



Further statement on AGM matters

Withdrawal of Dividend (Resolution 2)

In March 2020, the Board carefully considered the rapidly evolving Government guidance in respect of COVID-19 and the expectation this had to have a significant impact on visitor levels, production capability and trading performance over an unclear timeline. Accordingly, the Company took the difficult decision to cancel its final dividend of 21.8 pence per share, otherwise payable on 9 April 2020.

The Board recognised that was a significant step to take, but when faced with this unprecedented and unpredictable situation, considered it to be prudent to protect the Company's cash position and maintain a robust balance sheet.

Since our decision, many public companies have taken similar steps to cancel or scale back dividend payments as the COVID-19 pandemic continues.

We have engaged with major shareholders during period since March including around our half year results published on 24 June 2020 and the Board remains committed to returning to a sustainable dividend policy as soon as it is appropriate to do so.

Response to vote against Directors' Remuneration Report (Resolution 14)

The Company was pleased with the support it received for almost all its AGM resolutions including its new Remuneration Policy.

Resolution 14, to approve the Annual Directors' Remuneration Report, received 79.4% of votes in favour. Following engagement with shareholders in advance of the AGM, our understanding is that the principal area of concern was in relation to the salary level of Peter Truscott, Chief Executive, relative to the salary of previous Chief Executives at the Company.

The Company has engaged further with major shareholders who voted against the Directors' Remuneration Report highlighting:

- The difficult decision by the Company to replace its previous Chief Executive and the need (and shareholder preference) for an experienced Chief Executive with a house builder background;
- The challenge of a limited pool of talent for house builder Chief Executive candidates, coupled with a small number of such a pool that might be prepared to move roles,
- While the basic salary was 19% above Peter Truscott's former salary, the overall remuneration package was 9.3% above Peter Truscott's previous package
- Commitment to align the Chief Executive's pension provision (currently 10% of salary) to the rate applicable to the majority of the workforce (currently 6% of salary) by the end of 2022, in line with the Investment Association's recommended approach;

Those investors that engaged with us confirmed that that the Chief Executive's basic salary level was the reason that they voted against Resolution 14. In response, great care will be taken in the operation of the policy for the remainder of FY20 and the implementation of the policy for FY21, to ensure that there is an alignment of approach to the rest of the workforce and alignment with the long-term interests of shareholders.

We are satisfied that we now have a high-quality Chief Executive to lead the substantial business turnaround required and the Company has paid no more than was absolutely necessary to achieve this.

We thank the shareholders who engaged with us both in respect of our Remuneration Policy, and wider Board changes and we will look forward to continuing our engagement throughout the remainder of 2020 and 2021.

Crest Nicholson Holdings plc
23 September 2020