

Bellway p.l.c.

Signing of the Self-Remediation Terms with the Department for Levelling Up, Housing and Communities in relation to historical fire safety issues

Monday 13 March 2023

Bellway p.l.c. ('Bellway' or the 'Group'), the national housebuilder, is today announcing that it has signed the Self-Remediation Terms (the 'SRT') with the Department for Levelling Up, Housing and Communities ('DLUHC'). This is further to the update provided in the Group's trading update issued on 9 February 2023, and is in relation to historical building safety issues on apartments in England where Bellway has played a role in their development.

Jason Honeyman, Chief Executive, commented:

"Bellway remains fully committed to acting responsibly with regards to building safety and we are making good progress, through our Building Safety division, on the remediation of legacy developments. Bellway has engaged extensively and constructively with DLUHC over many months, both directly and through the Home Builders Federation, which has ultimately resulted in the Group's decision to sign the Self-Remediation Terms."

Bellway's commitment

Bellway signed the Building Safety Pledge (the 'Pledge') in April 2022, and the subsequent signing of the SRT has converted the principles of the Pledge into a binding agreement between Government and the Group.

Following the recent changes to fire safety guidance and related building regulations, the SRT provides clarity for future remediation, particularly with regards to the standards required for internal and external works on legacy buildings.

The Board has taken the decision that the signing of the SRT is in the best interests of both shareholders and residents of affected schemes, while also having regard to the consequences of not doing so under the Government's proposed Responsible Actors Scheme ('RAS'). The RAS is expected to become law in the near future, and it will give the Government the power to prevent developers who have not signed the SRT from commencing developments for which they have planning permission, and from receiving building control approval for construction that is underway.

Funding our commitment

As the obligations in the SRT in respect of the required standard of remediation broadly reflect the commitments made in the Pledge, the Board has determined that the terms of the SRT will not result in any movement in the Group's legacy building safety improvements provision.

The SRT also includes a requirement to reimburse DLUHC for the costs of remediation already carried out through the Government's Building Safety Fund and their ACM Fund. To date, DLUHC has paid out £22.8 million through these funds in relation to works carried out on Bellway legacy buildings, the costs of which have been fully provided for in the prior financial year.

As previously announced, in the period between 2017 and up to 31 July 2022, the Group has set aside £513.7 million to remediate legacy apartment blocks in England, Scotland and Wales. The Building Safety division also continues to review work schedules and refine cost estimates in the usual manner, and an update on progress will be included with our Interim Results on 28 March 2023.

Bellway retains a strong balance sheet with net cash of £292 million as at 31 January 2023 and committed debt facilities of £530 million. In this regard, the Group is well placed to meet its commitments under the SRT and importantly, the expected level and timings of the costs will not be detrimental to Bellway's long-term strategic priorities.

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