



Performance and strategy continued

Capital allocation

Our clear and disciplined capital allocation framework balances investment in our future with sustainable dividends and cash returns for investors at the appropriate time in the cycle.

Our capital allocation priorities

1. Maintain a strong balance sheet

Maintain low adjusted gearing* to reflect cyclical nature of the industry

2. Investment in land and work in progress (WIP) to drive future growth

Focus on funding business needs, including land investment and WIP to drive growth

3. Sustainable ordinary dividend

Ordinary Dividend Policy of 7.5% of net assets or at least £250 million annually throughout the cycle

4. Return excess cash

Excess cash returned after funding land investment, working capital, taxation and the ordinary dividend. The method of return (share buyback or special dividend) will be considered at the appropriate time

£677.9m

Net cash*

(2022: £863.8m)

£516.1m

Land creditors

(2022: £725.6m)

9.57p

Total ordinary dividend per share paid in the year

(2022: 9.06p)



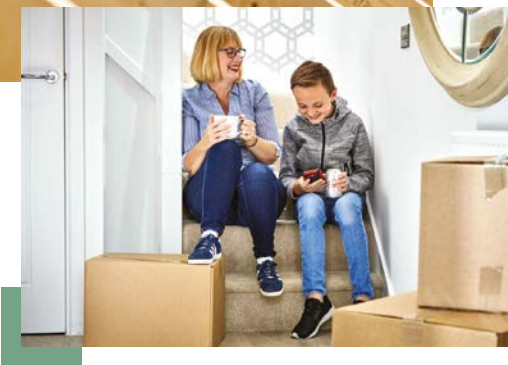


Performance and strategy continued



Capital allocation

Strategic cornerstone in action



Consistently evaluating capital allocation

Every day we make capital allocation decisions when we assess our land and commit capital to work in progress on our sites (the investment in labour, materials and direct costs attributable to our developments that is held in inventory until completion, when it is recognised in cost of sales).

Our investment criteria are subject to a rigorous process and includes detailed land assessment against numerous financial metrics, subject to sign off by senior management levels including the Chief Executive.

In 2023, we reduced our land commitments due to conditions in both the land and the wider housing market. We also tightly controlled release of work in progress with each of our businesses working hard to closely match our build output to levels of customer demand.

Providing visibility to investors

Our Dividend Policy has been established to provide shareholders with a reliable dividend and surplus cash return via special dividend or buyback at the appropriate time in the cycle.

Our Ordinary Dividend Policy is to pay out 7.5% of net assets or at least £250 million annually throughout the cycle.

Our Ordinary Dividend Policy has been stress tested to withstand conditions beyond what we would consider a normal downturn, including up to a 20% fall in house prices and 30% decline in volumes.



In line with our policy, we announced a final Ordinary Dividend payment of 4.79 pence per share, which is subject to shareholder approval at the Annual General Meeting.

With the 2023 Interim Dividend payment of 4.79 pence per share, the total Ordinary Dividend for the year is 9.58 pence per share or approximately £339 million.

It remains our policy to return to shareholders surplus cash generated by the business, and which is in excess of that needed by the Group to fund land investment, working capital, taxation and other cash requirements, and after the ordinary dividend.

9.58p

2023 dividend pence per share

£339m

total dividend for the year

* Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements. Please see page 81 for definitions.