



Business Plan 2023



A DEVELOPMENT
BUSINESS



The show home at Over

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Introduction

This is the 2023 This Land™ Business Plan.

The next 12 months are exciting times for the business as we will start construction on two of our flagship schemes at Coppice Park (Brampton, Hunts) and Eddeva Park, (Cambridge) offering distinct developments to the market, which will set the benchmark for the brand. We have already received positive feedback from both the public and wider industry to date, with these schemes offering a unique product in terms of design and lifestyle.

This Business Plan is a continuation of the previous, meaning that we will focus on residential development in Cambridgeshire while seeking opportunities outside of the county to reduce the risk.

Section 1

Executive Summary

Key Highlights

- Delivery of approximately 900 new homes over the next seven years, having already delivered 78 to date, a significant increase from last year
- We have returned circa £34m in interest repayments to our shareholder to date
- A slight increase in the proposed provision of affordable homes, representing 45% of the portfolio
- Our cashflow modelling confirms the repayment of all loans and interest by 2029

As our reputation within the industry continues to grow, we are recognised as an ethical developer, acting with integrity in the decisions we make. This means companies want to work with us to deliver a better product and customer service experience.

Our site at Spiregrass Square, Over, has been well received with strong sales and positive feedback from customers. The 53-unit scheme, which has provided 40% affordable homes, is nearing completion. Customers like the modern design, build-quality, village location, with Orbit Homes, the Registered Provider, providing excellent feedback on the build quality of the product.

We have made several changes to the business to support the next stage of growth. This has included the formation of a Contractor Framework, which will further reduce the operational risks as we align ourselves with companies with similar values to ourselves, with a particular focus on Health, Safety and Wellbeing. Working in partnership with these contractors will ensure the continued delivery of high-quality homes that will further enhance the brand.

Our people are important to us and therefore we take extra steps to ensure we have highly performing individuals, empowered to produce exceptional results. This also includes the recruitment of additional staff in specialist roles and bringing some services in-house to reduce costs.

I am pleased to report that we continue to witness good demand for our new homes, and land, against a downward trend in the housing market which has been ongoing since the end of September 2022. We identified this risk last year and we have taken appropriate steps to mitigate its impact, which has resulted in continued sales, ahead of the local market and competition.

There have been changes at the Executive and Board level that have strengthened our capacity to become a leading developer.

Laura Lawrence, our new Chief Financial Officer, brings a wealth of experience to the business from outside of the industry. Her short tenure to date, has seen positive change as we successfully take the business forward.

Wendy Colgrave has joined the Board as a Non-Executive Director and Chair of the Audit and Risk Committee. Wendy has over 30 years of experience in housebuilding, largely gained at Countryside Properties Plc, where she was the Chief Financial Officer for 13 years.

Julia Gregory recently joined our Board as a Non-Executive Director and will lead our ESG Committee. Julia brings extensive experience at the executive level in the private and public sector and will be instrumental in forming our approach to ESG. Frank Jordan replaces Steve Cox as the senior officer from our Shareholder.

Finally, I would like to thank the Board, shareholder and employees for their commitment to This Land™, without whom the success of the last 12 months would not have been possible.

Yours

David Lewis

David Lewis, CEO This Land™



The last 12 months in review



Arthur Rank Hospice Charity

Various initiatives for our chosen charity of the year, the Arthur Rank Hospice



Won two additional awards

Including Best Residential Developer at the National Building and Construction Awards and Silver at the Cambridgeshire SME Business Awards for the Best Property Business of the year

First Rural Exceptions Site

Submitted a planning application for our first Rural Exceptions Site to deliver a 100% affordable homing scheme



Five applications approved

Secured planning permission across five schemes across the portfolio



This Land – The Future

This Land™ will be a highly regarded developer delivering high quality, sustainable development schemes.

Through a design-led approach, we are committed to developing visually distinct schemes which are sustainable and energy efficient. Our sustainable design principles include the use renewable energy systems and modern methods of construction to reduce our environmental impact.

Further changes have been made to enhance our operations including:

- A further evolution of the financial model enabling greater transparency
- A Contractor Framework
- A master programme setting the key stages for all of our developments
- Refinement of key policies and procedures
- Recruitment of additional staff

The above changes will support the business in the medium to long term beyond the 2029 repayment date for the loans and interest payments.

Construction highlights

78 homes
completed to date

Circa **900**
homes to be built
in Cambridgeshire

45%
of our homes
will be affordable

7 sites
either under
construction
or finished

Financial highlights

£113m
repayment of loans
by 2029

Circa
£41.3m
to be paid to our
shareholder over
the next
5 years

Circa
£34m
paid to our
shareholder
to date

£20.8m
in revenue up to
March 2023

£20m
revenue from home
sales to date

New Office Location

We recently secured planning permission for our new offices at Horningsea; the location of our new office accommodation, which will be zero carbon. The renovation of an existing barn will use recycled materials from the existing This Land™ estate and be a highly efficient building adopting hybrid working practices. As we already own the building, our operating costs will be reduced.

Delivering Affordable Homes

We are committed to delivering affordable homes, across a range of tenures, from the following sources including:

- From our existing and future portfolio of sites
- From Rural Exception Sites

Our policy remains that we will not challenge the viability of schemes to reduce our affordable housing target, in all but the most exceptional circumstances.

We completed the sale of twenty-two affordable homes to Orbit Homes at Spiregrass Square; Over, with particularly

positive feedback on the quality of the product and the collaborative matter in which we worked together.

In relation to the rural exception's proposals, we recently submitted our first planning application for eight homes at Guilden Morden. This edge of village location is well contained and suited to small scale development for the provision of affordable homes. The formation of This Land Partnerships, to support the increased delivery of affordable homes, will be completed shortly as we finalise the selection of potential sites with our shareholder.

Vision



We will develop places that enrich people's lives.

Mission Statement

What are we going to do?

We will build open market and affordable homes to give housing opportunities to communities across the county.

The Health and Safety of our employees, contractors and the public will be of paramount importance in all of our operations.

We will contribute to a greener future, by creating distinct, sustainable homes as we reduce our carbon emissions towards Net Zero.

We will promote sustainable places by integrating our developments into existing communities to help shape the future landscape we can all enjoy.

We will have an excellent reputation with our stakeholders, including our shareholder, for the way we conduct ourselves in terms of integrity, transparency, and honesty.

Who are we going to do it with?

We are a people-oriented business. Our staff, shareholder and stakeholders are at the forefront of everything we do. We strive to go above and beyond the needs and expectations to deliver great places that people can call home.

We will align ourselves with our shareholder's vision of sustainable development including environmental, social and governance policies.

How are we going to do it?

We will work with specialists and a supply chain who share our ethics and culture.

We will embrace co-operation with planners and statutory authorities. We believe in the importance of extensive research through multiple channels, including community engagement and outreach initiatives.

We will design places that complement the environment in which they are built.





Section 2

Risk Management

This Land™ continues to monitor risk across all areas of the business, including the management of our assets, corporate governance, and other external factors, such as the wider economy and changes to national planning policy.

Risks are reviewed on a regular basis and reported to the Audit and Risk Committee and the Board.



Changing Planning Policy – NPPF – Planning Risk

The Government recently consulted on proposed changes to the National Planning Policy Framework (NPPF) - the main guidance for the preparation of Local Plans and the determination of planning applications.

The proposed changes sought to scrap housing targets have been interpreted by several Local Planning Authorities as a signal to delay the preparation of their Local Plans.

The response to the consultation has been wide-ranging, but it is clear to see that the delivery of housing levels remains an important national and local issue.

A formal response to the NPPF consultation is expected shortly.

Health, Safety and Wellbeing

This Land™ is fully committed to achieving the highest standards of Health, Safety and Wellbeing, creating a safe working environment for all. It is our objective to identify and minimise the risk of injury and health hazards to all people affected by the Company’s activities, including our workforce, customers, shareholder and members of the public.

Our active construction sites are inspected on a regular basis by third parties, in addition to the contractors Health and Safety measures.

We have a strong Health and Safety record, with a reduced number of accidents and a culture that prevents accidents happening in the first instance.

The introduction of a Health and Safety weighting for the awarding of build contracts (above that for quality and price) is proving to be very effective and has been introduced as part of our Contractor Framework.



Contractor Framework

We have established a Contractor Framework to reduce risks associated with build operations and reduce costs. The Framework aligns with our collaborative approach of partnership working.

Five contractors have secured positions on the Framework who were assessed to have a strong ethos and excellent Health, Safety and Wellbeing practices.

The UK Economy and House Prices

The Bank of England has raised interest rates for a 13th successive time in May 2023, lifting the base interest rate cost of borrowing to 5% and warning that inflation would be higher this year than it previously anticipated.

It is difficult to predict the demand for housing over the next 12 months, but if interest rates increase further, prices would be expected to remain stagnant or even fall.

We have a number of systems and monitors in place to provide clarity on the local housing

market, enabling us to make informed decisions quickly for the sale houses and land.

Our management structure supports informed decision-making processes to ensure we are proactive when considering the market.

Purchase of land and new development opportunities

We have a good portfolio of land to support the delivery of new homes over several years. To de-risk the business, and to add further value, we continue to be active in the land market, having agreed terms on several sites both inside and outside of the county.

As our reputation has grown, we have been able to secure opportunities from more well-established housebuilders and promoters. This includes agreeing terms on a further two planning promotion opportunities, against strong competition. In these instances, we were successful in being selected as the under bidder, against a minimum of ten other bidders. Our collaborative approach and the agile way in which we work, sets us apart.

We are finalising terms on several other schemes, including other promotional sites and immediate land in the city and other key locations in the county.

We continue to collaborate with our shareholder to identify land from their portfolio that may be suitable for development for Affordable Homes and Open Market Housing. This is important as it will secure a future development pipeline and provide significant capital receipts for Cambridgeshire County Council.

Reputational Risk

Our reputation and how we are perceived by the public is important. We go beyond what others would do to meet the needs of our customers and stakeholders.

We continue to engage with the local media outlets to drive positive news about the company and have a rolling plan of positive news stories over the next 12 months.

This includes the start on site of our two flagship schemes Coppice and Eddeva Park, and the construction of our new offices at Horningsea. Our new office, which recently secured planning permission, will provide a sustainable, net zero environment supporting the continuation of hybrid working.

We do, however, recognise that new housing developments are not popular, and therefore we go to extra lengths to positively engage with local communities. At Burwell, for example, we have been working alongside the Parish Council to secure funding for 3G pitches, in the order of an additional £750,000 through external grant funding.

Similar initiatives bringing wider benefits to the local community are being implemented at our sites at Soham and Eddeva Park and includes a new community facility and improvements to nearby footpaths outside of the formal planning application process – something very few other developers would do.

We have also had the opportunity to engage with members of Cambridgeshire County Council to understand what is important to them. Feedback has been wide ranging from how we should manage our open spaces, without the use of pesticides, to the need to provide more affordable and open homes.



Completed house at our site at Ditton Walk

Avison Young report – Our response

This Land welcomed the publication of an independent review of the business, by Avison Young, which made recommendations to refine the business.

The table below identifies their recommendation alongside our response:

Target Area / Specific Activity to Address	Success Criteria	Timescale	Impact / Outcome	This Land Response
Continue to develop a new financial model to support business decision making and improved governance.	Board has full visibility of secure/unsecure income and expenditure. Board members/papers utilise sensitivity analysis, and additional reporting features on a monthly basis.	1–4-month model completion, implementation & full data transfer.	A fully integrated and consistent financial management, monitoring and accounting tool.	The new model is fully functional and providing greater flexibility for analysis at site level. The model is continually updated and improved to align to the reporting requirements of the Board.
Develop GAP analysis methodology to outline how the business will look to manage failure of unsecured site risk and affordable housing sites.	Improved Board and Shareholder visibility of the future financial gaps.	0-1 month	The Council will have a better understanding of This Land's ability to meet its loan payments over coming years and amount of profit needed to generate.	This analysis is included as part of the new model using a site-by-site basis review.
Understand the risk attributed to This Land Partnerships and produce a business plan for the company.	Better awareness of the risks associated when forming a new company. Information and direction of the business should be shared and agreed on by the Board.	0-3 months	Improved risk analysis and quantification of This Land Partnerships in relation to the existing business and the risk it poses.	Additional staff have been appointed to accommodate the needs of This Land Partnerships. The creation of the company has been delayed due to the need to finalise the over-arching loan agreement, which is now complete.
Greater emphasis on risks and potential mitigation measures.	To capture additional key risks which would impact the financial and operational aspects of the business.	0-1 month	Greater emphasis and reporting on key risks identified by AV: unsecured sites, forming of This Land Partnerships and focus on affordable housing.	Specific risk registers are in place and monitored regularly by the executive team. The Board output is being refined with assistance from our Internal Audit Partners and will be presented both at ARC and Board Meetings.

Target Area / Specific Activity to Address	Success Criteria	Timescale	Impact / Outcome	This Land Response
Business Stress Testing on the effects of macroeconomic downturn, rising inflation and worsening property market.	Scenario analysis provided to management and board. Greater understanding of the potential headwinds with mitigation plans in place.	0-3 months	Improve business resilience in an economic downturn where the business and board are aware of the worsening wider economic implications in relation to the business.	Included as part of the scenario analysis and reforecasting process occurring on a bi-monthly basis.
Diarise quarterly shareholder meetings, and agree information pack in advance.	Well attended shareholder meetings.	0-1 month	Fully briefed shareholder with clarity of business direction as well as an in-depth understanding of key risks and mitigations.	Implemented.
Establish a "Mirror Board" meeting, to take place prior to the This Land Quarterly Board meetings.	Provide greater oversight, challenge and support of the business.	0-3 months	Preparation of briefing for Council representatives on the Board in advance of Board meeting.	For the determination of our shareholder.

Section 3

Financial Performance

2023 Business Plan

This paper provides an overview of the new business plan prior to the approval by our Shareholder in July 2023.

The new Business Plan is a continuation of the existing with minor changes to the following:

- Sale of Land for Phase 3A at Burwell
- Acceleration of land sale (part 2) at Soham East
- Sale of Land for Ditton Walk Phase 2
- Building fewer homes at our Master Developer site at Soham



Our show house kitchen at Over



Key Assumptions

The Business Plan is under pinned by the following key assumptions:

Existing portfolio	<p>The existing standalone development sites include the following five sites:</p> <p>Over, Brampton, Ditton Walk, Horningsea, Landbeach.</p>
Master developer sites	<p>The broad strategy remains the same for Master Developer sites.</p> <ul style="list-style-type: none"> ▪ Eddeva Park, completion of disposal to CiP with the build out of 80 dwellings with 40% affordable ▪ Sale of Land (Phase 3A) at Burwell with a build out for This Land of between 50 to 80 dwellings ▪ Reduction in number of homes we build in Soham to 100.
Disposal sites	<p>We have included the following sites for disposal:</p> <ul style="list-style-type: none"> ▪ Phase 3A Burwell ▪ Phase 2 Ditton Walk
CCC sites	<p>We have been working with our shareholder to identify additional land for development.</p> <p>We have identified eight potential sites that we are seeking to secure under an option/ hybrid agreement. This will allow our shareholder to maximise their financial returns and provide This Land with a development pipeline.</p> <p>The risk of securing planning permission is low to medium, as several are brownfield sites.</p>
Provision of additional affordable homes	<p>We have assumed increased delivery of affordable homes from the purchase of 2 x 15 sites on the open market, and the delivery of 8 affordable homes at Dubbs Knoll at Guilden Morden.</p>
Rural Exception Sites	<p>This Land is committed to delivering more affordable homes through the following means:</p> <ul style="list-style-type: none"> ▪ As part of the policy requirement on our open market schemes ▪ Developing sites entirely for affordable homes ▪ Securing option agreements on Rural Exception Sites working in partnership with our Shareholder. <p>We have already submitted a planning application for our first Rural Exception Site at Guilden Morden, for eight new affordable homes. The Business Plan assumes we will acquire two sites of 15 dwellings delivering a total of 30 affordable homes.</p> <p>We have identified eight rural exception sites with our shareholder, which will be secured under an option agreement.</p>
Strategic Land	<p>We have assumed 11 strategic land sites are secured and delivered.</p> <p>We are under contract with three sites and have agreed terms for two additional sites in Essex.</p> <p>We have several offers which we anticipate agreeing terms on shortly.</p>

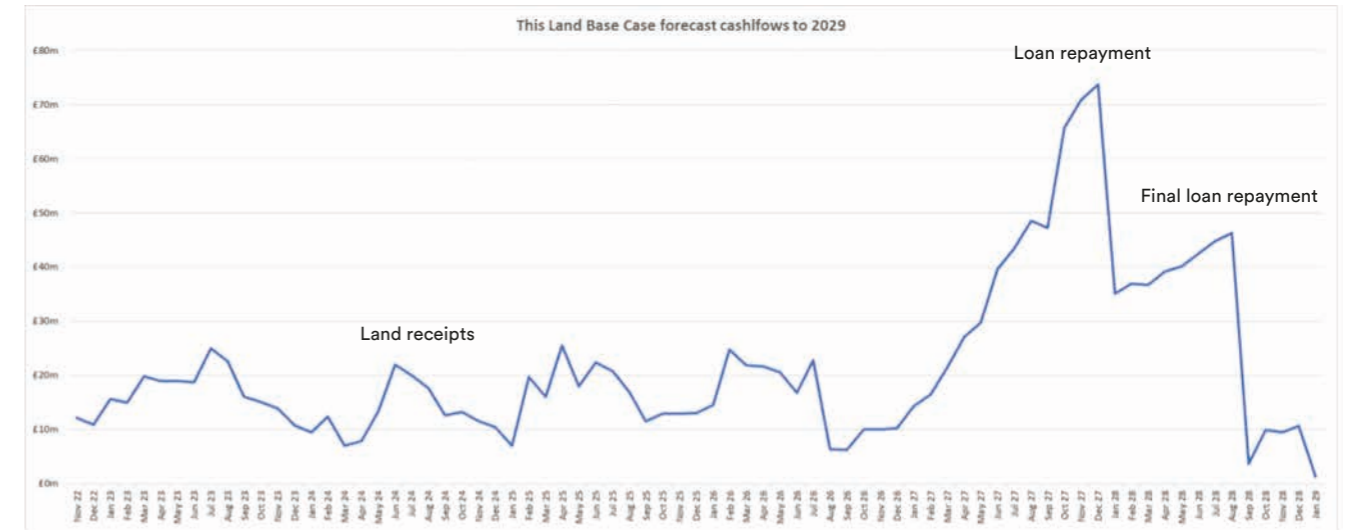


Show kitchen at City Glades (Ditton Walk)



Base Case This Land Forecast cashflow to 2029:

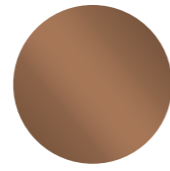
A cashflow model has been used to project future spend and revenue across all of our sites, which generate the following cashflow position.



The following conclusions can be gained from the above cashflow:

- The cashflow confirms the payment of all loans and interest
- The cashflow extends up to 2029 and includes the delivery of new homes later in the business plan period
- The business maintains a good cash position up until 2029
- This cashflow assumes no revenue growth or build cost inflation





Scenario Planning

We have tested several scenarios on the existing portfolio. The majority of the land required for homes we need to deliver as part of the Business Plan, is already owned.

Our baseline scenario assumes a baseline growth assumption for the existing portfolio of 0% pa. Despite a downturn in the UK economy from the end of September 2022, the local housing market remains stable. The latest 50bp rise in interest rates is expected to reduce the demand for housing over the short term.

We have several monitors in place to ensure we can react quickly to changes in demand.

The business plan has tested the following scenarios:

Scenario	Description
Baseline	As above – no inflationary revenue or build cost inflation.
Upside	The upside scenario assumes a 3% increase in revenues, but all costs remain stable.
Downside	The downside scenario assumes a 2% reduction in revenue and a 6% increase in build costs. This is not deemed to be a realistic scenario as the housing market will remain stable in Cambridgeshire due to shortage of supply and while the build costs may increase the revenues should remain constant.

The scenario testing of the baseline, upside and downside demonstrates the following:

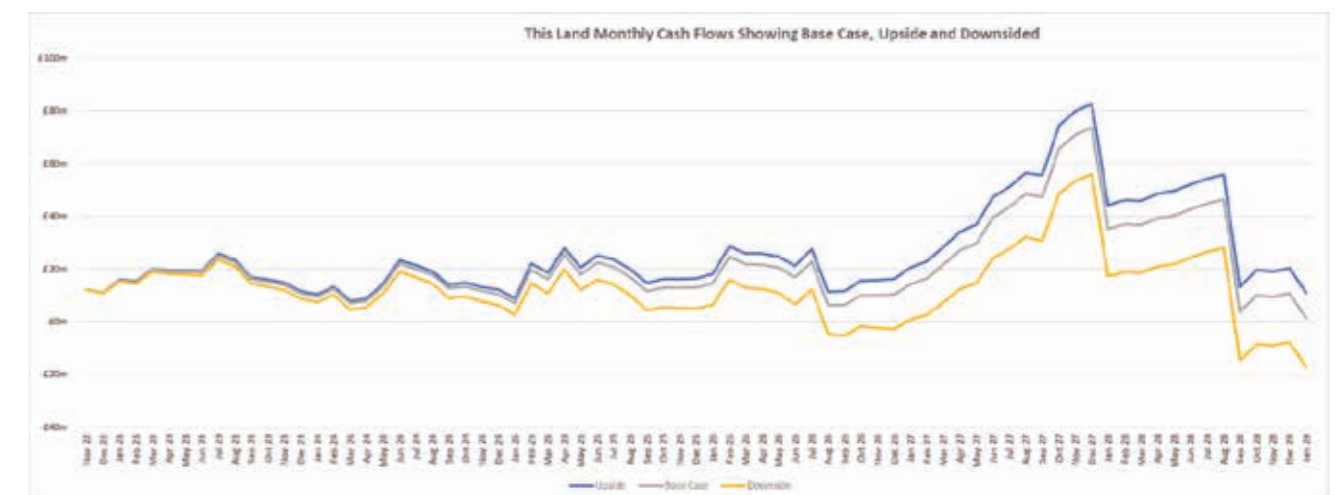
The baseline scenario does not require additional funding during the period to 2029 and assumes no growth in revenue. The housing market is difficult to predict but high demand and a lack of meaningful supply in the region are expected to support growth moving forward ensuring that the baseline scenario is a prudent approach.

We have also included an upside, assuming growth in revenue of 3% pa. This would generate an additional £9.6m at the end of the forecasting period. While this may seem high in the current market, similar gains have been made in more certain market conditions.

Finally, we have included a downside scenario, assuming a negative growth of -2% on revenues with an increase in costs of 6% on all sites across the portfolio. It is difficult to predict of the future housing market although we have several monitors in place to enable us to respond quickly to a sudden fall or a prolonged downturn.

The annual review of the Business Plan allows us to review our position on an annual basis to adapt to changes in the land and housing markets.

This Land cash flows (£).



Section 4

This Land Partnerships

The creation of This Land Partnerships will be formed shortly, following the selection of sites from our shareholder. The new company will differentiate the brand from the main development business as a separate affordable housing delivery arm.

A key objective of the company is to deliver more affordable homes throughout the county.

We will do this by working with our shareholder and deliver 100% affordable housing schemes.

This Land will take on the planning risk and seek to build out the schemes or sell on to third party Registered Providers.

We estimate the delivery of circa 125 affordable homes across Cambridgeshire.



Environmental, Social and Governance (ESG)

Our ESG strategy is currently under development with several completed milestones including the baselining and materiality assessments.

The recent appointment of the ESG Committee Chair provides dedicated leadership to our ESG emerging strategy and commitments. The first meeting of the Committee was held on the 26th June 2023.

Overarching Framework

The framework considered most appropriate to evaluate This Land's overarching Strategy against is the "UN Sustainable Development Goals". It is flexible and can be targeted to our needs and impacts and easily be translated to our activities.

The Committee has agreed to use a number of the United Nations goals relevant to This Land™.

Shareholder Considerations

We have considered Cambridgeshire County Councils own targets and commitments and agreed those where This Land could contribute towards:

- Planning and managing risk so that we can cope with the impacts our changing climate brings.
- Delivering energy efficient and flexible infrastructure
- Maximising the extent of and the quality of natural areas across Cambridgeshire, giving more people access to green space.
- Ensuring the focus of travel solutions associated with new development are accessible and focused on active travel.
- Creating an environment that gives people the opportunity to be as healthy as they can be.
- Securing additional benefits and greater social value for our communities when we procure and commission good and services.
- Supporting the local economy to keep more of the Cambridgeshire pound local.

It is recognised that This Land forms part of the Scope Three category of the Shareholder's emissions reduction targets. Thus, This Land's ESG strategy, where appropriate, will be influenced by Cambridgeshire County Councils (CCC) ESG ambitions.

The next stage of our strategy development will apply the principles outlined above to develop our ESG Strategy content, setting out how we are going to measure our progress and performance and report on this.



The logo for 'this Land.™' is centered in the image. It consists of the words 'this' and 'Land.' stacked vertically, with a trademark symbol (™) to the right of 'Land.'. The text is white and is enclosed within a white square border. The background of the entire page is a photograph of a modern, multi-story house at dusk. The house has a red-tiled roof and large windows, some of which are illuminated from within, showing interior details like a bookshelf and a plant. A wooden fence runs across the foreground, and a field of yellow wildflowers is visible at the bottom. The sky is a deep blue, and there are white contour lines in the top-left and bottom-right corners of the image.

this
Land.™

A DEVELOPMENT
BUSINESS