing balance sheet reconciliations to ensure the accuracy of the calculations; ■ Testing of expenditure related to the completed site costs on a site basis during the year; ■ Challenging audit evidence to support the year end balance recorded. In most cases third party evidence such as contracts or subcontractor quotes was obtained to support the valuation. In cases where internal evidence only was available this was benchmarked to costs incurred elsewhere in the Group or other comparative forms of evidence available. Samples were targeted before performing non-statistical sampling at a high level of assurance; ■ Evaluating the nature of the site to determine if management's classification as exceptional was appropriate, this included both the current year charge and the represented prior year charge; and ■ Assessing the appropriateness of the balance sheet presentation of these amounts as accruals or provisions based on their nature, and the determination of the current and non-current split, including over the represented amounts. We raised certain audit adjustments where appropriate, which management corrected.

Independent auditors' report continued

Key audit matter	***How our audit addressed the key audit matter***
Margin forecasting and recognition (Group) Refer to Note 1 (Accounting policies) of the Consolidated financial statements and the Key accounting judgements section of the Governance report. The Group's margins are recognised on a plot by plot basis by reference to the margin forecast across the related development site. The margin per site reflects the best estimates of sales prices and costs at that time. There is a risk that the margin forecast for the site, and consequently the margin recognised on each unit sale, is incorrect and not reflective of management's current best estimate of the future final margin that will be recognised on a development. As a result, profit margins could be manipulated or subject to error through the high level of management estimation involved in ensuring the accuracy and completeness of an individual site forecast, and the monitoring of these estimates over time. Sales prices and build costs are inherently more uncertain as they are influenced by changes in external market factors, such as government regulations, the availability and affordability of mortgages, changes in customer demand due to market uncertainty or build cost inflation. There is higher uncertainty when a development is scheduled to be completed over a long timeframe. Whilst management has put in place business performance review controls to monitor these processes, we do not rely on these for our audit. In view of the high inherent estimation uncertainty and the potential for manipulation of margin forecasts, we consider the accuracy and completeness of margin forecasting and recognition across the life of the site to be a significant risk for the audit.	*Our audit procedures included:* ■ Performing risk-based enquiries with management to determine our sample selection of the Group's sites, upon which we tested the site margins. This included validating costs to complete, forecast revenues and the approach to equalisation of the margin where sites were being developed across multiple phases. Sample selection was focused on sites with high or low margins, or those where large movements have arisen during the year; ■ Confirming, through sampling of additions to inventory, that costs were being allocated to appropriate developments and therefore impacting the correct site margin; ■ Assessing management's overall historical accuracy of forecasting by analysing the changes to margins in the year and adjustments made to margins through cost of sales. We also assessed how margins had moved across divisions to consider whether there were any systemic trends that could indicate manipulation of forecasts; ■ Evaluating, by testing the automated control in management's ERP (COINS), that the system correctly calculates the margin upon revenue recognition; ■ Testing any material manual adjustments to margins to ensure these were appropriate by agreeing these costs/income to third party support. This included the recognition of net realisable value ("NRV") charges, and costs associated with completed sites; and ■ Evaluating cost and margin movements post-year end to understand the impact on the margins recognised in the current year. We proposed certain audit adjustments, some of which management corrected and the remaining uncorrected items were quantitatively immaterial.

Independent auditors' report continued

Key audit matter	*How our audit addressed the key audit matter*
Valuation of the combustible materials provision (Group) Refer to Note 1 (Accounting policies), Note 4 (Exceptional items) and Note 22 (Provisions) of the Consolidated financial statements and the Key accounting judgements section of the Governance report. Since 2019 the Group has held a provision in relation to combustible materials to comply with the Fire Safety Order. In March 2023, the Group signed the Developer Remediation Contract (the "Contract") which formalised the commitments made in the signing of the Building Safety Pledge in the prior year. Management's provision was previously estimated based on where building surveys identified external remediation work, or where other known issues had arisen. Unsurveyed buildings were generally identified as contingent liabilities on the basis that reliable information was not yet available, principally because a low level of buildings had been surveyed so it was not appropriate to extrapolate this data, to determine if outflows were probable and hence any provision was required. During 2024, management has significantly increased the numbers of buildings surveyed and hence has a greater level of experience in the costs required to remediate buildings in the portfolio, and therefore more reliable information. As a result it has increased the provision to reflect changes in cost estimates and scope of works, finalisation of scope on other buildings and the calculation of a provision for the remaining unsurveyed buildings in the portfolio. These increases are marginally offset by the impact of discounting and expenditure during the year. The provision is material, inherently judgemental and an area of significant estimation uncertainty. The provision is identified as a critical accounting estimate as it requires a number of judgements over key assumptions in its calculation principally around the estimated cost of work required on the building. Given the related estimation uncertainty, we identified the valuation of the combustible materials provision as a significant risk for the audit.	*Our audit procedures included:* ■ Inquiring with senior management to understand changes in the provision in the year and evaluating that the approach taken continues to align with accounting standards; ■ Reperforming management's completeness assessments, and performing other validation procedures, to ensure the assessment of buildings in scope remains up to date. We understood the rationale for any changes and management's assessment that there were no material prior period errors; ■ Recalculating and checking the integrity of management's manual model to confirm its accuracy; ■ Challenging the valuation of the provision recognised at the year end. We stratified the population into different risk categories' and our levels of testing reflected our risk assessment. For sites where the Building Safety Fund (BSF) made full or partial awards to the BSF applicants and the Group is not performing, but is paying for the remediation work, we agreed the amounts provided to correspondence from the BSF to the Group. For the remaining sites, where the scope of work was assessed by the Group, our testing focussed on agreeing the scope of works to external fire assessment reports and costs to third party tenders. On sites where the scope of work is yet to be determined, we tested management's assumptions in relation to the scope and estimates of the work required by agreeing the scope to draft fire assessment reports and comparing these costs to those of other similar sites. In the absence of this information, we agreed the amounts provided to the initial BSF awards as that is the best available evidence for the estimated cost of remediation on those sites; ■ Testing the inputs into the calculation used by management to estimate the required provision on unsurveyed buildings, including verifying costs incurred on other buildings to date and the nature of the building identified; ■ Assessing the technical capabilities and expertise of the Group's employees and consultants involved in assessing the provision; ■ Making enquiries of the Group's General Counsel and external lawyers in relation to claims that have come through in relation to fire safety and reviewing the latest report on claims and assessing the impact of any fire safety related claims on the provision; and ■ Validating the current and non-current split of the provision based on management's plans for remediation as well as expected payments to the BSF. This is based on management's best estimate of when the cash is likely to outflow. We proposed certain audit adjustments, some of which management corrected and the remaining uncorrected items were quantitatively immaterial.
Valuation of intercompany receivables (Company) Refer to Note 5 (Trade and other receivables) of the Company financial statements. Intercompany receivables are the largest financial statement line item in the Company financial statements and are repayable on demand. The recoverability, and any expected credit losses, of these balances from other Group companies depends on the ability of the Group as a whole to generate cash flows to enable future repayment. Whilst this is not a significant risk for the audit, in the context of the audit of the Company it is the area of highest audit effort.	*Our audit procedures included:* ■ Testing the outcomes of the Group's going concern model, in particular the cash flow forecasts, and confirming that there were no liquidity issues in the Group that would impact the ability of subsidiaries to repay amounts due; and ■ Verifying the level of cash and other assets held by the subsidiaries of the Group and confirming their ability to repay amounts due to the Company on the basis that sufficient cash reserves or current assets and access to further credit facilities are available as required.

Independent auditors' report continued

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group's financial statements are ultimately a consolidation of 21 reporting units (each of which is deemed to be a financial reporting component) representing the Group's six geographically-based housebuilding divisions, other smaller trading subsidiaries and the centralised functions, including those which contain the combustible materials provision and completed site costs. The reporting units vary in size, but the bulk of the Group's operations is represented by five of the six revenue-generating housebuilding divisions. Consequently, we determined each of these five divisions required an audit of its complete financial information due to its size. These five reporting units were all audited by the Group engagement team. The reporting units where we performed an audit of the complete financial information, in addition to the audit of consolidation journals and the audit of specific financial statement line items for other reporting units, accounted for 100% of the Group's revenues and more than 94% of the Group's absolute profit before tax and exceptional items. We audited exceptional items, including the combustible materials provision and completed site costs, at the Group level. The audit of specific financial statement line items included a further three reporting units, to provide additional coverage over items such as inventory and administrative costs. Our audit work across these reporting units, together with the additional procedures performed at the Group level on revenue, the carrying value of inventory, the consolidation, goodwill, taxation, retirement benefit obligations, payroll expense, finance expense and loans and borrowings gave us the evidence we needed for our opinion on the Consolidated financial statements as a whole. The audit of the Company financial statements consisted of the full scope audit of one reporting unit which operates as the holding company function.

The impact of climate risk on our audit
As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's and Company's financial statements. The risks are primarily transitional and relate to additional regulatory and/or reporting requirements, which may result in further cost to the Group. These costs, for example by applying the Future Homes Standard to new homes built from 2025, will impact the whole housebuilding sector and therefore become a feature of house price valuation at that time. The Group also procures land, factoring in these costs to its future margin appraisals, but there is a risk that for some existing parts of the Group's land portfolio that these costs have to be absorbed by the Group, or there may be instances where the full additional costs cannot be passed on to end customers. We have evaluated management's assessment of this risk. Our procedures did not identify any material impact as a result of climate risk on the Group's and Company's financial statements.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	***Financial statements – Company***
Overall materiality	£3,400,000 (2023: £4,800,000)	£1,640,000 (2023: £1,800,000)
How we determined it	approximately 5% of a 3-year average of the Group's profit before tax and exceptional items (2023: a 3-year average of the Group's profit before tax and exceptional items).	approximately 1% of total assets.
Rationale for benchmark applied	Profit before tax and exceptional items is one of the key measures used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. Using an average over 3 years is appropriate given the fluctuation in the Group's financial performance in each of these periods, whilst the Group's statement of financial position has not moved to the same extent.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, which acts solely as a holding company, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £0.2 million and £2.2 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% (2023: 75%) of overall materiality, amounting to £1,700,000 (2023: £3,600,000) for the Group financial statements and £820,000 (2023: £1,350,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £170,000 (Group audit) (2023: £240,000) and £82,000 (Company audit) (2023: £90,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report continued

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and the Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the year ended 31 October 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Independent auditors' report continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to government guidelines on fire safety and other health and safety requirements, employment law, including legislation relating to pensions, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias, in particular in areas of significant estimation uncertainty as set out in note 1 to the consolidated financial statements, or where management has the ability to post inappropriate journals. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with the Executive Leadership Team, Divisional management teams and the Audit and Risk Committee, review of internal audit reports and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging the assumptions and judgements made by management in determining their significant accounting estimates, in particular in relation to margin forecasting and provisions (see related key audit matters above); and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report continued

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 23 March 2015 to audit the financial statements for the year ended 31 October 2015 and subsequent financial periods. The period of total uninterrupted engagement is ten years, covering the years ended 31 October 2015 to 31 October 2024.

OTHER MATTER

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Darryl Phillips
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

3 February 2025

Consolidated income statement
For the year ended 31 October 2024

	Note	Pre-exceptional items 2024 £m	Exceptional items (note 4) 2024 £m	Total 2024 £m	Represented[1] Pre-exceptional items 2023 £m	Represented[1] Exceptional items (note 4) 2023 £m	Represented[1] Total 2023 £m
Revenue	3	**618.2**	**–**	**618.2**	**657.5**	**–**	**657.5**
Cost of sales		(531.4)	(158.4)	(689.8)	(551.9)	(20.9)	(572.8)
Gross profit/(loss)		**86.8**	**(158.4)**	**(71.6)**	**105.6**	**(20.9)**	**84.7**
Other operating income	5	75.8	–	75.8	44.7	–	44.7
Other operating expenses	5	(69.9)	–	(69.9)	(40.9)	–	(40.9)
Administrative expenses		(60.8)	(1.6)	(62.4)	(58.0)	–	(58.0)
Net impairment losses on financial assets	17	(0.6)	–	(0.6)	(0.6)	–	(0.6)
Operating profit/(loss)	5	**31.3**	**(160.0)**	**(128.7)**	**50.8**	**(20.9)**	**29.9**
Finance income	7	4.0	–	4.0	4.1	–	4.1
Finance expense	7	(12.8)	(6.1)	(18.9)	(9.6)	(4.6)	(14.2)
Net finance expense		**(8.8)**	**(6.1)**	**(14.9)**	**(5.5)**	**(4.6)**	**(10.1)**
Share of post-tax (losses)/profits of joint ventures using the equity method	14	(0.1)	–	(0.1)	2.7	0.6	3.3
Profit/(loss) before tax		**22.4**	**(166.1)**	**(143.7)**	**48.0**	**(24.9)**	**23.1**
Income tax (expense)/credit	8	(8.0)	48.2	40.2	(11.7)	6.5	(5.2)
Profit/(loss) for the year attributable to equity shareholders		**14.4**	**(117.9)**	**(103.5)**	**36.3**	**(18.4)**	**17.9**
Earnings/(loss) per ordinary share							
Basic	10	5.6p		(40.4p)	14.2p		7.0p
Diluted	10	5.6p		(40.4p)	14.1p		7.0p

1 See note 29 for an explanation of the prior year representation.

The notes on pages 110–152 form part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 October 2024

	Note	2024 £m	2023 £m
(Loss)/profit for the year attributable to equity shareholders		**(103.5)**	**17.9**
Other comprehensive income/(expense):			
Items that will not be reclassified to the consolidated income statement:			
Actuarial gains/(losses) of defined benefit schemes	16	8.5	(2.5)
Change in deferred tax on actuarial gains/(losses) of defined benefit schemes	15	(2.1)	1.1
Other comprehensive income/(expense) for the year net of income tax		**6.4**	**(1.4)**
Total comprehensive (expense)/income attributable to equity shareholders		**(97.1)**	**16.5**

The notes on pages 110–152 form part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 October 2024

	Note	Share capital £m	Share premium account £m	Retained earnings £m	Total equity £m
Balance at 1 November 2022		12.8	74.2	796.1	883.1
Profit for the year attributable to equity shareholders		–	–	17.9	17.9
Actuarial losses of defined benefit schemes	16	–	–	(2.5)	(2.5)
Change in deferred tax on actuarial losses of defined benefit schemes	15	–	–	1.1	1.1
Total comprehensive income for the year		**–**	**–**	**16.5**	**16.5**
Transactions with shareholders:					
Equity-settled share-based payments	16	–	–	1.5	1.5
Deferred tax on equity-settled share-based payments	15	–	–	(0.2)	(0.2)
Purchase of own shares	23	–	–	(1.9)	(1.9)
Transfers in respect of share options		–	–	0.9	0.9
Dividends paid	9	–	–	(43.6)	(43.6)
Balance at 31 October 2023		**12.8**	**74.2**	**769.3**	**856.3**
Loss for the year attributable to equity shareholders		–	–	(103.5)	(103.5)
Actuarial gains of defined benefit schemes	16	–	–	8.5	8.5
Change in deferred tax on actuarial gains of defined benefit schemes	15	–	–	(2.1)	(2.1)
Total comprehensive expense for the year		**–**	**–**	**(97.1)**	**(97.1)**
Transactions with shareholders:					
Equity-settled share-based payments	16	–	–	1.8	1.8
Deferred tax on equity-settled share-based payments	15	–	–	0.1	0.1
Purchase of own shares	23	–	–	(0.5)	(0.5)
Transfers in respect of share options		–	–	0.4	0.4
Dividends paid	9	–	–	(32.1)	(32.1)
Balance at 31 October 2024		**12.8**	**74.2**	**641.9**	**728.9**

The notes on pages 110–152 form part of these consolidated financial statements.

Consolidated statement of financial position
As at 31 October 2024

	Note	2024 £m	Represented[1] 2023 £m
ASSETS			
Non-current assets			
Intangible assets	11	29.0	29.0
Property, plant and equipment	12	3.2	2.2
Right-of-use assets	13	10.9	6.1
Investments in joint ventures	14	8.6	10.7
Financial assets at fair value through profit and loss		2.3	2.6
Deferred tax assets	15	39.7	3.3
Retirement benefit surplus	16	19.5	10.0
Trade and other receivables	17	14.6	6.0
		127.8	**69.9**
Current assets			
Inventories	18	1,137.4	1,164.8
Financial assets at fair value through profit and loss		1.0	1.1
Trade and other receivables	17	98.1	120.0
Current income tax receivable		4.1	11.9
Cash and cash equivalents	19	73.8	162.6
		1,314.4	**1,460.4**
Total assets		**1,442.2**	**1,530.3**

	Note	2024 £m	Represented[1] 2023 £m
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	20	(63.2)	(83.5)
Trade and other payables	21	(42.3)	(69.7)
Lease liabilities	13	(8.8)	(4.4)
Deferred tax liabilities	15	(4.9)	(2.5)
Provisions	22	(192.5)	(75.2)
		(311.7)	**(235.3)**
Current liabilities			
Interest-bearing loans and borrowings	20	(19.1)	(14.2)
Trade and other payables	21	(285.2)	(328.6)
Lease liabilities	13	(3.2)	(2.0)
Provisions	22	(94.1)	(93.9)
		(401.6)	**(438.7)**
Total liabilities		**(713.3)**	**(674.0)**
Net assets		**728.9**	**856.3**
EQUITY			
Share capital	23	12.8	12.8
Share premium account	23	74.2	74.2
Retained earnings		641.9	769.3
Total equity		**728.9**	**856.3**

1 See note 29 for an explanation of the prior year representation.

The notes on pages 110–152 form part of these consolidated financial statements.

These consolidated financial statements on pages 105–152 were approved by the Board of Directors on 3 February 2025.

On behalf of the Board

Martyn Clark
Director

Bill Floydd
Director

Consolidated cash flow statement
For the year ended 31 October 2024

	Note	2024 £m	2023 £m
Cash flows from operating activities			
(Loss)/profit for the year attributable to equity shareholders		(103.5)	17.9
Adjustments for:			
Depreciation on property, plant and equipment	12	0.4	0.5
Depreciation on right-of-use assets	13	2.3	2.3
Retirement benefit obligation administrative expenses	16	0.7	0.6
Net finance expense	7	14.9	10.1
Share-based payment expense	16	1.8	1.5
Share of post-tax losses/(profits) of joint ventures using the equity method	14	0.1	(3.3)
Impairment of inventories movement	18	2.1	7.6
Net impairment of financial assets	17	0.6	0.6
Income tax (credit)/expense	8	(40.2)	5.2
Operating cash (outflow)/inflow before changes in working capital, provisions and contributions to retirement benefit obligations		**(120.8)**	**43.0**
(Increase)/decrease in trade and other receivables		(10.6)	27.0
Decrease/(increase) in inventories		22.2	(182.3)
Increase/(decrease) in trade and other payables and provisions		35.6	(31.9)
Contribution to retirement benefit obligations	16	(1.1)	(1.5)
Cash used by operations		**(74.7)**	**(145.7)**
Finance expense paid		(5.1)	(5.6)
Income tax received/(paid)		12.0	(14.3)
Net cash outflow from operating activities		**(67.8)**	**(165.6)**

	Note	2024 £m	2023 £m
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(1.4)	(1.8)
Disposal of financial assets at fair value through profit and loss		0.2	0.9
Funding to joint ventures		(13.1)	(13.0)
Repayment of funding from joint ventures		36.4	11.7
Dividends received from joint ventures		2.5	1.5
Finance income received		0.4	2.3
Net cash inflow from investing activities		**25.0**	**1.6**
Cash flows from financing activities			
Principal elements of lease payments	13	(1.9)	(2.4)
Dividends paid	9	(32.1)	(43.6)
Net purchase of own shares		(0.1)	(1.0)
Proceeds from borrowings		112.0	–
Repayments of borrowings		(127.0)	–
Sale and leaseback proceeds		3.1	–
Net cash outflow from financing activities		**(46.0)**	**(47.0)**
Net decrease in cash and cash equivalents		(88.8)	(211.0)
Cash and cash equivalents at the beginning of the year		162.6	373.6
Cash and cash equivalents at the end of the year	19	**73.8**	**162.6**

The notes on pages 110–152 form part of these consolidated financial statements.

Notes to the consolidated financial statements

1 ACCOUNTING POLICIES

Basis of preparation

Crest Nicholson Holdings plc (Company) is a public limited company incorporated, listed and domiciled in the UK. The address of the registered office is 500 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey, KT15 2HJ. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group) and include the Group's interest in jointly controlled entities. The parent company financial statements present information about the Company as a separate entity and not about its Group.

The financial statements are presented in pounds sterling and amounts are denominated in millions (£m), unless otherwise stated.

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards, and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and have been prepared on the historical cost basis except for financial assets at fair value through profit and loss, which are as otherwise stated. The parent company financial statements are presented on pages 153–157.

The preparation of financial statements in conformity with UK-adopted international accounting standards requires the Directors to make assumptions and judgements that affect the application of policies and reported amounts within the financial statements. Assumptions and judgements are based on experience and other factors that the Directors consider reasonable under the circumstances. Actual results may differ from these estimates.

Judgements made by the Directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

Going concern

In determining the appropriateness of the basis of preparation, the Directors have considered whether the Group can continue to meet its liabilities and other obligations for the foreseeable future. These include its ability to meet the financial covenants as required under its sustainability-linked Revolving Credit Facility (RCF) and senior loan notes as detailed in note 24. The Directors consider the possibility of breaching one of the three financial covenants (Gearing, Tangible Net Worth and Interest Cover) as being the first sign that the Group could be in distress and is the basis of its going concern assessment in this year's financial statements.

The Directors have assessed the Group's going concern position through to 30 April 2026 (the going concern period), which aligns with its half year reporting for the 2026 financial year. The going concern model is made up of a Board approved base case and a Severe But Plausible (SBP) downside. Within the base case, the Group has already secured a proportion of sales for 2025 by way of its forward order book. The base case forecast is that the Group maintains sufficient liquidity headroom throughout the going concern period and will be compliant from a covenant perspective for all required reporting periods.

The base case has then been used to model a range of adverse scenarios that are deemed to be plausible downside conditions derived from the scenarios that are outlined below. These scenarios incorporate potential macroeconomic scenarios that could be experienced by the UK, industry-wide dynamics, and Group-specific risks.

The SBP downside scenario aggregates the impacts of multiple risk factors. In conducting this test, the Directors drew on extensive prior experience in navigating economic downturns, including the COVID-19 pandemic, and considered the implications of current market conditions. This assessment also evaluates the anticipated effectiveness of proposed mitigating actions that are within the Group's control and can be enacted in good time, ensuring a robust framework for managing potential disruptions and safeguarding the Group's financial stability.

Risk factors applied against future forecasts

The following risk factors have been applied in reaching the SBP downside scenario:

- Scenario 1 – Reduction in sales volumes
  Linking to market conditions and solvency and liquidity risk, a potential decline in macroeconomic conditions in the UK, which negatively impacts the UK residential property market and reduces the ability for people to buy homes. The Directors have considered a reduced sales per outlet week (SPOW) of 0.43 in 2025 and 0.47 in 2026 (2024 actual SPOW 0.48), based on a decline commencing imminently.
- Scenario 2 – Fall in sales price
  Also linking to a potential decline in market conditions, a reduction in sales prices during an economic slowdown and / or lack of available debt finance. A greater than 2.0% reduction in average selling prices compared to the current market experience of prices increasing.
- Scenario 3 – Increase in build cost
  Linking to supply chain risks, unexpected costs occurring on low margin or NRV sites cause an immediate reduction in profitability of c. £4m in each six months of the going concern period.

Notes to the consolidated financial statements continued

Mitigation options and considerations

The Directors have considered the mitigations that could be applied in a deteriorating trading environment to either increase profit or conserve cash to reduce interest cost. Some of these measures are implicit outcomes of a downturn (such as reduction in build spend) rather than mitigating actions which the Group would have to apply.

The Group has experience of applying such mitigations in the past, which include but are not limited to:

- A reduction in the Group's headcount driving a reduction in overheads, site and sales and marketing spend to reflect the lower build and selling activity in a weaker trading environment;
- Potential renegotiation of some supplier arrangements as the amount of build activity contracts, and materials suppliers and subcontractors are required to be more competitive, reducing build spend;
- Mothballing unproductive and/or capital-intensive schemes;
- Reduction or elimination of management incentives;
- A reduction in discretionary land acquisitions and therefore land expenditure as the Group would require less land to replenish the land portfolio;
- Disposal of land to generate cash; and
- Removal of dividends after April 2025 to conserve cash.

Conclusion on going concern

Whilst the Group forecasts to meet all its covenants in the base case scenario, the cumulative impact of the assumptions and mitigations in the SBP downside case indicates that the Group would not meet its interest cover covenant during the going concern period, with the first measurement date in April 2025. If this covenant breach were to occur, it would constitute an event of default under the terms of the Revolving Credit Facility agreement and senior loan notes. The Gearing and Tangible Net Worth covenants are forecast to be met in all reporting periods in the SBP downside scenario. The Group maintains good relationships and a regular dialogue with all its lenders and is confident that an amendment to its covenants would be secured if necessary, however, this is not guaranteed and therefore this represents a material uncertainty related to going concern. In all scenarios, except where the interest cover covenant is breached and a covenant amendment is not agreed, the Group forecasts adequate liquidity.

In reviewing the assessment outlined above, the Directors are confident that the Group has the necessary resources and mitigations available to continue operations and discharge its obligations as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the consolidated financial statements continue to be prepared on a going concern basis. However, a material uncertainty exists, in particular with respect to the ability to achieve the covenant amendments which may be required, which may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Critical accounting estimates and judgements

The preparation of the consolidated financial statements under UK-adopted international accounting standards requires the Directors to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and related disclosures. In applying the Group's accounting policies, the key judgements that have a significant impact on the financial statements, including those involving estimates are described below.

- The judgement to present certain items as exceptional (see note 4)
- Certain revenue policies relating to part exchange sales
- The identification of performance obligations where a revenue transaction involves the sale of both land and residential units and revenue on the units is then subsequently recognised over time where the land sale element takes place at the start of the contract (see note 3 for the split of revenue recognised at a point in time and recognised over time and also the more detailed revenue accounting policy)
- The recognition of the defined benefit pension scheme net surplus (see note 16)
- The current and non-current presentation of the combustible materials provision
- The presentation of completed site liabilities as either accruals or provisions.

Estimates and associated assumptions affecting the financial statements are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information.

Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The Directors have made consistent estimates and assumptions in reviewing the going concern assumption as those detailed above. The Directors consider the key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities as described below.

Carrying value of inventories

Inventories of land, work-in-progress, completed buildings including show homes and part exchange inventories are stated in the consolidated statement of financial position at the lower of cost or NRV. On a regular basis management updates estimates of future revenue and expenditure for each development. Future revenue and expenditure may differ from estimates which could lead to an impairment of inventory if there are adverse changes. Where forecast revenues are lower than forecast total costs an inventory provision is made. This provision may be reversed in subsequent periods if there is evidence of sustained improved revenue or reduced expenditure forecast on a development. If forecast revenue was 10.0% lower on sites within the short-term portfolio (total land portfolio excluding strategic land) as at 31 October 2024, the impact on loss before tax would have been £13.1m higher (2023: the impact on profit before tax would have been £15.9m lower).

Notes to the consolidated financial statements continued

Estimation of development profitability

Due to the nature of development activity and, in particular, the length of the development cycle, the Group has to make estimates of the costs to complete developments, in particular those which are multi-phase and/or may have significant infrastructure costs. These estimates are reflected in the margin recognised on developments in relation to sales recognised in the current and future years. There is a degree of inherent uncertainty in making such estimates. The Group has established internal controls that are designed to ensure an effective assessment of estimates is made of the costs to complete developments. The Group considers estimates of the costs to complete on longer-term sites, which typically have higher upfront shared infrastructure costs to have greater estimation uncertainty than sites of shorter duration with less infrastructure requirements. A change in estimated margins on sites, for example due to changes in estimates of build cost inflation or a reduction in house prices, could alter future profitability. If forecast costs were 10.0% higher on sites which contributed to the year ended 31 October 2024 and which are forecast to still be in production beyond the year ending 31 October 2026 (2023: beyond the year ending 31 October 2025), cost of sales in the current year would have been £29.1m (2023: £32.3m) higher.

The Group has assessed the potential financial impacts of transitional and physical climate-related risks and opportunities. The primary known climate-related policy that will affect our product is the Future Homes Standard, due to be legislated in 2025, which will increase build costs for individual units. Anticipated additional build costs are incorporated into project acquisition appraisals. These costs are not expected to have a material impact on the carrying value of inventories or their associated project margins or the value of goodwill. Flood risk and broader planning requirements are also evaluated and accounted for during new project acquisitions. Longer-term climate-related costs are beyond the time horizon of the Group's contracted projects and therefore do not impact the carrying value of inventories or their associated project margins. Additional information on climate-related risks and opportunities is provided on pages 40–48. This area is considered an area of estimation rather than a critical accounting estimate.

Completed site costs

Completed site costs include completed site accruals which is predominantly the cost to complete outstanding site infrastructure and amenities within developments where the last housing unit has been completed, and, completed site provisions which is the forecast cost to complete remedial works on buildings where faults have been identified and the Group is responsible to remedy. Completed site costs can require a number of estimates and assumptions in their calculation, though provisions also have a level of estimation uncertainty. The Group has to make estimates of the costs to complete outstanding site infrastructure and amenities within developments and the cost of remediation required where faults have been identified post completion. The Group has internal controls that are designed to ensure an effective assessment of estimates is made of the costs to finalise completed developments. If forecast completed site costs are 10.0% higher than provided, the charge in the consolidated income statement would be £2.2m higher for completed site accruals and £2.3m higher for completed site provisions.

Valuation of the pension scheme assets and liabilities

In determining the valuation of the pension scheme assets and liabilities, the Directors utilise the services of an actuary. The actuary uses key assumptions being inflation rate, life expectancy, discount rate and Guaranteed Minimum Pensions, which are dependent on factors outside the control of the Group. To the extent that such assumptions differ to that expected, the pension liability would change. See note 16 for additional details.

Combustible materials

The combustible materials provision requires a number of key estimates and assumptions in its calculation. During the year, the combustible materials provision has been increased to reflect the latest assessment of these costs. Additionally, the Group has now performed sufficient surveys and has greater experience of survey outcomes to make an appropriately reliable estimate of its probable liabilities across non-surveyed buildings.

The key assumptions used to determine the provision include but are not limited to identification of the properties impacted through the period of construction considered. The key estimates then applied to these properties include the potential costs of investigation, replacement materials and works to complete, along with the timing of forecast expenditure. The Directors have used Building Safety Fund (BSF) cost information, other external information and internal assessments as a basis for the estimated remedial costs. The Group has used estimates and assumptions to evaluate the probable remediation works required to non-surveyed buildings after applying experience gained from buildings with surveys and applying risk categories to groups of buildings with similar characteristics. These estimates are inherently uncertain due to the highly complex and bespoke nature of the buildings. The actual costs may differ to the amounts notified by the BSF costed projects, and fire safety reports in progress may require different levels of remediation and associated costs than those currently estimated. The number of non-surveyed buildings requiring remediation may differ from current estimates, which cannot be fully known until surveys have been completed. Management expects assessments to have been completed by late summer 2025. If forecast remediation costs on buildings currently provided for are 10.0% higher/lower than provided, the pre-tax exceptional items charge in the consolidated income statement would be £24.9m higher/lower. See notes 4 and 22 for additional details.

Notes to the consolidated financial statements continued

Adoption of new and revised standards

There are no new standards, amendments to standards and interpretations that are applicable to the Group and are mandatory for the first time for the financial year beginning 1 November 2023 which have had a material impact on the Group.

Impact of standards and interpretations in issue but not yet effective

There are a number of standards, amendments and interpretations that have been published that are not mandatory for the 31 October 2024 reporting period and have not been adopted early by the Group. The Group does not expect that the adoption of these standards, amendments and interpretations will have a material impact on the financial statements of the Group in future years.

Other accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements with the exception of the prior period representation as disclosed in note 29.

Alternative performance measures (APM)

The Group has adopted various APM, as presented on pages 158–159. These measures are not defined by International Financial Reporting Standards (IFRS) and therefore may not be directly comparable with other companies' APM, and should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

Consolidation

The consolidated financial statements include the financial statements of Crest Nicholson Holdings plc, its subsidiary undertakings and the Group's share of the results of joint ventures and joint operations. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

(a) Subsidiaries

Subsidiaries are entities in which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The profits and losses of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used by the Group to account for the acquisition of subsidiaries that are a business under IFRS 3. On acquisition of a subsidiary, all of the subsidiary's separable, identifiable assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date.

All changes to those assets and liabilities and the resulting gains and losses that arise after the Group has gained control of the subsidiary are charged to the post-acquisition consolidated income statement or consolidated statement of comprehensive income. Accounting policies of acquired subsidiaries are changed where necessary, to ensure consistency with policies adopted by the Group.

Acquisitions of subsidiaries which do not qualify as a business under IFRS 3 are accounted for as an asset acquisition rather than a business combination. Under such circumstances the fair value of the consideration paid for the subsidiary is allocated to the assets and liabilities purchased based on their relative fair value at the date of purchase. No goodwill is recognised on such transactions.

(b) Joint ventures

A joint venture is a contractual arrangement in which the Group and other parties undertake an economic activity that is subject to joint control and these parties have rights to the net assets of the arrangement. The Group reports its interests in joint ventures using the equity method of accounting. Under this method, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's share of results of the joint venture after tax is included in a single line in the consolidated income statement. Where the share of losses exceeds the Group's interest in the entity and there is no obligation to fund these losses, the carrying amount is reduced to nil and recognition of further losses is discontinued, unless there is a long-term receivable due from the joint venture in which case, if appropriate, the loss is recognised against the receivable. If an obligation to fund losses exists the further losses and a provision are recognised. Unrealised gains on transactions between the Group and its joint ventures are eliminated on consolidation. Accounting policies of joint ventures are changed where necessary, to ensure consistency with policies adopted by the Group.

(c) Joint operations

A joint operation is a joint arrangement that the Group undertakes with other parties, in which those parties have rights to the assets and obligations of the arrangement. The Group accounts for joint operations by recognising its share of the jointly controlled assets and liabilities and income and expenditure on a line-by-line basis in the consolidated statement of financial position and consolidated income statement.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired entity at the date of the acquisition and is not amortised. Goodwill arising on acquisition of subsidiaries and businesses is capitalised as an asset. The goodwill balance has been allocated to the strategic land holdings within the Group. The Group expects to benefit from the strategic land holdings for a further period of 13 years to 2038. The period used in the assessment represents the estimated time it will take to obtain planning and build out on the remaining acquired strategic land holdings. Goodwill is assessed for impairment at each reporting date. The sites acquired are considered as a singular cash generating unit and the value in use is calculated on a discounted cash flow basis with more speculative strategic sites given a lower probability of reaching development. The calculated discounted cash flow value is compared to the goodwill balance to assess if it is impaired. Any impairment loss is recognised immediately in the consolidated income statement.

Notes to the consolidated financial statements continued

Revenue and profit recognition

Revenue comprises the fair value of the consideration received or receivable, net of value added tax and discounts.

The Group has made a judgement to not recognise revenue on the proceeds received on the disposal of properties taken in part exchange against a new property as they are incidental to the main revenue-generating activities of the Group. As part exchange sales are deemed incidental, the income and expenses associated with part exchange properties are recognised in other operating income and other operating expenses in the consolidated income statement. Income is recognised when legal title is passed to the customer.

Revenue is recognised on house and apartment sales at legal completion. For affordable and other sales in bulk, revenue recognition is dependent on freehold legal title being passed to the customer as it is considered that upon transfer of freehold title that the customer controls the work-in-progress. Where freehold legal title and control is passed to the customer, revenue is recognised on any upfront sale of land (where applicable) and then on the housing units as the build of the related units progresses, via surveys of work performed on contract activity. Where freehold legal title is not passed to the customer, revenue is not recognised on any upfront sale of land and the revenue on the housing units and sale of land is recognised at handover of completed units to the customer. The transaction price for all housing units is derived from contractual negotiations and does not include any material variable consideration.

Revenue is predominantly recognised on land sales when legal title passes to the customer. If the Group has remaining performance obligations, such as the provision of services to the land, an element of revenue is allocated to these performance obligations and recognised as the obligations are performed, which can be when the works are finished if the work-in-progress is controlled by the Group or over the performance of the works if they are controlled by the customer.

Revenue recognition on commercial property sales is dependent on freehold legal title being passed to the customer, as it is considered that upon transfer of freehold title that the customer controls the work-in-progress. Where freehold legal title is passed to the customer, revenue is recognised on any upfront sale of land (where applicable) and then on the development revenue over time as the build of the related commercial units progress. Where freehold legal title is not passed to the customer revenue is not recognised on any upfront sale of land and the revenue on the commercial property is recognised at handover of the completed commercial unit to the customer.

Revenue is recognised on freehold reversion sales when the customer is contractually entitled to the ground rent revenue stream associated with the units purchased.

Revenue on specification upgrades paid for by the customer or on the cost of specification upgrades offered to the customer as part of the purchase price is recognised as revenue when legal title passes to the customer.

Profit is recognised on a plot-by-plot basis, by reference to the margin forecast across the related development site. Due to the development cycle often exceeding one financial year, plot margins are forecast, taking into account the allocation of site-wide development costs such as infrastructure, and estimates required for the cost to complete such developments.

Other operating income

Other operating income comprises rental income, joint venture and other management fee income and the income associated with part exchange sales. In the prior year rental income was included within cost of sales and joint venture and other management fees was included within administrative expenses. Part exchange income was previously presented within net administrative expenses. See note 29 for further information.

Other operating expenses

Other operating expenses represent cost of sales of part exchange properties. In the prior year this was included within net administrative expenses. See note 29 for further information.

Exceptional items

Exceptional items are those which, in the opinion of the Directors, are material by size and/or non-recurring in nature such as significant costs and settlements associated with combustible materials, significant legal matters, changes in estimate of costs associated with completed sites which are no longer part of the core strategy, significant costs associated with corporate bid approaches and the write down of freehold inventories. Where appropriate, the Directors consider that items should be considered as categories or classes of items, such as any credits/costs impacting the consolidated income statement which relate to combustible materials or certain site costs, notwithstanding where an item may be individually immaterial. The Directors believe that these items require separate disclosure within the consolidated income statement in order to assist the users of the financial statements to better understand the performance of the Group, which is also how the Directors and chief operating decision maker internally manage the business. Additional charges/credits (including reversals) to items classified as exceptional items in prior years will be classified as exceptional in the current year, unless immaterial to the financial statements. As these exceptional items can vary significantly year on year, they may introduce volatility into the reported earnings. The income tax impacts of exceptional items are reflected at the actual tax rate related to these items.

Net finance expense

Interest income is recognised on a time-apportioned basis by reference to the principal outstanding and the effective interest rate. Interest costs are recognised in the consolidated income statement on an accruals basis in the period in which they are incurred. Imputed interest expense on deferred land creditors and combustible materials discounting is recognised over the life of associated cash flows.

Income and deferred tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on taxable profit for the year and any adjustment to tax payable in respect of previous years. Taxable profit is profit before tax per the consolidated income statement after adjusting for income and expenditure that is not subject to tax, and for items that are subject to tax in other accounting periods. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date. Current tax assets are recognised to the extent that it is probable the asset is recoverable.

Notes to the consolidated financial statements continued

Deferred tax is provided in full on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for all temporary differences. Deferred tax is calculated using tax rates that have been substantively enacted by the consolidated statement of financial position date.

Dividends

Final and interim dividend distributions to the Company's shareholders are recorded in the Group's financial statements in the earlier of the period in which they are approved by the Company's shareholders, or paid.

Employee benefits

(a) Pensions

The Group operates a defined benefit (DB) scheme (closed to new employees since October 2001 and to future service accrual since 30 April 2010) and also makes payments into a defined contribution scheme for employees.

In respect of the DB scheme, the retirement benefit deficit or surplus is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, such benefits measured at discounted present value, less the fair value of the scheme assets. The rate used to discount the benefits accrued is the yield at the consolidated statement of financial position date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit method. The operating and financing costs of such plans are recognised separately in the consolidated income statement; past service costs and financing costs are recognised in the periods in which they arise. The Group recognises expected scheme gains and losses via the consolidated income statement and actuarial gains and losses are recognised in the period they occur directly in other comprehensive income, with associated deferred tax.

The retirement benefit deficit or surplus recognised in the consolidated statement of financial position represents the deficit or surplus of the fair value of the scheme's assets over the present value of scheme liabilities, with any net surplus recognised to the extent that the employer can gain economic benefit as set out in the requirements of International Financial Reporting Interpretations Committee 14.

Payments to the defined contribution scheme are accounted for on an accruals basis.

(b) Share-based payments

The fair value of equity-settled, share-based compensation plans is recognised as an employee expense with a corresponding increase in equity. The fair value is measured as at the date the options are granted and the charge amended if vesting does not take place due to non-market conditions (such as service or performance) not being met. The fair value is spread over the period during which the employees become unconditionally entitled to the shares and is adjusted to reflect the actual number of options that vest. At the consolidated statement of financial position date, if it is expected that non-market conditions will not be satisfied, the cumulative expense recognised in relation to the relevant options is reversed.

The proceeds received are credited to share capital (nominal value) and share premium when the options are exercised if new shares are issued. If treasury shares are used the proceeds are credited to retained reserves. There are no cash-settled share-based compensation plans.

Own shares held by Employee Share Ownership Trust (ESOT)

Transactions of the Company-sponsored ESOT are included in both the Group financial statements and the Company's own financial statements. The purchase of shares in the Company by the ESOT are charged directly to equity.

Software as a Service (SaaS) arrangements

Implementation costs including costs to configure or customise a cloud provider's application software are recognised as administrative expenses when the services are received, and the Group determines that there is no control over the asset in development.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition. Depreciation is calculated to write off the cost of the assets on a straight-line basis to their estimated residual value over its expected useful life at the following rates:

Fixtures and fittings	10%
Computer equipment and non-SaaS software	20% to 33%

The asset residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each consolidated statement of financial position date.

Right-of-use assets and lease liabilities

The Group assesses at lease inception whether a contract is, or contains, a lease. The Group recognises a right-of-use asset and a lease liability at lease commencement.

The right-of-use asset is initially recorded at the present value of future lease payments and subsequently measured net of depreciation, which is charged to the consolidated income statement as an administrative expense over the shorter of its useful economic life or its lease term on a straight-line basis. The right-of-use asset is also reduced for impairment losses.

The Group recognises lease liabilities at the present value of future lease payments, lease payments being discounted at the rate implicit in the lease or the Group's incremental borrowing rate as determined with reference to the most recently issued financial liabilities carrying interest. The discount is subsequently unwound and recorded in the consolidated income statement over the lease term as a finance expense. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the consolidated financial statements continued

Inventories

Inventories are stated at the lower of cost and NRV.

Land includes land under development, land options purchased and land exchanged on an unconditional basis with or without planning consent.

Work-in-progress and completed buildings including show homes comprise direct materials, sub-contract work, labour costs, site overheads, associated professional fees and other attributable overheads, but excludes interest costs.

Part exchange inventories are held at the lower of cost and NRV, which includes an assessment of costs of management and resale.

Land inventories and the associated land payables are recognised in the consolidated statement of financial position from the date of unconditional exchange of contracts. Land payables are recognised as part of trade and other payables.

Options purchased in respect of land are recognised initially as a prepayment within inventories and written down on a straight-line basis over the life of the option. If planning permission is granted and the option exercised, the option is not written down during that year and its carrying value is included within the cost of land purchased.

Provisions are established to write down inventories where the estimated net sales proceeds less costs to complete exceed the current carrying value. Adjustments to the provisions will be required where selling prices or costs to complete change. NRV for inventories is assessed by estimating selling prices and costs, taking into account current market conditions.

Financial assets

Financial assets are initially recognised at fair value and subsequently classified into one of the following measurement categories:

- At amortised cost
- Subsequently at fair value through profit or loss (FVTPL)
- Subsequently at fair value through other comprehensive income (FVOCI)

The classification of financial assets depends on the Group's business model for managing the asset and the contractual terms of the cash flows. Assets that are held for the collection of contractual cash flows that represent solely payments of principal and interest are measured at amortised cost, with any interest income recognised in the consolidated income statement using the effective interest rate method.

Financial assets that do not meet the criteria to be measured at amortised cost are classified by the Group as measured at FVTPL. Fair value gains and losses on financial assets measured at FVTPL are recognised in the consolidated income statement and presented within administrative expenses. The Group currently has no financial assets measured at FVOCI.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss (which comprise shared equity receivables) are classified as being held to collect and initially recognised at fair value. Changes in fair value relating to the expected recoverable amount are recognised in the consolidated income statement as a finance income or expense. These assets are held as current or non-current based on their contractual repayment dates.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established based on an expected credit loss model applying the simplified approach, which uses a lifetime expected loss allowance for all trade and other receivables. The amount of the loss is recognised separately in the consolidated income statement. Current trade and other receivables do not carry any interest and are stated at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts. Non-current trade and other receivables are discounted to present value when the impact of discounting is deemed to be material, with any discount to nominal value being recognised in the consolidated income statement as interest income over the duration of the deferred payment.

Contract assets

Contract assets represent unbilled work-in-progress on affordable and other sales in bulk on contracts in which revenue is recognised over time. Contract assets are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. Contract assets do not carry any interest and are stated at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents are cash balances in hand and in the bank and are carried in the consolidated statement of financial position at nominal value.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value, net of direct transaction costs, and subsequently measured at amortised cost. Finance charges are accounted for on an accruals basis in the consolidated income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise or included within interest accruals.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently classified into one of the following measurement categories:

- At amortised cost
- Subsequently at FVTPL.

Non-derivative financial liabilities are measured at FVTPL when they are considered held for trading or designated as such on initial recognition. The Group has no non-derivative financial liabilities measured at FVTPL.

Notes to the consolidated financial statements continued

Land payables

Land payables are recognised in the consolidated statement of financial position from the date of unconditional exchange of contracts. Where land is purchased on deferred settlement terms then the land and the land payable are discounted to their fair value using the effective interest method in accordance with IFRS 9. The difference between the fair value and the nominal value is amortised over the deferment period, with the financing element being charged as an interest expense through the consolidated income statement.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables on deferred terms are initially recorded at their fair value, with the discount to nominal value being charged to the consolidated income statement as an interest expense over the duration of the deferred period. Included within trade and other payables are completed site accruals.

Contract liabilities

Contract liabilities represent payments on account, received from customers, in excess of billable work-in-progress on affordable and other sales in bulk on contracts. Contract liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised in the consolidated 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. Provisions are discounted to present value on a discounted cash flow basis using an interest rate appropriate to the class of the provision, where the effect is material. Included within provisions are completed site provisions.

Seasonality

In common with the rest of the UK housebuilding industry, activity occurs throughout the year, with peaks in sales completions in spring and autumn. This creates seasonality in the Group's trading results and working capital.

2 SEGMENTAL REPORTING

The Executive Committee (ExCo) is accountable to the Board and has been identified as the chief operating decision-maker for the purposes of determining the Group's operating segments. During the year Martyn Clark (Chief Executive), Bill Floydd (Chief Financial Officer), Joe Lindsay (Group Commercial Director), Vicky Cullen (Group Sales and Marketing Director), Jenny Matthews (Head of Investor Relations) and Dean Cooke (Group IT Director) joined the ExCo and Peter Truscott (former Chief Executive) and Duncan Cooper (former Group Finance Director) left the ExCo. The ExCo approves investment decisions, allocates group resources and performs divisional performance reviews. The Group operating segments are considered to be its divisions, each of which has its own management board. All divisions are engaged in residential-led, mixed-use developments in the United Kingdom and therefore with consideration of relevant economic indicators such as the nature of the products sold and customer base, and, having regard to the aggregation criteria in IFRS 8, the Group identifies that it has one reportable operating segment.

3 REVENUE

Revenue type	2024 £m	2023 £m
Open market housing including specification upgrades	493.5	550.0
Affordable housing	79.0	88.0
Total housing	**572.5**	**638.0**
Land and commercial sales	45.7	19.5
Total revenue	**618.2**	**657.5**
Timing of revenue recognition		
Revenue recognised at a point in time	525.0	552.4
Revenue recognised over time	93.2	105.1
Total revenue	**618.2**	**657.5**
Assets and liabilities related to contracts with customers		
Contract assets (note 17)	7.6	6.9
Contract liabilities (note 21)	(6.9)	(6.0)

Contract assets have increased to £7.6m from £6.9m in 2024, reflecting more unbilled work-in-progress on affordable and other sales in bulk at the year end. This is in line with the trading of the Group and the contractual arrangements in the Group's contracts. Contract liabilities have increased to £6.9m from £6.0m in 2024, reflecting a higher amount of payments on account received from customers in excess of billable work-in-progress on affordable and other sales in bulk on contracts on which revenue is recognised over time.

Based on historical trends, the Directors expect a significant proportion of the contract liabilities total to be recognised as revenue in the next reporting period.

Included in revenue during the year was £2.9m (2023: £16.1m) that was included in contract liabilities at the beginning of the year.

During the year £nil (2023: £nil) of revenue was recognised from performance obligations satisfied or partially satisfied in previous years.

As at 31 October 2024 there was £151.9m (2023: £229.1m) of transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied on contracts exchanged with customers. Forecasts recognise £111.3m (2023: £114.3m) of transaction prices allocated to performance obligations that are unsatisfied on contracts exchanged with customers within one year, £40.6m (2023: £112.0m) within two to five years, and £nil (2023: £2.8m) over five years.

Notes to the consolidated financial statements continued

4 EXCEPTIONAL ITEMS

Exceptional items are those which, in the opinion of the Directors, are material by size and/or non-recurring in nature such as significant costs and settlements associated with combustible materials, significant legal matters, changes in estimate of costs associated with completed sites which are no longer part of the core strategy, significant costs associated with corporate bid approaches and the write down of freehold inventories. Where appropriate, the Directors consider that items should be considered as categories or classes of items, such as any credits/costs impacting the consolidated income statement which relate to combustible materials or certain site costs, notwithstanding where an item may be individually immaterial. The Directors believe that these items require separate disclosure within the consolidated income statement in order to assist the users of the financial statements to better understand the performance of the Group, which is also how the Directors and chief operating decision maker internally manage the business. Additional charges/credits (including reversals) to items classified as exceptional items in prior years will be classified as exceptional in the current year, unless immaterial to the financial statements. As these exceptional items can vary significantly year on year, they may introduce volatility into the reported earnings. The income tax impacts of exceptional items are reflected at the actual tax rate related to these items.

Cost of sales	2024 £m	Represented[1] 2023 £m
Combustible materials charge	(131.7)	(11.3)
Combustible materials credit	4.4	10.0
Net combustible materials charge	**(127.3)**	**(1.3)**
Legal provision and professional fees	(0.4)	(13.0)
Completed site costs	(25.0)	(6.6)
Freehold inventories write off	(5.7)	–
Total cost of sales charge	**(158.4)**	**(20.9)**
Administrative expenses		
Aborted transaction costs	(1.6)	–
Net finance expense		
Combustible materials imputed interest	(6.1)	(4.6)
Share of post-tax profits of joint ventures		
Combustible materials credit of joint ventures	–	0.6
Total exceptional charge	**(166.1)**	**(24.9)**
Tax credit on exceptional charge	48.2	6.5
Total exceptional charge after tax credit	**(117.9)**	**(18.4)**

1 See note 29 for an explanation of the prior year representation.

Net combustible materials charge

In the prior year, as a consequence of signing the Developer Remediation Contract on 13 March 2023, the Group entered into contractual commitments with the government to identify and remediate those buildings it has developed with possible life-critical fire safety defects. The combustible materials charge represents forecast changes in build costs, costs of remediating buildings surveyed in the year, an estimate of costs for non-surveyed buildings that are forecast to require remediation and changes in the provision discount. In the year the Group recovered £4.4m from third parties in respect of defective design and workmanship. See note 22 for further information.

Legal provision and professional fees

The Group is subject to a legal claim relating to a low-rise bespoke apartment block built by the Group which was damaged by fire in 2021. The Group has incurred professional fees in the year in relation to the claim. In the prior year the Group recognised its estimate of the potential liability, which remains the Group's best estimate. See note 22 for further information.

Completed site costs

During the first half of the financial year, the Group became aware of certain build defects initially identified on four sites that were completed prior to 2019 when the Group closed its Regeneration and London divisions. During the year the Group completed a thorough review of all completed sites in association with third-party consultants. The review resulted in a one-off charge of £32.3m, of which £25.0m is treated as an exceptional item as it relates to complex developments started prior to 2019 which are no longer part of the core strategy. The balance of £7.3m is recorded as pre-exceptional. Completed sites exceptional charge of £25.0m is reflected within completed site accruals of £8.8m (see note 21) and completed site provisions of £16.2m (see note 22). Prior year comparatives have been represented to reflect an exceptional completed sites charge for those sites impacted by this change. See note 29 for further information.

Freehold inventories write off

During the year the Group provided £5.7m to write off the value of its remaining freehold reversionary interests in buildings previously constructed by the Group. The remaining value is £nil and therefore this is a non-recurring item. The market for freehold reversionary interests is increasingly uncertain given proposed legislative changes in this area and the impact of some freehold buildings requiring fire remediation works. This cost has been recognised as exceptional due to its size.

Aborted transaction costs

During the year the Group received an unsolicited bid from Bellway plc. On 13 August 2024 Bellway plc withdrew from the acquisition and the Group has recognised £1.6m (2023: £nil) of costs associated with this aborted transaction as exceptional as it is non-recurring in nature.

Net finance expense

The combustible materials imputed interest reflects the unwind of the imputed interest on the provision to reflect the time value of the liability.

Taxation

An exceptional income tax credit of £48.2m (2023: £6.5m represented see note 29) has been recognised in relation to the above exceptional items using the actual tax rate applicable to these items.

Notes to the consolidated financial statements continued

5 OPERATING (LOSS)/PROFIT

(a) Operating loss of £128.7m (2023: operating profit £29.9m) from continuing activities is stated after (charging)/crediting:

	Note	2024 £m	2023 £m
Inventories expensed in the year		(497.6)	(520.2)
Inventories impairment movement in the year	18	(2.1)	(7.6)
Employee costs	6	(63.0)	(60.7)
Depreciation on property, plant and equipment	12	(0.4)	(0.5)
Depreciation on right-of-use assets	13	(2.3)	(2.3)
Joint venture project management fees recognised in other operating income	27	1.9	1.9

(b) Other operating income

	2024 £m	2023 £m
Proceeds on disposal of part exchange properties	68.8	40.1
Rental income	3.4	1.6
Joint venture and other management fee income	3.6	3.0
	75.8	**44.7**

In the prior year rental income was included within cost of sales and joint venture and other management fee income was included within administrative expenses. Part exchange income was previously presented within net administrative expenses. See note 29 for further information.

(c) Other operating expenses

	2024 £m	2023 £m
Costs associated with disposal of part exchange properties	69.9	40.9

In the prior year this was included within net administrative expenses. See note 29 for further information.

(d) Auditors' remuneration

	2024 £000	2023 £000
Audit of these consolidated financial statements	191	166
Audit of financial statements of subsidiaries pursuant to legislation	1,529	819
Other non-audit services	130	154

The audit fees payable in 2024 included £220,000 (2023: £nil) in relation to additional costs for the 2023 audit.

Fees payable to the Group's auditors for non-audit services included £130,000 (2023: £100,000) in respect of an independent review of the half-year results and £nil (2023: £54,000) for other non-audit assurance services for sustainability reporting.

In addition to the above, PricewaterhouseCoopers LLP provide audit services to the Crest Nicholson Group Pension and Life Assurance Scheme and in the prior year Group joint ventures. The fees associated with the services to the Crest Nicholson Group Pension and Life Assurance Scheme are £35,505 (2023: £35,565) and are met by the assets of the scheme, and the fees associated with services to Group joint ventures are £nil (2023: £20,000).

6 EMPLOYEE NUMBERS AND COSTS

(a) Average monthly number of persons employed by the Group

	2024 Number	2023 Number
Development	704	778

The Directors consider all employees of the Group to be employed within the same category of Development.

(b) Employee costs (including Directors and key management)

	2024 £m	2023 £m
Wages and salaries	52.3	50.4
Social security costs	6.0	5.8
Other pension costs	2.9	3.0
Share-based payments	1.8	1.5
	63.0	**60.7**

(c) Key management remuneration

	2024 £m	2023 £m
Salaries and short-term employee benefits	4.8	3.5
Share-based payments	0.8	0.6
	5.6	**4.1**

Key management comprises the Executive Committee (which includes the Executive Directors of the Board) and Non-Executive Directors as they are considered to have the authority and responsibility for planning, directing and controlling the activities of the Group. During the year four new members joined the Executive Committee.

Notes to the consolidated financial statements continued

(d) Directors' remuneration

	2024 £m	2023 £m
Salaries and short-term employee benefits	2.4	1.7
Share-based payments	0.4	0.5
	2.8	**2.2**

Further information relating to Directors' remuneration, incentive plans, share options, pension entitlement and the highest paid Director, appears in the Directors' Remuneration Report, which is presented on pages 74–91.

7 FINANCE INCOME AND EXPENSE

	Note	2024 £m	2023 £m
Finance income			
Interest income		2.7	2.4
Interest on amounts due from joint ventures	27	0.7	1.2
Net interest on defined benefit pension scheme	16	0.6	0.5
		4.0	**4.1**
Finance expense			
Interest on bank loans		(6.7)	(5.7)
Revolving Credit Facility issue costs		(0.7)	(0.6)
Imputed interest on deferred land payables		(5.0)	(3.1)
Interest on lease liabilities	13	(0.4)	(0.2)
Imputed interest on combustible materials provision – exceptional	4	(6.1)	(4.6)
		(18.9)	**(14.2)**
Net finance expense		**(14.9)**	**(10.1)**

8 INCOME TAX CREDIT/(EXPENSE)

	Note	2024 £m	2023 £m
Current tax			
UK corporation tax credit/(expense) on (loss)/profit for the year		3.7	(4.2)
Adjustment in respect of prior periods		0.5	0.7
Total current tax credit/(expense)		**4.2**	**(3.5)**
Deferred tax			
Origination and reversal of temporary differences in the year		36.0	(1.7)
Total deferred tax credit/(charge)	15	**36.0**	**(1.7)**
Total income tax credit/(expense) in consolidated income statement		**40.2**	**(5.2)**

Income tax is calculated at 29.0% (2023: 26.5%), based on corporation tax of 25.0% and residential property developer tax (RPDT) of 4.0%. The effective tax rate for the year is 28.0% (2023: 22.5%), which is lower than (2023: lower than) the standard rate of UK corporation tax predominantly due to the impact of expenses not deductible for tax purposes which reduces the tax credit on the loss. The Group expects the effective tax rate to be more aligned to the standard rate of corporation tax in future years, however it is likely to continue to be slightly lower than the standard rate of corporation tax (including RPDT) due to the RPDT annual allowance.

	2024 £m	2023 £m
Reconciliation of tax credit/(expense) in the year		
(Loss)/profit before tax	(143.7)	23.1
Tax charge on (loss)/profit at 29.0% (2023: 26.5%)	41.7	(6.1)
Effects of:		
Expenses not deductible for tax purposes	(1.9)	(0.8)
Enhanced tax deductions	0.3	0.3
Adjustment in respect of prior periods	0.5	0.7
Impact of tax rate change on losses carried back	(0.4)	–
Impact of RPDT annual allowance and adjustments	–	0.7
Total income tax credit/(expense) in consolidated income statement	**40.2**	**(5.2)**

Notes to the consolidated financial statements continued

RPDT is an additional tax on profits generated from residential property development activity, in excess of an annual threshold and adjusting for amounts disallowable under RPDT, such as interest expense. There is no impact from RPDT in 2024, in contrast to the previous year, since the Group has not generated the minimum level of profit required before RPDT is incurred.

Expenses not deductible for tax purposes include business entertaining, corporate action professional fees and other permanent disallowable expenses. Enhanced tax deductions include items for which, under tax law, a corporation tax deduction is available in excess of the amount shown in the consolidated income statement. For example, land remediation enhanced allowances.

Adjustment in respect of prior periods reflect the difference between the estimated consolidated income statement tax charge in the prior year and that of the actual tax outcome.

In July 2023, the government enacted legislation to introduce a new Multinational Top-Up Tax and Domestic Top-Up Tax as part of the UK adoption of the Organisation for Economic Co-operation and Development Pillar Two Rules. The new rules will apply to the Group from the accounting year ended 31 October 2025.

The new rules intend to ensure that large corporate groups pay a minimum rate of tax of 15%. The Group's activities are currently entirely UK based. Given that the Group's tax rate tends to be closer to the statutory tax rate of 29% (being 25% UK corporation tax plus 4% RPDT) it is not expected that the Group will be required to pay any additional Domestic Top-Up Tax.

The Group applies the exception, as set out in International Accounting Standards (IAS) 12: Income Taxes, to the requirements regarding deferred tax assets and liabilities related to Pillar Two income taxes.

9 DIVIDENDS

Dividends recognised as distributions to equity shareholders in the year:

	2024 £m	2023 £m
Current year interim dividend of 1.0 pence per share (2023: 5.5 pence per share)	2.6	14.1
Prior year final dividend per share of 11.5 pence per share (2023: 11.5 pence per share)	29.5	29.5
	32.1	**43.6**

Dividends proposed as distributions to equity shareholders in the year:

	2024 £m	2023 £m
Final dividend for the year ended 31 October 2024 of 1.2 pence per share (2023: 11.5 pence per share)	3.2	29.5

The proposed final dividend was approved by the Board on 3 February 2025 and, in accordance with IAS 10: Events after the Reporting Period, has not been included as a liability in this financial year. The final dividend will be paid on 25 April 2025 to all ordinary shareholders on the Register of Members on 28 March 2025.

10 (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per share is calculated by dividing (loss)/profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year. For diluted earnings per share, the weighted average number of shares is increased by the average number of potential ordinary shares held under option during the year. This reflects the number of ordinary shares which would be purchased using the difference in value between the market value of shares and the share option exercise price. The market value of shares has been calculated using the average ordinary share price during the year. Only share options which have met their cumulative performance criteria have been included in the dilution calculation. The earnings and weighted average number of shares used in the calculations are set out below.

	(Loss)/ earnings £m	Weighted average number of ordinary shares Number	Per share amount Pence
Year ended 31 October 2024			
Basic loss per share	(103.5)	256,367,618	(40.4)
Dilutive effect of share options	–	1,608,047	
Diluted loss per share	**(103.5)**	**257,975,665**	**(40.4)**
Year ended 31 October 2024 – Pre-exceptional items			
Adjusted basic earnings per share	14.4	256,367,618	5.6
Dilutive effect of share options	–	1,608,047	
Adjusted diluted earnings per share	**14.4**	**257,975,665**	**5.6**
Year ended 31 October 2023			
Basic earnings per share	17.9	256,131,621	7.0
Dilutive effect of share options	–	594,762	
Diluted earnings per share	**17.9**	**256,726,383**	**7.0**
Year ended 31 October 2023 – Pre-exceptional items (Represented[1])			
Adjusted basic earnings per share	36.3	256,131,621	**14.2**
Dilutive effect of share options	–	594,762	
Adjusted diluted earnings per share	**36.3**	**256,726,383**	**14.1**

1 See note 29 for an explanation of the prior year representation.

Notes to the consolidated financial statements continued

11 INTANGIBLE ASSETS

Goodwill	2024 £m	2023 £m
Cost at beginning and end of the year	47.7	47.7
Accumulated impairment	(18.7)	(18.7)
At beginning and end of the year	**29.0**	**29.0**

Goodwill arose on the acquisition of CN Finance plc on 24 March 2009. The goodwill relating to items other than the holding of strategic land was fully impaired in prior periods. The remaining goodwill was allocated to acquired strategic land holdings (the cash-generating unit) within the Group and has not previously been impaired. The goodwill is assessed for impairment annually. The recoverable amount is equal to the higher of value in use and fair value less costs of disposal. The Directors have therefore assessed value in use, being the present value of the forecast cash flows from the expected development and sale of properties on the strategic land. These cash flows are the key estimates in the value in use assessment. The forecast looks at the likelihood and scale of permitted development, forecast build costs and forecast selling prices, using a pre-tax discount rate of 12.4% (2023: 9.5%), covering a further period of 13 years to 2038, and based on current market conditions. The discount rate is based on an externally produced weighted average cost of capital range estimate. The Future Homes Standard will not impact the estimated development cash flows as sites in production already incorporate the forecast extra costs, and for those under option the extra costs will be adjusted in the land values payable. The period used in this assessment represents the estimated time it will take to obtain planning and build out on the remaining acquired strategic land holdings. The recoverable value of the cash generating unit is substantially in excess of the carrying value of goodwill. Sensitivity analysis has been undertaken by changing the discount rates by plus or minus 1.0% and the forecast profit margins applicable to the site within the cash generating unit. None of the sensitivities, either individually or in aggregate, resulted in the fair value of the goodwill being reduced to below its current book value amount. As the forecast covers the entire life of the cash generating unit no growth rate has been used to extrapolate the cash flow projection, and as such the rate is not disclosed.

12 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £m	Computer equipment and software £m	Total £m
Cost			
At 1 November 2022	1.7	2.9	4.6
Additions	1.8	–	1.8
Disposals	–	(0.7)	(0.7)
At 31 October 2023	**3.5**	**2.2**	**5.7**
Additions	1.4	–	1.4
Disposals	(0.8)	(0.2)	(1.0)
At 31 October 2024	**4.1**	**2.0**	**6.1**
Accumulated depreciation			
At 1 November 2022	1.1	2.6	3.7
Charge for the year	0.3	0.2	0.5
Disposals	–	(0.7)	(0.7)
At 31 October 2023	**1.4**	**2.1**	**3.5**
Charge for the year	0.3	0.1	0.4
Disposals	(0.8)	(0.2)	(1.0)
At 31 October 2024	**0.9**	**2.0**	**2.9**
Net book value			
At 31 October 2024	**3.2**	**–**	**3.2**
At 31 October 2023	2.1	0.1	2.2
At 31 October 2022	0.6	0.3	0.9

The Group has contractual commitments for the acquisition of property, plant and equipment of £nil (2023: £nil).

Notes to the consolidated financial statements continued

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Office buildings £m	Other leases £m	Total £m
Cost			
At 1 November 2022	13.1	4.5	17.6
Additions	2.8	1.9	4.7
Disposals	(7.3)	(1.6)	(8.9)
At 31 October 2023	**8.6**	**4.8**	**13.4**
Additions	2.8	4.3	7.1
Disposals	(3.6)	(1.4)	(5.0)
At 31 October 2024	**7.8**	**7.7**	**15.5**
Accumulated depreciation			
At 1 November 2022	11.1	2.8	13.9
Charge for the year	1.3	1.0	2.3
Disposals	(7.3)	(1.6)	(8.9)
At 31 October 2023	**5.1**	**2.2**	**7.3**
Charge for the year	1.2	1.1	2.3
Disposals	(3.6)	(1.4)	(5.0)
At 31 October 2024	**2.7**	**1.9**	**4.6**
Net book value			
At 31 October 2024	**5.1**	**5.8**	**10.9**
At 31 October 2023	3.5	2.6	6.1
At 31 October 2022	2.0	1.7	3.7

Other leases comprise motor vehicles and show home leases in 2024 and motor vehicles in 2023. In 2024 the Group disposed of its show homes (proceeds received of £14.9m) and entered into a lease back agreement.

Lease liabilities included in the consolidated statement of financial position

	2024 £m	2023 £m
Non-current	8.8	4.4
Current	3.2	2.0
Total lease liabilities	**12.0**	**6.4**

Amounts recognised in the consolidated income statement

	2024 £m	2023 £m
Depreciation on right-of-use assets	2.3	2.3
Interest on lease liabilities	0.4	0.2

Amounts recognised in the consolidated cash flow statement

	2024 £m	2023 £m
Principal element of lease payments	1.9	2.4

Maturity of undiscounted contracted lease cash flows

	2024 £m	2023 £m
Less than one year	3.8	2.2
One to five years	8.2	3.2
More than five years	2.5	1.6
Total	**14.5**	**7.0**

Notes to the consolidated financial statements continued

14 INVESTMENTS

Investments in joint ventures

Below are the joint ventures that the Directors consider to be material to the Group:

- Crest A2D (Walton Court) LLP: In January 2016, the Group entered into a partnership agreement with A2 Dominion Developments Limited to procure and develop a site in Surrey. The LLP commenced construction in 2019, with sales completion forecast for 2025. The development will be equally funded by both parties by way of interest free loans. The Group performs the role of project manager, for which it receives a project management fee.
- Elmsbrook (Crest A2D) LLP: In July 2017, the Group entered into a partnership agreement with A2 Dominion Developments Limited to procure and develop a site in Oxfordshire. The LLP commenced construction in 2018, with sales completion forecast for 2025. The development will be equally funded by both parties by way of interest free loans. The Group performs the role of project manager, for which it receives a project management fee.
- Crest Sovereign (Brooklands) LLP: In April 2019, the Group entered into a partnership agreement with Sovereign Housing Association Limited to develop a site in Bristol. The LLP commenced construction in 2019, with sales completion forecast for 2027. The LLP will be equally funded by both parties, who will receive interest on loaned sums. The Group performs the role of project manager, for which it receives a project management fee.
- Crest Peabody (Turweston) LLP: In September 2023, the Group entered into a partnership agreement with the Peabody Trust to develop a site in Buckinghamshire. The LLP is expecting to commence construction in 2025, with sales completion forecast for 2029. The development will be equally funded by both parties by way of interest free loans. The Group performs the role of project manager, for which it will receive a project management fee and a sales and marketing fee.

	2024 £m	2023 £m
Total investments in joint ventures		
Crest A2D (Walton Court) LLP	1.3	2.3
Elmsbrook (Crest A2D) LLP	1.2	3.5
Crest Sovereign (Brooklands) LLP	5.9	4.9
Crest Peabody (Turweston) LLP	0.2	–
Other non-material joint ventures	–	–
Total investments in joint ventures	**8.6**	**10.7**

All material joint ventures have their place of business in Great Britain, are 50% owned and are accounted for using the equity method, in line with the prior year. See note 28 for further details.

Notes to the consolidated financial statements continued

Summarised financial information for joint ventures

The tables below provide financial information for joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures, where the Group retains an interest, and not the Group's share of those amounts.

2024	Crest A2D (Walton Court) LLP £m	Elmsbrook (Crest A2D) LLP £m	Crest Sovereign (Brooklands) LLP £m	Crest Peabody (Turweston) LLP £m	Other non-material joint ventures £m	Total £m
Summarised statement of financial position						
Current assets:						
Cash and cash equivalents	0.3	2.4	0.3	0.1	0.5	3.6
Inventories	19.6	0.7	19.5	1.1	–	40.9
Other current assets	8.1	0.2	4.2	5.1	1.6	19.2
Current liabilities:						
Financial liabilities	(21.8)	–	(7.4)	(5.9)	(2.7)	(37.8)
Other current liabilities	(3.6)	(1.0)	(4.8)	–	(1.1)	(10.5)
Net assets/(liabilities)	**2.6**	**2.3**	**11.8**	**0.4**	**(1.7)**	**15.4**
Reconciliation to carrying amounts						
Opening net assets/(liabilities) at 1 November 2023	4.5	6.9	9.8	–	(1.7)	19.5
(Loss)/profit for the year	(2.4)	0.4	2.0	(0.2)	–	(0.2)
Capital contribution reserve	0.5	–	–	0.6	–	1.1
Dividends paid	–	(5.0)	–	–	–	(5.0)
Closing net assets/(liabilities) at 31 October 2024	**2.6**	**2.3**	**11.8**	**0.4**	**(1.7)**	**15.4**

2024	Crest A2D (Walton Court) LLP £m	Elmsbrook (Crest A2D) LLP £m	Crest Sovereign (Brooklands) LLP £m	Crest Peabody (Turweston) LLP £m	Other non-material joint ventures £m	Total £m
Group's share of closing net assets/(liabilities) at 31 October 2024	1.3	1.2	5.9	0.2	(0.9)	7.7
Losses recognised against receivable from joint venture (note 17)	–	–	–	–	0.9	0.9
Group's share in joint venture	**1.3**	**1.2**	**5.9**	**0.2**	**–**	**8.6**
Amount due to the Group (note 17)	11.1	–	3.7	6.0	1.8	22.6
Amount due from the Group (note 21)	–	–	–	–	0.1	0.1
Summarised income statement for the 12 months ending 31 October 2024						
Revenue	56.1	8.2	15.4	–	–	79.7
Expenditure	(57.5)	(7.8)	(13.1)	–	–	(78.4)
Operating (loss)/profit before finance expense	**(1.4)**	**0.4**	**2.3**	**–**	**–**	**1.3**
Finance expense	(1.0)	–	(0.3)	(0.2)	–	(1.5)
Pre-tax and post-tax (loss)/profit for the year	**(2.4)**	**0.4**	**2.0**	**(0.2)**	**–**	**(0.2)**
Group's share in joint venture (loss)/profit for the year	**(1.2)**	**0.2**	**1.0**	**(0.1)**	**–**	**(0.1)**

The Group is committed to provide such funding to joint ventures as may be required by the joint venture in order to carry out the project if called. Funding of this nature is currently expected to be £0.9m (2023: £5.9m). The Group has recognised its share of the accumulated losses of its joint ventures against the carrying value of investments or loans in the joint venture where appropriate, in line with IAS 28.

Notes to the consolidated financial statements continued

2023	Crest A2D (Walton Court) LLP £m	Elmsbrook (Crest A2D) LLP £m	Crest Sovereign (Brooklands) LLP £m	Crest Peabody (Turweston) LLP £m	Other non-material joint ventures £m	Total £m
Summarised statement of financial position						
Current assets:						
Cash and cash equivalents	0.2	6.0	0.4	–	0.2	6.8
Inventories	64.8	4.6	16.7	–	–	86.1
Other current assets	0.2	1.0	1.9	5.3	2.0	10.4
Current liabilities:						
Financial liabilities	(52.0)	(1.4)	(1.1)	(0.3)	–	(54.8)
Other current liabilities	(5.7)	(3.3)	(8.1)	(5.0)	(3.9)	(26.0)
Non-current liabilities						
Financial liabilities	(3.0)	–	–	–	–	(3.0)
Net assets/(liabilities)	**4.5**	**6.9**	**9.8**	**–**	**(1.7)**	**19.5**
Reconciliation to carrying amounts						
Opening net assets/(liabilities) at 1 November 2022	6.7	6.5	4.6	–	(2.9)	14.9
(Loss)/profit for the year	(3.2)	3.4	5.2	–	1.2	6.6
Capital contribution reserve	1.0	–	–	–	–	1.0
Dividends paid	–	(3.0)	–	–	–	(3.0)
Closing net assets/(liabilities) at 31 October 2023	**4.5**	**6.9**	**9.8**	**–**	**(1.7)**	**19.5**

2023	Crest A2D (Walton Court) LLP £m	Elmsbrook (Crest A2D) LLP £m	Crest Sovereign (Brooklands) LLP £m	Crest Peabody (Turweston) LLP £m	Other non-material joint ventures £m	Total £m
Group's share of closing net assets/(liabilities) at 31 October 2023	2.3	3.5	4.9	–	(0.9)	9.8
Fully provided in the Group financial statements (note 22)	–	–	–	–	0.9	0.9
Group's share in joint venture	**2.3**	**3.5**	**4.9**	**–**	**–**	**10.7**
Amount due to the Group (note 17)	27.4*	1.4	0.4	0.3	–	29.5
Amount due from the Group (note 21)	–	–	–	–	0.7	0.7
Summarised income statement for the 12 months ending 31 October 2023						
Revenue	0.9	21.1	47.2	–	–	69.2
Expenditure	(2.6)	(17.7)	(41.1)	–	–	(61.4)
Expenditure – exceptional item (note 4)	–	–	–	–	1.2	1.2
Operating (loss)/profit before finance expense	**(1.7)**	**3.4**	**6.1**	**–**	**1.2**	**9.0**
Finance expense	(1.5)	–	(0.9)	–	–	(2.4)
Pre-tax and post-tax (loss)/profit for the year	**(3.2)**	**3.4**	**5.2**	**–**	**1.2**	**6.6**
Group's share in joint venture (loss)/profit for the year	**(1.6)**	**1.7**	**2.6**	**–**	**0.6**	**3.3**

* £27.4m stated after expected credit loss of £0.1m.

Notes to the consolidated financial statements continued

Subsidiary undertakings

The subsidiary undertakings that are significant to the Group and traded during the year are set out below. The Group's interest is in respect of ordinary issued share capital that is wholly owned and all the subsidiary undertakings are incorporated in Great Britain and are included in the consolidated financial statements.

Subsidiary	Nature of business
CN Finance plc	Holding company (including group financing)
Crest Nicholson plc	Holding company
Crest Nicholson Operations Limited	Residential and commercial property development

A full list of the Group's undertakings including subsidiaries and joint ventures is set out in note 28.

15 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets	Inventories fair value £m	Share-based payments £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 November 2022	1.5	0.5	–	2.8	4.8
Consolidated income statement movements	(0.4)	(0.1)	–	(0.8)	(1.3)
Equity movements	–	(0.2)	–	–	(0.2)
At 31 October 2023	**1.1**	**0.2**	**–**	**2.0**	**3.3**
Consolidated income statement movements	(0.2)	–	36.0	0.5	36.3
Equity movements	–	0.1	–	–	0.1
At 31 October 2024	**0.9**	**0.3**	**36.0**	**2.5**	**39.7**

Deferred tax liabilities	Pension surplus £m	Total £m
At 1 November 2022	(3.2)	(3.2)
Consolidated income statement movements	(0.4)	(0.4)
Equity movements	1.1	1.1
At 31 October 2023	**(2.5)**	**(2.5)**
Consolidated income statement movements	(0.3)	(0.3)
Equity movements	(2.1)	(2.1)
At 31 October 2024	**(4.9)**	**(4.9)**

Total deferred tax credited to equity in the year is £2.0m (2023: £0.9m). Deferred tax assets expected to be recovered in less than 12 months is £9.4m (2023: £1.0m), and in more than 12 months is £30.3m (2023: £2.3m). Deferred tax losses have been recognised based on current trading forecasts for the next three years. Deferred tax liabilities are expected to be settled in more than 12 months.

At the consolidated statement of financial position date the substantively enacted future corporation tax rate is 25.0%. RPDT became effective from 1 April 2022 and is an additional tax at 4.0% of profits generated from residential property development activity, in excess of an annual threshold. Deferred tax assets and liabilities have been evaluated using the applicable tax rates when the asset is forecast to be realised and the liability is forecast to be settled. The Group has no material unrecognised deferred tax assets.

16 EMPLOYEE BENEFITS

(a) Retirement benefit obligations

Defined contribution scheme

The Group operates a defined contribution scheme for new employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The contributions to this scheme for the year were £2.6m (2023: £2.8m). At the consolidated statement of financial position date there were no outstanding or prepaid contributions (2023: £nil).

Defined benefit scheme

The Company sponsors the Crest Nicholson Group Pension and Life Assurance Scheme (Scheme), a funded defined benefit pension scheme in the UK. The Scheme is administered within a trust that is legally separate from the Company. A Trustee company (Trustee) is appointed by the Company and the Company and the Scheme's members appoint Trustee Directors. The Trustee is appointed to act in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustee is also responsible for the investment of the Scheme's assets.

The Scheme closed to future service accrual from 30 April 2010. Accrued pensions in relation to deferred members are revalued at statutory revaluation in the period before retirement. Benefits also increase either at a fixed rate or in line with inflation while in payment. The Scheme provides pensions to members on retirement and to their dependants on death.

Notes to the consolidated financial statements continued

The Company pays contributions to improve the Scheme's funding position as determined by regular actuarial valuations. The Trustee is required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates.

Responsibility for meeting any deficit within the Scheme lies with the Company and this introduces a number of risks for the Company. The major risks are: interest rate risk, inflation risk, investment risk and longevity risk. The Company and Trustee are aware of these risks and manage them through appropriate investment and funding strategies.

The Scheme is subject to regular actuarial valuations, which are usually carried out every three years. The last actuarial valuation was carried out with an effective date of 31 January 2021. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

The 31 January 2024 valuation is currently underway and while the final assumptions have not yet been agreed, the initial results of the actuarial valuation as at 31 January 2024 have been projected to 31 October 2024 by a qualified independent actuary and used to derive the present value of scheme liabilities. The figures in the following disclosure were measured using the Projected Unit Method.

The investment strategy in place for the Scheme is to invest in a mix of return seeking, index linked and fixed interest investments. As at 31 October 2024, the allocation of the Scheme's invested assets was 34% in return seeking investments, 51% in liability-driven investing, 12% in cash and 3% in insured annuities. Details of the investment strategy can be found in the Scheme's Statement of Investment Principles, which the Trustee updates as their policy evolves.

It should also be noted that liabilities relating to insured members of the Scheme have been included as both an asset and a liability.

Following the High Court judgement in the Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank plc and others (2018) case, overall pension benefits now need to be equalised to eliminate inequalities between males and females in Guaranteed Minimum Pensions (GMP). The Company has allowed for this in its accounts by adding a 1.0% (2023: 1.3%) reserve reflecting an approximate estimate of the additional liability.

In June 2023, the High Court judged that amendments made to the Virgin Media scheme were invalid because the scheme's actuary did not provide the associated Section 37 certificate. The High Court's decision has wide ranging implications, affecting other schemes that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016.

The Scheme was contracted out until 29 February 2016 and amendments were made during the relevant period. As such the ruling could have implications for the Group. Following the Court of Appeal upholding the 2023 High Court ruling on 25 July 2024, the Trustee initiated the process of investigating any potential impact for the Scheme. As part of this process the Trustee is also considering certain other historical amendments and the manner in which they were applied.

As the detailed investigation is in progress, the Group considers that the amount of any potential impact on the defined benefit obligation cannot be confirmed and/or measured with sufficient reliability at the 2024 year end. We are therefore disclosing this issue as a potential contingent liability at 31 October 2024 and will review again in 2025 based on the findings of the detailed investigation.

	2024 £m	2023 £m	2022 £m
The amounts recognised in the consolidated statement of financial position are as follows:			
Fair value of scheme assets	145.1	141.3	160.0
Present value of scheme liabilities	(125.6)	(131.3)	(148.9)
Net surplus amount recognised at year end	**19.5**	**10.0**	**11.1**
Deferred tax liability recognised at year end within non-current liabilities	(4.9)	(2.5)	(3.2)

The retirement benefit surplus recognised in the consolidated statement of financial position represents the surplus of the fair value of the Scheme's assets over the present value of the Scheme's liabilities.

The rules of the Scheme provide the Group with an unconditional right to a refund of surplus assets on the gradual settlement of the Scheme's liabilities. In the ordinary course of business, the Scheme Trustee has no unilateral right to wind the Scheme up. Based on these rights and in accordance with International Financial Reporting Interpretations Committee 14, the Group has made the judgement that the net surplus in the Scheme is recognised in full.

At the consolidated statement of financial position date, the corporation tax rate is 25.0%. The deferred tax liability on the retirement benefit surplus has been evaluated applying this rate. RPDT of 4.0% is applicable to residential property development trading income only.

Amounts recognised in comprehensive income:

The current and past service costs, settlements and curtailments, together with the interest income for the year are included in the consolidated statement of comprehensive income. Remeasurements of the net defined benefit asset are included in the consolidated statement of comprehensive income.

	2024 £m	2023 £m
Service cost		
Administrative expenses	(0.7)	(0.6)
Interest income	0.6	0.5
Recognised in the consolidated income statement	**(0.1)**	**(0.1)**

Notes to the consolidated financial statements continued

	2024 £m	2023 £m
Remeasurements of the net liability		
Return on Scheme assets	3.2	(18.5)
(Losses)/gains arising from changes in financial assumptions	(4.6)	12.5
Gains arising from changes in demographic assumptions	3.9	6.1
Experience gains/(losses)	6.0	(2.6)
Actuarial gains/(losses) recorded in the consolidated statement of comprehensive income	**8.5**	**(2.5)**
Total defined benefit scheme gains/(losses)	**8.4**	**(2.6)**

	2024 %	2023 %
The principal actuarial assumptions used were:		
Liability discount rate	5.3	5.6
Inflation assumption – RPI	3.2	3.3
Inflation assumption – CPI	2.7	2.7
Revaluation of deferred pensions	2.7	2.7
Increases for pensions in payment		
Benefits accrued in excess of GMP pre-1997	3.0	3.0
Benefits accrued post-1997	3.0	3.1
Proportion of employees opting for early retirement	0.0	0.0
Proportion of employees commuting pension for cash	100.0	100.0
Mortality assumption – pre-retirement	AC00	AC00
Mortality assumption – male and female post-retirement	Male/female pensioners: 103%/103% S3PA base tables. Male/female dependants: 103%/100% S3DA base tables. Projected in line with CMI_2023 core projections and core parameters (Sk = 7.0, an initial addition of 0.25%, w2020 = w2021 = 0%, and w2022 = w2023 = 15%) and a long-term improvement rate of 1.25%	S3PA light base tables (males and females) projected in line with CMI_2022 core model with core parameters (Sk = 7.0, an initial addition of 0.25%, w2020 and w2021 set to zero and 2022 set to 25%) and with a long-term rate of improvement of 1.25% p.a

	2024 Years	2023 Years
Future expected lifetime of current pensioner at age 65		
Male aged 65 at year end	21.4	22.9
Female aged 65 at year end	23.9	24.6
Future expected lifetime of future pensioner at age 65		
Male aged 45 at year end	22.7	24.1
Female aged 45 at year end	25.3	25.9

	2024 £m	2023 £m
Changes in the present value of assets over the year		
Fair value of assets at beginning of the year	141.3	160.0
Interest income	7.7	7.5
Return on assets (excluding amount included in net interest income)	3.2	(18.5)
Contributions from the employer	1.1	1.5
Benefits paid	(7.5)	(8.6)
Administrative expenses	(0.7)	(0.6)
Fair value of assets at end of the year	**145.1**	**141.3**
Actual return on assets over the year	10.9	(10.9)

	2024 £m	2023 £m
Changes in the present value of liabilities over the year		
Liabilities at beginning of the year	(131.3)	(148.9)
Interest cost	(7.1)	(7.0)
Remeasurement gains/(losses)		
(Losses)/gains arising from changes in financial assumptions	(4.6)	12.5
Gains arising from changes in demographic assumptions	3.9	6.1
Experience gains/(losses)	6.0	(2.6)
Benefits paid	7.5	8.6
Liabilities at end of the year	**(125.6)**	**(131.3)**

Notes to the consolidated financial statements continued

	2024 £m	2023 £m
Split of the Scheme's liabilities by category of membership		
Deferred pensioners	(47.2)	(57.8)
Pensions in payment	(78.4)	(73.5)
	(125.6)	**(131.3)**

	2024 Years	2023 Years
Average duration of the Scheme's liabilities at end of the year	11.0	12.0
This can be subdivided as follows:		
Deferred pensioners	15.0	16.0
Pensions in payment	9.0	9.0

	2024 £m	2023 £m
Major categories of scheme assets		
Return seeking		
Overseas equities	8.6	2.4
Other (hedge funds, multi asset strategy and absolute return funds)	40.1	23.6
	48.7	**26.0**
Debt instruments		
Corporates	35.8	11.8
Liability-driven investing	38.4	44.1
	74.2	**55.9**
Other		
Cash (including liquidity fund)	18.3	55.9
Insured annuities	3.9	3.5
	22.2	**59.4**
Total market value of assets	**145.1**	**141.3**

The Scheme has a Liability Driven Investment (LDI) strategy designed to closely align investment returns with movements in the Scheme's liabilities on a low-risk basis, thereby reducing the volatility of the Scheme's funding level. The use of LDI brings liquidity risk as the demand for additional collateral to maintain the Scheme's hedging can change over short periods when interest rates change.

£nil (2023: £nil) of Scheme assets have a quoted market price in active markets, £132.1m (2023: £90.9m) of Scheme assets have valuation inputs other than quoted market prices, including quoted market prices for similar assets in active markets, £6.2m (2023: £21.4m) of Scheme assets are instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect the differences between the instruments, and £6.8m (2023: £29.0m) of Scheme assets are cash at bank and insured pension annuities.

The Scheme has no investments in the Group or in property occupied by the Group.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the scheme was carried out by a qualified actuary as at 31 January 2021 and showed a deficit of £10.8m. The 31 January 2024 valuation is underway with ongoing discussions between the Trustees and the Company. The Company paid contributions of £1.1m during 2024 and stopped paying deficit contributions in July 2024.

Sensitivity of the liability value to changes in the principal assumptions

The sensitivities included are consistent with those shown in prior years and show the change in the consolidated statement of financial position as at 31 October 2024 as a result of a change to the key assumptions.

If the discount rate was 0.25% higher/(lower), the Scheme liabilities would decrease by £3.3m/(increase by £3.4m) if all the other assumptions remained unchanged.

If the inflation assumption was 0.25% higher/(lower), the Scheme liabilities would increase by £1.9m/(decrease by £1.9m) if all the other assumptions remained unchanged.

If life expectancies were to increase by one year, the scheme liabilities would increase by £4.9m if all the other assumptions remained unchanged.

(b) Share-based payments

The Group operates a Long-Term Incentive Plan (LTIP), Save As You Earn scheme (SAYE) and a deferred bonus plan. No awards were made in 2024 under the deferred bonus plan as under the terms of the Directors' Remuneration Policy any future awards in respect of the annual bonus scheme will be made in the form of deferred shares.

Long-Term Incentive Plan

The Group's LTIP is open to the Executive Directors and senior management with awards being made at the discretion of the Remuneration Committee. Options granted under the plan are exercisable between three and 10 years after the date of grant. Awards may be satisfied by shares held in the ESOT, the issue of new shares (directly or to the ESOT) or the acquisition of shares in the market.

All awards are subject to a three-year performance period and a two-year post-vesting period for Executive Directors and Executive Committee members.

Notes to the consolidated financial statements continued

Awards issued in 2021 and 2022 are assessed against return on capital, profit performance conditions and relative total shareholder returns (TSR). The non-market based return on capital and profit performance conditions apply to 60% of the award and value the options using a binomial option valuation model. The market-based TSR performance conditions apply to 40% of the award and values the options using the Monte Carlo valuation model. The TSR-based performance conditions are split one-third FTSE 250 excluding investment funds and two-thirds sector peer group. Awards issued in 2023 are as above and include a tCO_2e target non-market performance condition and 75% of the award is subject to an additional post-vesting holding period, where shares cannot be sold for two years after vesting date. 1,487,313 options were awarded in 2024 and are subject to three years' performance with 882,615 options being subject to an additional two-year post-vesting holding period. 27% of the awards are assessed against return on capital, 12% against tCO_2e targets, 39% against relative total shareholder returns and 22% contain no performance conditions. Non-market based return on capital and tCO_2e performance conditions options and the options with no performance conditions are valued using a binomial option valuation model. Market-based TSR performance conditions options are valued using the Monte Carlo valuation model.

The 28 January 2022 grant fair value at measurement date of the different valuation elements of the unrestricted options are £1.68 TSR (FTSE 250), £1.55 TSR (peer group), and £2.62 for the non-market-based return on capital and profit performance conditions. The 2023 fair value at measurement date of the different valuation elements of the restricted options are £1.51 TSR (FTSE 250), £1.40 TSR (peer group), and £2.36 for the non-market-based return on capital and profit performance conditions. The correlation of FTSE 250 and peer group calculated for each individual comparator company relative to the Group is 31% and 68% respectively. The average fair value at measurement date is £2.10 per option. The average fair value at measurement date of the 25 August 2023 grant is £1.59 per option.

The 27 January 2023 grant fair value at measurement date of the different valuation elements of the unrestricted options are £1.84 TSR (FTSE 250), £1.68 TSR (peer group), and £2.45 for the non-market-based return on capital and tCO_2e elements. The 2023 fair value at measurement date of the different valuation elements of the restricted options are £1.58 TSR (FTSE 250), £1.44 TSR (peer group), and £2.10 for the non-market-based return on capital and profit performance conditions. The correlation of FTSE 250 and peer group calculated for each individual comparator company relative to the Group is 33% and 65% respectively. The average fair value at measurement date is £1.88 per option.

The 5 February 2024 grant fair value at measurement date of the different valuation elements of the unrestricted options are £1.48 TSR (FTSE 250), £1.14 TSR (peer group), and £2.04 for the non-market-based return on capital, tCO_2e targets and options with no performance conditions. The fair value at measurement date of the different valuation elements of the restricted options are £1.29 TSR (FTSE 250), £0.99 TSR (peer group), and £1.78 for the non-market-based return on capital, tCO_2e targets and options with no performance conditions. The correlation of FTSE 250 and peer group calculated for each individual comparator company relative to the Group is 32% and 66% respectively. The average fair value at measurement date is £1.62 per option.

The 17 June 2024 options granted are in relation to the buy-out arrangement of Martyn Clark who joined the Group on 3 June 2024 from Persimmon Plc (Persimmon). 498,628 options have the same conditions as the 5 February 2024 LTIP issue. 224,909 Crest Nicholson Holdings plc options are replacement unvested Persimmon 2023 LTIP options, subject to satisfaction of original Persimmon market and non-market performance conditions and vest 2 May 2026. 138,037 Crest Nicholson Holdings plc options are replacement unvested Persimmon 2022 LTIP options, subject to satisfaction of original Persimmon market and non-market performance conditions and vest 8 March 2025. 97,544 options are replacement unvested Persimmon 2024 Deferred Bonus Plan Award options, subject to a service condition and vest on 1 March 2026. The fair value at measurement date and valuation model applied are within the table on the next page.

Notes to the consolidated financial statements continued

Date of grant	20 Feb 2020	04 Aug 2020	08 Feb 2021	28 Jan 2022	25 Aug 2022	06 Mar 2023	07 Aug 2023	27 Jan 2023	05 Feb 2024	17 Jun 2024	17 Jun 2024	17 Jun 2024	17 Jun 2024
Options granted	1,125,531	7,298	1,328,192	1,341,918	23,955	29,462	508	1,771,417	1,487,313	498,628	224,909	138,037	97,544
Fair value at measurement date	£4.28	£1.53	£2.50	£2.10	£1.59	£2.75	£2.46	£1.88	£1.62	£1.92	£1.47	£1.30	£2.48
Share price on date of grant	£5.16	£1.85	£3.23	£3.07	£2.33	£2.32	£2.14	£2.45	£2.04	£2.48	£2.48	£2.48	£2.48
Exercise price	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Vesting period	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	May 26	Mar 25	Mar 26
Expected dividend yield	6.40%	6.40%	4.30%	5.30%	5.30%	N/A	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	30.00%	30.00%	40.00%	40.00%	40.00%	N/A	N/A	45.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Risk-free interest rate	0.45%	0.45%	0.03%	0.97%	0.97%	N/A	N/A	3.23%	4.05%	4.12%	4.12%	4.12%	4.12%
Valuation model	Binomial	Binomial	Binomial/ Monte Carlo	Binomial/ Monte Carlo	Binomial/ Monte Carlo	N/A	N/A	Binomial/ Monte Carlo	Binomial/ Monte Carlo	Binomial/ Monte Carlo	Binomial/ Monte Carlo	Binomial/ Monte Carlo	Binomial
Contractual life from	20.02.20	04.08.20	08.02.21	28.01.22	25.08.22	06.03.23	07.08.23	27.01.23	05.02.24	17.06.24	17.06.24	17.06.24	17.06.24
Contractual life to	19.02.30	03.08.30	07.02.31	27.02.32	27.02.32	19.02.30	03.08.30	26.01.33	05.02.34	16.06.34	16.06.34	16.06.34	16.06.34

	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Total Number of options
Movements in the year														
Outstanding at 1 November 2022	891,970	7,298	1,197,676	1,312,475	23,955	–	–	–	–	–	–	–	–	3,433,374
Granted during the year	–	–	–	–	–	29,462	508	1,771,407	–	–	–	–	–	1,801,377
Exercised during the year	(417,308)	(3,948)	–	–	–	(29,462)	(508)	–	–	–	–	–	–	(451,226)
Lapsed during the year	(474,662)	(3,350)	(167,438)	(181,150)	–	–	–	(201,028)	–	–	–	–	–	(1,027,628)
Outstanding at 31 October 2023	**–**	**–**	**1,030,238**	**1,131,325**	**23,955**	**–**	**–**	**1,570,379**	**–**	**–**	**–**	**–**	**–**	**3,755,897**
Granted during the year	–	–	–	–	–	–	–	–	1,487,313	498,628	224,909	138,037	97,544	2,446,431
Lapsed during the year	–	–	(1,030,238)	(252,040)	–	–	–	(455,292)	(92,844)	–	–	–	–	(1,830,414)
Outstanding at 31 October 2024	**–**	**–**	**–**	**879,285**	**23,955**	**–**	**–**	**1,115,087**	**1,394,469**	**498,628**	**224,909**	**138,037**	**97,544**	**4,371,914**
Exercisable at 31 October 2024	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exercisable at 31 October 2023	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	Total £m
Charge to income for the current year	**–**	**–**	**–**	**0.1**	**–**	**–**	**–**	**0.4**	**0.3**	**0.1**	**0.1**	**0.1**	**–**	**1.1**
Charge to income for the prior year	0.1	–	–	0.1	–	0.1	–	0.3	–	–	–	–	–	0.6

The weighted average exercise price of LTIP share options was £nil (2023: £nil).

Notes to the consolidated financial statements continued

Save As You Earn

Executive Directors and eligible employees are invited to make regular monthly contributions to a Sharesave scheme administered by EQ. On completion of the three-year savings contract period employees are able to purchase ordinary shares in the Company based on the market price at the date of invitation less a 20% discount. There are no performance conditions.

Date of grant	30 Jul 2019	07 Aug 2020	03 Aug 2021	02 Aug 2022	28 Jul 2023	13 Sep 2024
Options granted	935,208	1,624,259	256,132	975,549	1,938,156	663,354
Fair value at measurement date	£0.54	£0.36	£1.15	£0.66	£1.51	£0.40
Share price on date of grant	£3.68	£1.94	£4.14	£2.67	£2.19	£1.98
Exercise price	£2.86	£1.70	£3.42	£1.94	£1.51	£1.71
Vesting period	3 years	3 years	3 years	3 years	3 years	3 years
Expected dividend yield	8.96%	5.20%	1.98%	5.63%	7.78%	8.60%
Expected volatility	35.00%	40.00%	45.30%	42.20%	41.60%	44.10%
Risk-free interest rate	0.38%	-0.08%	0.14%	1.62%	4.63%	3.51%
Valuation model	Binomial	Binomial	Binomial	Binomial	Binomial	Binomial
Contractual life from	01.09.19	01.09.20	01.09.21	01.09.22	01.09.23	01.10.24
Contractual life to	01.03.23	01.03.24	01.03.25	01.03.26	01.03.27	01.04.28

Notes to the consolidated financial statements continued

	30 Jul 2019	07 Aug 2020	03 Aug 2021	02 Aug 2022	28 Jul 2023	13 Sep 2024		
Movements in the year	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Total number of options	Weighted average exercise price
Outstanding at 1 November 2022	96,832	907,769	84,131	912,557	–	–	2,001,289	£1.94
Granted during the year	–	25	–	–	1,938,156	–	1,938,156	£1.51
Exercised during the year	–	(522,976)	–	–	–	–	(522,976)	£1.70
Lapsed during the year	(96,832)	(61,983)	(41,201)	(486,485)	(158,774)	–	(845,275)	£2.02
Outstanding at 31 October 2023	**–**	**322,810**	**42,930**	**426,072**	**1,779,382**	**–**	**2,571,194**	**£1.64**
Granted during the year	–	–	–	–	–	663,354	663,354	£1.71
Exercised during the year	–	(198,624)	–	(3,581)	(4,965)	–	(207,170)	£1.70
Lapsed during the year	–	(124,186)	(9,943)	(231,870)	(489,591)	(27,572)	(883,162)	£1.68
Outstanding at 31 October 2024	**–**	**–**	**32,987**	**190,621**	**1,284,826**	**635,782**	**2,144,216**	**£1.64**
Exercisable at 31 October 2024	**–**	**–**	**32,987**	**–**	**–**	**–**	**32,987**	
Exercisable at 31 October 2023	**–**	**322,810**	**–**	**–**	**–**	**–**	**322,810**	

	£m	£m	£m	£m	£m	£m	Total £m
Charge to income for the current year	**–**	**–**	**–**	**0.1**	**0.3**	**–**	**0.4**
Charge to income for the prior year	**–**	**0.1**	**–**	**0.3**	**0.1**	**–**	**0.5**

Notes to the consolidated financial statements continued

Deferred bonus plan

Under the terms of certain bonus schemes, some parts of bonus payments must be deferred into share options. The options carry no performance criteria and vest over one or three years. Options granted under the plan are exercisable between one and 10 years after the date of grant. Deferred bonus plan option numbers are based on the share price on the date of grant.

Date of grant	28 Feb 2020	28 Jan 2022	09 Feb 2022	06 Mar 2023	06 Mar 2023	27 Jan 2023	05 Feb 2024
Options granted	20,956	230,605	58,848	151	2,897	340,125	3,234
Fair value at measurement date	£4.52	£2.76	£2.76	£2.75	£2.53	£2.44	£2.02
Share price on date of grant	£4.52	£3.06	£3.27	£2.32	£2.32	£2.45	£2.04
Exercise price	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Vesting period	3 years	3 years	1 year	N/A	N/A	3/1 year	N/A
Expected dividend yield and volatility	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Risk-free interest rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valuation model	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contractual life from	28.02.20	28.01.22	09.02.22	06.03.23	06.03.23	27.01.23	05.02.24
Contractual life to	27.02.30	27.01.32	08.02.32	27.02.30	08.02.32	26.01.33	26.01.34

Notes to the consolidated financial statements continued

	28 Feb 2020	28 Jan 2022	09 Feb 2022	06 Mar 2023	06 Mar 2023	27 Jan 2023	05 Feb 2023	
Movements in the year	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Total number of options
Outstanding at 1 November 2022	2,260	230,605	58,848	–	–	–	–	291,713
Granted during the year	–	–	–	151	2,897	340,125	–	343,173
Exercised during the year	(2,260)	–	(48,374)	(151)	(2,897)	–	–	(53,682)
Lapsed during the year	–	–	(10,474)	–	–	(21,108)	–	(31,582)
Outstanding at 31 October 2023	**–**	**230,605**	**–**	**–**	**–**	**319,017**	**–**	**549,622**
Granted during the year	–	–	–	–	–	–	3,234	3,234
Exercised during the year	–	–	–	–	–	(37,720)	(3,234)	(40,954)
Lapsed during the year	–	(41,328)	–	–	–	(50,911)	–	(92,239)
Outstanding at 31 October 2024	**–**	**189,277**	**–**	**–**	**–**	**230,386**	**–**	**419,663**
Exercisable at 31 October 2024	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Exercisable at 31 October 2023	–	–	–	–	–	–	–	–

	£m	£m	£m	£m	£m	£m	£m	Total £m
Charge to income for the current year	**–**	**–**	**–**	**–**	**–**	**0.2**	**–**	**0.2**
Charge to income for the prior year	–	0.2	–	–	–	0.2	–	0.4

The weighted average exercise price of deferred bonus plan share options was £nil (2023: £nil).

Notes to the consolidated financial statements continued

Total share incentive schemes

Movements in the year	2024 Number of options	2023 Number of options
Outstanding at beginning of the year	6,876,713	5,726,376
Granted during the year	3,113,019	4,082,706
Exercised during the year	(248,124)	(1,027,884)
Lapsed during the year	(2,805,815)	(1,904,485)
Outstanding at end of the year	**6,935,793**	**6,876,713**
Exercisable at end of the year	**32,987**	**322,810**

	2024 £m	2023 £m
Charge to income for share incentive schemes	1.7	1.5
Chief Executive Officer buy-out arrangement[1]	0.1	–
Charge to income for the year	**1.8**	**1.5**

1 As part of his terms of appointment, the Group agreed to buy-out certain share-based awards from Martyn Clark's previous employment. 21,968 shares in Crest Nicholson Holdings plc were issued on joining at a cost of £0.1m. Total buy-out related charge to income for the year was £0.5m (LTIPs charge £0.4m and £0.1m issued on joining).

The weighted average share price at the date of exercise of share options exercised during the year was £2.09 (2023: £2.77). The options outstanding had a range of exercise prices of £nil to £3.42 (2023: £nil to £3.42) and a weighted average remaining contractual life of 6.7 years (2023: 6.2 years). The gain on shares exercised during the year was £0.2m (2023: £0.1m).

17 TRADE AND OTHER RECEIVABLES

	Trade and other receivables before expected credit loss 2024 £m	Expected credit loss 2024 £m	Trade and other receivables after expected credit loss 2024 £m	Trade and other receivables before expected credit loss 2023 £m	Expected credit loss 2023 £m	Trade and other receivables after expected credit loss 2023 £m
Non-current						
Trade receivables	12.6	–	12.6	4.6	(0.1)	4.5
Due from joint ventures	–	–	–	1.5	–	1.5
Other receivables	2.0	–	2.0	–	–	–
	14.6	**–**	**14.6**	**6.1**	**(0.1)**	**6.0**
Current						
Trade receivables	51.0	(1.4)	49.6	57.1	(0.7)	56.4
Contract assets	7.7	(0.1)	7.6	6.9	–	6.9
Due from joint ventures	22.7	(0.1)	22.6	28.1	(0.1)	28.0
Other receivables	15.9	(0.1)	15.8	27.0	(0.2)	26.8
Prepayments and accrued income	2.5	–	2.5	1.9	–	1.9
	99.8	**(1.7)**	**98.1**	**121.0**	**(1.0)**	**120.0**
Non-current and current	**114.4**	**(1.7)**	**112.7**	**127.1**	**(1.1)**	**126.0**

Trade receivables and contract assets mainly comprise contractual amounts due from housing associations, bulk sale purchasers and land sales to other housebuilders. Other receivables mainly comprise two development agreements where the Group is entitled to recovery of costs incurred under the agreement. Current trade receivables of £17.7m have been collected as of 1 January 2025 (2023: £20.2m have been collected as of 1 January 2024). The remaining balance is due according to contractual terms, and no individually material amounts are past due. At the consolidated statement of financial position date the difference between the fair value of amounts due from joint ventures and nominal value is £0.2m (2023: £0.2m).

Amounts due from joint ventures comprises funding provided on four (2023: four) joint venture developments which are being project managed by the Group and are repayable according to contractual arrangements. Amounts due from joint ventures are stated net of losses of £0.9m (2023: £nil). See note 14 for additional details on the Group's interests in joint ventures.

Notes to the consolidated financial statements continued

Trade receivables, contract assets and other receivables are stated after a loss allowance of £1.6m (2023: £1.0m) in respect of expected credit losses, assessed on an estimate of default rates. £0.7m (2023: £0.7m) provision was made during the year, £nil (2023: £nil) was utilised and £0.1m (2023: £0.1m) provision was released during the year.

Movements in total loss allowance for expected credit losses	2024 £m	2023 £m
At beginning of the year	1.1	0.5
Charged in the year	0.7	0.7
Released in the year	(0.1)	(0.1)
At end of the year	**1.7**	**1.1**

Maturity of non-current receivables:	2024 £m	2023 £m
Due between one and two years	14.6	5.8
Due between two and five years	–	0.2
Due after five years	–	–
	14.6	**6.0**

18 INVENTORIES

	2024 £m	Represented[1] 2023 £m
Land	670.2	679.4
Work-in-progress	334.1	361.3
Completed buildings including show homes	102.9	89.6
Part exchange inventories	30.2	34.5
	1,137.4	**1,164.8**

1 Work-in-progress has been represented to show land and work-in-progress separately as land represents a major component of inventories and has different characteristics to other work-in-progress.

Total inventories of £497.6m (2023: £520.2m) were recognised as cost of sales in the year.

During the year £14.2m (2023: £13.4m) additional NRV was charged consisting of £8.5m, mainly on legacy developments and £5.7m on freehold reversionary interests as disclosed in note 4.

Inventories are stated after an NRV provision of £22.3m (2023: £20.2m), which it is currently forecast around half will be used in the next financial year.

Movements in the NRV provision in the current and prior year are shown below:

	2024 £m	2023 £m
At beginning of the year	20.2	12.6
NRV charged in the year	14.2	13.4
NRV used in the year	(12.1)	(5.8)
Total movement in NRV in the year	**2.1**	**7.6**
At end of the year	**22.3**	**20.2**

19 MOVEMENT IN NET (DEBT)/CASH

	2024 £m	Movement £m	2023 £m
Cash and cash equivalents	73.8	(88.8)	162.6
Bank loans and senior loan notes	(82.3)	15.4	(97.7)
Net (debt)/cash	**(8.5)**	**(73.4)**	**64.9**

Notes to the consolidated financial statements continued

20 INTEREST-BEARING LOANS AND BORROWINGS

	2024 £m	2023 £m
Non-current		
Senior loan notes	65.0	85.0
Revolving credit and senior loan notes issue costs	(1.8)	(1.5)
	63.2	**83.5**
Current		
Senior loan notes	20.0	15.0
Revolving credit and senior loan notes issue costs	(0.9)	(0.8)
	19.1	**14.2**

There were undrawn amounts of £250.0m (2023: £250.0m) under the RCF at the consolidated statement of financial position date. The Group remained undrawn until 30 June 2024. From 1 July 2024 to 31 October 2024, the Group had average drawings of £64.0m (2023: undrawn) under the RCF. See note 24 for additional disclosures.

21 TRADE AND OTHER PAYABLES

	2024 £m	Represented[1] 2023 £m
Non-current		
Land payables on contractual terms	31.8	64.7
Other payables	1.7	2.0
Contract liabilities	–	0.3
Accruals and deferred income	8.8	2.7
	42.3	**69.7**
Current		
Land payables on contractual terms	99.8	140.8
Other trade payables	67.8	61.8
Contract liabilities	6.9	5.7
Amounts due to joint ventures	0.1	0.7
Taxes and social security costs	1.7	1.7
Other payables	1.1	1.1
Accruals and deferred income	107.8	116.8
	285.2	**328.6**

1 See note 29 for an explanation of the prior year representation

Notes to the consolidated financial statements continued

Land payables are recognised from the date of unconditional exchange of contracts, and represent amounts due to land vendors for development sites acquired. All land payables are due according to contractual terms. Where land is purchased on deferred settlement terms then the land and the land payable are discounted to their fair value using the effective interest method in accordance with IFRS 9. The difference between the fair value and the nominal value is amortised over the deferment period, with the financing element being charged as an interest expense through the consolidated income statement. As at 31 October 2024 the difference between the fair value and nominal value of land payables is £3.7m (2023: £6.8m).

Contract liabilities represent payments on account, received from customers, in excess of billable work-in-progress on affordable and other sales in bulk on contracts in which revenue is recognised over time. Based on historical trends, the Directors expect a significant proportion of the contract liabilities total to be recognised as revenue in the next reporting period.

Amounts due to joint ventures are interest free and repayable on demand. See note 14 for additional details on the Group's interests in joint ventures.

Other trade payables mainly comprise amounts due to suppliers and subcontractor retentions. Suppliers are settled according to agreed payment terms and subcontractor retentions are released once the retention condition has been satisfied.

Accruals are mainly work-in-progress related where work has been performed but not yet invoiced and completed site accruals. Completed site accruals are £21.8m (2023: £14.2m) and relate to the cost to complete outstanding site infrastructure and amenities on completed developments. Included within the £21.8m completed site accruals is £8.8m exceptional charge in the year. See note 4 for additional disclosure.

22 PROVISIONS

	Combustible materials £m	Legal provision £m	Completed site provisions £m	Joint ventures £m	Other provisions £m	Total £m
At 1 November 2022	140.8	–	–	1.2	1.0	143.0
Provided in the year	12.0	13.0	–	–	0.4	25.4
Utilised in the year	(12.6)	–	–	–	(0.6)	(13.2)
Released in the year	–	–	–	–	(0.2)	(0.2)
Imputed interest	4.6	–	–	–	–	4.6
Funding commitment change	–	–	–	(0.3)	–	(0.3)
At 31 October 2023 as previously presented	**144.8**	**13.0**	–	**0.9**	**0.6**	**159.3**
Represented[1]	–	–	9.8	–	–	9.8
At 31 October 2023 as presented	**144.8**	**13.0**	**9.8**	**0.9**	**0.6**	**169.1**
Provided in the year	131.7	–	21.5	–	0.3	153.5
Utilised in the year	(33.3)	–	(4.0)	–	–	(37.3)
Released in the year	–	–	(3.7)	–	(0.2)	(3.9)
Imputed interest	6.1	–	–	–	–	6.1
Funding commitment change	–	–	–	(0.9)	–	(0.9)
At 31 October 2024	**249.3**	**13.0**	**23.6**	–	**0.7**	**286.6**

	Combustible materials £m	Legal provision £m	Completed site provisions £m	Joint ventures £m	Other provisions £m	Total £m
At 31 October 2024						
Non-current	181.5	–	10.7	–	0.3	192.5
Current	67.8	13.0	12.9	–	0.4	94.1
	249.3	**13.0**	**23.6**	–	**0.7**	**286.6**
At 31 October 2023						
Non-current (represented[1])	73.6	–	1.4	–	0.2	75.2
Current (represented[1])	71.2	13.0	8.4	0.9	0.4	93.9
	144.8	**13.0**	**9.8**	**0.9**	**0.6**	**169.1**

1 See note 29 for an explanation of the prior year representation.

Notes to the consolidated financial statements continued

Combustible materials

In March 2023 the Group signed the DLUHC Developer Remediation Contract in England, which converted the principles of the building safety pledge signed in 2022, in which the Group committed to resolve any historical fire remedial work on buildings completed since 5 April 1992, into a binding agreement between the government and the Group. This provides clarity for future remediation, particularly with regards to the standards required for internal and external remedial works on legacy buildings.

The combustible materials provision reflects the estimated costs to complete the remediation of life-critical fire safety issues on identified buildings. The Directors have used a combination of BSF costed information, other external information, and internal assessments as a basis for the provision, which is a best estimate at this time.

The Group is making good progress with its assessment programme for both external walls and internal fire safety and is working through the 291 buildings within the scope of the Developer Remediation Contract in a risk-based sequence. At the beginning of January 2025 the Group has external wall assessments and internal assessments on 211 and 169 buildings respectively, each out of the 291 buildings within its scope. The Group has committed to performing 100% of assessments by July 2025. Due to the quantity and nature of the projects, the multiple stakeholders involved and the availability of appropriately qualified and experienced consultants and contractors, we expect to complete the remedial works within five years.

The Group recorded a further combustible materials charge of £131.7m in the year of which £98.5m relates to non-surveyed buildings for which the Group is now able to estimate a charge based on experience gained of remediation costs for similar surveyed buildings and £15.2m relates to costs for buildings surveyed in the year requiring remediation, both of which were previously disclosed as contingent liabilities and thus not provided for previously. The Group has used its experience gained to date on the cost analysis of surveyed and tendered buildings, of which the number surveyed has increased significantly over the year, to compute a reliable estimate for these buildings. Previously any exposure on these buildings were considered as contingent liabilities since the Group was not able to reliably estimate any required costs, or if it was probable that a provision was required based on the best information available at the time, influenced by the lower level of buildings previously surveyed. The balance of £18.0m relates to changes in forecast build cost scope and price over the duration of remediation for buildings upon which a provision was already recognised. The provision is stated after a related discount of £21.1m, which unwinds to the consolidated income statement as finance expense over the expected duration of the provision.

The provision of £249.3m represents the Group's best estimate of future costs on 31 October 2024. The Group will continue to assess the magnitude and utilisation of this provision in future reporting periods. The Group recognises that required remediation works could be subject to further inflationary pressures and cash outflows. If forecast remediation costs on buildings currently provided for are 10.0% higher/lower than provided, the pre-tax exceptional items charge in the consolidated income statement would be £24.9m higher/lower.

The Group spent £33.3m in the year across several buildings requiring further investigative costs and remediation works, including balcony and cladding-related works. The Group expects to have completed any required remediation within a five-year period, using £67.8m of the remaining provision within one year, which includes £22.8m repayable to the BSF, and the balance within one to five years. The timing of the expenditure is based on the Directors best estimates of the timing of remediating buildings and repaying the BSF incurred costs. Actual timing may differ due to delays in agreeing scope of works, obtaining licences, tendering works contracts and the BSF payment schedule differing to our forecast.

The Group is continuing to review the recoverability of costs incurred from third parties where it has a contractual right of recourse. In the year £4.4m was recovered from third parties by the Group. Recoveries are not recognised until they are virtually certain to be received. See note 4 for consolidated income statement disclosure.

Legal provision

The Group is subject to a legal claim relating to a low-rise bespoke apartment block built by the Group which was damaged by fire in 2021. The fire caused extensive damage to the property which was subsequently demolished and is currently being rebuilt by the freeholder. In the prior year the Group received a letter of claim alleging fire safety defects and claiming compensation for the rebuild and other associated costs. The provision recorded represents the Director's best estimate of the Group's potential exposure taking into account legal and professional advice. The claim and ultimate route to settlement is ongoing but the Group currently does not have a set timeline for when the matter will be concluded.

Completed site provisions

During the first half of the financial year, the Group became aware of certain build defects initially identified on four sites that were completed prior to 2019 when the Group closed its Regeneration and London divisions. During the year the Group has undertaken a comprehensive review of all completed sites in association with third-party consultants.

The forecast costs to remedy build defects on these four sites and a limited number of other sites is £23.6m (2023: £9.8m). Discounting has not been applied to the balance as the impact would not be material. The prior year comparative has been represented to reallocate some completed site provisions previously disclosed within accruals (see note 29). Included within the £23.6m completed site provisions is £16.2m exceptional charge in the year. See note 4 for consolidated income statement disclosure.

23 SHARE CAPITAL

	Shares issued Number	Nominal value Pence	Share capital £	Share premium account £
Ordinary shares as at 1 November 2022, 31 October 2023 and 31 October 2024	**256,920,539**	**5**	**12,846,027**	**74,227,216**

Ordinary shares are issued and fully paid.

For details of outstanding share options at 31 October 2024 see note 16.

Notes to the consolidated financial statements continued

Own shares held

The Group and Company holds shares within ESOT for participants of certain share-based payment schemes. These are held within retained earnings. During the year 250,000 shares were purchased by the ESOT for £0.5m (2023: 840,000 shares were purchased by the ESOT for £1.9m) and the ESOT transferred 248,124 (2023: 1,027,884) shares to employees and Directors to satisfy options as detailed in note 16 and 21,968 shares as part of Martyn Clark's share-based awards from previous employment in Crest Nicholson Holdings plc were issued on joining at a cost of £0.1m. The number of shares held within the ESOT (Treasury shares), and on which dividends have been waived, at 31 October 2024 was 580,164 (2023: 600,256). These shares are held within the financial statements in equity at a cost of £1.4m (2023: £1.5m). The market value of these shares at 31 October 2024 was £1.0m (2023: £1.0m).

24 FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash, trade and other receivables, financial assets at fair value through profit and loss, bank loans, senior loan notes, and trade and other payables. The main objective of the Group's policy towards financial instruments is to maximise returns on the Group's cash balances, manage the Group's working capital requirements and finance the Group's ongoing operations.

Capital management

The Group's policies seek to match long-term assets with long-term finance and ensure that there is sufficient working capital to meet the Group's commitments as they fall due, comply with the loan covenants and continue to sustain trading.

The Group's capital comprises shareholders' funds and net debt. A five-year summary of this can be found in the unaudited historical summary on page 160, in addition to its return on average capital employed.

The Group seeks to manage its capital through control of expenditure, dividend payments and through its banking facilities. The Revolving Credit Facility (RCF) and senior loan notes impose certain minimum capital requirements on the Group. These requirements are integrated into the Group's internal forecasting process and are regularly reviewed. The Group has, and is forecasting, to operate within these capital requirements.

There were undrawn amounts of £250.0m (2023: £250.0m) under the RCF at the consolidated statement of financial position date.

On 31 October 2024 the Group signed an amendment and extension to the RCF. This amendment extended the facility to run through to October 2027 and redefined margin from 1.85% to 2.15%. Therefore, from 1 November 2024 the RCF carries interest at SONIA plus 2.15% and ends in 2027.

Both the senior loan notes and the RCF are subject to three covenants that are measured quarterly in January, April, July and October each year. They are gearing being of a maximum of 70%, interest cover being a minimum of three times against adjusted earnings before interest and tax (EBIT) and consolidated tangible net worth being not less than £500m, all based on measures as defined in the facilities agreements which are adjusted from the equivalent IFRS amounts. As at the statement of financial position date gearing was 20.1%, interest cover was 3.5 times and consolidated tangible net worth was £699.9m.

The RCF facility is sustainability linked with the margin applicable varying by plus or minus 0.05% depending on the Group's progress against four targets. These targets and 2024 results are presented below:

- Reduction in absolute scope 1 and 2 emissions in line with our science-based targets. In 2024 this target was met.
- Increasing the number of our suppliers engaging with the Supply Chain Sustainability School. In 2024 this target was met.
- Reduction in carbon emissions associated with the use of our homes. In 2024 this target was met.
- Increasing the number of our employees in trainee positions and on training programmes. In 2024 this target was not met.

As a result of meeting 3 out of 4 of the metrics for 2024 the margin on the RCF will be amended down by 0.025% (2023: 0.05% based on achieving 4 out of 4 targets) from the date of submission of the compliance documents for the facility.

Financial risk

As virtually all of the operations of the Group are in sterling, there is no direct currency risk, and thus the Group's main financial risks are credit risk, liquidity risk and market interest rate risk. The Board is responsible for managing these risks and the policies adopted are as set out here.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or other counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash deposits, as most receivables are secured on land and buildings.

The Group has cash deposits of £73.8m (2023: £162.6m) which are held by the providers of its banking facilities. The Group has bank facilities of £250.0m expiring in October 2027; as at 31 October 2024 with £250.0m remaining available for drawdown under such facilities. These are primarily provided by HSBC Bank Plc, Barclays Bank Plc, Lloyds Bank Plc and NatWest Group Plc, being four of the UK's leading financial institutions. The security and suitability of these banks is monitored by the treasury function on a regular basis.

Financial assets at fair value through profit and loss of £3.3m (2023: £3.7m) are receivables on extended terms granted as part of a sales transaction and are secured by way of a legal charge on the relevant property and therefore credit risk is considered low.

The carrying value of trade and other receivables is mainly contractual amounts due from housing associations, bulk sale purchasers, land sales to other housebuilders and a development agreement where the Group is entitled to recovery of costs incurred under the agreement, and equates to the Group's exposure to credit risk which is set out in note 17. Amounts due from joint ventures of £22.6m (2023: £29.5m) is funding provided on four (2023: four) joint venture developments which are being project managed by the Group and are subject to contractual arrangements. The Group has assessed the expected credit loss impact on the carrying value of trade and other receivables as set out in note 17. Within trade receivables the other largest single amount outstanding at 31 October 2024 is £7.6m (2023: £12.1m) which is within agreed terms.

Notes to the consolidated financial statements continued

The Group considers the credit quality of financial assets that are neither past due nor impaired as good. In managing risk the Group assesses the credit risk of its counterparties before entering into a transaction. No credit limits were exceeded during the reporting year, and the Directors do not expect any material losses from non-performance of any counterparties, including in respect of receivables not yet due. No individually material financial assets are past due, or are considered to be impaired as at the consolidated statement of financial position date (2023: none).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Cash flow forecasts are produced to monitor the expected cash flow requirements of the Group against the available facilities. The principal risks within these cash flows relate to achieving the level of sales volume and prices in line with current forecasts.

The following are the contractual maturities of the financial liabilities of the Group at 31 October 2024:

2024	Carrying value £m	Contractual cash flows £m	Within 1 year £m	Within 1 to 2 years £m	Within 2 to 3 years £m	More than 3 years £m
Senior loan notes	85.0	94.1	23.1	2.4	52.4	16.2
Financial liabilities carrying no interest	326.7	332.8	280.8	36.1	13.4	2.5
At 31 October 2024	**411.7**	**426.9**	**303.9**	**38.5**	**65.8**	**18.7**

2023	Carrying value £m	Contractual cash flows £m	Within 1 year £m	Within 1 to 2 years £m	Within 2 to 3 years £m	More than 3 years £m
Senior loan notes	100.0	112.5	18.5	23.1	2.4	68.5
Financial liabilities carrying no interest (Represented[1])	391.6	399.0	325.1	42.7	28.3	2.9
At 31 October 2023 (Represented[1])	**491.6**	**511.5**	**343.6**	**65.8**	**30.7**	**71.4**

1 See note 29 for an explanation of the prior year representation.

Market interest rate risk

Market interest rate risk reflects the Group's exposure to fluctuations to interest rates in the market. The risk arises because the Group's RCF is subject to floating interest rates based on SONIA. The Group accepts a degree of interest rate risk, and monitors rate changes to ensure they are within acceptable limits and in line with banking covenants. The Group has partially mitigated this risk by placing £85.0m of senior loan notes which are at fixed interest rates. For the year ended 31 October 2024 it is estimated that an increase of 1.0% in interest rates applying for the full year would decrease the Group's profit before tax and equity by £0.2m (2023: £nil).

The interest rate profile of the financial liabilities of the Group was:

	2024 £m	Represented[1] 2023 £m
Sterling bank borrowings, loan notes and long-term creditors		
Financial liabilities carrying interest	85.0	100.0
Financial liabilities carrying no interest	326.7	391.6
	411.7	**491.6**

1 See note 29 for an explanation of the prior year representation.

For financial liabilities that have no interest payable but for which imputed interest is charged, consisting of land payables and lease liabilities, the weighted average period to maturity is 14 months (2023: 26 months).

	2024 £m	Represented[1] 2023 £m
The maturity of the financial liabilities is:		
Repayable within one year	297.6	335.6
Repayable between one and two years	34.5	60.3
Repayable between two and five years	77.0	78.9
Repayable after five years	2.6	16.8
	411.7	**491.6**

1 See note 29 for an explanation of the prior year representation.

Notes to the consolidated financial statements continued

Fair values

Financial assets

The Group's financial assets are detailed in the table below. The carrying value of cash and cash equivalents and trade and other receivables is a reasonable approximation of fair value which would be measured under a level 3 hierarchy. Financial assets at fair value through profit and loss are carried at fair value and categorised as level 3 (inputs not based on observable market data) within the hierarchical classification of IFRS 13: Revised.

Financial liabilities

The Group's financial liabilities are detailed in a table below, the carrying amounts of which are deemed to be a reasonable approximation to their fair value. The fair values of the RCF, other loans and loan notes are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the consolidated statement of financial position date.

The fair values of the facilities determined on this basis are:

2024	Nominal interest rate	Face value £m	Carrying value £m	Maturity
Current				
Senior loan notes	3.32%	20.0	20.0	2025
Non-current				
Senior loan notes	3.62%–3.87%	65.0	65.0	2026–2029
Total interest-bearing loans		**85.0**	**85.0**	

2023	Nominal interest rate	Face value £m	Carrying value £m	Maturity
Current				
Senior loan notes	3.15%	15.0	15.0	2024
Non-current				
Senior loan notes	3.32%–3.87%	85.0	85.0	2025–2029
Total interest-bearing loans		**100.0**	**100.0**	

Financial assets and liabilities by category

	2024 £m	2023 £m
Financial assets		
Sterling cash deposits	73.8	162.6
Trade receivables	62.2	60.9
Amounts due from joint ventures	22.6	29.5
Other receivables	12.5	22.7
Total financial assets at amortised cost	**171.1**	**275.7**
Financial assets at fair value through profit and loss	3.3	3.7
Total financial assets	**174.4**	**279.4**

	2024 £m	2023 £m
Financial liabilities		
Senior loan notes	85.0	100.0
Land payables on contractual terms carrying no interest	131.6	205.5
Amounts due to joint ventures	0.1	0.7
Lease liabilities	12.0	6.4
Other trade payables	67.8	61.8
Other payables	2.8	3.1
Accruals (represented[1])	112.4	114.1
Total financial liabilities at amortised cost (represented[1])	**411.7**	**491.6**

1 See note 29 for an explanation of the prior year representation.

Notes to the consolidated financial statements continued

25 CONTINGENCIES AND COMMITMENTS

There are performance bonds and other engagements, including those in respect of joint venture partners, undertaken in the ordinary course of business. It is impractical to quantify the financial effect of performance bonds and other arrangements. The Directors consider the possibility of a cash outflow in settlement of performance bonds and other arrangements to be remote and therefore this does not represent a contingent liability for the Group.

In the ordinary course of business, the Group enters into certain land purchase contracts with vendors on a conditional exchange basis. The conditions must be satisfied for the Group to recognise the land asset and corresponding liabilities within the consolidated statement of financial position. No land payable in respect of conditional land acquisitions has been recognised.

The Group provides for all known material legal actions, where having taken appropriate legal advice as to the likelihood of success of the actions, it is considered probable that an outflow of economic resource will be required, and the amount can be reliably measured. No material contingent liability in respect of such claims has been recognised since there are no known claims of this nature.

As discussed in note 16 as a result of the Virgin Media case the Group considers that the amount of any potential impact on the defined benefit obligation cannot be confirmed and/or measured with sufficient reliability at the 2024 year end. We are therefore disclosing this issue as a potential contingent liability at 31 October 2024 and will review again in 2025 based on the findings of the detailed investigation.

As a consequence of signing the Developer Remediation Contract on 13 March 2023, the Group has entered into contractual commitments with the government to identify and remediate those buildings it has developed with possible life-critical fire safety defects. Accordingly, while the Group believes that most significant liabilities will have been identified through the process of building owners assessing buildings and applying for BSF funding and through the Group commissioning assessments to date, contingent liabilities exist where additional buildings have not yet been identified which require remediation. Due to the challenges of developing a reliable estimate of these possible costs, it is not practicable to disclose an expected range. As discussed in note 22, in 2024 the Group has now provided for the estimated cost relating to identified non-surveyed buildings.

The Group is reviewing the recoverability of costs incurred from third parties where it has a contractual right of recourse. As reflected in these financial results, the Group has a track record of successfully obtaining such recoveries, however no contingent assets have been recognised in these consolidated financial statements for such items.

26 NET (DEBT)/CASH AND LAND CREDITORS

	2024 £m	2023 £m
Cash and cash equivalents	73.8	162.6
Non-current Interest-bearing loans and borrowings	(63.2)	(83.5)
Current Interest-bearing loans and borrowings	(19.1)	(14.2)
Net (debt)/cash	**(8.5)**	**64.9**
Land payables on contractual terms carrying no interest	(131.6)	(205.5)
Net debt and land creditors	**(140.1)**	**(140.6)**

Notes to the consolidated financial statements continued

27 RELATED PARTY TRANSACTIONS

Transactions between subsidiaries, which are related parties, are eliminated on consolidation, as well as transactions between the Company and its subsidiaries during the current and prior year.

Transactions between the Group and key management personnel mainly comprise remuneration which is given in note 6. Detailed disclosure for Board members is given within the Directors' Remuneration Report on pages 74–91. There were no other transactions between the Group and key management personnel in the year.

Transactions between the Group and the Crest Nicholson Group Pension and Life Assurance Scheme is given in note 16.

The Company's Directors have associations other than with the Company. From time to time the Group may trade with organisations with which a Director has an association. Where this occurs, it is on normal commercial terms and without the direct involvement of the Director.

The Group had the following transactions/balances with its joint ventures in the year/at year end:

	2024 £m	2023 £m
Interest income on joint venture funding	0.7	1.2
Project management fees recognised	1.9	1.9
Amounts due from joint ventures, net of expected credit losses	22.6	29.5
Amounts due to joint ventures	0.1	0.7
Funding to joint ventures	(13.1)	(13.0)
Repayment of funding from joint ventures	36.4	11.7
Dividends received from joint ventures	2.5	1.5

28 GROUP UNDERTAKINGS

In accordance with Section 409 Companies Act 2006, the following is a list of all the Group's undertakings at 31 October 2024.

Subsidiary undertakings

At 31 October 2024 the Group had an interest in the below subsidiary undertakings, which are included in the consolidated financial statements. All subsidiaries were incorporated in England and Wales.

Entity name	Registered office[1]	Active/ dormant	Year end date	Voting rights and share-holding (direct or indirect)
Bath Riverside Estate Management Company Limited	2	Dormant	31 October	100%
Bath Riverside Liberty Management Company Limited	2	Dormant	31 October	100%
Castle Bidco Home Loans Limited	1	Dormant	31 October	100%
Brightwells Residential 1 Company Limited	1	Dormant	31 October	100%
Bristol Parkway North Limited	1	Dormant	31 October	100%
Building 7 Harbourside Management Company Limited	2	Active	31 December	58.33%
Buildings 3A, 3B and 4 Harbourside Management Company Limited	2	Active	31 December	83.33%
Clevedon Developments Limited	1	Dormant	31 October	100%
Clevedon Investment Limited	1	Active	31 October	100%
CN Assets Limited	1	Dormant	31 October	100%
CN Finance plc[2]	1	Active	31 October	100%
CN Nominees Limited	1	Dormant	31 October	100%
CN Properties Limited	1	Dormant	31 October	100%
CN Secretarial Limited	1	Dormant	31 October	100%
CN Shelf 2 LLP	1	Dormant	31 October	100%
CN Shelf 3 LLP	1	Dormant	31 October	100%
Crest (Claybury) Limited	1	Dormant	31 October	100%
Crest Developments Limited	1	Dormant	31 October	100%
Crest Estates Limited	1	Dormant	31 October	100%
Crest Homes (Eastern) Limited	1	Dormant	31 October	100%

Notes to the consolidated financial statements continued

Entity name	Registered office[1]	Active/ dormant	Year end date	Voting rights and shareholding (direct or indirect)
Crest Homes (Midlands) Limited	1	Dormant	31 October	100%
Crest Homes (Nominees) Limited	1	Active	31 October	100%
Crest Homes (Nominees No. 2) Limited	1	Active	31 October	100%
Crest Homes (Northern) Limited	1	Dormant	31 October	100%
Crest Homes (South East) Limited	1	Dormant	31 October	100%
Crest Homes (South West) Limited	1	Dormant	31 October	100%
Crest Homes (South) Limited	1	Dormant	31 October	100%
Crest Homes (Wessex) Limited	1	Dormant	31 October	100%
Crest Homes (Westerham) Limited	1	Dormant	31 October	100%
Crest Homes Limited	1	Dormant	31 October	100%
Crest Manhattan Limited	1	Dormant	31 October	100%
Crest Nicholson (Bath) Holdings Limited	1	Active	31 October	100%
Crest Nicholson (Chiltern) Limited	1	Dormant	31 October	100%
Crest Nicholson (Eastern) Limited	1	Dormant	31 October	100%
Crest Nicholson (Epsom) Limited	1	Dormant	31 October	100%
Crest Nicholson (Henley-on-Thames) Limited	1	Active	31 October	100%
Crest Nicholson (Highlands Farm) Limited	1	Dormant	31 October	100%
Crest Nicholson (Londinium) Limited	1	Dormant	31 October	100%
Crest Nicholson (Midlands) Limited	1	Dormant	31 October	100%
Crest Nicholson (Peckham) Limited	1	Active	31 October	100%
Crest Nicholson (South East) Limited	1	Dormant	31 October	100%
Crest Nicholson (South West) Limited	1	Dormant	31 October	100%
Crest Nicholson (South) Limited	1	Dormant	31 October	100%
Crest Nicholson (Stotfold) Limited	1	Active	31 October	100%

Entity name	Registered office[1]	Active/ dormant	Year end date	Voting rights and shareholding (direct or indirect)
Crest Nicholson Developments (Chertsey) Limited	1	Active	31 October	100%
Crest Nicholson Operations Limited	1	Active	31 October	100%
Crest Nicholson Pension Trustee Limited	1	Dormant	31 January	100%
Crest Nicholson plc	1	Active	31 October	100%
Crest Nicholson Projects Limited	1	Dormant	31 October	100%
Crest Nicholson Properties Limited	1	Dormant	31 October	100%
Crest Nicholson Regeneration Limited	1	Dormant	31 October	100%
Crest Nicholson Residential (London) Limited	1	Dormant	31 October	100%
Crest Nicholson Residential (Midlands) Limited	1	Dormant	31 October	100%
Crest Nicholson Residential (South East) Limited	1	Dormant	31 October	100%
Crest Nicholson Residential (South) Limited	1	Dormant	31 October	100%
Crest Nicholson Residential Limited	1	Active	31 October	100%
Crest Nicholson (Wheatley) LLP	1	Active	31 October	100%
Crest Partnership Homes Limited	1	Dormant	31 October	100%
Crest Strategic Projects Limited	1	Dormant	31 October	100%
Eastern Perspective Management Company Limited	1	Dormant	31 October	100%
Essex Brewery (Walthamstow) LLP	1	Dormant	31 October	100%
Harbourside Leisure Management Company Limited	1	Active	30 December	71.43%
Landscape Estates Limited	1	Dormant	31 October	100%
Mertonplace Limited	1	Dormant	31 October	100%
Nicholson Estates (Century House) Limited	1	Dormant	31 October	100%
Park Central Management (Central Plaza) Limited	1	Dormant	31 October	100%
Ellis Mews (Park Central) Management Limited	1	Active	31 October	100%
Park Central Management (Zone 11) Limited	1	Dormant	31 October	100%

1 1: 500 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey KT15 2HJ.
2: Units 1,2, and 3 Beech Court Wokingham Road, Hurst, Reading, England, RG10 0RU.

2 CN Finance plc is the only direct holding of Crest Nicholson Holdings plc.

Notes to the consolidated financial statements continued

Entity name	Registered office[1]	Active/ dormant	Year end date	Voting rights and share-holding (direct or indirect)
Park Central Management (Zone 12) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 1A North) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 1A South) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 1B) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 3/1) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 3/2) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 3/3) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 3/4) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 4/41 and 42) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 4/43/44) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 5/53) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 5/54) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 5/55) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 6/61-64) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 7/9) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 8) Limited	1	Dormant	31 October	100%
Park Central Management (Zone 9/91) Limited	1	Dormant	31 January	100%
Park West Management Services Limited	1	Active	29 March	62.00%

1 1: 500 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey KT15 2HJ.

Subsidiary audit exemption

The following subsidiaries have taken advantage of an exemption from audit under section 479A of the Companies Act 2006. The parent of the subsidiaries, Crest Nicholson plc, has provided a statutory guarantee for any outstanding liabilities of these subsidiaries. All subsidiary undertakings have been included in the consolidated financial statements of Crest Nicholson Holdings plc as at 31 October 2024.

- Clevedon Investment Limited (00454327)
- Crest Homes (Nominees No. 2) Limited (02213319)
- Crest Nicholson (Henley-on-Thames) Limited (03828831)
- Crest Nicholson (Peckham) Limited (07296143)
- Crest Nicholson (Stotfold) Limited (08774274)
- Crest Nicholson (Bath) Holdings Limited (05235961)
- Crest Nicholson Developments (Chertsey) Limited (04707982)
- Crest Homes (Nominees) Limited (01715768)
- Crest Nicholson Residential Limited (00714425)

Joint venture undertakings

At 31 October 2024 the Group had an interest in the following joint venture undertakings which are equity accounted within the consolidated financial statements. The principal activity of all undertakings is that of residential development. All joint ventures were incorporated in England and Wales.

Entity name	Registered office[1]	Active/ dormant	Year end date	Voting rights and share-holding (direct or indirect)
Material joint ventures				
Crest A2D (Walton Court) LLP	1	Active	31 March	50%
Elmsbrook (Crest A2D) LLP	4	Active	31 March	50%
Crest Sovereign (Brooklands) LLP	3	Active	31 October	50%
Crest Peabody (Turweston) LLP	1	Active	31 March	50%
Other joint ventures not material to the Group				
Crest/Vistry (Epsom) LLP	1	Active	31 October	50%
Crest Nicholson Bioregional Quintain LLP	1	Active	31 October	50%
English Land Banking Company Limited	1	Active	31 October	50%
Haydon Development Company Limited	2	Active	30 April	21.36%
North Swindon Development Company Limited	2	Active	31 December	32.64%

1 1: 500 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey KT15 2HJ.
2: 6 Drakes Meadow, Penny Lane, Swindon, Wiltshire SN3 3LL.
3: Sovereign House, Basing View, Basingstoke RG21 4FA.
4: 113 Uxbridge Road, London W5 5TL.

Notes to the consolidated financial statements continued

Joint operations

The Group is party to a joint unincorporated arrangement with Linden Homes Limited, the purpose of which was to acquire, and develop, a site in Hemel Hempstead, Hertfordshire. The two parties are jointly responsible for the control and management of the site's development, with each party funding 50% of the cost of the land acquisition and development of the site, in return for 50% of the returns. As such this arrangement was designated as a joint operation.

The Group is party to a joint unincorporated arrangement with CGNU Life Assurance Limited, the purpose of which is to acquire, and develop, a site in Chertsey, Surrey. The two parties are jointly responsible for the control and management of the site's development, with each party funding 50% of the cost of the land acquisition and development of the site, in return for 50% of the returns. As such this arrangement has been designated as a joint operation.

The Group is party to a joint arrangement with Passion Property Group Limited, the purpose of which was to develop a site in London. The development was completed in 2014 and there are no material balances in the Group financial statements relating to this joint arrangement as at 31 October 2024. The two parties were jointly responsible for the control and management of the site's development, with each party having prescribed funding obligations and returns. As such this arrangement has been designated as a joint operation.

In line with the Group's accounting policies, the Group has recognised its share of the jointly controlled assets and liabilities, and income and expenditure, in relation to these joint arrangements on a line-by-line basis in the consolidated statement of financial position and consolidated income statement as there is no legal entity in place and the arrangements as structured such that the Group has a direct interest in the underlying assets and liabilities of each arrangement.

Crest Nicholson Employee Share Ownership Trust

The Group operates the Crest Nicholson ESOT, which is used to satisfy awards granted under the Group's share incentive schemes, shares are allotted to the Trust or the Trust is funded to acquire shares in the open market. The ESOT falls within the scope of IFRS 10: Consolidated Financial Statements, and is consolidated within the Group financial statements, as the Group is considered to have control over the ESOT.

29 PRIOR YEAR REPRESENTATION

The 2023 comparatives have been represented for completed site costs, other operating income, other operating expenses, administrative expenses and exceptional items as detailed below. Where relevant to these changes, other disclosures in the notes to the financial statements have also been represented.

Completed sites costs

In previous years, all costs yet to be incurred on sites where all sales have been recognised were included within accruals and deferred income. These costs predominantly relate to the finalisation of infrastructure and amenities works, which often occur towards the end of the site's life. In certain instances, accruals have also been made to cover remedial works to remedy defects and other remediation works identified post completion. This approach is consistent with industry practice.

The Group reviewed all completed site accruals in the year after the Group became aware of build defects initially identified on four sites. In relation to these sites, 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. Completed site costs for these sites are now presented as a provision rather than an accrual.

Accordingly, the 31 October 2023 completed site accruals were reviewed with £9.8m of balances forecast to cover remedial works (completed site provisions, which are subject to higher estimation uncertainty) rather than normal site finalisation costs (completed site accruals). A third balance sheet, as required under IAS 1, has not been presented given the relative significance of these changes to the financial statements. If restated, accruals of £9.8m would be represented as provisions. This change in presentation resulted in the representation of £8.4m current accruals to current provisions and £1.4m of non-current accruals to non-current provisions.

As discussed within note 4 the Group has presented £25.0m of the current year completed sites charge as exceptional. This is a change in the accounting policy for exceptional items. The previous year's completed sites charge has been reviewed on a site by site basis to align with the revised policy, with £6.6m of that charge now being classified as an exceptional item. Accordingly, the prior year pre-exceptional cost of sales has been reduced by £6.6m, with this now disclosed as an exceptional item.

Other operating income, other operating expenses and administrative expenses

In the current year the Group has presented other operating income and other operating expenses which includes rental income, joint venture and other management fee income and the income and expenses associated with part exchange sales. In the current year these balances are material and therefore the prior year comparatives have been represented to present consistent information. Previously these balances were not material.

In previous years rental income has been included within cost of sales, being directly related to current and past residential developments and being immaterial in value. The Group now includes this income within other operating income and has represented the comparative by moving £1.6m income from cost of sales to other operating income.

In previous years joint venture and other management fee income has been included within administrative expenses, being related to the employee costs incurred by the Group in project managing its joint venture businesses. The Group now includes joint venture management fee income within other operating income and has represented the comparative by moving £3.0m from administrative expenses to other operating income.

Notes to the consolidated financial statements continued

In previous years part exchange income and related expenses have been included within net administrative expenses and separately presented in the notes to the accounts as other operating income and other operating expenses respectively, with the net result on these sales being immaterial. In the current year due to other income statement representations the Group has separately disclosed these within the primary statements.

Represented financial information

The below tables disclose the represented prior year financial information.

	As previously reported £m	Represented 2023 £m	As presented £m
Consolidated income statement			
Pre-exceptional			
Cost of sales	(556.9)	5.0	(551.9)
Gross profit	100.6	5.0	105.6
Other operating income	–	44.7	44.7
Other operating expenses	–	(40.9)	(40.9)
Administrative expenses	(55.8)	(2.2)	(58.0)
Operating profit	44.2	6.6	50.8
Profit before tax	41.4	6.6	48.0
Income tax expense	(10.0)	(1.7)	(11.7)
Profit for the year attributable to equity shareholders	31.4	4.9	36.3
Basic earnings per share (pence)	12.3	1.9	14.2
Diluted earnings per share (pence)	12.2	1.9	14.1
Exceptional items			
Cost of sales	(14.3)	(6.6)	(20.9)
Gross loss	(14.3)	(6.6)	(20.9)
Operating loss	(14.3)	(6.6)	(20.9)
Loss before tax	(18.3)	(6.6)	(24.9)
Income tax credit	4.8	1.7	6.5
Loss for the year attributable to equity shareholders	(13.5)	(4.9)	(18.4)

	As previously reported £m	Represented 2023 £m	As presented £m
Total			
Cost of sales	(571.2)	(1.6)	(572.8)
Gross profit/(loss)	86.3	(1.6)	84.7
Other operating income	–	44.7	44.7
Other operating expenses	–	(40.9)	(40.9)
Administrative expenses	(55.8)	(2.2)	(58.0)
Consolidated statement of financial position			
2023 current trade and other payables	(337.0)	8.4	(328.6)
2023 current provisions	(85.5)	(8.4)	(93.9)
2023 non-current trade and other payables	(71.1)	1.4	(69.7)
2023 non-current provisions	(73.8)	(1.4)	(75.2)
2022 current trade and other payables	(407.1)	8.2	(398.9)
2022 current provisions	(72.2)	(8.2)	(80.4)
2022 non-current trade and other payables	(41.8)	1.6	(40.2)
2022 non-current provisions	(70.8)	(1.6)	(72.4)

Notes to the consolidated financial statements continued

	As previously reported £m	Represented 2023 £m	As presented £m
Notes to the accounts			
Exceptional completed site costs	–	(6.6)	(6.6)
Total exceptional cost of sales charge	(14.3)	(6.6)	(20.9)
Total exceptional charge	(18.3)	(6.6)	(24.9)
Tax credit on exceptional charge	4.8	1.7	6.5
Total exceptional charge after tax credit	(13.5)	(4.9)	(18.4)
Current accruals and deferred income	125.2	(8.4)	116.8
Non-current accruals and deferred income	4.1	(1.4)	2.7
Financial liability accruals	123.9	(9.8)	114.1
Carrying value of financial liabilities carrying no interest	401.4	(9.8)	391.6
Total carrying value of financial liabilities carrying no interest	501.4	(9.8)	491.6
Contractual cashflows of financial liabilities carrying no interest	408.8	(9.8)	399.0
Total contractual cashflows of financial liabilities carrying no interest	521.3	(9.8)	511.5
Financial liabilities carrying no interest due within 1 year	333.5	(8.4)	325.1
Total financial liabilities carrying no interest due within 1 year	352.0	(8.4)	343.6
Financial liabilities carrying no interest – repayable 1-2 years	44.1	(1.4)	42.7
Total financial liabilities carrying no interest – repayable 1-2 years	67.2	(1.4)	65.8

Alternative performance measures (unaudited)	As previously reported £m/%	Represented £m/%	As presented £m/%
Adjusted operating profit	44.2	6.6	50.8
Return on capital employed	6.3%	1.0%	7.3%
Pre-exceptional			
Gross profit	100.6	5.0	105.6
Gross profit margin	15.3%	0.8%	16.1%
Operating profit	44.2	6.6	50.8
Operating profit margin	6.7%	1.0%	7.7%
Profit before tax	41.4	6.6	48.0
Income tax expense	(10.0)	(1.7)	(11.7)
Profit after tax	31.4	4.9	36.3
Basic earnings per share (pence)	12.3	1.9	14.2
Diluted earnings per share (pence)	12.2	1.9	14.1
Exceptional items			
Gross loss	(14.3)	(6.6)	(20.9)
Gross loss margin	(2.2)%	(1.0)%	(3.2)%
Operating loss	(14.3)	(6.6)	(20.9)
Operating loss margin	(2.2)%	(1.0)%	(3.2)%
Loss before tax	(18.3)	(6.6)	(24.9)
Income tax credit	4.8	1.7	6.5
Loss after tax	(13.5)	(4.9)	(18.4)
Basic loss per share (pence)	(5.3)	(1.9)	(7.2)
Diluted loss per share (pence)	(5.2)	(1.9)	(7.1)

Notes to the consolidated financial statements continued

Alternative performance measures (unaudited)	As previously reported £m/%	Represented £m/%	As presented £m/%
Total			
Gross profit/(loss)	86.3	(1.6)	84.7
Gross profit/(loss) margin	13.1%	(0.2)%	12.9%

Historical summary (unaudited)			
Gross profit	100.6	5.0	105.6
Gross profit margin	15.3%	0.8%	16.1%
Other operating income	–	44.7	44.7
Other operating expenses	–	(40.9)	(40.9)
Administrative expenses	(55.8)	(2.2)	(58.0)
Operating profit before joint ventures	44.2	6.6	50.8
Operating profit before joint ventures margin	6.7%	1.0%	7.7%
Operating profit after joint ventures	46.9	6.6	53.5
Operating profit after joint ventures margin	7.1%	1.0%	8.1%
Profit before taxation	41.4	6.6	48.0
Income tax expense	(10.0)	(1.7)	(11.7)
Profit after taxation attributable to equity shareholders	31.4	4.9	36.3
Basic earnings per share (pence)	12.3	1.9	14.2
Return on average capital employed	6.3%	1.0%	7.3%
Return on average equity	3.6%	0.6%	4.2%

Company statement of financial position
As at 31 October 2024

	Note	2024 £m	Restated[1] 2023 £m
ASSETS			
Non-current assets			
Investments	4	33.6	31.9
Current assets			
Trade and other receivables	5	162.5	186.4
Total assets		**196.1**	**218.3**
NET ASSETS		**196.1**	**218.3**
SHAREHOLDERS' EQUITY			
Share capital	6	12.8	12.8
Share premium account	6	74.2	74.2
Share-based payments reserve	6	32.1	30.3
Retained earnings:			
At 1 November		101.0	138.0
Profit for the year		8.4	8.6
Other changes in retained earnings		(32.4)	(45.6)
At 31 October		**77.0**	**101.0**
TOTAL SHAREHOLDERS' EQUITY		**196.1**	**218.3**

1 See note 9 for an explanation of the prior year restatement

The Company recorded a profit for the financial year of £8.4m (2023: £8.6m).

The notes on pages 155–157 form part of these financial statements. The financial statements on pages 153–157 were approved by the Board of Directors on 3 February 2025.

On behalf of the Board

Martyn Clark
Director

Bill Floydd
Director

Company statement of changes in equity
For the year ended 31 October 2024

	Note	Share capital £m	Share premium account £m	Share-based payments reserve £m	Retained earnings £m	Total equity £m
Balance at 1 November 2022 previously reported		12.8	74.2	–	138.0	225.0
Restated[1]		–	–	28.7	–	28.7
Balance at 1 November 2022 (Restated[1])		12.8	74.2	28.7	138.0	253.7
Profit for the financial year and total comprehensive income		–	–	–	8.6	8.6
Transactions with shareholders						
Dividends paid		–	–	–	(43.6)	(43.6)
Exercise of share options through employee share ownership trust	4	–	–	–	(2.9)	(2.9)
Net proceeds from the issue of shares and exercise of share options		–	–	–	0.9	0.9
Equity-settled share-based payments (Restated[1])		–	–	1.6	–	1.6
Balance at 31 October 2023 (Restated[1])		**12.8**	**74.2**	**30.3**	**101.0**	**218.3**
Profit for the financial year and total comprehensive income		–	–	–	8.4	8.4
Transactions with shareholders						
Dividends paid		–	–	–	(32.1)	(32.1)
Exercise of share options through employee share ownership trust	4	–	–	–	(0.7)	(0.7)
Net proceeds from the issue of shares and exercise of share options		–	–	–	0.4	0.4
Equity-settled share-based payments		–	–	1.8	–	1.8
Balance at 31 October 2024		**12.8**	**74.2**	**32.1**	**77.0**	**196.1**

1 See note 9 for an explanation of the prior year restatement

Notes to the company financial statements

1 ACCOUNTING POLICIES

Basis of preparation

Crest Nicholson Holdings plc (the Company) is a public company limited by shares, incorporated, listed and domiciled in England and Wales. The address of the registered office is 500 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey KT15 2HJ. The Company financial statements have been prepared and approved by the Directors in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), in accordance with the Companies Act 2006 as applicable to companies using FRS 101, and have been prepared on the historical cost basis. The preparation of financial statements in conformity with FRS 101 requires the Directors to make assumptions and judgements that affect the application of policies and reported amounts within the financial statements. Assumptions and judgements are based on experience and other factors that the Directors consider reasonable under the circumstances. Actual results may differ from these estimates.

The financial statements are presented in pounds sterling and amounts stated are denominated in millions (£m), unless otherwise stated. The accounting policies have been applied consistently in dealing with items which are considered material, with the exception of the prior period restatement as disclosed in note 9. These financial statements present information about the Company as an individual undertaking and not about its group. Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

As outlined in FRS 101 paragraph 8(a) the Company is exempt from the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payments. This exemption has been taken in the preparation of these financial statements.

As outlined in FRS 101 paragraph 8(d-e) the Company is exempt from the requirements of IFRS 7 Financial Instruments: Disclosures, and from the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement. These exemptions have been taken in the preparation of these financial statements.

As outlined in FRS 101 paragraph 8(g) the Company is exempt from the requirement to disclose a third balance sheet in relation to the matters set out in Note 9. This exemption has been taken in the preparation of these financial statements.

As outlined in FRS 101 paragraph 8(h) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements. This exemption has been taken in the preparation of these financial statements.

As outlined in FRS 101 paragraph 8(i) the Company is exempt from the requirement to provide information about the impact of IFRSs that have been issued but are not yet effective. This exemption has been taken in the preparation of these financial statements.

Under FRS 101 paragraph 8(j) the Company is exempt from the requirement to disclose related party transactions with its subsidiary undertakings on the grounds that they are wholly owned subsidiary undertakings of Crest Nicholson Holdings plc. This exemption has been taken in the preparation of these financial statements.

Going concern

When determining the appropriateness of the basis of preparation, the Directors evaluated whether the Company has the ability to meet its liabilities and obligations as they fall due. This evaluation included a review of detailed cash flow projections and financial forecasts covering the period up to 30 April 2026 (the going concern period), aligned with those used for the Group's going concern assessment. The Company relies on the overall performance of the Group to fulfil its liabilities and obligations in the foreseeable future. These obligations include compliance with financial covenants under the sustainability-linked Revolving Credit Facility (RCF) and senior loan notes, as outlined in note 24 of the consolidated financial statements.

Based on these forecasts, the Group is expected to meet its liabilities as they become due throughout the going concern period. However, in a severe but plausible downside scenario the Group has identified a material uncertainty during the going concern period in respect of the compliance with the interest cover covenant, with the first measurement date in April 2025. Further details of the Group's going concern assessment are provided in note 1 of the consolidated financial statements.

In reviewing the assessment outlined above, the Directors are confident that the Company has the necessary resources and mitigations available to continue operations and discharge its obligations as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the Company financial statements continue to be prepared on a going concern basis. However, a material uncertainty exists, in particular with respect to the ability to achieve the covenant amendments which may be required, which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Adoption of new and revised standards

There were no new standards, amendments or interpretations that were adopted by the Company and effective for the first time for the financial year beginning 1 November 2023 that have had a material impact on the Company. The principal accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Share-based payments

The Company issues equity-settled share-based payments to certain employees of its subsidiaries. Equity-settled share-based payments are measured at fair value at the grant date and charged to the subsidiaries income statement on a straight-line basis over the vesting period, based on the estimate of shares that will vest. The cost of equity-settled share-based payments granted to employees of the Group is borne by other subsidiary companies, which are the employing company of these employees. Since the Company does not receive any direct employee services in relation to these share-based payments it recognises this cost as a capital contribution in the Company financial statements through an addition to investments and the share-based payment reserve in equity.

Taxation

Income tax comprises current tax and deferred tax. Income tax is recognised in the Company's income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current tax is the expected tax payable on taxable profit for the year and any adjustment to tax payable in respect of previous years. Taxable profit is profit before tax per the Company's income statement after adjusting for income and expenditure that is not subject to tax, and for items that are subject to tax in other accounting periods. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Notes to the company financial statements continued

Where uncertain tax liabilities exist, the liability recognised is assessed as the amount that is probable to be payable. Deferred tax is provided in full on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Dividends

Final and interim dividend distributions to the Company's shareholders are recorded in the Company's financial statements in the earlier of the period in which they are approved by the Company's shareholders, or paid.

Investments

Investments relate to Company contributions to the Crest Nicholson ESOT and the impact of the capital contribution in respect of the cost of equity-settled share-based payments born by other subsidiary companies. The ESOT will use the contribution to acquire Company ordinary shares in the market in order to satisfy share options under the Company's share incentive schemes. Investments are assessed annually for indicators of impairment.

Financial assets

Financial assets are initially recognised at fair value and subsequently classified into one of the following measurement categories:

- At amortised cost
- Subsequently at FVTPL
- Subsequently at FVOCI.

The classification of financial assets depends on the Company's business model for managing the asset and the contractual terms of the cash flows. Assets that are held for the collection of contractual cash flows that represent solely payments of principal and interest are measured at amortised cost, with any interest income recognised in the income statement using the effective interest rate method. Financial assets that do not meet the criteria to be measured at amortised cost are classified by the Company as measured at FVTPL. Fair value gains and losses on financial assets measured at FVTPL are recognised in the income statement and presented within administrative expenses. The Company currently has no financial assets measured at FVOCI.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established based on an expected credit loss model applying the simplified approach, which uses a lifetime expected loss allowance for all trade receivables. The amount of the loss is recognised in the income statement.

Own shares held by ESOT

Transactions of the Company-sponsored ESOT are included in both the Group financial statements and the Company's own financial statements. The purchase of shares in the Company by the ESOT are charged directly to equity.

Audit fee

Auditor's remuneration for audit of these financial statements of £32,000 (2023: £30,000) was met by Crest Nicholson plc. No disclosure of other non-audit services has been made as this is included within note 5 of the consolidated financial statements.

Critical accounting estimates and judgements

The preparation of the Company financial statements under FRS 101 requires the Directors to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and related disclosures.

In applying the Company's accounting policies, the Directors have made no individual judgements that have a significant impact on the financial statements.

Estimates and associated assumptions affecting the financial statements are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. The Directors do not consider there are any significant sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities of the Company.

2 DIRECTORS AND EMPLOYEES

The Company had no employees during either year. Details of Directors' emoluments, which were paid by another Group company, are set out in the Directors' Remuneration Report on pages 74–91.

3 DIVIDENDS

Details of the dividends recognised as distributions to equity shareholders in the year and those proposed after the statement of financial position date are shown in note 9 of the consolidated financial statements.

4 INVESTMENTS

	Investment in own shares £m	Capital contribution £m	Restated[1] Total £m
At 1 November 2022	2.6	28.7	31.3
Additions	1.9	1.6	3.5
Disposals	(2.9)	–	(2.9)
At 31 October 2023	**1.6**	**30.3**	**31.9**
Additions	0.5	1.8	2.3
Disposals	(0.6)	–	(0.6)
At 31 October 2024	**1.5**	**32.1**	**33.6**

1 See note 9 for an explanation of the prior year restatement

Notes to the company financial statements continued

The additions and disposals in the year to investments in own shares relate to Company contributions/utilisation to/from the Trust. The additions to capital contributions is the impact of the cost borne by other subsidiary companies relating to equity-settled share-based payments in the year.

The Directors believe that the carrying value of the investments is supported by their underlying assets.

5 TRADE AND OTHER RECEIVABLES

	2024 £m	2023 £m
Amounts due from Group undertakings	**162.5**	**186.4**

Amounts due from Group undertakings are unsecured, repayable on demand and carry an interest rate of 7.0% (2023: 5.0%).

Amounts due from Group undertakings are stated after an allowance of £nil has been made (2023: £nil) in respect of expected credit losses. £nil (2023: £nil) provision was made during the year, £nil (2023: £nil) was utilised, and £nil (2023: £nil) provision was released during the year.

6 SHARE CAPITAL

The Company share capital is disclosed in note 23 of the consolidated financial statements.

7 CONTINGENCIES AND COMMITMENTS

There are performance bonds and other arrangements, including those in respect of joint venture partners, undertaken in the ordinary course of business. It is impractical to quantify the financial effect of performance bonds and other arrangements. The Directors consider the possibility of a cash outflow in settlement of performance bonds and other arrangements to be remote and therefore this does not represent a contingent liability for the Company.

In addition, the Company is required from time to time to act as guarantor for the performance by subsidiary undertakings of contracts entered into in the normal course of their business and typically provide that the Company will ensure that the obligations of the subsidiary are carried out or met in the unlikely event that any subsidiary default occurs. The Company considers the likelihood of an outflow of cash under these arrangements to be remote and therefore this does not represent a contingent liability for the Company.

8 GROUP UNDERTAKINGS

A list of all the Group's undertakings at 31 October 2024 is given in note 28 of the consolidated financial statements.

9 PRIOR YEAR RESTATEMENT

The Company issues equity instruments to employees of its subsidiaries Crest Nicholson Operations Limited and Crest Nicholson plc in settlement of the Group's share incentive schemes. The appropriate share-based payment expense has been recognised in the financial statements of the subsidiaries. The prior-year statement of financial position and statement of changes in equity has been restated to reflect the cumulative capital contribution that should have been recorded as an investment in subsidiaries given the Company does not receive any direct employee services.

This restatement has no impact on the Company's retained earnings, or the consolidated financial statements of the Group.

	As previously reported 2022 £m	Restated 2022 £m	As presented 2022 £m	As previously reported 2023 £m	Restated 2023 £m	As presented 2023 £m
ASSETS						
Non-current assets						
Investments	2.6	28.7	31.3	1.6	30.3	31.9
Current assets						
Trade and other receivables	222.4	–	222.4	186.4	–	186.4
TOTAL ASSETS	**225.0**	**28.7**	**253.7**	**188.0**	**30.3**	**218.3**
NET ASSETS	**225.0**	**28.7**	**253.7**	**188.0**	**30.3**	**218.3**
SHAREHOLDERS' EQUITY						
Share capital	12.8	–	12.8	12.8	–	12.8
Share premium account	74.2	–	74.2	74.2	–	74.2
Share-based payments reserve	–	28.7	28.7	–	30.3	30.3
Retained earnings:						
At 1 November	166.1	–	166.1	138.0	–	138.0
Profit for the year	10.5	–	10.5	8.6	–	8.6
Other changes in retained earnings	(38.6)	–	(38.6)	(45.6)	–	(45.6)
At 31 October	**138.0**	**–**	**138.0**	**101.0**	**–**	**101.0**
TOTAL SHAREHOLDERS' EQUITY	**225.0**	**28.7**	**253.7**	**188.0**	**30.3**	**218.3**

Alternative performance measures (unaudited)

The Group uses a number of alternative performance measures (APM) which are not defined within IFRS. The Directors use the APM, along with IFRS measures, to assess the operational performance of the Group as detailed in the Strategic Report on pages 1–50 and above. Definitions and reconciliations of the financial APM used compared to IFRS measures, are included below:

Sales

The Group uses sales as a core management measure to reflect the full extent of its business operations and responsibilities. Sales is a combination of statutory revenue as per the consolidated income statement and the Group's share of revenue earned by joint ventures, as detailed in the below table:

	2024 £m	2023 £m
Revenue	618.2	657.5
Group's share of joint venture revenue (note 14)	39.9	34.6
Sales	**658.1**	**692.1**

Return on capital employed

The Group uses ROCE as a core management measure to reflect the profitability and efficiency with which capital is employed. ROCE is calculated as adjusted operating profit before joint ventures divided by average capital employed (capital employed = equity plus net debt or less net cash), as presented below. The Group has long-term performance measures linked to ROCE. ROCE achieved by the Group in the year reduced to 4.1% (2023 represented[1]: reduced to 7.3%).

		2024	Represented[1] 2023
Adjusted operating profit	£m	31.3	50.8
Average of opening and closing capital employed	£m	764.4	699.0
ROCE	%	**4.1**	**7.3**

Capital employed		2024	2023	2022
Equity shareholders' funds	£m	728.9	856.3	883.1
Net debt/(cash) (note 19)	£m	8.5	(64.9)	(276.5)
Closing capital employed	**£m**	**737.4**	**791.4**	**606.6**

1 See note 29 for an explanation of the prior year representation.

Land creditors as a percentage of net assets

The Group uses land creditors as a percentage of net assets as a core management measure to ensure that the Group is maintaining its financial position when entering into future land commitments. Land creditors as a percentage of net assets is calculated as land creditors divided by net assets, as presented below. Land creditors as a percentage of net assets has reduced in the year to 18.1% (2023: increased to 24.0%).

		2024	2023
Land creditors (note 21)	£m	131.6	205.5
Net assets	£m	728.9	856.3
Land creditors as a percentage of net assets	**%**	**18.1**	**24.0**

Net (debt)/cash

Net (debt)/cash is cash and cash equivalents plus non-current and current interest-bearing loans and borrowings. Net (debt)/cash illustrates the Group's overall liquidity position and general financial resilience. Net cash has reduced in the year to £8.5m net debt from £64.9m net cash in 2023.

	2024 £m	2023 £m
Cash and cash equivalents	73.8	162.6
Interest-bearing loans and borrowings	(82.3)	(97.7)
Net (debt)/cash	**(8.5)**	**64.9**

Alternative performance measures (unaudited) continued

Adjusted performance metrics

Adjusted performance metrics as shown below comprise statutory metrics adjusted for the exceptional items as presented in note 4 of the consolidated financial statements. The exceptional items have a material impact to reported performance and arise from recent, unforeseen events. As such, the Directors' consider these adjusted performance metrics reflect a more accurate view of its core operations and business performance. Adjusted and pre-exceptional are used interchangeably. EBIT margin for share award performance conditions is equivalent to operating profit margin.

Year ended 31 October 2024

		Statutory	Exceptional items	Adjusted
Gross (loss)/profit	£m	(71.6)	158.4	86.8
Gross (loss)/profit margin	%	(11.6)	25.6	14.0
Operating (loss)/profit	£m	(128.7)	160.0	31.3
Operating (loss)/profit margin	%	(20.8)	25.9	5.1
Net finance expense	£m	(14.9)	6.1	(8.8)
(Loss)/profit before tax	£m	(143.7)	166.1	22.4
Income tax credit/(expense)	£m	40.2	(48.2)	(8.0)
(Loss)/profit after tax	£m	(103.5)	117.9	14.4
Basic (loss)/earnings per share	Pence	(40.4)	46.0	5.6
Diluted (loss)/earnings per share	Pence	(40.4)	46.0	5.6

Year ended 31 October 2023 (Represented[1])

		Statutory	Exceptional items	Adjusted
Gross profit	£m	84.7	20.9	105.6
Gross profit margin	%	12.9	3.2	16.1
Operating profit	£m	29.9	20.9	50.8
Operating profit margin	%	4.5	3.2	7.7
Net finance expense	£m	(10.1)	4.6	(5.5)
Share of post-tax profit/(loss) of joint ventures using the equity method	£m	3.3	(0.6)	2.7
Profit before tax	£m	23.1	24.9	48.0
Income tax expense	£m	(5.2)	(6.5)	(11.7)
Profit after tax	£m	17.9	18.4	36.3
Basic earnings per share	Pence	7.0	7.2	14.2
Diluted earnings per share	Pence	7.0	7.1	14.1

1 See note 29 for an explanation of the prior year representation.

Historical summary (unaudited)
For the year ended/as at 31 October 2024

Consolidated income statement

		2024[1]	Represented 2023[1]	2022[2]	2021[3]	2020[4]
Revenue	£m	618.2	657.5	913.6	786.6	677.9
Gross profit	£m	86.8	105.6	194.3	166.7	107.7
Gross profit margin	%	14.0	16.1	21.3	21.2	15.9
Other operating income	£m	75.8	44.7	–	–	–
Other operating expenses	£m	(69.9)	(40.9)	–	–	–
Administrative expenses	£m	(60.8)	(58.0)	(51.1)	(51.1)	(50.3)
Net impairment losses on financial assets	£m	(0.6)	(0.6)	(2.3)	(1.0)	(0.3)
Operating profit before joint ventures	£m	31.3	50.8	140.9	114.6	57.1
Operating profit before joint ventures margin	%	5.1	7.7	15.4	14.6	8.4
Share of post-tax (loss)/profit of joint ventures	£m	(0.1)	2.7	4.0	1.7	(0.5)
Operating profit after joint ventures (EBIT)	£m	31.2	53.5	144.9	116.3	56.6
Operating profit after joint ventures margin	%	5.0	8.1	15.9	14.8	8.3
Net finance expense	£m	(8.8)	(5.5)	(7.1)	(9.1)	(10.7)
Profit before taxation	£m	22.4	48.0	137.8	107.2	45.9
Income tax expense	£m	(8.0)	(11.7)	(28.8)	(19.9)	(8.5)
Profit after taxation attributable to equity shareholders	£m	14.4	36.3	109.0	87.3	37.4
Basic earnings per share	Pence	5.6	14.2	42.5	34.0	14.6

1 Consolidated income statement statistics, return on average capital employed and return on average equity are presented before exceptional items as presented in note 4 of the 2024 consolidated financial statements. 2023 results have been represented, see note 29 for an explanation.

2 2022 consolidated income statement statistics, return on average capital employed and return on average equity are presented before exceptional items relating to total combustible materials provision charge £105.0m. Not represented for the items in note 29.

3 2021 consolidated income statement statistics, return on average capital employed and return on average equity are presented before exceptional items relating to net combustible materials provision charge £28.8m, inventory impairment credit £8.0m, and finance expense credit £0.5m. Not represented for the items in note 29.

4 2020 consolidated income statement statistics, return on average capital employed and return on average equity are presented before exceptional items relating to combustible materials provision £0.6m, inventory impairment £43.2m, restructuring costs £7.5m and impairment losses on financial assets £7.6m. 2020 equity shareholders' funds, capital employed closing, gearing and return on average equity have been represented to reflect the change in accounting policy on land options. Not represented for the items in note 29.

Consolidated statement of financial position

	Note		2024[1]	2023[1]	2022[2]	2021[3]	2020[4]
Equity shareholders' funds	1	£m	728.9	856.3	883.1	901.6	825.3
Net debt/(cash)	2	£m	8.5	(64.9)	(276.5)	(252.8)	(142.2)
Capital employed closing		£m	737.4	791.4	606.6	648.8	683.1
Gearing	3	%	1.2	(8.2)	(45.6)	(39.0)	(20.8)
Land creditors		£m	131.6	205.5	198.7	222.9	205.7
Net debt/(cash) and land creditors	4	£m	140.1	140.6	(77.8)	(29.9)	63.5
Return on average capital employed	5	%	4.1	7.3	22.4	17.2	7.6
Return on average equity	6	%	1.8	4.2	12.2	10.1	4.5

Housing

	Note		2024[1]	2023[1]	2022[2]	2021[3]	2020[4]
Home completions	7	Units	1,873	2,020	2,734	2,407	2,247
Open market average selling price	8	£000	403	406	388	359	336
Short-term land	9	Units	13,935	14,922	14,250	14,677	14,991
Strategic land	10	Units	17,700	18,830	22,450	22,308	22,724
Total short-term and strategic land		Units	31,635	33,752	36,700	36,985	37,715
Land pipeline gross development value	11	£m	11,450	12,163	12,111	11,834	11,360

Note

1 Equity shareholders' funds = Group total equity (share capital plus share premium plus retained earnings).

2 Net debt/(cash) = Cash and cash equivalents less non-current and current interest-bearing loans and borrowings.

3 Gearing = Net debt/(cash) divided by capital employed closing.

4 Net debt/(cash) and land creditors = Land creditors less net cash or add net borrowings.

5 Return on capital employed = Adjusted operating profit before joint ventures divided by average capital employed (capital employed = equity shareholders' funds plus net borrowing or less net cash).

6 Return on average equity = Adjusted profit after taxation attributable to equity shareholders divided by average equity shareholders' funds.

7 Units completed = Open market and housing association homes recognised in the year. In 2021 to 2024 units completed includes joint ventures units at full unit count and is stated on an equivalent unit basis. This equivalent unit basis allocates a proportion of the unit count for a deal to the land sale element where the deal contains a land sale. 2020 units completed includes the Group's share of joint venture units and no equivalent unit allocation to land sale elements.

8 Open market average selling price = Revenue recognised in the year on open market homes (including the Group's share of revenue recognised in the year on open market homes by joint ventures), divided by open market home completions (adjusted to reflect the Group's share of joint venture units).

9 Short-term land = Land controlled by the Group with a minimum resolution to grant planning permission.

10 Strategic land = Longer-term land controlled by the Group without planning permission.

11 Land pipeline gross development value = Forecast development revenue of the land pipeline.

Shareholder services

CONTACTS

Crest Nicholson Holdings plc

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Telephone: 01932 580 555

Email: info@crestnicholson.com

Website: **crestnicholson.com**

This report is available to download via the Group's website.

Crest Nicholson's Registrar

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

UK Shareholder Helpline: 0371 384 2183

International Shareholder Helpline: +44 (0)371 384 2183

Websites: **equiniti.com** | **shareview.co.uk**

DIVIDENDS

2024 dividends

	Payment date	Amount per share
2024 Interim	11 October 2024	1.0p
2024 Final	25 April 2025	1.2p

2025 financial calendar

Ex-dividend date	27 March 2025
Record date	28 March 2025
Annual General Meeting	26 March 2025
Half-year results announcement	12 June 2025

Dividend mandates

Crest Nicholson Holdings plc no longer pays dividends by cheque. Shareholders need to provide the company's Registrar, Equiniti, with bank or building society account details so that payments can be made to a nominated account by direct credit. Shareholders who take no action will not receive any Crest Nicholson Holdings plc dividend payments until bank or building society account details are received. Shareholders can provide nominated account details at **shareview.co.uk** or by contacting Equiniti on +44 (0)371 384 2183.

Electronic communications

Crest Nicholson has adopted website communication as the default method of communication with shareholders. We periodically contact shareholders to ask if they would prefer to receive hard copy documents. In accordance with 2006 Companies Act provisions, shareholders are presumed to have given their agreement to online communication if they do not reply to this question within 28 days. However, we will continue to send a paper notification to tell these shareholders when new documents are posted to the website.

By registering with Shareview at **shareview.co.uk**, shareholders can elect to receive these notifications by email. This will save on printing and distribution costs, creating environmental benefits. When registering, shareholders will need their shareholder reference number which can be found on their share certificate or proxy form.

Share dealing services and Shareview

Equiniti offers a telephone and internet service, Shareview, which provides a straightforward and practical method for purchasing and disposing of shares.

For telephone dealing: call +44 (0)3456 037 037 between 8:00am and 4:30pm, Monday to Friday.
For online dealing: log on to **shareview.co.uk/dealing**

Share fraud

Share fraud and investment scams are often run from 'boiler rooms' where fraudsters cold call investors, offering them worthless, overpriced or even non-existent shares, or encouraging them to buy shares in a company at a higher price than the market values. It is recommended that shareholders use caution when they receive unsolicited advice, offers to purchase shares at a discount, or offers of free reports about a company. Even seasoned investors have been caught out by such fraudsters.

The Financial Conduct Authority has some helpful information on recognising and reporting these types of scams. If you are contacted by a cold caller, you should inform the Company Secretary by email at info@crestnicholson.com, as well as the Financial Conduct Authority by using their share fraud reporting form at **fca.org.uk/scams**, or by calling their Consumer Helpline on 0800 111 6768.

If you have already paid money to a share fraudster, you should also contact Action Fraud on 0300 123 2040 or via their website at actionfraud.police.uk. Taking these steps can help warn others and potentially recover any lost funds.

Glossary

AGM	Annual General Meeting
APBT	Adjusted profit before tax
APM	Alternative performance measures
AQIs	Audit Quality Indicators
AQR	Audit Quality Review
BSF	Building Safety Fund
CARAs	Crest Annual Recognition Awards
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
The Code	UK Corporate Governance Code 2018
Company	Crest Nicholson Holdings plc
CVR	Cost value reconciliation
DBP	Deferred Bonus Plan
EBIT	Earnings before interest and tax
EIR	Environmental Impact Rating: a measure of a home's impact on the environment in terms of carbon emissions
EPC	Energy Performance Certificate: a measure of the overall energy efficiency of a home
ERP	Enterprise resource planning
ESG	Environmental, social and governance
ESOT	Employee share ownership trust
FHH	Future Homes Hub
FHS	Future Homes Standard
FRC	Financial Reporting Council
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GDV	Gross development value
GHG	Greenhouse gas
Group	Crest Nicholson Holdings plc and its undertakings
HBF	Home Builders Federation
HVO	hydrotreated vegetable oil
IFRS	International Financial Reporting Standards
IPPF	International Professional Practice Framework
ISSB	International Sustainability Standards Board
Joint Plan to Accelerate	Joint plan to accelerate developer-led remediation and improve resident experience
KPI	Key Performance Indicator
LPG	liquid petroleum gas
LTIP	Long-Term Incentive Plan
NED	Non-Executive Director
NHBC	National House Building Council
NHQC	New Homes Quality Code
NRV	Net realisable value
OFWAT	The Water Services Regulation Authority
PBT	Profit before tax
RCF	Revolving Credit Facility
RCP	Representative Concentration Pathways: trajectories of greenhouse gas concentrations that provide a broad range of climate outcomes.
ROCE	Return on capital employed
RPDT	Residential property developer tax
RICS	the Royal Institution of Chartered Surveyors
SaaS	Software as a Service
SBTi	Science Based Targets Initiative
SHE	Safety, health and environment
SID	Senior Independent Director
SPOW	Sales per outlet per week
SuDS	Sustainable drainage systems
Supplier Code	Supply Chain Code of Conduct
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	Tonnes of carbon dioxide equivalent
WiP	work in progress

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