

Response to COVID-19

With the safety of our employees, subcontractors and customers at the forefront of our minds and following revised government guidelines of 23 March 2020, our sites closed during the course of last week. Where there are workers on site, they are there to ensure sites are safe with a smooth transition to revised working arrangements. We have issued strict instructions on how to manage the sites in a safe way to comply with guidance on social distancing and hygiene.

We are also helping our existing customers whose move into their new home is both imminent and essential as they may otherwise be without somewhere to live and to avoid a situation where they have to live with family or friends during the current time. We will continue to support new and existing customers by telephone or digitally and our online reservation offering enables customers to continue reserve homes online. Sales rates in the last couple of weeks have been impacted by higher cancellations. In the first 13 weeks of the year, we have achieved a private sales rate of 0.75 sales per site/week (2019: 0.76).

In relation to headroom and liquidity, our current cash balance is £244m. As a precautionary measure, the £130m RCF has been drawn and reflected within the cash figure. The Group operates with no financial covenants other than the drawn element of the RCF cannot exceed 47% of net inventory. We have a strong balance sheet and have operated the business in a prudent basis, regularly stress testing liquidity. The Group has available to it a number of operational levers to minimise cash outlays including discretionary land spend which has been stopped, and a largely outsourced construction model which ensures that spend can be both flexed and controlled based on the build release stage of each plot.