

Platform Housing Group Limited

Presentation to Fixed
Income Investors
October 2024



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Presenting team



Elizabeth Froude
Group Chief Executive

- Elizabeth joined Platform Housing as Group Chief Executive in July 2019. She has 19 years' experience in the social housing sector. This includes being Deputy Chief Executive and Executive Director of Resources at Genesis Housing Association (now part of Notting Hill Genesis) from 2011 to 2018. She was also involved in the creation of Radian via the only 3-way merger in social housing to this day.
- Prior to the housing association sector, Elizabeth gained extensive business change experience working for a variety of large FTSE companies both in the UK and across Europe, mostly in operationally focussed roles involving process improvement, mergers and buy outs, including Carlton Communications, Kingfisher and Diageo.



Rosemary Farrar
Chief Finance Officer

- Rosemary joined Platform Housing as Chief Finance Officer in March 2020. She has over 35 years' experience in the social housing sector. This includes being Group Finance Director and Resources Director of Notting Hill Housing Trust (now part of Notting Hill Genesis), Circle Anglia (now part of Clarion Housing), Watford Community Housing Trust and Southern Housing Group between 1991 and 2016.
- Immediately prior to joining Platform, she spent four years primarily in various interim Chief Financial Officer roles, including for Riverside and Southern Housing Group.

Key credit strengths

>49,000
Homes
Owned

32%
Social
Housing
Lettings
Margin

1.6x
EBITDA-
MRI
Interest
Cover

45.7%
Gearing

A+ / A+
(Stable/Stable)
S&P &
Fitch Credit
Ratings

G1 / V1
Regulatory
Rating

Efficient and Low Risk Social Housing Focused Model

- >80% of turnover from social housing letting activities
- No outright sales in prior year, current year and committed development pipeline

Deep Regional Focus With Significant Scale

- Exclusive Midlands focus, making a difference for over 50 years
- Density enables differentiated local knowledge and sector leading cost position

External Endorsement

- G1 / V1 regulatory grading affirmed in spring 2024
- A+ (stable outlook) by S&P and A+ (stable outlook) by Fitch
- One of the largest Homes England strategic partners

Sector Leading Financials

- Strong EBITDA MRI interest cover and low gearing
- Social housing lettings margin consistently > 30%

Sustainable Growth Ambitions

- Developments delivered without compromising financial strength
- New homes targeted for 'no gas' and minimum EPC B rating

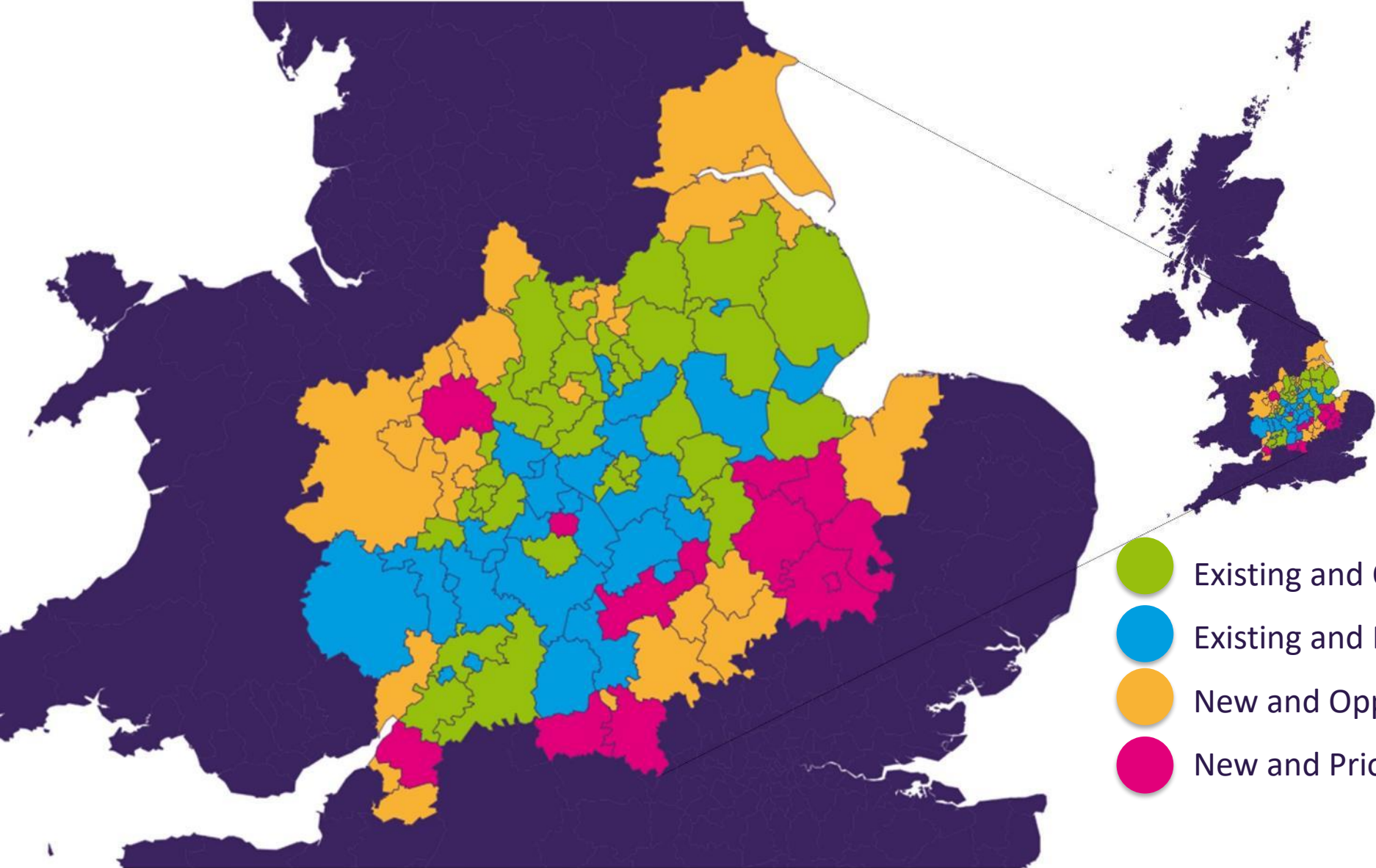
Experienced Board & Executive Team

- Strong leadership team with the mix of commercial and sector skills to deliver strategic plan



Overview

Our areas of operation



- Existing and Opportunity Led Growth Only
- Existing and Priority Growth Area
- New and Opportunity Led Growth Only
- New and Priority Growth Area

Social housing tenure focused portfolio

Total properties owned **49,382**

28,782

General needs

8,353

Affordable rent

6,780

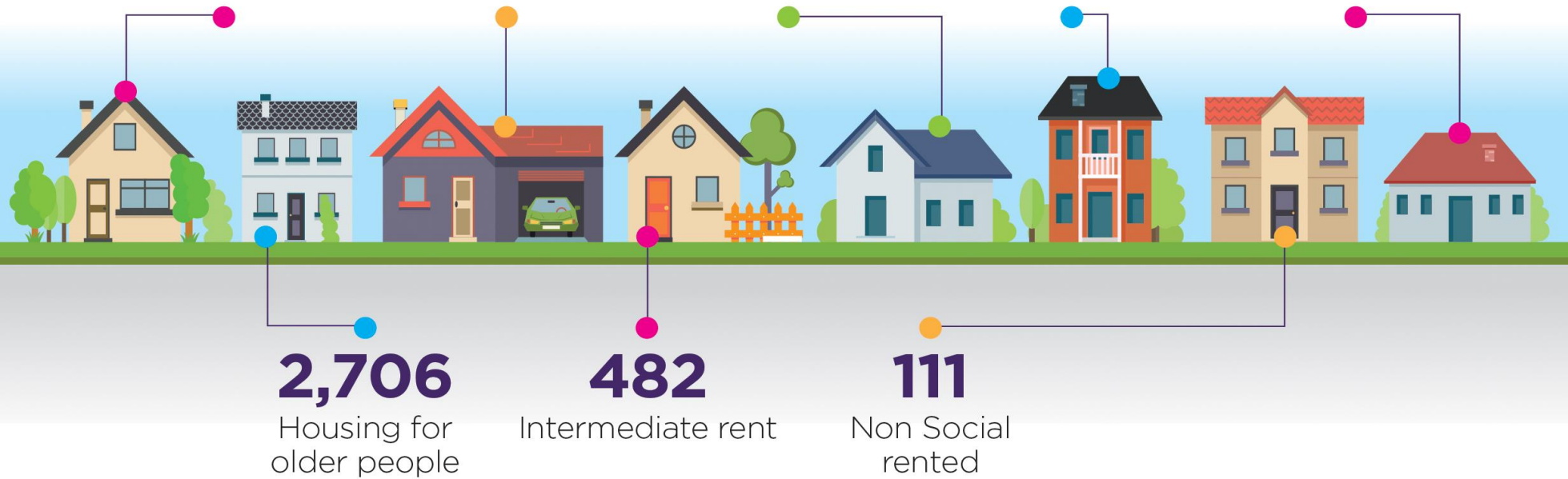
Shared
Ownership

1,550

Leasehold

618

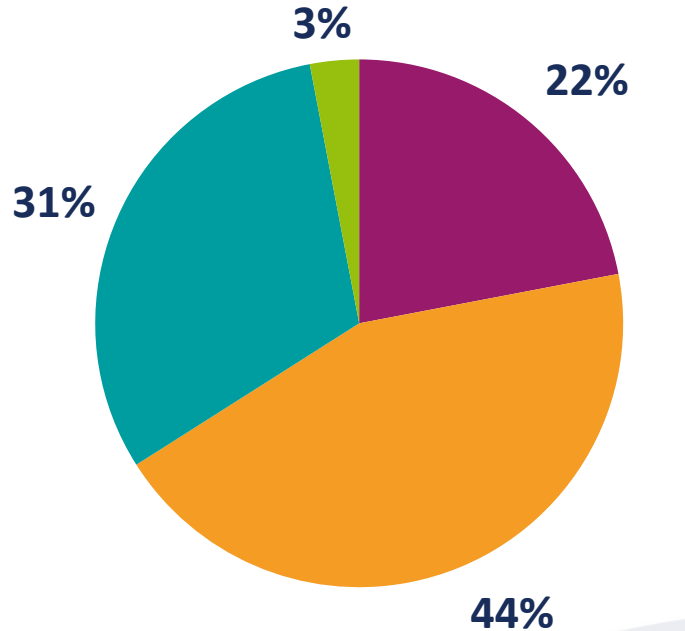
Supported
housing



As at 30 June 2024

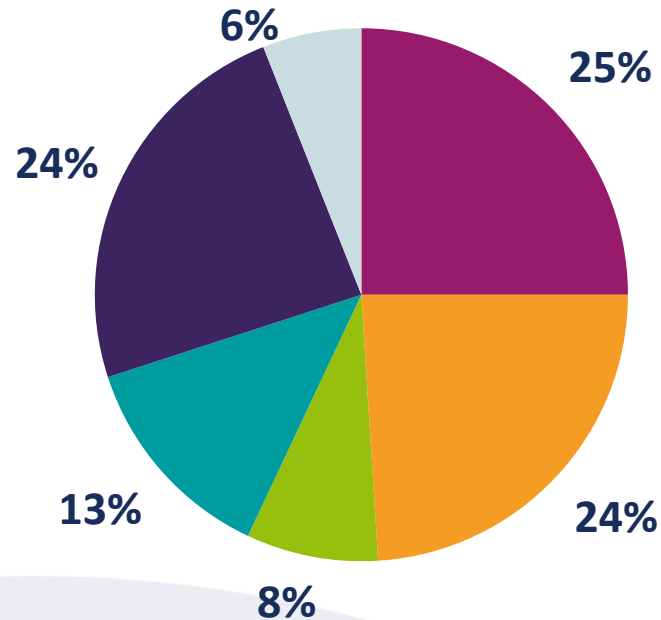
A modern, low-rise portfolio

>75% of homes have at least 2 bedrooms



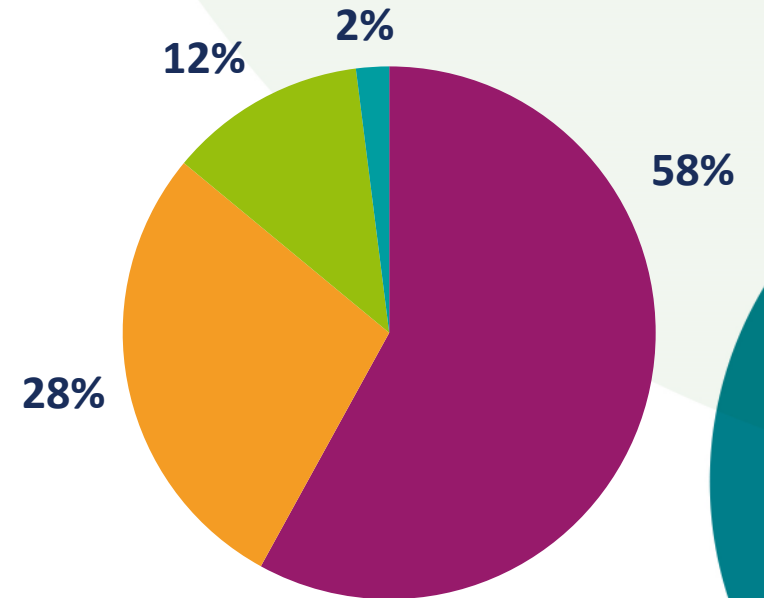
- 1 bedroom
- 2 bedroom
- 3 bedroom
- > 4 bedrooms

Modern Stock Portfolio:
Average Age of Stock – 35yrs



- < 10 years
- 10-30 years old
- 30-40 years old
- 40-50 years old
- 50-75 years old
- > 75 years

Majority Houses – Simple & Efficient to Maintain



- House
- Flat
- Bungalow
- Other



Operational Update

Supporting customers, welfare benefits & arrears

- **Well-being Fund:** £1.1m issued in the year to March 2024 to approximately 3,500 customers to help with essential items such as food bills, white goods and energy costs
- **Advice on benefits:** >6,400 customers supported; £3.2m generated in additional benefits for customers
- **Stay Nimble:** partnership continued to help support customers with skills, confidence and employment
- **Tenant arrears:** 2.8% as at March 2024 ~ helped by the support measures in place for customers

Recent Evolution of Arrears

	31 March 2023	31 March 2024	30 June 2023	30 June 2024
Current tenant arrears	2.6%	2.8%	3.1%	3.0%



Active void management strategy

- Voids ~ 1.3% consistent with prior year at June 2024
- Number of voids at March 2024 affected by timing of development
- Improvement in void days for homes in repair: covid-19 backlog of jobs cleared
- Improvement in re-let days supported by reduced number of days in repair

Recent evolution of voids performance

For the year (March) or quarter (June) ended	31 March 2023	31 March 2024	30 June 2023	30 June 2024
Number of void properties (including unsold shared ownership homes)	410	616	575	566
Void losses (£000)	1,689	5,296	862	964
Void losses to social housing lettings turnover	1.3%	2.0%	1.3%	1.3%
Void days for homes in repair	43	34	39	34
Re-let days	71	65	60	52

Asset Management

- **Investment in existing homes** – focus on improving existing homes, increase of 62% in year to Mar 24 (£39.4m) and further commitment in year to date
- **Repairs satisfaction** – consistent performance, 87% (Mar-24) and 86% (Jun-24)
- **Damp and mould** – additional resource brought in to help triage and attend cases. No category one cases
- **RAAC** – no cases identified to date
- **Focus on compliance legislation-** compliance of 99.9% for gas and 100% for fire safety risk assessments
- **Fire risk actions** – all costed and contained within current Long Term Financial Plan

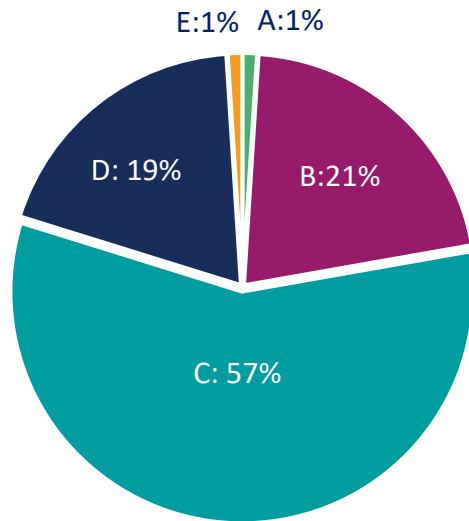


Environmental, social and governance considerations (ESG)



Environment

EPC Ratings June 2024



- Provision in Long Term Financial Plan for all homes to EPC C by 2030 and net zero carbon by 2050:
 - Completed EPCs for **>95%** of all homes
 - **78% of homes EPC C and above** and 99% D and above at Jun-24
 - **All new homes built with EPC of B or better** in year to date
 - New build specification revised, targeting **greater proportion of EPC A and off-gas**

- Consistent sustainability reporting under the SRS with annual reports published since 2021
- Two £250m Sustainability bonds in Sep-2021 and Apr-2024
- Arranged £510m of bank revolving credit facilities linked to sustainable targets
- £12m secured from the Social Housing Decarbonisation Fund Wave 2. This will support the retrofit of 995 homes between 2023-25

support the retrofit of 995

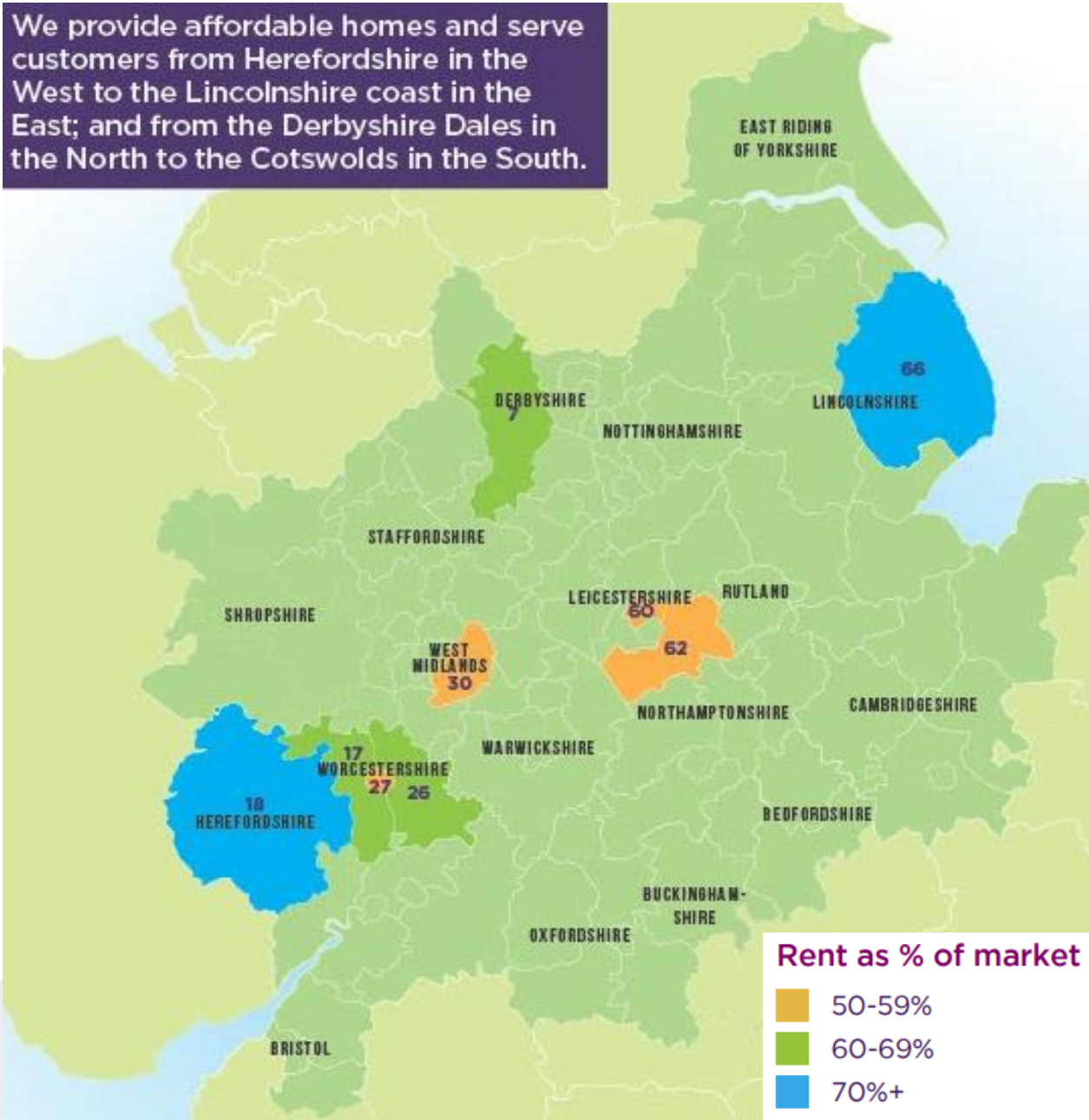
Social

- Strong focus on provision of **quality, sustainable and affordable housing**
- **>99% of homes** owned and all homes added in year **are affordable tenures**
- Average rents at heavy discount ~**64% of market rent** in the year to Mar-24 (Mar-23: 63%)
- Continued investment in customer services – improvement in **Tenant Satisfaction Measures** in year
- Initiatives to support customers:
 - **Community initiatives** – including neighbourhood clear-ups, fitness activities, environmental initiatives, community safety promotion and digital inclusion sessions
 - Enhanced **Tenancy Healthchecks** – to ensure we stay in touch with our tenants
 - **Stay Nimble** – offering employment and training support
 - **Wellbeing Fund** – to help those in most acute need with food, clothing and other essentials

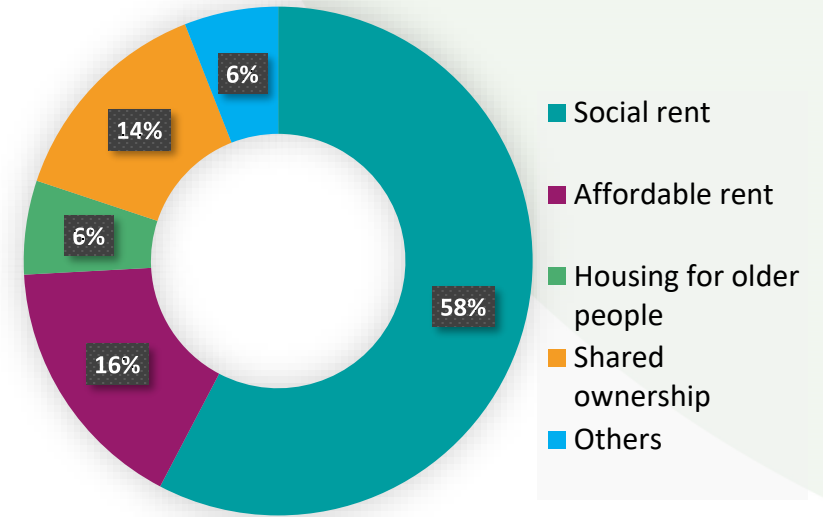


Our key areas of operation

We provide affordable homes and serve customers from Herefordshire in the West to the Lincolnshire coast in the East; and from the Derbyshire Dales in the North to the Cotswolds in the South.



Home tenure split: March 2024



Local Authority Area	Homes	Homes
66 East Lindsey	7,046	14%
27 Worcester	5,760	12%
17 Malvern Hills	4,754	10%
26 Wychavon	4,353	9%
7 Derbyshire Dales	3,552	7%
30 Birmingham	2,901	6%
62 Harborough	2,757	6%
18 Herefordshire	2,253	5%
60 Leicester	1,250	3%

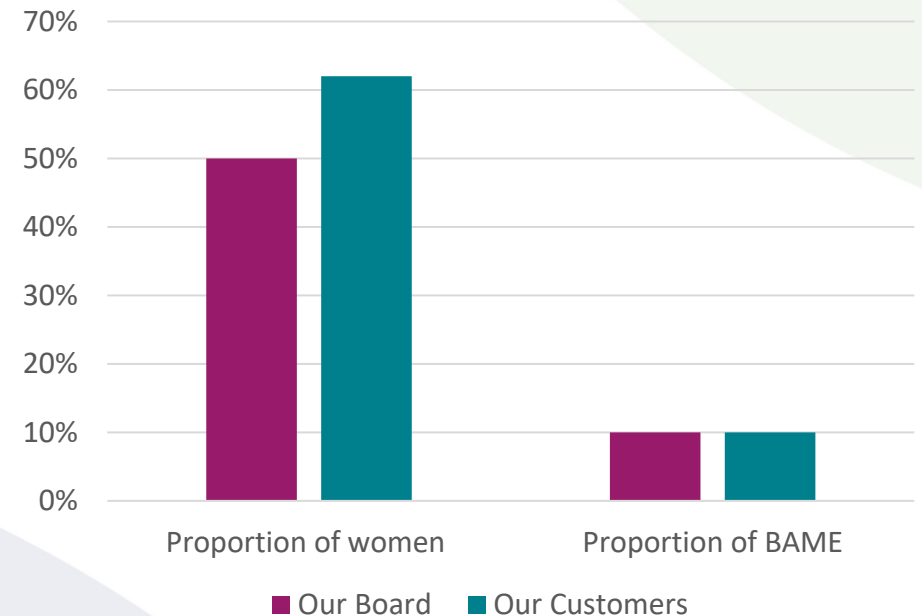
Governance

- Highest governance and viability ratings (**G1/V1**) from the Regulator of Social Housing in England affirmed following IDA
- **A+ / A+ (stable)** entity ratings affirmed by Fitch in Oct-23 and S&P in Jan-24
- **Simple corporate structure** (see slide 32)
- New board member, Mandy Clark joined in Q1 24/25 to replace retiring member Helen Southwell
- Continuation of **innovative trainee board programme**
- **Diversity Strategy** set to embed diversity within culture, including governance
- Consistently **no gender pay gap**
- BME pay gap published for first time in April 2024 - **no BME pay gap**

External auditors: KMPG
Internal Auditors: Mazars



Board diversity (Mar-24)



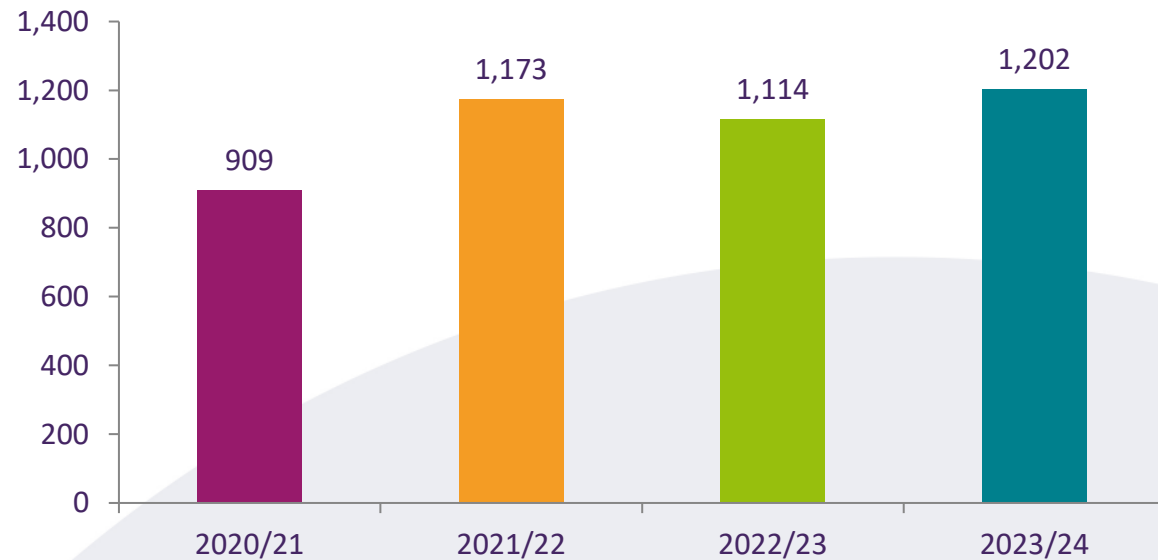


Development Update

Development Background & Historical Trends

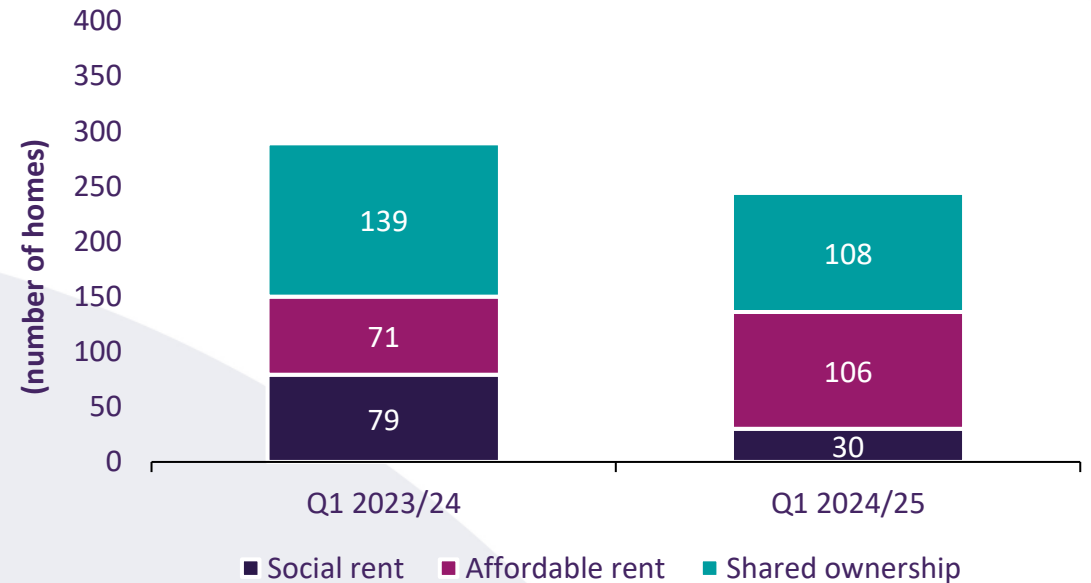
Development Trends

- Strong focus on social housing tenures
- No outright sales in current or prior year
- Delivered ~4,500 homes over 4 years to March 2024
- Highest number of starts in year to March 2024 ~ 1,534



2024/25 Home Building Programme

- Approximately 1,200 completions for the year to March 2024 and continue to look towards more land led housing development sites to support quality & control
- Pipeline >5,200 homes of which >3,800 committed; a further ~1,500 starts expected in 2024/25
- Secured significant bid to build ~3,750 homes as part of Homes England Affordable Homes grant funded 2021-26 programme with grant >£250m



Case study: The Sphinx Site, Coventry

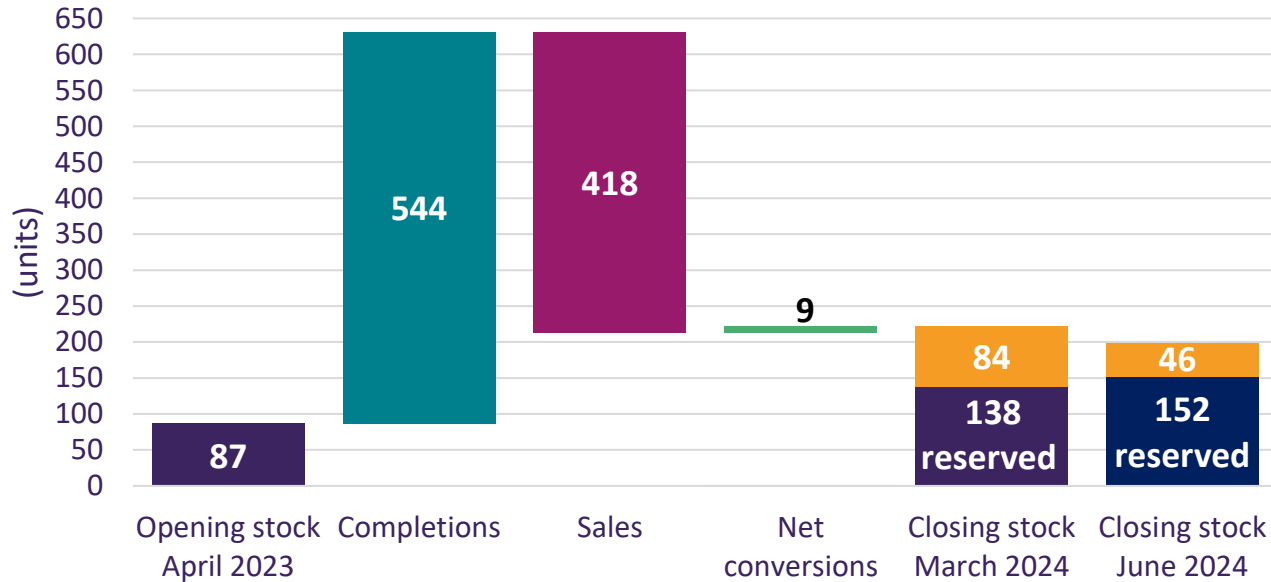


- Coventry targeted as a priority growth area
- Sphinx site to deliver 196 affordable tenure homes
- Landscaping and open spaces designed to promote biodiversity
- Highly energy efficient scheme delivered gas free with solar PV panels and EV charging points on all homes

Strong housing market in areas of operation

418 shared ownership (SO) sales to Mar-24 (Mar-23: 340)

SO stock evolution April 2023 – June 2024



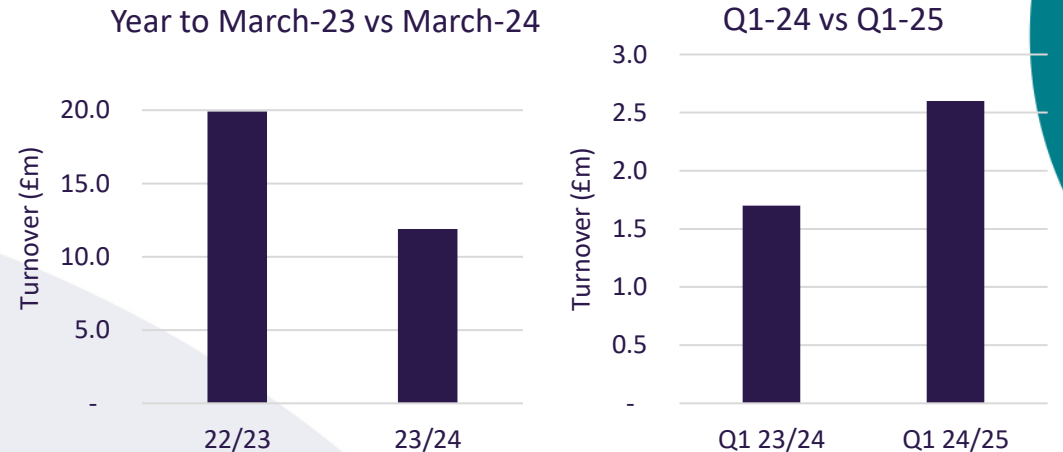
Unsold homes of 198 (Jun-24) down from 222 (Mar-24)

Shared ownership stock status (30 June 2024)

	Unsold	Reserved	Available
Total unsold	198	152	46
Unsold <6 months	139	109	30
Unsold >6 months	59	43	16

- SO sales market robust with enquires and reservation consistent
- Surplus from fixed asset housing sales - £5m and margins of 42%, highlight strength of the market
- Fixed assets sales quantum affected by high mortgage rates in 23/24; some signs of recovery in Q1 24/25

Turnover from the sale of housing fixed assets

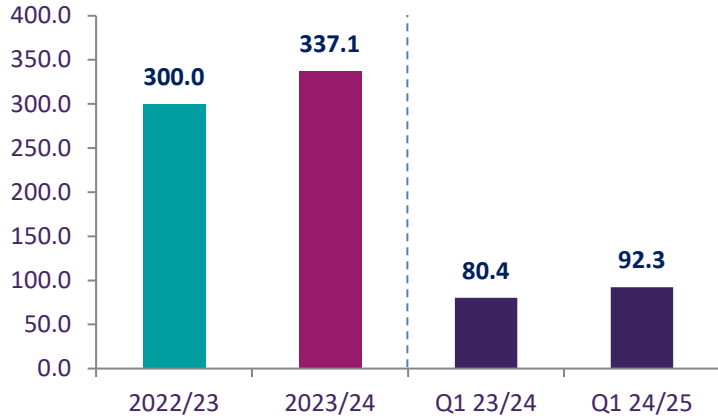


Finance and Treasury Update

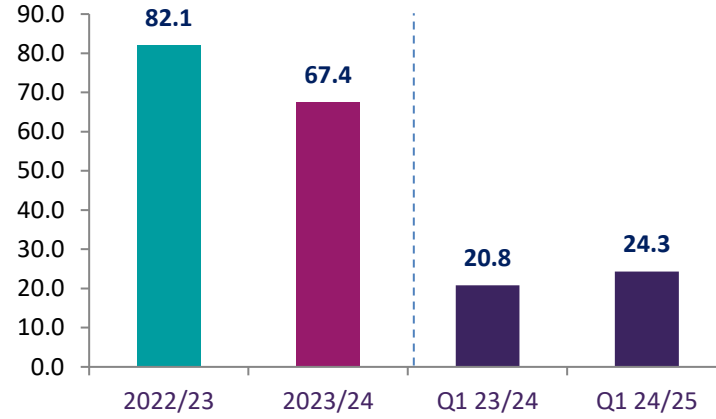


Historical Financial Performance

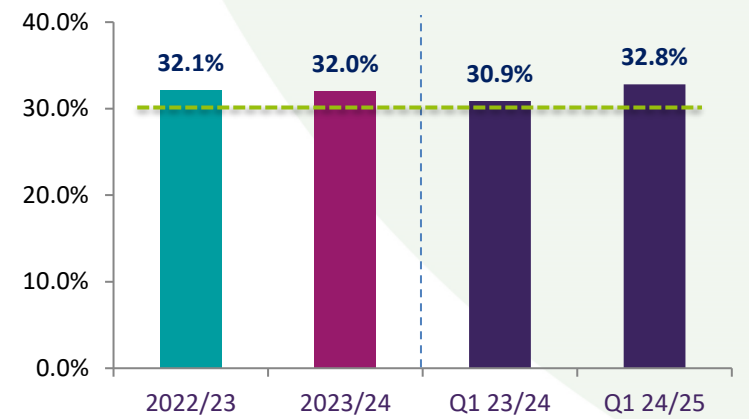
Turnover (£m)



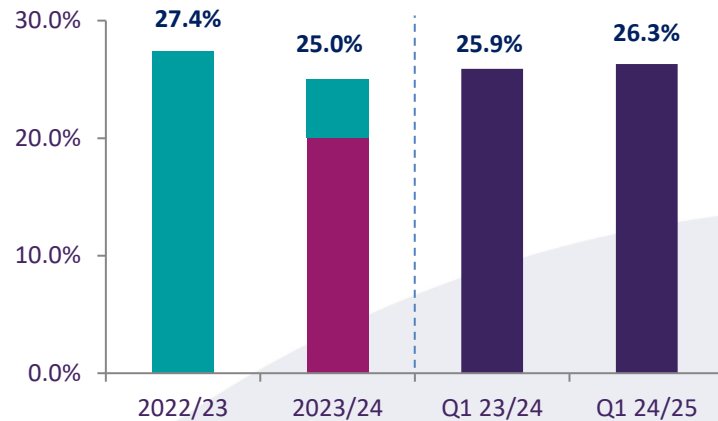
Operating Surplus (£m)



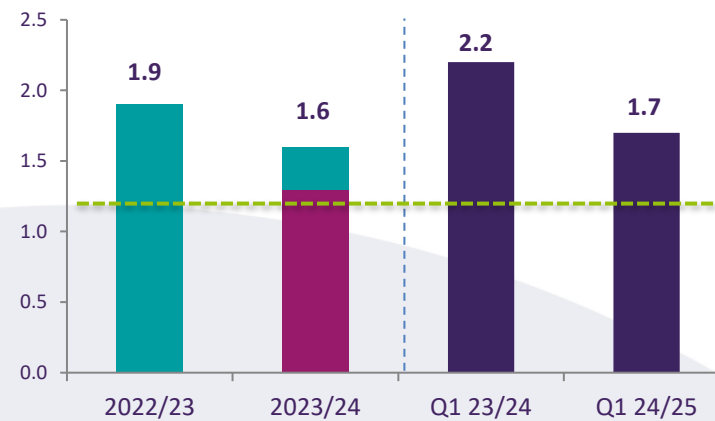
Social Housing Lettings Margin (%)¹



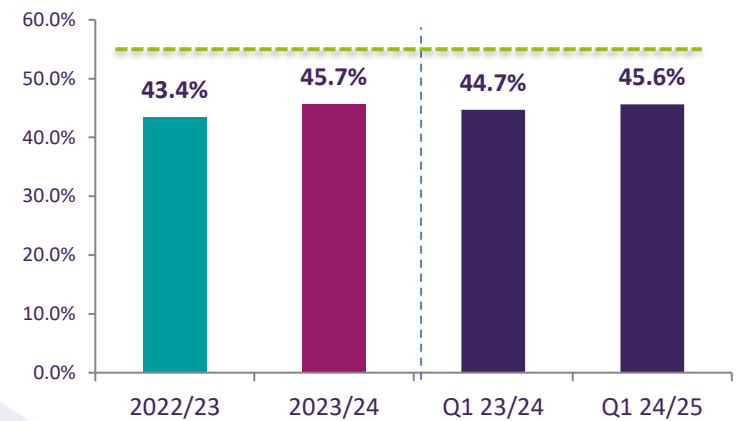
Operating Margin (%)¹



EBITDA MRI (x)¹



Gearing (%)¹



Impact of one-off pension accounting adjustments

Platform Board golden rule

1. Calculated in accordance with the Regulator of Social Housing's Value for Money Metrics Methodology

Pensions strategy

- Roll-out of de-risking strategy in year to March 2024: all defined benefit schemes closed to future accrual
- Those affected transitioned into defined contribution scheme
- One-off accounting adjustments of £18m cost and £15m gain recorded in operating surplus and reserves respectively; one-off cash cost of £4.5m
- Remaining liabilities of £10m may cause similar accounting adjustments on exit in coming years

Metrics before and after one-off pensions accounting adjustments	Mar-24	
	Before	After
Operating surplus ⁽¹⁾	£85.5m	£67.4m
Operating surplus margin ⁽¹⁾	25%	20%
Social housing lettings margin	32%	32%
EBITDA-MRI interest cover	162%	129%

⁽¹⁾Excluding surpluses on sale of property, plant and equipment

Robust Treasury position

Substantial liquidity and flexibility	Treasury strategy	Strength and resilience
<p>As at Jun-24: Cash & undrawn facilities ~£620m > 13,800 unencumbered properties</p>	<p>Long-term DCM funding focus Supported by bank facilities – new £250m sustainable bond Apr-24</p>	<p>S&P A+ (stable) Fitch A+ (stable) Highest regulatory ratings 'G1 / V1'</p>

Key treasury metrics as at June 2024 (March-24)



¹Excluding off-one pension accounting adjustments

Treasury Golden Rules

- Financial Golden Rules – minor changes set to support the delivery of strategy whilst maintaining strong investment grade credit and regulatory ratings
- Resilient and well tested plan with commitment to investment

Metric	Golden rules	2023/24 actual	Q1 2024/25 actual
Operating margin – social housing lettings	> 30%	32%	32.8%
Proportion of turnover from sales	< 30%	12.1%	14.1%
EBITDA-MRI interest cover	> 120%	162% ¹	168%
Gearing	< 55%	45.7%	45.6%
Asset cover	> 5% over minimum	68%	55%
Liquidity horizon (committed and forecast cash flows)	> 18 months	28	39

¹Excluding off-one pension accounting adjustments

Retained very strong RSH VfM metrics

RSH VfM metric	Platform peer group comparison					
	Lowest	Average (unweighted)	Highest	Platform March-23	Platform ranking March-23	Platform March-24
Reinvestment	3.0%	7.6%	11.6%	9.4%	3	11.1%
New supply (social housing units)	0.7%	1.8%	3.0%	2.0%	8	2.5%
New supply (non-social housing units)	0.0%	0.2%	0.8%	0.0%	1	0.0%
Gearing	29.3%	46.4%	54.8%	43.4%	5	45.7%
EBITDA-MRI interest cover	46%	129%	237%	187%	2	162% ¹
Headline social housing cost per unit (£'s)	3,436	4,630	7,327	3,436	1	3,998
Operating margin (social housing lettings)	5.3%	23.9%	35.0%	32.0%	4	32%
Operating margin (total)	5.1%	20.0%	31.0%	27.4%	2	20%
Return on capital employed	1.2%	2.8%	4.2%	3.0%	5	2.2%

¹Excluding off-one pension accounting adjustments

Conclusion



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Experienced Board & Executive Team

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Appendices



Corporate Structure



Notes, sources and defined terms

Page number Comments

Financial data throughout this document relates to Platform Housing Group Limited

Page 10 Current tenant arrears relate to general needs tenants primarily in social and affordable rented homes and includes shared ownership properties. It takes into account all tenant payment methods, The arrears figure is before provisions made for bad debts.

Page 11 Number of void properties includes unsold shared ownership stock.

Page 27 Sample of social housing providers includes Platform Housing, Bromford, Citizen, Guinness Partnership, Home Group, Jigsaw Homes, Longhurst, Midland Heart, Southern, Orbit, Riverside, Sanctuary, Sovereign Housing and Stonewater. The sample of peers is based on those with similar operating models, geography and size. We may evolve the make-up of the sample in future.

For more information on calculation of Regulator for Social Housing Value for Money metrics go to:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1066373/20220404_Value-for-Money-metrics-Technical-note-guidance_FINAL.pdf

A low level of new supply (non-social housing units) is considered to be favourable given the risks inherent within non-social housing development.

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