

Optimising our strong landbank

The land and planning environment is structurally different in this cycle and is more balanced and effective today than at any point over the last 30 years. We are confident that, barring a fundamental change in Government policy, this will continue to be the case for the foreseeable future. Our investment and scale continue to be based on our view of land quality and capital risk in a cyclical market. Although the planning approval process remains complex and often slow, land is no longer the totally dominant constraint on the success and scale of our business and for the industry that it once was. The easing of this constraint means it is no longer a necessity to hold a very long landbank, and we are instead focused on delivering value and maximising returns from our land investments. One of our key strategic objectives is to work our existing landbank harder and smarter and reduce the length of the short term landbank by one year by 2023. We will do this by taking a more strategic approach to our build on site, adopting a factory approach, scaling up build teams on large sites, to align with the market demand, to deliver more homes. The short term owned and controlled landbank included 92 large (including 'super large') sites as at 31 December 2018. The increase in the proportion of large sites that we have seen in the market, and those we have secured in our land pipeline, brings both opportunities and risks. Our approach to these sites is core to our belief that we can deliver significant benefits to our customers and deliver further financial value to our shareholders.

We continue to see a key competitive advantage in our high-quality landbank. This remains an important driver of value as it enables us to build and sell the right product, create the right community and deliver the right service to our customers. Our short term landbank stands at c.76k plots (2017: c.75k plots), which have been sourced using strict criteria,

including location quality. Over 51% of this short term landbank has been strategically sourced (2017: 52%).

We currently have c.5.1 years of land supply at current completion levels in towns, villages and cities where customers aspire to live in all types of market and where they will be proud to call home (2017: c.5.1 years).

The average cost of land as a proportion of average selling price within the short term owned landbank remains low at 15.2% (2017: 14.8%). The average selling price in the short term owned landbank in 2018 increased by 0.4% to £281k (2017: £280k).

A key strength of Taylor Wimpey is our strategic land pipeline. This is an important input to the short term landbank and provides an enhanced supply of land at a reduced cost, giving us increased flexibility and choices. Importantly, it gives us greater control over the planning permissions we receive. We have one of the largest strategic pipelines in the sector which stood at a record of c.127k potential plots as at 31 December 2018 (31 December 2017: c.117k potential plots). During 2018, we converted a further 7,619 plots from the strategic pipeline to the short term landbank (2017: 7,863 plots). We continue to seek new opportunities and added a net 17.8k new potential plots to the strategic pipeline in 2018 (2017: 17.1k new potential plots). In the year, a record 58% of our completions were sourced from the strategic pipeline (2017: 53%).

What this means...

In practice

- Potential to increase pace of build and accelerate growth in 2020 depending on market conditions
- Increased cash generation
- Increased site efficiency
- Increased sales rates
- Enhanced dividend and returns

Key priorities

- Focus on delivering value and maximising returns from our investments
- Continue to acquire land at high returns and in quality locations where customers want to live
- Focus on getting outlets open in the right way for customers
- Embed factory approach to large sites

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Our KPIs

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Strategically sourced completions **58%**



Land cost as % of average selling price on approvals **19.2%**



Landbank years **c.5.1**

