

AGM Questions and Answers:

Planning system

Question:

- (i) The reintroduction of mandatory local plan requirements and faster creation of local plans. Local plan reviews can take well over a year. How do you deal with that and what do we think the issue is?
- (ii) P34 of the ARA – Barratt mentions the Planning system is ineffective and unpredictable. Provide more information on what the problem is and where are we going?
- (iii) We also mention the involvement of statutory consultees.

Answer:

Barratt Redrow plc is very supportive of the new Government around the national planning policy framework and the desire to make sure that targets have become mandatory again. There is a pressing need for more housing in the country and it needs to be agreed where those houses are going to be built with the planning systems a vital part of that process. It takes time to deliver and 1.5 million houses over the life of this parliament is a big target to try and meet.

It is correct that this is a local issue, every locality has a particular aspect that they wish to think about. We are going to do everything we can to support Government to make that process smoother and quicker.

Fire Cladding

Question:

- (i) Why has it taken so long to resolve?
- (ii) Where people are in the building, how are people coping with it?
- (iii) Are there qualified practitioners?

Answer:

The most important thing to us is the safety of our building and the safety of the people who live in those buildings. For all buildings we have responsibility for we are committed under the developer remediation charter to doing what needs to be done to carryout remediation in line with the proposals that will be made by expert and qualified fire engineers, appointed by managing agents and/or freeholders and then approved by the building safety regulators. There are lots of pieces that must be in place in order for the works to take place, we are keen and committed to getting those done as quickly as we can.

Board Strategy

Question:

- (i) Board Strategic thinking for 2026; sitting on a great deal of cash, therefore
 - (a) what are we doing with it;
 - (b) how much is it currently earning;
 - (c) how much saved for the cladding resolutions?

Answer:

On savings for cladding, since 2017 we have taken careful account to make provisions for remediations and as we look at our future cash flow we take into account where we are in the cycle and what we need to satisfy to build our houses and what we need to think about in terms of provisions for cladding and the release of that through those provisions through the cash flow statement. I'm very confident that we know what that needs to look like and we retain a strong balance sheet. We need to balance the right use of shareholders' money, but a robust, strong balance sheet that keeps us with a good level of cash throughout the year and no debt to modest indebtedness at the year-end is our long-term objective.

Apprenticeships

Question:

- (i) Are apprenticeships available for people to help build the houses the government wants to be built?

Answer:

Apprentices

Highlighted were the efforts made by the housebuilding industry, particularly by Barratt and Redrow, to improve diversity and attract people into the sector. Significant strides have been made, including policies on diversity, mandatory training on equality, and a focus on increasing female and ethnic minority representation. For instance, 92% of the graduate intake last year was female, and over 300 female and ethnic minority employees are enrolled in an accelerated leadership program. Additionally, there is a graduate apprentice scheme in partnership with Sheffield Hallam University to nurture future talent. While progress has been strong, the need for more support from the education system and a proactive approach to reaching out to schools and graduates to further improve diversity in the construction industry.

Interest Rates

Question:

- (i) Interest rates could still be approaching 4%, where are the customers going to come from as there are no new first-time buyer incentives? Do you offer any incentives?

Answer:

There is a need for government support on the demand side, particularly to help people afford their first home, acknowledging that affordability remains a critical issue, especially for first-time buyers. While the industry faces challenges from interest rate fluctuations, we manage risk through a diversified product portfolio that includes not only private homes but also a focus on affordable housing and the rental market. This strategy provides resilience against market volatility. There is a high risk involved in housebuilding, which deters foreign companies from entering the UK market. That is why it is important to maintain a robust balance sheet and a thoughtful, prudent approach to managing risk in the industry.

Vistry

Question:

- (i) What have Barratt done in view of the bad news about Vistry to check your procedures? When somebody does an estimate Who checks when somebody's done a quantity surveying exercise?

Answer:

Caroline addressed concerns about the controls in place at their company, particularly regarding site valuations. Regular quarterly valuations are conducted for all sites, involving multiple layers of management to ensure independence and prevent errors, such as site managers marking their own work. This process is designed to be proactive, with regular reviews to adapt to changing circumstances and flag any issues. It was also highlighted that the integration process between Barratt and Redrow, noting that while it's still early days, the principles and controls being applied are consistent. The company employs separate controls around the valuation process, with input from surveyors, divisional and regional management, and independent group representatives. This encourages transparency and the surfacing of both good and bad news during these meetings. Additionally, third-line defences such as internal and external audits provide extra assurance to ensure strong control over revenues and costs.

Share Buyback

Question:

- (i) Any more idea on share buyback policy for 2025, 2026 and beyond

Answer:

Caroline explained the company's approach to capital allocation, emphasising a careful balance between business needs and shareholder returns. We assess factors such as the company's cash requirements, provisions for future liabilities (like building safety), and maintaining a strong balance sheet with minimal debt. While shareholders are prioritised through dividends, the company also considers other ways to return value, such as special dividends or share buybacks. However, the decision on share buybacks will be revisited after the integration of Barratt and Redrow, as the company evaluates synergies and market conditions. It was stressed that share buybacks are viewed as a potential tool for shareholder value but need to be considered within the context of the combined group's performance and strategy.

Current Dividend Policy

Question:

- (i) Current dividend policy is 1.75 cover based on adjusted EPS, do Barratt consider this to be a sustainable policy in the long term even if the market does not recover as quickly as hoped and if legacy property costs do increase, given that the net cash position has decreased in the past couple of years.

Answer:

Given the current low point in the business cycle and the challenges of recent years, the company feels confident in its ability to maintain a sustainable dividend policy. Despite a decline in profits, the company has a strong balance sheet and good cash position, with clear forecasts for future cash needs. The dividend formula is designed to be self-adjusting, ensuring it remains manageable and aligned with the company's financial health. The board regularly reviews the dividend policy to ensure it stays appropriate for the company's circumstances.

Net Cash Position

Question:

- (i) Do Barratt have a target net cash position to get back to in the next few years after the provisions are paid out for the legacy property costs?
 - a. by when do we believe this is achievable?
 - b. Which do Barratt see as taking precedent between dividends, share buybacks or restoring the net cash position of the business?

Answer:

The company focuses on maintaining a conservative and cautious approach to cash management, ensuring it avoids the over-leveraged positions seen by many housebuilders in 2008. The goal is to maintain a solid cash balance that supports smooth business operations while keeping debt at modest levels, which we view as a responsible use of shareholders' money. The company's long-term financial objective is to balance sufficient cash to run the business efficiently while considering how to best deploy any surplus funds. This includes prioritising land purchasing and growth opportunities, especially in light of the new combined group with Redrow. Before considering returning capital to shareholders through share buybacks or special dividends, the company wants to thoroughly explore all avenues for growth to ensure no opportunities are missed.

Leaseholders**Question:**

- (i) You mentioned that you take feedback from for example, freeholders, managing agents and various third parties. None of these third parties are actually paying anything. I'm referring to insurance premiums on buildings here, which have gone up five times roughly, the ones that are paying are the leaseholders and they're the ones you're not actually asking for feedback from.
- (ii) Now, what these leaseholders have to pay, five times the premium because the EWS, the cladding issue is gone. The government recommendation is a B1 or B2 and the insurance companies insist on an A1 status. So is it not a good PR thing for Barratt's and is it not the correct thing for them to do to bring up the cladding to this A1 standard?

Answer

Caroline outlined the company's approach to building safety and remediation, highlighting collaboration with independent fire engineers, regulators, and freeholders to address fire safety issues and ensure compliance and meets agreed standards. While the company doesn't directly consult these parties, it follows a framework where engineers define the required actions, and regulators approve the remediation plans. Regarding insurance, Caroline acknowledged the ongoing publicity, sympathised with leaseholders and emphasized that while the company has no control over insurance matters, it is fully committed to ensuring that the remediation process meets all regulatory standards.

Remuneration Report

Question:

- (i) The remuneration report is 21 pages, Why can't this be just one or two simple pages?

Answer

The company faces requirements such as "fair, balanced, and understandable," which often necessitate including more information rather than simplifying or shortening content. Each year, the company works to balance adding necessary details while attempting to streamline the Annual Report and Accounts to ensure clarity and readability. We aim to make the information concise and easy to understand, focusing on the points that are most relevant to the audience. Additionally, when possible, we prefer to use digital formats rather than producing hard copies.

Brownfield Sites

Question:

- (i) In the South East and in the cities, we've got empty office blocks. Is Barratt Redrow considering, or do you already consider turning these into residential property?

Answer

The solution to the acute housing need requires a combination of approaches, not just focusing on green, grey, or brownfield sites. Brownfield development, such as the successful transformation of Nestlé's Cocoa Factory into housing, plays a key role. While brownfield sites alone won't solve the issue, there is a strong focus on repurposing unused former industrial sites into residential areas as part of a broader strategy.

Ethnicity

Question:

- (i) How many employees are West Indians and what encouragement do you offer to them. I never see a West Indian make it through to the board, which would be a good role model for them, and I just wondered what your thoughts were on that

Answer:

At Barratt Redrow, diversity—across gender and ethnicity—is a key priority. While there are no quotas, the company ensures diverse perspectives are considered for all roles. We are actively working to increase the representation of ethnic minorities within the business. Every voice is valued, and the company is committed to providing

opportunities for all talent to progress, from entry-level positions to leadership roles, though we acknowledge it takes time to develop and nurture this pipeline.

Map for AGM Venue

Question:

- (i) I've got a map given to me on arrival here, which is a bit late in the day, can anything be sent prior?

Answer

There is a map on the back of the notice of the AGM that is sent to all shareholders. We will check your preferences so that you get a paper copy of the notice sent to you in future.

Company Growth

Question:

- (i) I want to understand the growth from today's volume of units to the medium-term target of, I think it was 22,000. How long will that take?
 - a. What are the bottlenecks and challenges from going from where we are today to reaching that target? And also,
 - b. If you could expand on how the capital is are made around growing that business to get them to reach that target?

Answer:

The medium-term target for the combined Barratt and Redrow businesses is focused on improving the viability and use of their land banks and brands. This goal is influenced by several factors, including affordability, demand, and supply-side conditions. The company aims to support first-time buyers and bridge the affordability gap, though they don't expect significant external assistance. On the supply side, we anticipate some improvement in planning processes and hope for progress towards the government's housing targets. The target is grounded in factors within their control, such as capital decisions, sustainable building practices, and modern construction methods. We also prioritise employee well-being by maintaining a real living wage and creating sustainable, nature-friendly developments. This combination of goals reflects a comprehensive, robust approach to achieving their medium-term objectives.

Land Plots

Question:

- (i) How long does it take you to replace used up land plots and how do you do it?

Answer:

Land acquisition in the housing sector is a relationship-driven business, built on years of local knowledge and a willingness to take early risks, even when the land may not be immediately viable. There are both long-term and short-term opportunities, with a growing focus on affordable housing. The company is exploring various ways to access different land parcels, whether brownfield or greenfield, even if they are in separate ownership. This process involves a careful, locally-driven approach, but with national coordination to manage a diverse array of proposals and strategies for land acquisition and development.

Medium term**Question:**

- (i) How long is medium term? Two to five years? Are we looking at the 2026 business again for strategic planning?

Answer

The timeline for the medium-term target is difficult to define precisely. It's not as long as a mining cycle, but it's also not as quick as a fast-moving consumer goods cycle. The company is not committing to a specific timeframe beyond this general understanding.

Shares**Question:**

- (i) Looking at the various titles, I see that at the moment we have a chief executive and we have a chief executive officer, what's the difference between the two? Is the chief operating officer, in effect, the deputy chief executive? How is that going to work? And how long will it be in that situation?

Answer:

The integration of Redrow and Barratt into Barratt Redrow has brought together their executive teams, with clear roles and responsibilities defined at the senior level. David is the Chief Executive of the group, with a leadership team that includes Steven, the Chief Operating Officer, and Matthew, the CEO of Redrow within the combined entity. While the organisational structure is clear, it is expected to evolve over time, with any changes or announcements made at the appropriate time as the company progresses through the integration process.

Company Organisation

Question:

- (i) I'd like to know whether any of the Redrow executives and directors who've come over, it's not in the annual report, whether you have bought shares.

Answer:

You're right, there's no requirement for directors to own shares in the company. That's not one of our requirements.

Town Planning

Question:

- (i) I note the announcement about MADE Partnership, a venture with Lloyds Bank and Homes England on developments between 1,000 and 10,000 homes, which could include shops, commercial premises, GP surgeries, schools. Now, that's actually town planning. I'd like to know more about that and how well equipped you are to actually do that?

Answer:

The new partnership between Barratt Redrow, Homes England, and Lloyds to serve as the master planner for a large-scale development is an exciting project. The project will progress on a site-by-site basis, providing flexibility for all parties involved. While it won't immediately transform the business, the potential to develop up to 10,000 homes represents a significant venture. The £150 million in initial funding will be shared among the three partners. While Barratt Redrow may not directly develop all the homes, its role as master planner is key to the success of the project, which leverages the combined expertise of the partners in master planning.

Profits

Question:

- (i) Looking at the recent history of Barratt, which is now Barratt Redrow, profits down, margins down, build down. What we look at regarding financial forecasts, government forecasts, I'm rather more despondent. Can you convince me, as a shareholder now in Barratt Redrow, that your optimism is justified?

Answer:

Caroline views the housing industry as cyclical, with significant challenges in recent years, but remains optimistic due to government efforts addressing supply-side issues, particularly in planning. While additional support for demand would be beneficial, she acknowledges the substantial unmet housing need. The company is prioritizing

sustainability, aiming to build homes that are both desirable and future-proof. With a new strategic alignment, the company is focusing on achieving cost and revenue synergies through its three-brand strategy. Caroline sees the merger of Barratt and Redrow as a unique opportunity to outperform competitors and views it as a strong investment prospect.

Building site previous experience

Question:

- (i) I wonder if any of you have ever worked on a building site?

Answer:

Caroline shared that her father was a builder, and that she can lay bricks if needed to. She also revealed that her first home was a Barratt Home. Many of the executive members also have extensive construction experience, including Steven Boyes and Matthew Pratt.

Cladding

Question:

- (i) Can you say how many developments or how many plots, are still investigating regarding the replacement of cladding?

Answer:

As of the results announcement in September 2024 there were 262 buildings with more than half of those buildings already tended for the works or were in progress on remediation and the remainder were going through the process with the assessments.