Crest Nicholson Holdings plc

CAPITAL MARKETS DAY
READY FOR GROWTH

Wycke Place Maldon Essex
20 October 2021
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‘Crest Nicholson’ or the ‘Group’ refers to Crest Nicholson Holdings plc and its subsidiary companies.
INTRODUCTION AND WELCOME

PETER TRUSCOTT
Chief Executive
WHO IS IN THE ROOM?

PETER TRUSCOTT
Chief Executive

TOM NICHOLSON
Chief Operating Officer

DUNCAN COOPER
Group Finance Director

JANE COOKSON
Group Human Resources Director

KIERAN DAYA
Managing Director, CNPSL

KEVIN MAGUIRE
General Counsel & Company Secretary

DAVID MARCHANT
Group Production Director

JENNY MATTHEWS
Head of Investor Relations

DAVID BROWN
MD, Chiltern

MARK CONNORS
MD, Midlands

ADRIAN SIMS
MD, South

RALPH HAWKINS
MD, South West

ALEX STARK
MD, Eastern
# Agenda and Plan for Today

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter</th>
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<tbody>
<tr>
<td>9:30am</td>
<td>Progress Against Our Strategy</td>
<td>Peter Truscott</td>
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<tr>
<td></td>
<td>Market Context</td>
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<td></td>
<td>Our Vision for the Future</td>
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<tr>
<td>10:15am</td>
<td>Five-Year Financial Plan and Investment Proposition</td>
<td>Duncan Cooper</td>
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<tr>
<td>10:30am</td>
<td>Coffee Break</td>
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<tr>
<td>10:45am</td>
<td>The Multi Channel Opportunity</td>
<td>Kieran Daya</td>
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<tr>
<td>11:15am</td>
<td>Q&amp;A</td>
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<tr>
<td>12:00pm</td>
<td>Lunch</td>
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<tr>
<td>12:45pm</td>
<td>Bringing Our Strategy to Life</td>
<td>Tom Nicholson</td>
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<tr>
<td>1:15pm</td>
<td>Adapting to a New World</td>
<td>David Marchant</td>
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<tr>
<td>1:45pm</td>
<td>Q&amp;A</td>
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<tr>
<td>2:00pm</td>
<td>Coffee Break</td>
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<tr>
<td>2:15pm</td>
<td>Wrap Up</td>
<td>Peter Truscott</td>
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<tr>
<td>2:20pm</td>
<td>Maldon Site Visit Overview</td>
<td>Alex Stark</td>
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<tr>
<td>2:30pm</td>
<td>Site Visit</td>
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<tr>
<td>3:45pm</td>
<td>Depart</td>
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</tbody>
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02

PROGRESS AGAINST OUR STRATEGY

PETER TRUSCOTT
Chief Executive
TURNAROUND NOW COMPLETE

- Significant progress with strategy
  - New operating model embedded
  - Balance sheet transformed
- Five-star customer satisfaction rating
- New house type range roll out on track
- Overheads and selling costs addressed
- Build costs reduced
- Trading out of poor sites
- Disciplined control of W.I.P
- Non-core assets addressed

SALES & MARKETING COSTS
2021E
c.2.5% of sales
(2019- 3.5%)

NET CASH
2021E
> £170m
(2019- £37.3m)

ADMIN EXPENSES
2019-21E
↓ c.25%
MARKET CONTEXT

PETER TRUSCOTT
Chief Executive

THE STANLEY FAMILY
Potters Grange, Ashby-de-la-Zouch
CHANGING POPULATION AND DEMOGRAPHICS

- Steady population growth since 1945 driven by immigration
- England is one of the most densely populated major economies in the world
- Smaller household size, driven by changing lifestyles, have now stabilised
HOUSING SUPPLY SINCE 1945

- A generation of under-supply
- Significant reduction in subsidised housing
- Overall under supply of homes for occupation regardless of tenure
HOUSING MARKET DRIVERS

- The ‘push and pull’ factors
  - Consumer choice
  - Income growth
  - Mortgage rates
  - House prices to average earnings
  - House price ceiling
- Mortgage availability
- Customer confidence
- Volatility and events
- Managing the cycle

Average Earnings to House Price Ratio vs Interest Rate
1990 - 2020

<table>
<thead>
<tr>
<th>Earnings to house price ratio (%)</th>
<th>Interest base rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
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<tr>
<td>4</td>
<td>4</td>
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<tr>
<td>6</td>
<td>6</td>
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<td>8</td>
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<tr>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: World Bank, ONS

UK Mortgage Payments vs Post-Tax Household Income
(Capital and interest) (Stock and flow measures)

Flow of actual buyers
Stock of all households

Source: Redburn Affordability Model
PLANNING AND LAND SUPPLY

• Changes to the Planning System
• Political choices
• Levelling up
• Impact on affordability
COMPETITION AND MARKET STRUCTURE

- Significant barriers to entry
- Resilience comes through scale and balance sheet strength
- The land market has tightened recently
- Potential for ‘disrupters’ but not without execution risk
SUPPLY SIDE CHALLENGES

• Materials shortages
  – Short term vs structural

• Labour shortages

• Build costs inflation

• Modern Methods of Construction (MMC)
  – Off site manufacture
REGULATORY REFORM AND ESG

- Operating environment is complex and rapidly changing
- Planning reform
  - New planning system
- Technical changes
  - Future Homes Standard
- Environmental
  - Race to Zero
  - Biodiversity net gains
- Social and Governance
  - New Homes Ombudsman
- Taxation
  - Residential Property Development Tax
SUMMARY

- Overall market conditions remain favourable
  - Structural supply and demand imbalance
  - Political support
  - Good level of mortgage availability

- Short term challenges to manage and overcome

- Our strategy is designed to navigate us through these risks and opportunities

- We are well placed to succeed in this market context
OUR VISION FOR THE FUTURE

PETER TRUSCOTT
Chief Executive
BUSINESS TRANSFORMATION HAS GIVEN US OPTIONS

• Operational and financial turnaround complete
• Rapidly transformed balance sheet has enabled review of investment proposition
  – Maintain existing scale and distribute surplus cash
  – Invest cash for growth
• Opportunity for growth is compelling
  – Market fundamentals and outlook are positive
  – Strong and experienced Leadership Team
  – Easier for incumbents to grow
  – Efficient and scalable platform
OUR PRINCIPLES FOR GROWTH

• Build on our positive legacy
  – Strong brand
  – Reputation for placemaking
  – Customer service and build quality
  – High quality land portfolio

• Leverage our scalable model
  – Standardised operating procedures and processes
  – Utilise new house type range
  – Multi channel approach to be utilised

• Maintain KPI discipline
  – Margins and ROCE
  – Operating efficiency
PEOPLE STRATEGY

• Leverage experience of senior team
• Hire the right people with local knowledge
• People with our values and the right attitude
• Development opportunities for our existing teams
• Some overhead de-leverage until we reach maturity
OUR APPROACH TO GROWTH

- Established operating platform scalable
  - Existing divisions yet to reach maturity
  - New geographic expansion
- Why new geographies and not greater absorption?
- Yorkshire and East Anglia chosen as highly attractive options
- Future potential elsewhere but only when ready
- Senior management experienced in operating in the new geographies
- Product offering appropriate for target markets

<table>
<thead>
<tr>
<th>YORKSHIRE</th>
<th>EAST ANGLIA</th>
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<tbody>
<tr>
<td><strong>90k</strong> Housing transaction volume (2019)</td>
<td><strong>83k</strong> Housing transaction volume (2019)</td>
</tr>
<tr>
<td><strong>12.5k</strong> New homes completed (2019)</td>
<td><strong>12k</strong> New homes completed (2019)</td>
</tr>
<tr>
<td><strong>5.4m</strong> Population (2021)</td>
<td><strong>4.1m</strong> Population (2021)</td>
</tr>
<tr>
<td><strong>0.33%</strong> Population growth (2021-26e)</td>
<td><strong>0.65%</strong> Population growth (2021-26e)</td>
</tr>
</tbody>
</table>
ORGANIC GROWTH OR M&A?

• Plan is presented on basis of organic growth

• In our control with some upfront investment and new divisions take time to reach maturity

• M&A is also a possible option
  – We continue to review appropriate assets
  – Opportunity to accelerate our ambitions and delivery of targets
  – Limited number of quality assets with the right fit and at the right price
SUMMARY

• Operational and financial turnaround complete
• Strong balance sheet and cash generation provides strategic options
• Market context right for our growth strategy
  – New geographies - Yorkshire and East Anglia first
  – Organic growth plan outlined today but M&A an option
• Future growth plan
  – Continued margin rebuild
  – Volume growth and benefit of scale
• Exciting outlook and opportunity lies ahead
FIVE-YEAR FINANCIAL PLAN & INVESTMENT PROPOSITION

DUNCAN COOPER
Group Finance Director

Kilnwood Vale, Horsham
STRONG FOUNDATIONS TO SUPPORT GROWTH

• Sustainable recovery in earnings
  – Poorer GM sites identified and remedied
  – Operational efficiency programme put in place

• Robust balance sheet with FY21 net cash >£170m
  – FY21 run on net cash basis throughout
  – £45m received from Longcross Film Studio sale

• Well-located land portfolio offering good capital efficiency
  – 98.5% of strategic land held under option
  – Active in the short-term land market

• Diversified sources of finance in place
  – £100m of senior loan notes maturing 2024-29
  – £250m RCF expiring in June 2024

• Group well capitalised to pursue organic and inorganic opportunities
HOW WE SEE CAPITAL ALLOCATION

ORGANIC GROWTH
- Sequential, case-proven approach
- Standard operating protocols and controls
- Self-funded

GROWTH BY ACQUISITION
- Disciplined investment criteria
- Acquiring more than just a land portfolio
- Minimising execution risk

SUSTAINABLE DIVIDEND POLICY
- Annual dividend to be covered 2.5x by EPS
- Dividend growth in line with earnings accretion
- Provides right balance for returns and growth

MAINTAIN ROBUST BALANCE SHEET
- Respecting the cycle
- Land Creditors to be <30% of Net Assets

CAPITAL EFFICIENCY
- Continued rigour on cash utilisation and capital allocation
- Growing partnerships business is additive
- Additional returns to shareholders if appropriate
INVESTING FOR GROWTH

- Small teams established locally to develop new divisions
  - Strong central oversight and control
- Three new divisions established over the planned period
- Progressive overhead leverage as volumes grow
- Maintaining a short-term land portfolio of c.5 years
OPERATING MARGIN EVOLUTION – 2 PHASES

**Phase 1**
- GM rate accretion – poorer sites and new land
  - Weaker sites unwind on track
  - Farnham and London Chest Hospital remain dilutive
  - Growing JV contribution not in GM
- Investment in overheads for growth

**Phase 2**
- Volume growth
- Overhead leverage
- ROCE enhancement

Visible pathway back to industry-normal margins
### FIVE-YEAR FINANCIAL TARGETS

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY24</th>
<th>FY26</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HOME COMPLETIONS</strong></td>
<td>2,247</td>
<td>&gt;3,000</td>
<td>&gt;4,200</td>
</tr>
<tr>
<td><strong>DIVISIONS</strong></td>
<td>5</td>
<td>5+</td>
<td>8</td>
</tr>
<tr>
<td><strong>REVENUE COMPOSITION</strong></td>
<td>60% PRIVATE</td>
<td>20-25% AFFORDABLE</td>
<td>15-20% PRS/BULK</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT MARGIN</strong></td>
<td>8.4%</td>
<td>18-20%</td>
<td></td>
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<tr>
<td><strong>RETURN ON CAPITAL EMPLOYED</strong></td>
<td>7.6%</td>
<td>22-25%</td>
<td></td>
</tr>
<tr>
<td><strong>LAND CREDITORS</strong> (% OF NET ASSETS)</td>
<td>24.7%</td>
<td>&lt;30%</td>
<td></td>
</tr>
<tr>
<td><strong>DIVIDEND POLICY</strong> (COVER)</td>
<td>Nil</td>
<td>2.5x</td>
<td></td>
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</tbody>
</table>

- Targets to reflect 2-phase growth agenda
  - Aspiration to deliver >4,200 units by FY26
- Growing partnerships business
  - Significant market opportunity
  - Resilience through the cycle
- Operating margins back to industry levels in Phase 1
- ROCE to improve across the plan period
- Land creditors <30% of net assets
- Strong earnings accretion from enlarged group
A COMPELLING INVESTMENT PROPOSITION

1. Strong fundamentals for UK housing market
2. Attractive land portfolio
3. Brand synonymous with quality and great placemaking
4. Multi channel approach – diversified income stream
5. Commitment to balancing strategic objectives with responsibilities to the environment and wider society
6. Robust balance sheet with significant opportunities to build margins

- A clear strategy for growth guided by strong principles
  - Maintaining a robust balance sheet
  - Disciplined allocation of capital and incremental overhead
  - ESG integrated into the business
- Great opportunity within the sector
  - Benefit from additional scale
  - Comparable mid-cap sector dividend yield
  - Prospect to significantly outperform on earnings growth

Significant shareholder value creation over the medium-term
THE MULTI CHANNEL OPPORTUNITY

KIERAN DAYA
Managing Director,
CN Partnerships & Strategic Land
OUR PARTNERSHIP AND SPECIALIST LAND PLATFORM

• National relationships
  – Providing partners with a single point of contact

• Mixed tenure sophistication
  – Maximising values

• Counter cyclical position

• Reducing capital requirement
  – Aiding the growth agenda

• Public procurement expertise
  – Homes England relationship / opportunity

• Centralised Strategic Land team

• Leverage upon Crest Nicholson brand equity
MIXED TENURE HOUSING

60% Open market sales

15-20% Intermediate Tenure

20-25% S106 Affordable Housing

A Private Rented Sector
B Help to Buy
C Shared Ownership
D First Homes
E Social / Affordable Rent
OUR PARTNERSHIP MODEL

- Increased pre sold position
- Increased ROCE
- Small discount to Open Market value
- Supplement Open Market delivery
- Select tenure appropriate house types but as a part of a wider Open Market development
- Delivered through established regional house building businesses
- Deals procured centrally often when land is under control
- No exposure to low margin contracting schemes
**COMPLEMENTARY TO OPEN MARKET OPERATIONS**

<table>
<thead>
<tr>
<th>Price Spread to Open Market Value (£’000)</th>
<th>Traditional Model</th>
<th>Our Partnership Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% discount</td>
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<tr>
<td>12-15% discount</td>
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<tr>
<td>6-9% discount</td>
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</table>

| Operating Margin                         | 18%-20%           | 30%-35%               |
| ROCE                                     | 20%-25%           | 30%-35%               |
| Capital Requirement                      | Normal            | Reduced               |
| Sales Risk                               | Normal            | Reduced               |

| Towergate, Milton Keynes                 |                   |                       |
| Operating Margin                         | 21%               |                       |
| Presold                                  | 66%               |                       |
**MIXED TENURE HOUSING**

**MAJOR GROWTH SECTOR**

**PRS GROWTH**

- 300% sector growth in last 5 years
- 21% in last 12 months

- £2.4bn invested in Q1/Q2 2021
  on target to surpass record 2020 investment of £3.7bn

- 70% of funds committed to suburban schemes **outside of London**

- 29% increase in suburban PRS vs 11% in London

- 47% larger regional planning pipeline than London

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**Number of Build to Rent Homes**

'000, per quarter

**Source:** Savills, British Property Federation, Molior
SPECIALIST LAND PROCUREMENT

- Strategic Land specialists managing and promoting c.18,000 plots
- Lead Developer capabilities with large scale sites
  - Longcross Garden Village
  - Kilnwood Vale
  - Arborfield Garrison
- Public sector procurement expertise to capitalise upon
  - Homes England hold £1.1bn of land asset, and are currently disposing of c.105 sites (marketed or due) in the coming period
    - 950 hectares / 2,347 acres of land
    - Capacity for c.16,500 homes
  - Defence Estates
    - Forecast c.40 sites in the next 5 year period
  - Local Authority
    - Disposals and joint ventures
STRATEGIC LAND PORTFOLIO

• Potential to successfully promote land for c.7,000 homes in the current and next round of Local Authority plan making
• Successfully promoted and allocated c.4,000 homes which are currently in the planning system
• Focus on new opportunities within this or the next plan period
• Acquire land to supplement and sustain future growth in new geographical areas

• The sum of Local Plan targets represents 80% of housing need according - a shortfall of 54,000 homes being planned for
• One third of Local Authorities failed to identify sufficient land supply
• Greater emphasis on collaborating with Local Authorities on strategic developments
• Timescales can offer a shield from market storms
KEY RELATIONSHIPS
SUMMARY

- Culture shift
- Maximise mixed tenure opportunity (S106 / Pre Sale)
- Rejuvenated land teams (Strategic / Public)
- Focus on quality not volume
- Add value not complication
BRINGING OUR STRATEGY TO LIFE

TOM NICHOLSON
Chief Operating Officer

Monksmoor Park, Daventry
OUR STRATEGY

• Strategy built on aligning efficient platform with existing strength

• Margin growth evolution
  – New House Type range
  – Operational efficiency
  – Divisional overhead structures
  – Enhanced customer journey
  – Land portfolio optimisation
  – How we will deliver sustainable growth
    – Geography
    – Volume
NEW HOUSE TYPE RANGE

• Effective portfolio core to standardisation
• New specification enhancing quality and consistency
• Fully embedded across all divisions
• Existing short-term land portfolio re-plans undertaken
• Current land portfolio status
  – 74% OM houses now 2020 house types
• New development planning applications FY21
  – 86% of all units reflect 2020 house types

2020 house type delivery as % OM Houses

<table>
<thead>
<tr>
<th>Year</th>
<th>% OM Houses</th>
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<tbody>
<tr>
<td>FY21</td>
<td>28% (forecast)</td>
</tr>
<tr>
<td>FY22</td>
<td>80% (forecast)</td>
</tr>
<tr>
<td>FY23</td>
<td>85% (forecast)</td>
</tr>
</tbody>
</table>

OCT ‘19
128
house types

OCT ‘21
20
house types

JAN ‘20
24
house types

14 toolkit options

12 toolkit options

Mulberry View, Wokingham
OPERATIONAL EFFICIENCY DELIVERED

New House Type Range
– enhanced offering reducing costs

• New homes excellent placemaking
  – Key accommodation features
  – Standardised engineering
  – Elevation flexibility

• Increased sub-contractor base and reduced tender and procurement timescales

• Achieving wider strategy objectives:
  – Positive customer feedback
  – Health and Safety
    – Standard comprehensive ‘temporary works’ package
    – Standard detailing minimising risk
  – ESG
    – Reduce waste

BUILD COST reduced £8ft² average
BUILD TIME reduced 7 weeks average
TECHNICAL FEES reduced £1,775 average per plot
DIVISIONAL OVERHEAD STRUCTURES

- Experienced and industry wide divisional leadership teams
- Standardised and simplified divisional staff structures
- Removed operational ‘overlapping’
- Core processes embedded
- Functional Forums established single “Crest Way”
  - Continual challenge to add value and remove inefficiency
  - Benchmarking
- Enhanced productivity established and forecast
- Successful management trainee recruitment days for all disciplines
ENHANCED CUSTOMER JOURNEY

- Five-Star customer satisfaction achieved
- Comprehensive brand guidelines established
- Benchmarking and best practice established
- Enhanced CRM system rolled out, achieving increased lead management effectiveness
- Supply chain and partner agencies in place
- Consistency of brand message supporting our values and culture
- Coordinated digital marketing strategy implemented
LAND PORTFOLIO OPTIMISATION

- Value improvement to existing land portfolio
  - Cost base
  - Added value
- Robust hurdle rates utilised in land acquisitions
- More than 4,000 plots approved for purchase in FY21 YTD at an average of 26.6% GM (after S&M)
- Short-term land portfolio margin rebuild and growth
- Strategic land pull through conversion FY21 forecast: 27% GM (after S&M)
- Operational efficiencies have increased competitiveness and enhanced margins
  - Wider market reach geography
  - Broader target market
  - Lower risk acquisitions
  - ASP reducing over plan period

![Strategic Land Conversion Gross Margin (after S&M)](image)

![Short-Term Land Portfolio Gross Margin (after S&M)](image)

![Housing vs Apartments split](image)
LAND PORTFOLIO OPTIMISATION
CASE STUDY: HIGHLANDS PARK, HENLEY

RESERVED MATTERS CONSENT
May 2017
- 163 units (Open Market (OM):98)
- 1,985m² B1 floor space
- 400m² community floor space
- OM mix 2 bed apartments (from £450k) to 5 bed homes (£1.45m)
  - Average selling price £824k
- Launched February 2018
  - 2018 SPOW - 0.11
  - 2019 SPOW - 0.23

REVISED PLANNING SECURED
August 2020
- 191 units (additional 28)
- Product mix appeal to wider family market
- Reduced average house size 1,230 sqft² (1,687 sqft²)
- Average selling price £637k (£187k less)
- Launched February 2021
  - 2021 YTD SPOW 0.60
- £950k enhancement delivered to viability

FURTHER OPTIMISATIONS
- NMA submitted on x 8 units
  - Toolkit
  - c.£200k on GM enhancement
- Northern Field Promotion
  - 110 – 140 additional units
OUR APPROACH TO NEW DIVISIONS

- Office location options identified
  - Transport networks
  - Accessibility to regional markets

- Detailed market criteria known
  - Planning environment and pipeline
  - New build concentration and starts
  - Transaction levels
  - Affordability constraints and growth potential

### New Build Concentration

<table>
<thead>
<tr>
<th>Region</th>
<th>Average SP £'000</th>
<th>1 year HPI</th>
<th>3 year average HPI</th>
<th>Transactions 2021 (YTD)</th>
<th>Build starts</th>
<th>New build concentration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wakefield</td>
<td>410</td>
<td>7.7%</td>
<td>5.0%</td>
<td>3,725</td>
<td>831</td>
<td>21.0%</td>
</tr>
<tr>
<td>Doncaster</td>
<td>400</td>
<td>6.9%</td>
<td>4.8%</td>
<td>3,306</td>
<td>745</td>
<td>19.5%</td>
</tr>
<tr>
<td>Norwich</td>
<td>640</td>
<td>6.0%</td>
<td>3.3%</td>
<td>1,483</td>
<td>653</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

### House Price to Earnings Ratio

Source: Zoopla
HOW WILL WE GROW?

• Disciplined growth with no compromise on quality of earnings / KPIs

• Initial investment
  – Small team recruitment
  – Key disciplines – land led
  – Adjacent divisional support

• Land investment combining anchor sites and smaller outlets

• Local offices established in 2022

• Divisional team build reflecting local knowledge
  – Land
  – Planning
  – Sub-contractors

Unit Growth from Existing and New Divisions

<table>
<thead>
<tr>
<th></th>
<th>FY21E</th>
<th>FY22E</th>
<th>FY23E</th>
<th>FY24E</th>
<th>FY25E</th>
<th>FY26E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing divisions</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>New divisions</td>
<td></td>
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ADAPTING TO A NEW WORLD

DAVID MARCHANT
Group Production Director
UNPRECEDENTED REGULATORY CHANGE

• Climate Change Momentum
  – COP26 UN Climate Change Conference
  – UK target of net zero by 2050

• Consumer protection and building safety

• Strong regulatory environment in homebuilding:
  – Future Homes Standard
  – Building Regulations
  – Building Safety Bill
  – New Homes Ombudsman
  – Environment Bill
STRONG ESG FOUNDATIONS IN PLACE

- ESG fully integrated into business processes
- Challenging short-term environmental targets
  - Driving immediate action
  - Linked to Executive remuneration
- Good progress in preparing for TCFD and Future Homes Standard
- Widespread recognition for achievements

Constituent of Achieved CDP climate change score of A-
Assessed as low risk by Sustainalytics
As of 2021, Crest Nicholson received an MSCI rating of AA
Included in the inaugural Financial Times Climate Leaders list
PREPARING FOR THE FUTURE HOMES STANDARD

The Future Homes Taskforce has recommended an ambitious delivery plan to reduce the impact our industry has on the climate and environment.

It covers:

• Homes that are zero carbon ready, healthy, water efficient and designed for sustainable living

• Places that are well designed, provide biodiversity net gain, water resilience and respect environmental thresholds

• Production and Construction processes that have zero embodied carbon and low environmental impact

• Business operations that are net zero and sustainable
THE FUTURE HOME

Changes to the homes we build will be delivered in two stages:

FUTURE HOMES STAGE 1
31% improvement in energy efficiency (from current regs) implemented for plots started after June 2023

FUTURE HOMES STAGE 2
75% reduction in carbon emissions by 2025 and no fossil fuel supplied to new homes = new technology becomes standard

2022/23

2025
FUTURE HOMES IMPACT

- Both risks and rewards
- Influencing industry standards
- R&D programme in place
- Range of estimated cost outcomes:
  - Phase 1 from June 2023 – c.£5k per plot
  - Phase 2 from 2025 – c.£10k per plot
- Costs factored into business plan
- Off Site Manufacture will become part of the mix
CLIMATE ACTION TARGETS ON TRACK

2025 targets

- Carbon emissions reduction target: 25%
  - Expected to be in excess of 10% this year
  - 40% reduced diesel consumption
  - 300tCO₂e emissions avoided using biodiesel

- Renewable electricity target: 100%
  - Expected to be in excess of 55% this year
  - Up from 32% in 2019
  - Includes:
    - Offices
    - Site infrastructure
    - Homes prior to handover

- Waste reduction target: 15%
  - Expected to be in excess of 10% this year
  - Circular economy solutions, including:
    - Pallet Return Scheme
    - Protection Material Return Scheme
    - Standard House Types
ACCELERATING CLIMATE ACTION

Building on our success in reducing emissions we are proud to announce further commitments in this area.

Race to Zero
- Includes commitment to achieving Net Zero emissions by no later than 2050

Setting challenging longer term science-based targets
- Including interim targets
- Whole value chain carbon emissions (inc. Scope 3)
- Supply chain engagement

Value Chain Emissions

The climate change impact we report now is a relatively small part of our overall emissions.

Scope 1 emissions
- Company owned vehicles
- Diesel and LPG used on site
- Gas consumed in offices and plots

Scope 2 emissions
- Purchased electricity

Scope 3 emissions
- Purchased goods and services and capital goods
- Use of sold product

Operational Scope 3 emissions
- Construction waste
- Business travel
- Commuting
SUMMARY

• ESG and climate change leader
• Unprecedented regulatory change on the way
• Well placed to influence change and manage risks and opportunities
• Future Homes impacts accounted for in our plan
• Good platform and strong performance against current climate change targets
• New commitment to develop science-based targets and join Race to Zero
WRAP UP

PETER TRUSCOTT
Chief Executive
MALDON
SITE OVERVIEW

ALEX STARK
Managing Director, Eastern
WYCKE PLACE, MALDON

- Overall masterplan for 1,000 homes including other housebuilders
- Crest Nicholson consent for 394 homes
- Strong GM (after S&M) credentials
  - Purchased at 25.7%
  - Pre-commencement target at 27.2%
  - Current run rate at 29.8%
- Further optimisation possible
  - Additional £6.5m GM identified
- 95% of properties from the new house type range
MALDON SITE OVERVIEW

WYCKE PLACE, MALDON

• Phase 1: 106 homes, 74 private and 32 affordable
• Sales launch April 2021
• 41 sales achieved to date
• 14 properties completed
• Construction commenced November 2020
• First completions June 2021
• NHBC Customer Satisfaction Score at 100%
• Reportable Items identified by the NHBC at 0.05
• Carefully considered build route on site to minimise disruption and ensure safety