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**Investor  
update  
April 2024**



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# Presenters



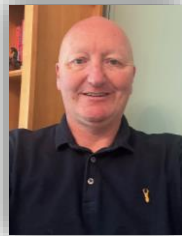
**Helen Meehan**  
Chief Financial  
Officer

Appointed 2015



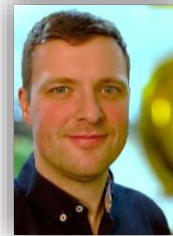
Steve Hallowell  
Director of  
Treasury & IR

Appointed 1996



Chris Hopkins  
Director of  
Finance

Appointed 2018



# Contents



- Key credit highlights
- Group overview and strategy
- Asset management
- Sustainability / ESG update
- Q3 business update & financials
- Treasury update
- Appendix – governance and structure

# Key credit highlights



- **Size and scale with strong geographic diversity:**
  - Founded in the North East over 80 years ago, with **geographically diverse** operations across England and Scotland.
  - One of the UK's **largest RPs**, supporting over **125,000 customers** in more than **55,000 homes**.
- **Financially robust despite rising costs:**
  - Access to diverse funding sources with a **significant pool** of unencumbered assets.
  - **Considerable headroom** against financial covenants and clear **golden rules**.
  - **Strong liquidity** of £342m (31 months)
- **Experienced developer with flexible programme:**
  - Focus on delivery of **affordable housing** (c59% of the programme).
  - Low exposure to direct market sale activities: <10% of the programme.
  - Experienced **joint venture** partner to de-risk development programme
  - **Strategic partner** with Homes England, the GLA and Scottish Government.

- **Strong external validation:**
  - Strong S&P credit rating and RSH regulatory rating.
- **Committed to sustainability:**
  - **ESG** is embedded within our business – we're driven by social purpose.
  - Committed to **EPC C** by 2030 and **Net Zero** by 2050.
  - Successfully secured £7.3million from **Social Housing Decarbonisation Fund Wave 2** to retrofit 1,000 homes.

**890 new build homes** handed over (2022: 867)\*

S&P credit rating  
**A- (stable outlook)**  
reaffirmed in August 2023

RSH regulatory rating  
**G1 V2**

**Strong social purpose** with >90% properties affordable

Turnover of  
**£369m**  
(2022: £342m)\*

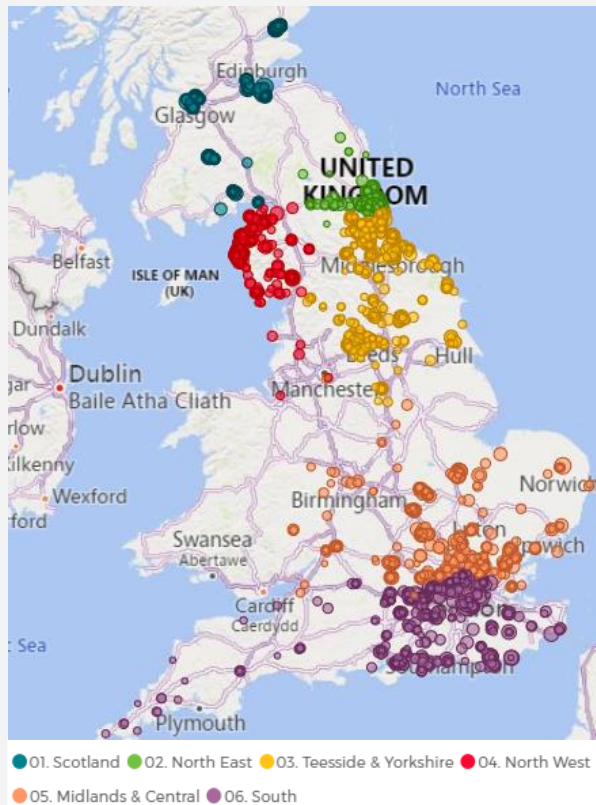
Surplus before tax of **£26.2m** (2022: £16.5m)\*



**Group  
overview  
and  
strategy**



# Geography



- Home Group owns and manages **over 55,000 homes**, across over 200 Local Authority areas.
- **Geographic coverage** provides strong mitigation against local market / economic conditions.
- Head office based in Newcastle with **regional focus**.
- From February 2024, moved to a more **regional structure with six Regional Directors** responsible for all aspects of performance in their region supported by regional maintenance and asset colleagues
- **Geographic strategy** is developed based on factors including:
  - Existing areas of operation.
  - Relationship with local authorities.
  - Supply and demand.
  - Development and regeneration opportunities.

# Housing stock



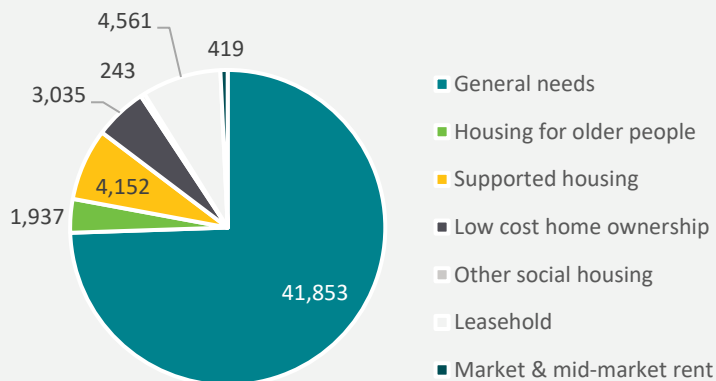
56,200 homes owned or managed (as at 31 March 2023)

Geographically diverse stock, with >50% in North of England

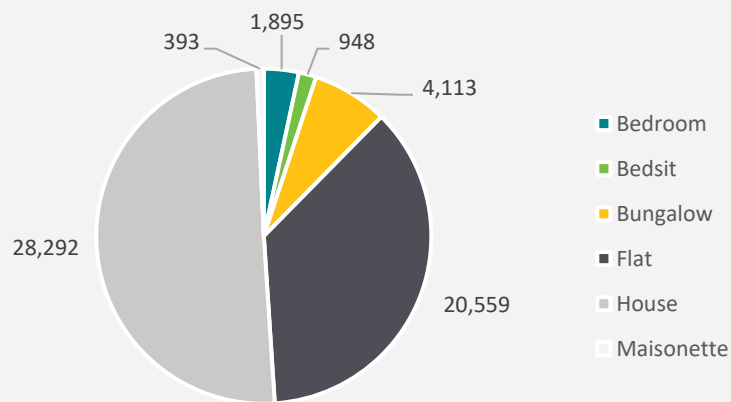
>90% of stock is affordable housing

>58% of stock houses/bungalows. Flats typically low rise

Tenure split of homes (owned and/or managed)



Home types (owned and/or managed)







# Our strategy



- We exist to **build homes, independence** and **aspirations**.
- Five-year strategy launched in 2022 with **4 strategic goals**, which evolved from our previous strategy.
- **Long term perspective** and looks beyond 2027.
- Consistency in our **mission, values, customer promise and brand** which continue to guide us.

## The constants



## The goals



## The enablers



**Home Group  
in a nutshell**

# Our priorities



## Properties

- Asset management strategy
- Future maintenance delivery model
- Leasehold management services
- P&L property management
- Delivering our development plan



## Colleagues

- Attract and retain colleagues
- Core and leadership skills development
- Culture and values – accountability and commerciality



## Customers

- Establishing the regional model
- Community plans
- Complying with the regulatory environment
- Understanding our tenancy and aftercare responsibilities
- Delivering our Care and Supported plans
- Customer communication strategy
- Understanding our customers and their vulnerabilities



## Enablers

- Customer engagement
- Partnerships and networks
- A fresh approach to procurement, supplier and contract management
- Digital and Tech – improving insight and analysis to support decisions



**Asset  
management**





# Surveys / compliance



- As of 31 January 2024, we had completed 36,360 (**79%**) of **our target** to complete 45,938 stock condition surveys over the last 5 years.
- For the **remaining 21%**, we are **working with customers** to access their properties; and we have deferred surveys of 5,498 homes to 2024/25 as they have been void within the last 5 years and have been through a voids process to ensure the homes are of a decent standard.
- Developing an **internal delivery team** to deliver surveys on an ongoing basis into future years and have robust processes in place to manage survey output.
- Whilst this internal team have been growing, we've been supported by external surveyors who have also carried out stock condition surveys.
- Experienced **Director of Asset Management** recruited in year to lead our continued focus on existing assets.

99.0% FRA

99.9% valid  
gas certificates

99.1% Decent  
Homes  
Standard



# Damp and mould



- **Zero tolerance approach** rolled out to colleagues and contractors and supported through a dedicated working group.
- **Dedicated contractors** and **budget** committed to tackling damp and mould issues over winter.
- **In-depth training** for all repairs surveyors with recognised training body and Ombudsman training for other key colleagues.
- **Investment** in high quality equipment for both customers and colleagues to measure and manage moisture and humidity.
- Increased use of **positive air units** as a longer-term remedy.
- **Dedicated telephone line** to effectively prioritise jobs.
- **Automated call back** to ensure review of serious cases and **proactively managing** reoccurring issues.



# Building safety



- We have **7 buildings 18m+** where Home Group are the Principal Accountable Person (PAP). 6 of these were built post 2020.
- We are proactively preparing **Building Safety Case information**, where the Regulator can request this over the next 5 years. This involves collating information around properties where we are the PAP, including bespoke engagement plans for each building and **working closely with customers** to develop these.
- Where we have customers in 18m+ buildings and Home Group are not the PAP, we request relevant safety information from landlords to ensure the safety of our customers.
- We **proactively manage fire risk** across our whole portfolio through our robust FRA programme, compliance teams and operational colleagues.
- We have a designated **Building Safety team**, headed up by our recently appointed **Director of Building Safety** who lead asset safety and statutory compliance across the organisation.



**Sustainability  
/ ESG update**





# Sustainability



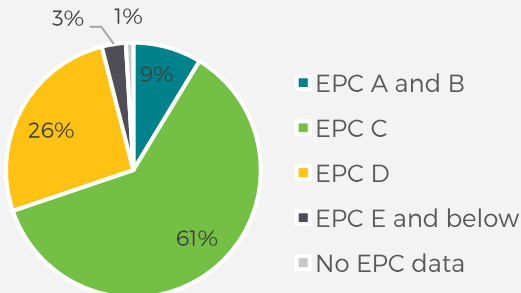
- Sustainability remains a key priority within our strategy.
- As an organisation, we are focussed on:
  -  Making our business, homes and communities green.
  -  Creating social value for our customers and communities.
  -  Demonstrating strong and effective governance.
- We have a sustainability steering group, led by our Executive Director of Asset and Development, which focuses on improving our sustainability as a business. Our first standalone sustainability strategy is expected to be completed during 2024/25.
- We were an early adopter of the Sustainability Reporting Standards (SRS) and our 2023 ESG report is the third summary of our performance against this standard.



# Environmental



## EPC ratings -31/3/23



**70%** of existing social homes had an EPC rating of C+

- Founder member of Greener Futures Partnership (GFP).
- Collectively represent 10% of the total social housing market (over 300,000 homes).
- Established a £1.5bn procurement framework to support its retrofit plans.



- Committed to EPC C by 2030 and Net-Zero by 2050.
- Sustainable Homes Index For Tomorrow (SHIFT) silver and ISO14001 accredited.
- Completed first main retrofit project of 90 homes in Cumbria, partly funded by the Social Housing Decarbonisation Fund (SHDF).
- Successfully applied for SHDF wave 2 funding (c. £7m) through GFP to retrofit a further 1,000 homes delivering significant reductions in customers energy bills.
- New head office received excellent rating under Building Research Establishment Environmental Assessment Method (BREEAM) standard.
- 95% of new build homes rated EPC B and above.

# Social



- Delivering for our Customers & Communities is one of our four strategic goals.
- Helping our communities to grow is a fundamental part of our customer promise.
- 96% of our social housing rents are below or equal to Local Housing Allowances\*.
- Focused on community engagement, with 4,550 customers taking part in over 400 different local engagement activities.
- Collecting data under Tenant Satisfaction Measures and using insight to shape improvement plans.
- Wide range of customer engagement opportunities.
- Home Achievement Programme to help customers work towards an accredited qualification.
- Placemaking is a significant part of our regeneration programme and new build developments.

**Rent discount from LHA varies between 11% (West Cumbria) to 55% (NW London) \***

**Resident Voice:** Customer voice listened to throughout our business, from customer forum groups and viewpoint teams to attendance at Board meetings.

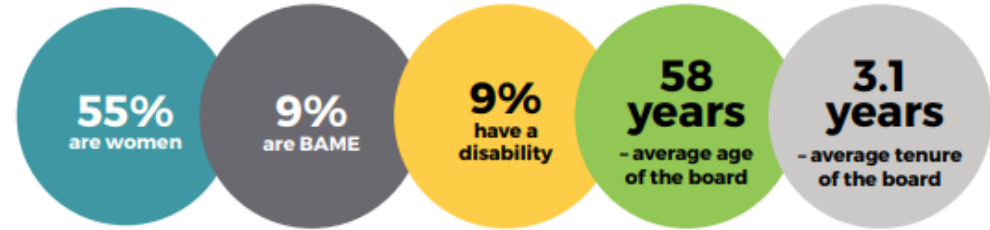
**Resident Support:** 5,801 customer referrals to our Financial Inclusion Team, a 30% increase on the previous year\*.

**Apprentices:** Each year we have c70 customer apprentices who have been long-term unemployed. Around 90% of these apprentices stay in jobs within Home Group.

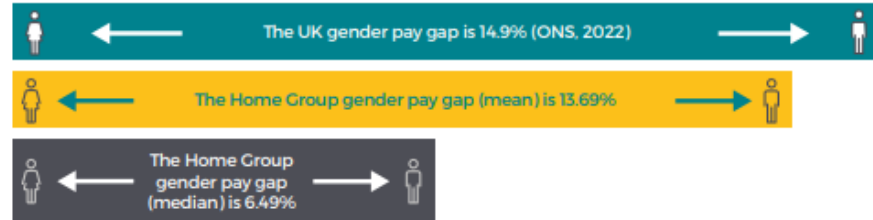
# Governance

- G1/V2 rating from Regulator of Social Housing (IDA published March 2024).
- Adopter of National Housing Federation Code of Governance 2020.
- Board effectiveness review concluded we had a robust governance framework and effective Board.
- Diverse and skilled Board and Committee membership.
- Maximum tenure for Board 6 years (3+3).
- Enhanced wellbeing offer to support colleagues.
- Achieved National Equality Standard.
- Accredited Living Wage Foundation Rate employer.

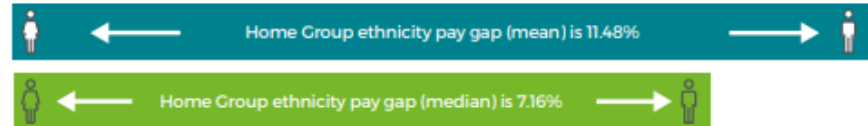
## Group board



## Gender



## Ethnicity





**Q3 business  
update and  
financials**



# Historical FY financial summary



Statement of comprehensive income	Group			
	2020 £'000	2021 £'000	2022 £'000	2023 £'000
Turnover	<b>406,096</b>	<b>429,893</b>	<b>420,051</b>	<b>453,786</b>
Other operating income	-	-	-	6,805
Cost of sales	(79,364)	(93,196)	(67,979)	(76,890)
Operating expenditure	(261,905)	(277,271)	(297,316)	(334,482)
Surplus on disposal of housing properties	15,451	9,520	11,487	19,412
<b>Operating surplus</b>	<b>80,278</b>	<b>68,946</b>	<b>66,243</b>	<b>68,631</b>
Share of profit/(loss) in JVs/associates	1,698	938	4,177	3,782
Impairment of loan to associate	-	-	(419)	(1,466)
Interest receivable	3,296	2,728	2,064	2,830
Interest payable and financing costs	(43,304)	(43,843)	(43,936)	(48,922)
<b>Surplus before taxation (on ordinary activities)</b>	<b>41,968</b>	<b>28,769</b>	<b>28,129</b>	<b>24,855</b>
<b>Total comprehensive income for the year</b>	<b>47,698</b>	<b>18,611</b>	<b>46,767</b>	<b>51,650</b>

# Performance to 31 December 2023



**Surplus before tax**  
£26.2 million (Dec-22: £16.5 million)

**Liquidity (undrawn facilities and cash)**  
£342 million (Dec-22: £325 million)

**Operating margin for social housing lettings**  
21.5% (Dec-22: 16.1%)

**Significant pool of unencumbered assets**  
Jan-24: £3.7bn MV-VP; £2.0bn MV-STT

**Standard & Poor's rating**  
A- (stable outlook)

**48% of development pipeline is uncommitted**

**Considerable covenant headroom**  
Gearing: 50.3% (Dec-22 51.6%)  
ICR: 234% (Dec-22 213%)

**Number of unsold homes**  
63 (Dec-22: 128)



# Key financials



Key financial indicators	9 months ended 31 December 2023	9 months ended 31 December 2022
Turnover £000	368,735	341,657
Operating surplus £000	61,980	46,656
Operating margin (Overall)	14.9%	10.1%
Operating margin (Social housing lettings)	21.5%	16.1%
Surplus before tax £000	26,236	16,450
Gearing (maximum 75%)	50.3%	51.6%
Interest cover (minimum 100%)*	234%	213%
Net debt £million	1,207	1,152
Net debt per unit £	23,557	22,817

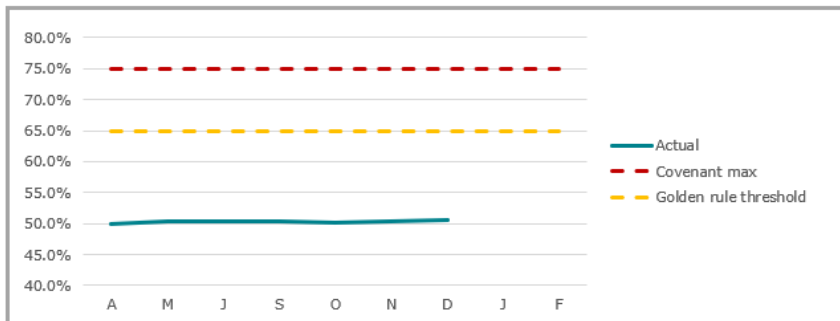
\*Based on 9 months of the financial year, as opposed to rolling 12 months



# Golden rules as at 31 December 2023

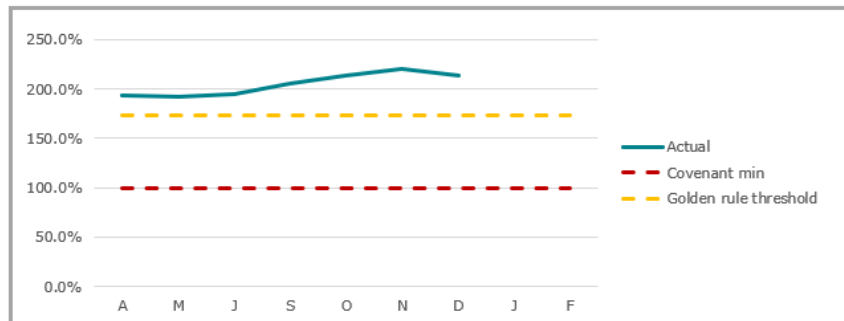
## Gearing

Actual at end of Dec 2023	<b>Result</b> 50.5%	<b>Headroom</b> £584m
---------------------------	------------------------	--------------------------



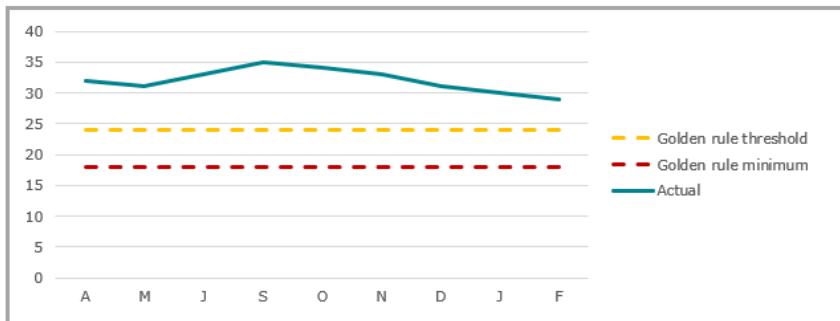
## Interest cover

Rolling 12m to Dec 2023	<b>Actual</b> 213.9%	<b>Headroom</b> £51.2m
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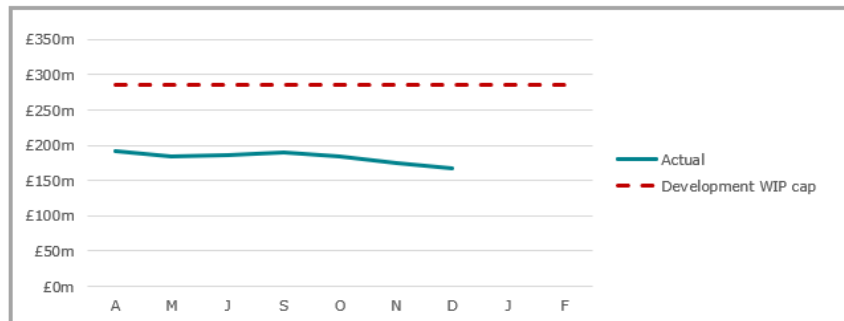
## Liquidity

Actual at end of Dec 2023	<b>Actual</b> 31 months
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## Development WIP

Actual at end of Dec 2023	<b>Actual</b> £167m	<b>Headroom</b> £120m
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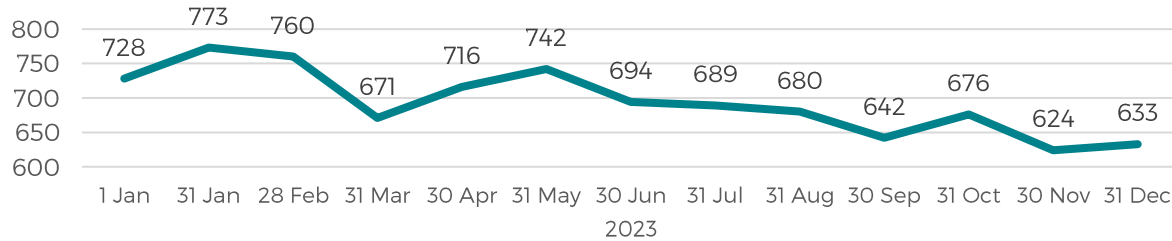


# Operational performance - voids



Number of un-let homes

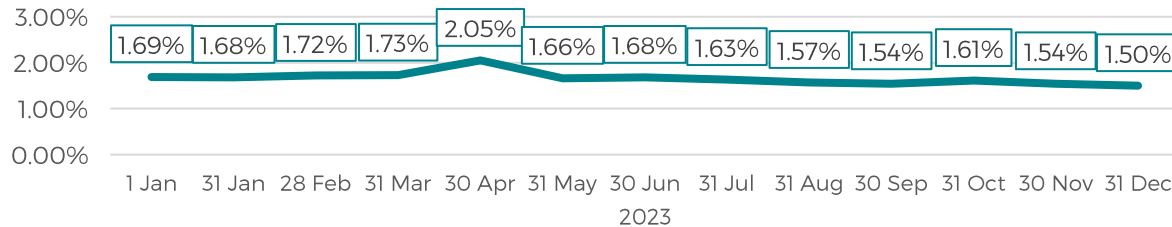
### Number of un-let rental properties trend (rented only)



633 empty homes at end of December 2023 (Dec 2022: 728)

Void Loss

### Cumulative void loss (rented only)



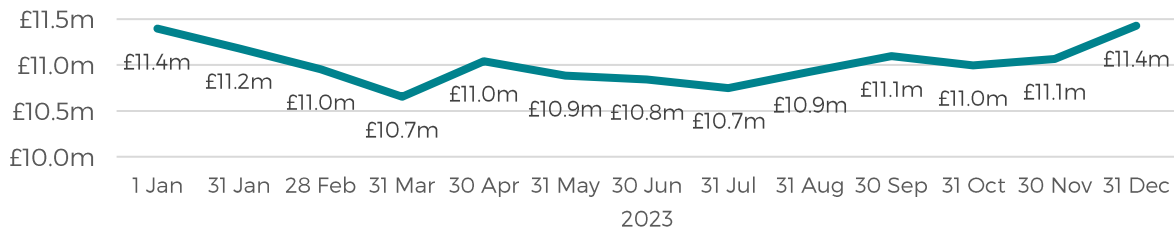
Collaborative initiatives across our Directorates to drive down void numbers.

# Operational performance - arrears



Gross rental arrears

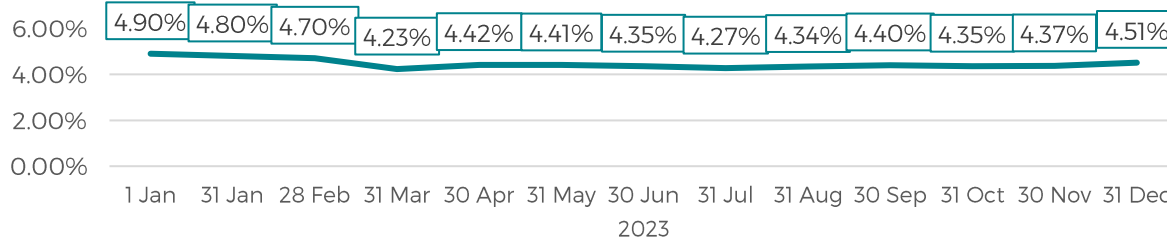
Current rental arrears (rented only)



Arrears of £11.4 million at end of December 2023.  
(Dec 2022: £11.4m)

Gross rental arrears

Rental arrears % (rented only)



Timing of housing benefit around December month end increased reported arrears.



# Development

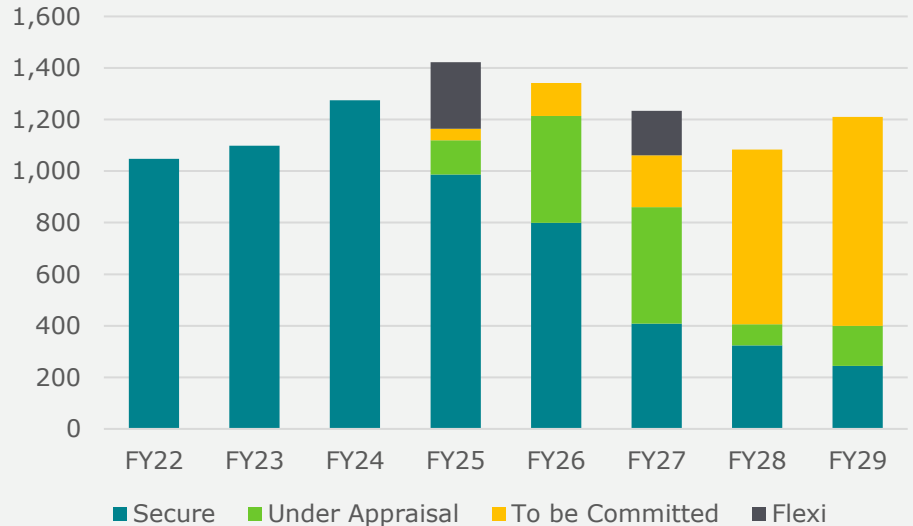


- 890 new build homes handed over in period to December 2023 (December 2022: 867).
- Build completions slightly behind expectation due to site specific challenges, including supply chain challenges, utilities delays and statutory approvals.
- Our development activity is subject to a **robust risk management framework** and schemes will only progress if target development KPIs are achieved.

Number of homes handed over	9 months ended 31 December 2023	9 months ended 31 December 2022
Social/affordable rent	552	429
Affordable home ownership	71	123
Outright sale	84	181
Joint ventures	183	134
<b>Total</b>	<b>890</b>	<b>867</b>

# Development

- 59% of our development pipeline is intended to be **affordable homes** (2/3<sup>rd</sup> rented, 1/3<sup>rd</sup> shared ownership) added to our existing stock.
- 7% of the development pipeline is intended to be homes for **outright sale**, the proceeds of which help to subsidise development of affordable homes.
- The remaining 34% is homes that will be delivered by our **joint ventures** or through **flexi-rent schemes (mix of market and sub-market)**, enabling us to limit our exposure while generating proceeds for reinvestment.
- We are focussed on our strategic goal of 'providing the right homes in the right places' and consider our **current geographical footprint** when considering new schemes.
- We maintain a **diverse geographical spread** which helps balance the Group's exposure to regional differences in market performance.
- Strong partnerships with **Homes England (HE), the GLA and Scottish Government** and multiple delivery mechanisms enable us to manage and monitor risk.



48% of the development pipeline is uncommitted which we will only commit to if conditions are right



# Sales



- 368 sales completed in the period to December 2023 (December 2022: 388).
- Despite the decline in new buyer activity on private sale homes, we still have a strong sales pipeline. We continue to have plots reserved across a number of sites and see an interest particularly for Shared Ownership.
- We held 63 completed homes for sale at end December 2023 (December 2022: 128), 17 of which had been held for more than 6 months.

Number of sales completions	9 months ended 31 December 2023	9 months ended 30 December 2022
Affordable home ownership	103	134
Outright sale	119	122
Joint ventures	146	132
<b>Total</b>	<b>368</b>	<b>388</b>



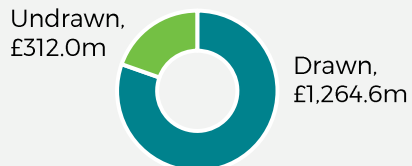
**Treasury  
update**



# Capital structure and borrowing



## Committed facilities



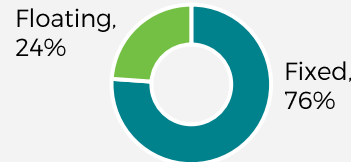
Liquidity position (Dec 23): £312m undrawn facilities plus £30m cash balance. Policy is to maintain liquidity to cover at least 18 months' cash requirements (current position: 31 months).

## Security



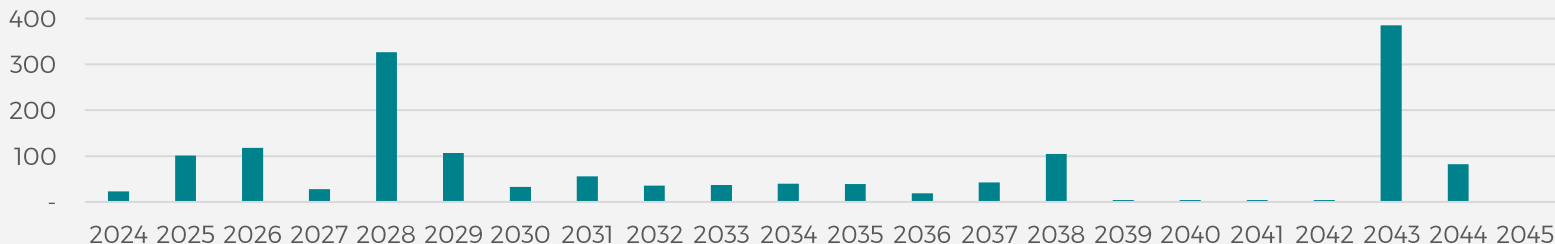
Significant pool of unencumbered assets (£3.7bn MV-VP; £2.0bn MV-STT) to support future growth strategy. Valuation is based on internal assessment using market data as at 31 Jan 2024.

## Fixed / floating



No fixed standalone derivatives are currently in place, only fixed rate debt and fixings using embedded options within loan arrangements. Policy is to aim to maintain 65-80% of borrowings on a fixed rate basis. Data as at 31 Dec 23.

## Debt Maturity Profile (£m)



**S&P credit rating  
A- (stable outlook)**





# Credit rating overview



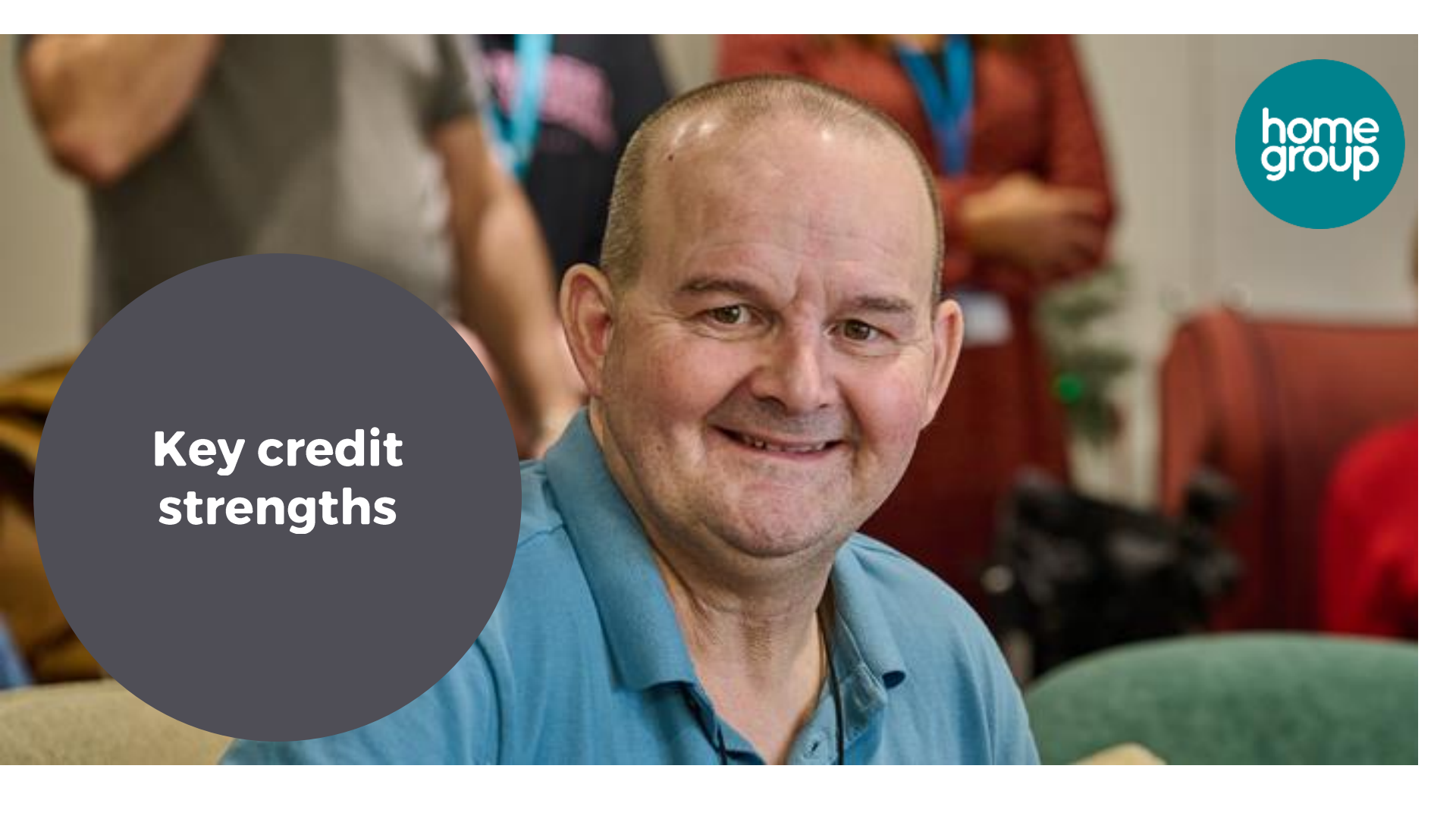
S&P: A- (Stable Outlook) – Reaffirmed 18 August 2023:

- “The **stable outlook** reflects our view that the **expanding asset base** and the **flexibility** in Home Group’s plans will somewhat offset the current headwinds in the sector and the group’s need to invest in existing and new homes.”
- “We think that the Group’s social and affordable needs rents... reflect **strong affordability levels** that support the demand for Home Group properties.”
- “We consider that **management** continues to demonstrate the **skills and expertise** required to manage Home Group’s diverse portfolio and large scale of operations.”
- “We understand that a **material part** of the Group’s **development program** remains **uncommitted**. This has enable the group to significantly scale back and de-risk its capital program...”

**S&P Global**  
Ratings



**Key credit strengths**



# Key credit highlights



- **Size and scale with strong geographic diversity:**
  - Founded in the North East over 80 years ago, with **geographically diverse** operations across England and Scotland.
  - One of the UK's **largest RPs**, supporting over **125,000 customers** in more than **55,000 homes**.
- **Financially robust despite rising costs:**
  - Access to diverse funding sources with a **significant pool** of unencumbered assets.
  - **Considerable headroom** against financial covenants and clear **golden rules**.
  - **Strong liquidity** of £342m (31 months)
- **Experienced developer with flexible programme:**
  - Focus on delivery of **affordable housing** (c59% of the programme).
  - Low exposure to direct market sale activities: <10% of the programme.
  - Experienced **joint venture** partner to de-risk development programme
  - **Strategic partner** with Homes England, the GLA and Scottish Government.

- **Strong external validation:**
  - Strong S&P credit rating and RSH regulatory rating.
- **Committed to sustainability:**
  - **ESG** is embedded within our business – we're driven by social purpose.
  - Committed to **EPC C** by 2030 and **Net Zero** by 2050.
  - Successfully secured £7.3million from **Social Housing Decarbonisation Fund Wave 2** to retrofit 1,000 homes.

**890 new build homes** handed over (2022: 867)\*

S&P credit rating **A- (stable outlook)** reaffirmed in August 2023

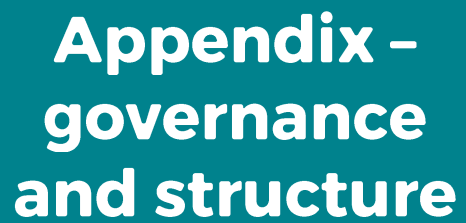
RSH regulatory rating **G1 V2**

**Strong social purpose** with >90% properties affordable

Turnover of **£369m** (2022: £342m)\*

Surplus before tax of **£26.2m** (2022: £16.5m)\*

\* 9 months to 31<sup>st</sup> December (unaudited)

A large teal circle containing the text "Appendix - governance and structure" in a white, bold, sans-serif font. The circle is positioned on the left side of the image, partially overlapping the woman and the background.

**Appendix -  
governance  
and structure**



# Our board



John Cridland,  
CBE (Chair)



Ken Gillespie



Susan Deacon,  
CBE



Brian Walsh



Rhona Bradley



Duncan  
Cumberland



Chris Vallis



Linda Cullen



Zoe Hingston



Indra Mudie



Lara Joice

Mark Henderson (Chief Executive) and Helen Meehan (Chief Financial Officer) also sit on the board.

Our Board have a variety of experience, including housing, CQC, social care, construction and financial sectors. Two of our board members are customers. Our website includes further details of our board member's experience.

# Our executive team



**Mark Henderson**  
Chief Executive



**Helen Meehan**  
Chief Financial Officer



**Will Gardner**  
Executive Director – Asset and  
Development



**Paul Walker**  
Executive Director – Repairs  
and Maintenance



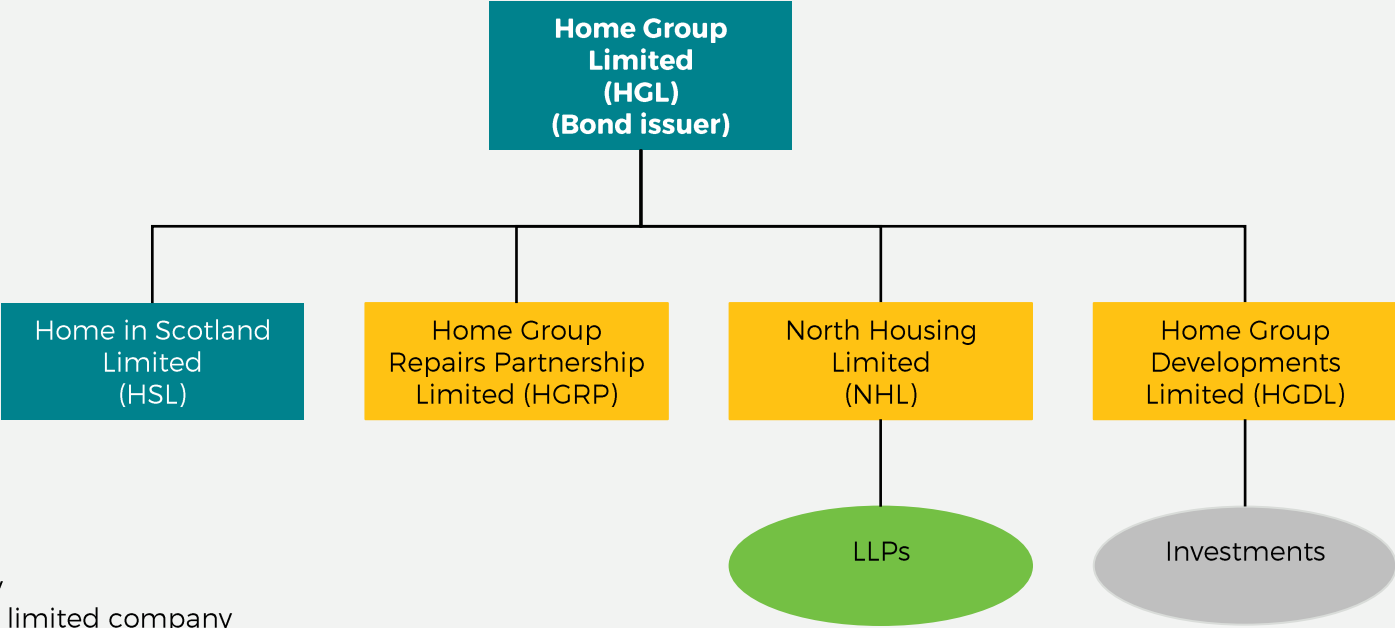
**Nusheen Hussain**  
Executive Director – Customer  
and Communities



**Rachael Byrne**  
Executive Director – Models  
of Care

Our Executive Team is a group of experienced leaders responsible for driving our organisation forward and engaging with the board on strategic issues. They have over 50 years of working at Home Group and a variety of experience within previous roles. Our website includes details of their previous experience.

# Our group structure



**Key**

- Charity
- Private limited company
- Joint ventures - Limited liability partnerships (LLPs)
- Investments