



2017 AGM Remuneration Vote

Our Remuneration Policy was passed with 96% support at our AGM in March 2017. However, we were disappointed with the significant adverse advisory vote on the Annual Report on Remuneration, and recognise the need to reflect this feedback in our future approach. In discussions with shareholders and proxy voting agencies ahead of the 2017 AGM, the Remuneration Committee received concern over the degree of stretch in the cumulative PBT/share target attached to our 2017 Long Term Incentive Plan (LTIP) awards, which accounted for 50% of the performance condition.

Crest Nicholson is committed to ongoing, constructive dialogue with investors and, having considered all the feedback received, the Remuneration Committee has reviewed and amended its target setting process, particularly in relation to when LTIP targets are approved. Going forward, the targets will be agreed closer to the date the Remuneration Report is approved (within which future application of the remuneration policy is set out), thereby taking full account of the prevailing external economic environment and investors' views, which can change quickly due to market and political sentiment in a cyclical industry. We will ensure that the 2018 LTIP targets are sufficiently stretching based on the internal plan and consensus prior to approval. The rationale for the chosen target range and its relativity to targets in the previous year will be clearly communicated in the Remuneration Report.

Every year, we have a regular dialogue with leading shareholders on a range of matters, including remuneration. This year's meetings are due to be arranged shortly and in our discussions we intend to cover the revised LTIP target setting process and seek views on other remuneration and company matters. We look forward to receiving further feedback prior to finalising our proposals for 2018.

Crest Nicholson Holdings plc
24 November 2017