



VIVID

**We're VIVID**

October 2023

# Hello!



**Mark Perry**  
Chief Executive



**Duncan Brown**  
Chief Financial Officer



**Tom Robinson**  
Executive Director of  
Assets and  
Sustainability



**Jonathan Roberts**  
Group Treasurer



**Duncan Short**  
Director of Resources



**Tristan Samuels**  
Group Development  
& New Business  
Director

# Disclaimer

The information contained in this presentation including the presentation slides and any related speeches made or to be made by the management of the VIVID Housing Limited (**VIVID**), any questions and any answers thereto or any related verbal or written communications in respect thereof (the **Presentation**) has been prepared to assist interested parties in making their own evaluation of VIVID.

This presentation is believed to be in all material respects accurate, although it has not been independently verified by VIVID or Peninsular Capital PLC (the **Relevant VIVID Entities**) and does not purport to be all-inclusive. This Presentation and its contents are strictly confidential, are intended for use by the recipient for information purposes only and may not be reproduced in any form or further distributed to any other person or published, in whole or in part, for any purpose. Failure to comply with this restriction may constitute a violation of applicable securities laws. By reading this Presentation, you agree to be bound by the following limitations.

Neither the Relevant VIVID Entities nor any of their representative board members directors, officers, managers, agents, employees or advisers accepts any responsibility as to or in relation to the accuracy or completeness of the information in this Presentation (and no one is authorised to do so on behalf of any of them) and (save in the case of fraud) any liability in respect of such information or any inaccuracy therein or omission therefrom is hereby expressly disclaimed, in particular, if for reasons of commercial confidentiality information on certain matters that might be of relevance to a prospective purchaser of notes to be issuer by Peninsular Capital Plc (the **Notes**) has not been included in this Presentation.

No representation or warranty is given as to the achievement or reasonableness of any projections, estimates, prospects or returns contained in this Presentation or any other information. Neither the Relevant VIVID Entities nor any other person connected to them shall be liable (whether in negligence or otherwise) for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this Presentation or any other information and any such liability is expressly disclaimed. This Presentation includes certain statements, estimates and projections prepared and provided by the management of the Relevant VIVID Entities with respect to the anticipated future performance of the VIVID group. Such statements, estimates and projections reflect various assumptions by VIVID's management concerning anticipated results and have been included solely for illustrative purposes. No representations are made as to the accuracy of such statements, estimates or projections or with respect to any other materials herein. Actual results may vary from the projected results contained herein.

The information presented herein is an advertisement and does not comprise a prospectus for the purposes of EU Directive 2003/71 /EC (as amended) (the **Prospectus Directive**) of the Prospectus Directive as it forms part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018, as amended and/or Part VI of the Financial Services and Markets Act 2000. This Presentation does not constitute or form part of, and should not be construed as, an offer to sell, or the solicitation or invitation of any offer to buy or subscribe for, Notes in any jurisdiction or an inducement to enter into investment activity. No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied upon in connection with, any contract or commitment or investment decision whatsoever.

The distribution of this Presentation and other information in certain jurisdictions may be restricted by law and persons into whose possession this Presentation or any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Presentation and any materials distributed in connection with this Presentation are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. The Relevant VIVID Entities do not accept any liability to any person in relation to the distribution or possession of this Presentation in or from any jurisdiction.

# About us





# About us

## Significant scale in focussed geographies

- 34,325 homes, serving 74,000 customers making VIVID one of the largest providers of affordable homes in the UK
- Ambitious development pipeline, supported by a track record of delivery, will further grow VIVID's presence in its core operating areas

## Affordable tenures at VIVID's core

- 78% of turnover from social housing activities and 88% of new homes were affordable tenures
- Development focus primarily on affordable tenures – supported by £291m of Homes England Strategic Partner funding

## Robust financial performance

- Social housing operating margin consistently above 40% over the last 5 years
- Two strong credit ratings, we're rated A (stable) with S&P and A+ (negative) with Fitch

## Sustainability is embedded within VIVID

- Early adopter of the sector's Sustainability Reporting Standards and recently published our Sustainable Financing Framework
- Only build new homes that reach EPC B and are capable of achieving an A rating

## Strong management and governance

- Diverse and experienced Board of highly-qualified professionals, focused on effective governance and continuous improvement
- Experienced Executive team, ensuring a consistent strategy is delivered

Homes  
**34,325**

New homes  
**1,390\***

Turnover  
**£333m**

Operating margin  
**32%**

Op. margin (SHL)  
**43%**

Gearing  
**48%**

Regulatory grading  
**G1 / V1**

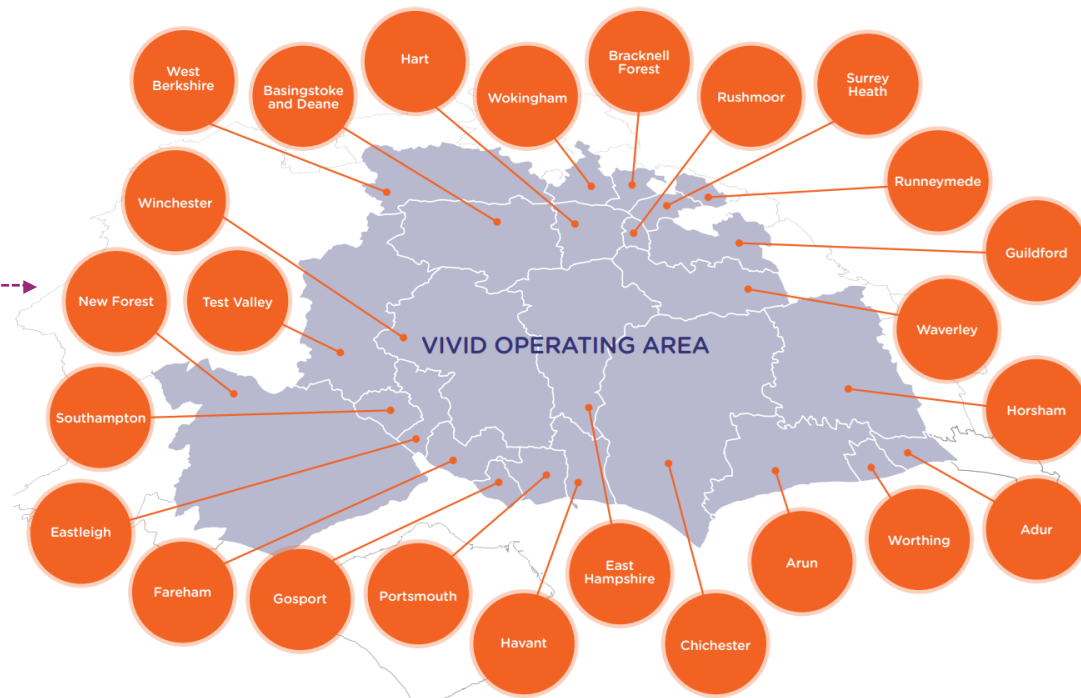
\*New homes built during 1 April 2022 to 31 March 2023

Source: Annual Report 2022/23 and ESG Report 2021/22. Details of our credit ratings can be found at [Financial information | VIVID \(vividhomes.co.uk\)](https://www.vividhomes.co.uk/financial-information)

# Where we work

34,325 homes across 25 different areas within Hampshire, Surrey and Berkshire with the top 5 being concentrated in:

1. Basingstoke and Deane: 19%
2. Rushmoor: 18%
3. Eastleigh: 18%
4. Portsmouth: 10%
5. Hart: 9%



Area	Average dwelling price (£)	Average weekly private rent – 2 bed (£)	Average weekly social rent – 2 bed (£)	Discount to market
Basingstoke and Deane	375,235	213	116	45.5%
Rushmoor	346,142	219	114	47.9%
Eastleigh	356,061	201	111	44.8%
Portsmouth	256,259	196	106	45.9%
Hart	497,839	230	120	47.8%

Source: Annual Report 2022/23 and management information at 31 March 2023

# Our corporate plan

3 ambitions

Our customers are our strongest advocates

People are proud to live in our homes and communities

Grow and influence to positively impact more lives

9 objectives

Services that are easy to use and available digitally

Give customers a bigger voice to shape what we do

Support and empower customers to stay in their homes

Safe and well-maintained homes with repairs meeting customer expectations

Sustainable homes with new homes built through modern methods of construction

Strong partnerships and social impact to help our communities thrive

Increasing the supply of affordable homes through land-led development

What and where we build is led by customer need

A top 10 trusted and influential housing provider

15 measures of success

- Customer satisfaction
- Satisfaction with complaint handling
- Satisfaction with ease of dealing with
- Treating customers fairly and with respect

- Satisfaction with repairs
- Energy efficiency
- Safety compliance (the big 6)
- % build prog. MMC
- Satisfaction that we make a positive contribution to neighbourhoods

- New homes built
- Forward programme growth
- % of programme land led
- Share of voice
- Operating cost per property
- Staff engagement

# Our priorities for 23/24

## Priority 1 – Clear service standards

**Why:** to ensure we all know the services we should provide and how consistently we're delivering them

**What:** launch our new service standards and a new service scorecard.

## Priority 2 – Clear priorities for service improvement

**Why:** because we're more likely to be successful if we focus on the things that really matter and do them well

**What:** Refocus the business on achieving 3 service improvements:

- **Non-emergency repairs:** it's the service our customers experience the most and the main driver of satisfaction (28 day target, reducing to 10 days in the future)
- **Customer contact:** Waiting a long time for a response affects customers' perception of us (15 mins target, reducing to 5 mins in the future)
- **Communication:** focus on call back performance (100% target) and more proactive communication to keep customers informed at each stage of their interactions with us.

## Priority 3 – Performance management

**Why:** because to deliver these changes we all need to be focussed on the right things

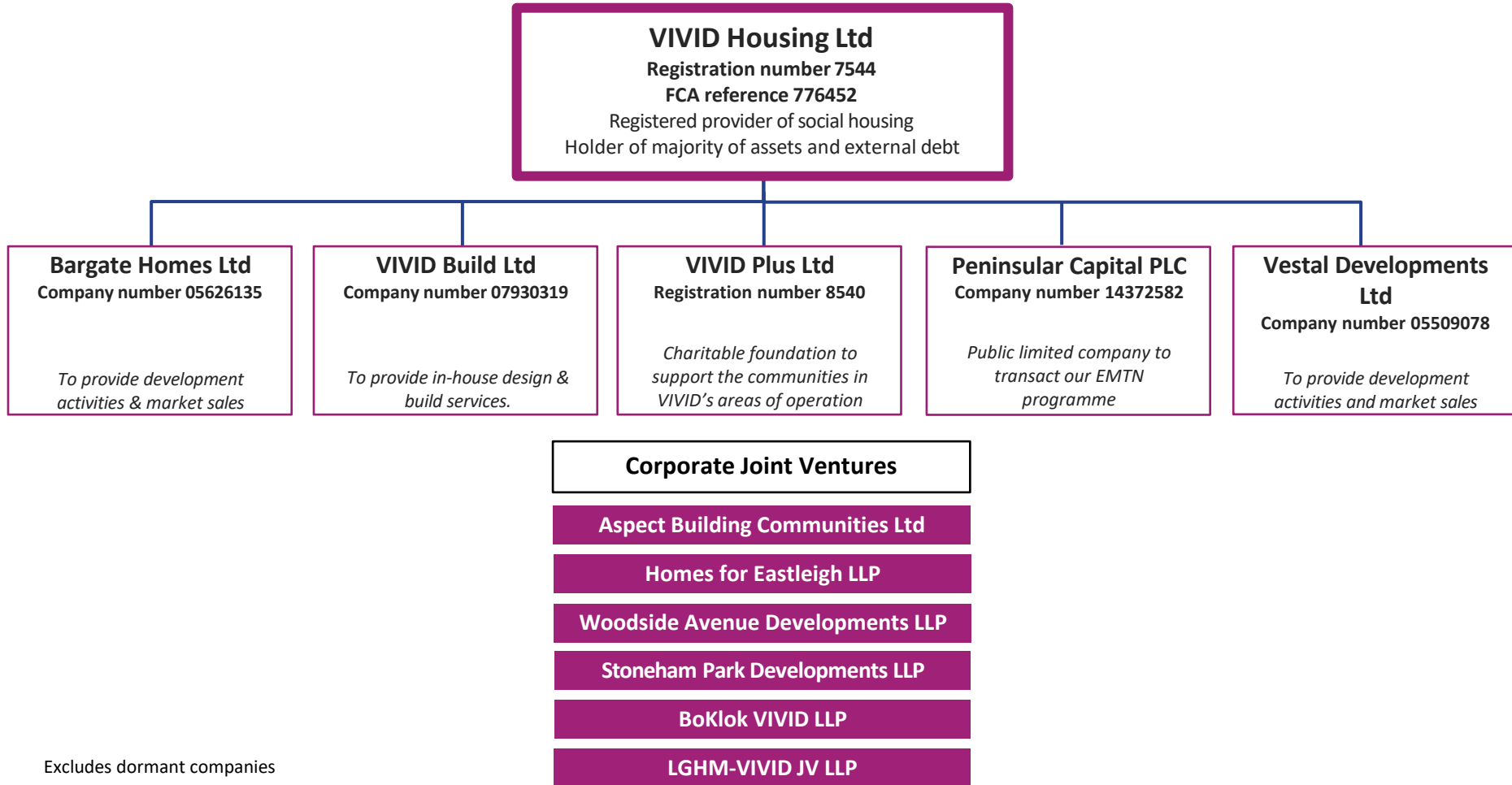
**What:** increasing communication, incentivisation and management of performance



# How we're structured



# A simple group structure



Excludes dormant companies

# Our executive team



**Mark Perry** | Chief Executive

Mark became Chief Executive of VIVID in April 2017 from his role as Chief Executive of Sentinel and previously as Group Commercial Director at Affinity Sutton, now Clarion. Mark's well known in the sector with over 25 years of experience in housing and is a key business figure in the region and beyond. He also has a strong commercial background and a master's degree in business administration. Mark is Chair of the National Housing Federation's South East Sounding Board, a Non-Executive Director at McCarthy & Stone (Shared Ownership), and Chair of Business South's housing network. Previously, he was the Senior Independent Director at Surrey and Borders Partnership NHS Foundation Trust.



**Margaret Dodwell** | Chief Operating Officer

Margaret Dodwell will join us in October as our new Chief Operating Officer. Margaret's primary focus will be to continue improving services for our residents. Margaret has spent more than 5 years as CEO of Lewisham Homes and previously worked with us as Interim Operations Director in 2018/19. She is Audit Chair of EPIC Housing and has chartered membership of CIPFA and CIH.

**Tom Robinson** | Executive Director of Assets and Sustainability

Tom brings a wealth of experience gained from over 30 years in property and construction. He has worked in a variety of organisations delivering design, development and construction services. Tom also led, as Chief Sustainability Officer for a FTSE 250 organisation, the transition that organisations need to take to a more sustainable zero carbon future.



**Duncan Brown** | Chief Financial Officer

Responsible for maintaining our financial strength and sound governance, Duncan, Chief Finance Officer at VIVID, makes sure our development plans are fully funded and our technology helps us deliver our services and ambitions. Duncan's a Chartered Accountant with over 15 years' experience in the housing sector. He previously spent six years with KPMG where he provided financial planning and risk management services to some high-profile clients before moving into the housing sector.



**Duncan Short** | Director of Resources

Duncan's responsible for HR, Communications and Corporate Planning. Duncan has spent his last 25 years working mainly in HR, as well as having responsibility for marketing and resourcing. Mainly experienced in the private sector, Duncan's spent some time in central government. He specialises in change management, "TUPE" and remuneration and benefits, but has worked across all HR disciplines.



This executive team is experienced with a balance of housing sector, commercial and international expertise.



**Tristan Samuels** | Group Development and New Business Director

Tristan is a chartered surveyor with over 25 years' property experience in the private and public sectors. For the last 12 years he's been delivering mixed-use developments in Westminster and Portsmouth, focusing on housing pipelines and regeneration.



# Led by a strong board



**Charles Alexander**  
Board Chair



**Jean-Marc Vandevivere**  
Non-Executive Director



**Mark Perry**  
Chief Executive and  
Chair of Project  
Approval Committee



**Shena Winning**  
Chair of Audit and Risk  
Committee



**Sandeep Agarwal**  
Chair of Treasury  
Committee



**Duncan Brown**  
Chief Financial Officer  
and Chair of Vestal  
Developments



**Anne-Marie Mountifield**  
Non-Executive Director  
and Chair of VIVID Plus



**Liam Coleman**  
Chair of Customer  
Services Committee



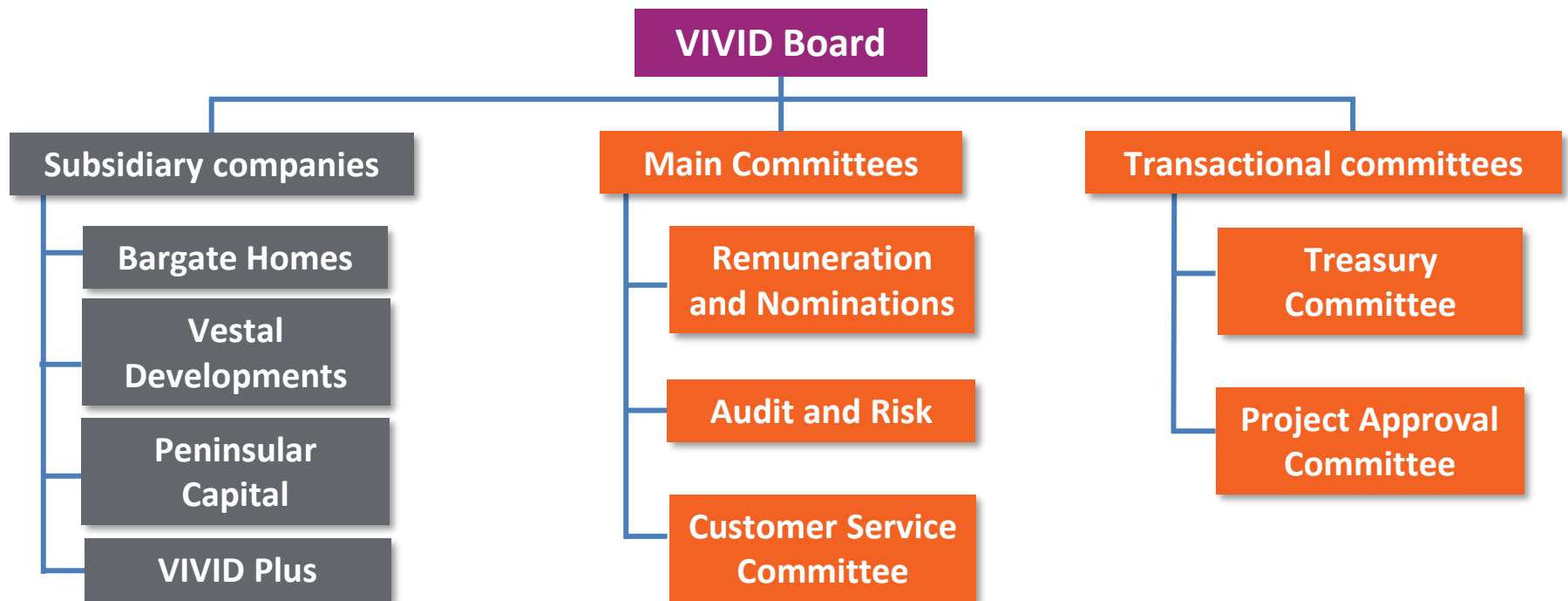
**Jo Moran**  
Non-Executive Director



**Naleena Gururani**  
Chair of Remuneration  
and Nominations  
Committee

For full Board Profiles, please visit: <https://www.vividhomes.co.uk/about-us/governance/board>

# Strong effective governance





# Consumer regulations consultation

4 new regulatory standards to be implemented from 1 April 2024:

- Safety and Quality Standard
- Transparency, Influence and Accountability Standard
- Neighbourhood and Community Standard
- Tenancy Standard

Our response:

- Analysed the new standards and presenting a gap analysis to the board next week
- Involving customers in our response to the consultation
- Will be fully compliant on 1 April 2024





# Our operating environment



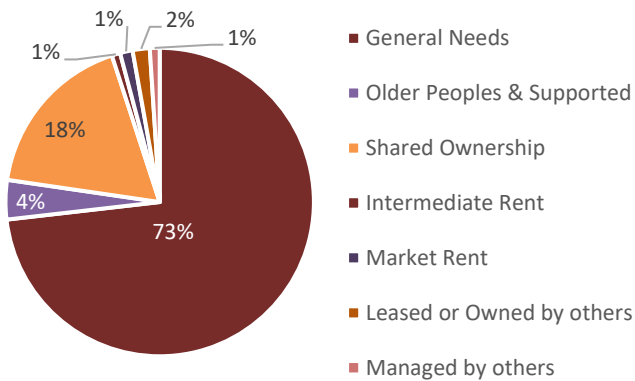
# Stock profile

Tenure Type	2019	2020	2021	2022	2023	Value in use (£'000)	Market Value (£'000)
General Needs	22,885	23,359	23,791	24,454	25,120	2,397,995	6,875,810
Older Peoples & Supported	1,579	1,556	1,457	1,441	1,415	82,210	257,700
Shared Ownership	4,642	5,005	5,274	5,679	6,066	461,200	715,645
Intermediate Rent	364	332	314	310	304	40,210	68,680
Market Rent	276	351	440	481	452	103,820	128,795
Leased or Owned by others	600	692	672	646	615	22,520	40,105
Managed by others	175	175	338	352	353	930	1,350
<b>Total Homes</b>	<b>30,521</b>	<b>31,470</b>	<b>32,286</b>	<b>33,355</b>	<b>34,325</b>	<b>3,108,885</b>	<b>8,088,085</b>
Garages	3,334	3,334	3,357	3,338	3,330		

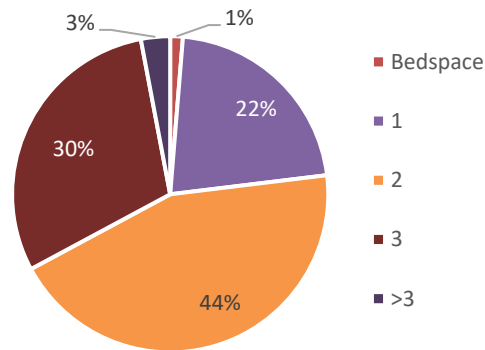
Source: Annual Report 2022/23 (as at 31 March).

# Our homes and customers

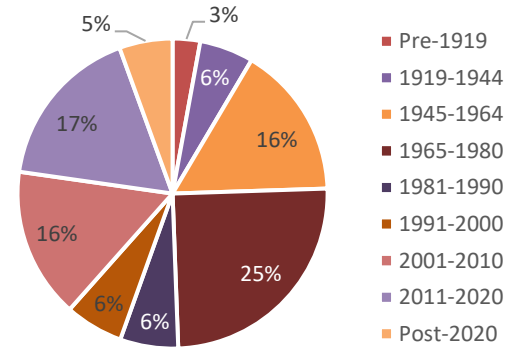
### Stock Split by Tenure Type (Units)



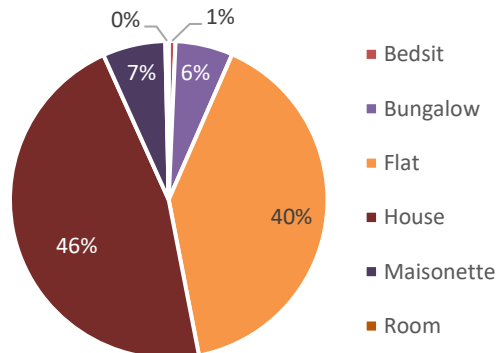
### No. of Bedrooms



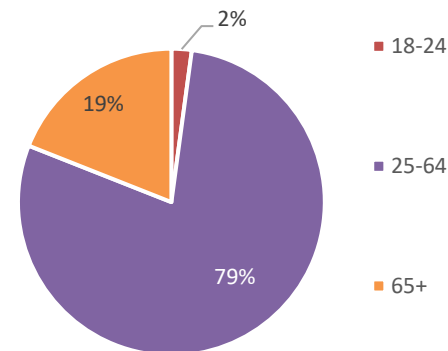
### Stock Split by Property Age



### Stock by Property Type



### Customer Age Profile (Yrs)



Source: VIVID management information as at 31 March 2023.



# About our customers

## A strong rent collection process focused on early intervention with a range of support services

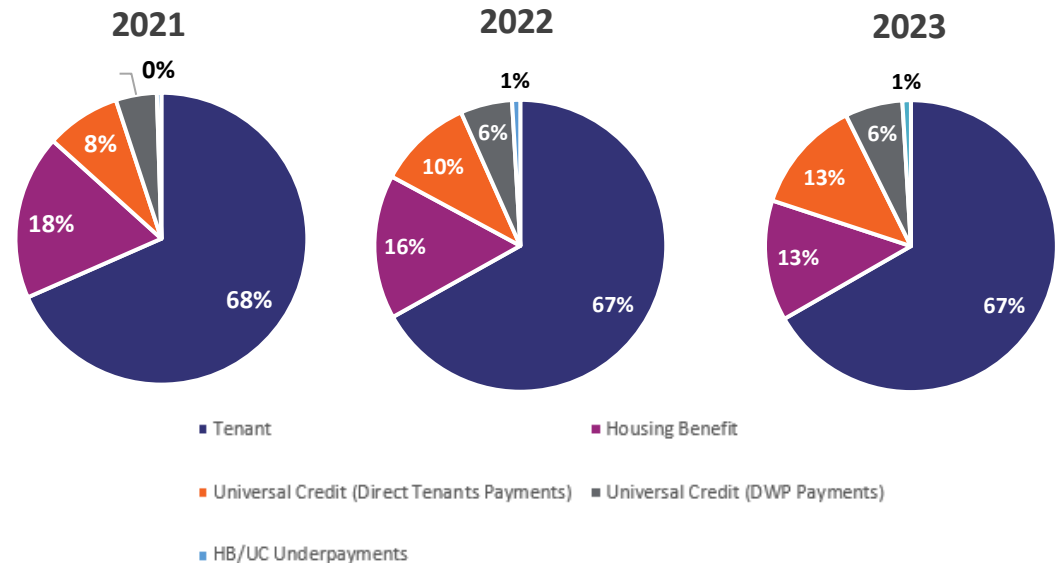
- 67% of our customers are self payers.
- We have 12,150 (19%) of our customers receiving Universal Credit - 6% of customers have their UC rental element paid to VIVID directly and 13% pay VIVID after UC being paid directly to them.
- 13% of customers have their Housing Benefit paid to VIVID.

We support customers and reduce arrears through:

- Pre-tenancy support
- Homeless Prevention
- Employment & Training
- Money & Benefit Advice
- Digital Inclusion Landlord Portal

	2023	2022	2021	2020	2019
Void loss	1.09%	1.14%	1.28%	1.06%	0.57%
Rent Arrears	4.08%	4.06%	4.45%	4.6%	4.7%
Re-Let Days	46.3	43.3	52.2	39.7	31.5
Occupancy Rate	98.9%	99.13%	99.45%	99.08%	99.50%

## Payment profile





# Asset Investment – Quality Homes

- We're developing our own Home Standard ahead of Decent Homes 2.
- We've started our decarbonisation programme:
  - EPC C by 2030
  - Net Zero by 2050
- £750m of Investment in the Business Plan.
- Success in bidding for Social Housing De-carbonisation Fund (SHDF) £4.6m gives headroom.



# A zero-tolerance approach to safety

## Cladding & Fire Safety

- We have 2,099 blocks of flats
- 39 of our blocks are over 11 metres or 5 storeys
- 13 blocks are over 18 metres or 7 storeys
- 3 blocks had ACM cladding
  - This was removed in 2020
  - Remedial works completed in 2021
- 3 HPL cladding blocks
  - Cladding was removed in 2021
  - Remedial works completed in summer 2023
- Further changes to fire safety regulations in August 2022 require cladding at 6 Portsmouth Road and Pemberly Place (126 flats) to be upgraded between 2023/24-2025/26.

Compliance Area	Measure	Frequency	2020/21	2021/22	2022/23
Gas	Dwelling	Annual	100%	100%	100%
	Communal	Annual	100%	100%	100%
Electrical	Communal	5 yearly	100%	100%	100%
Legionella	Communal	Monthly	100%	100%	100%
Asbestos	Communal	Annual	100%	100%	100%
LOLER (communal areas only)	Passenger	6 monthly	100%	100%	100%
	Hoists	6 monthly	100%	100%	100%
	Platform	6 monthly	100%	100%	100%
	Stairlift	6 monthly	100%	100%	100%
Fire Risk	Communal	Risk based	100%	100%	100%

# Customer experience

We are proud of our customer service, evidenced through our strong satisfaction scores



54% complaints resolved at front line



427,938 customer contacts received by customer experience team



Provided tenancy advice to 2,266 customers



8.7/10 satisfaction with how enquiry was dealt with by customer experience



1,250 involved customers



Secured £5.8m of unclaimed benefits/income for customers



8.7/10 customer satisfaction with repairs



Received 19,270 scores of 10/10



824 compliments received

# ESG at VIVID



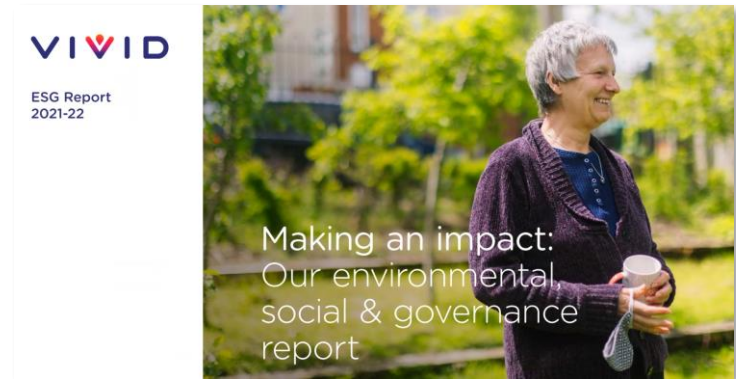


# Strong ESG credentials

We believe a home is more than just a roof over your head. It's a springboard to enable everyone to achieve their ambitions and provides the foundation for people's wellbeing

## ESG achievements

- In July 2022, we published our first ESG Report under the Good Economy's Sustainability Reporting Standard. We'll publish our second report in Autumn 2023.
- Our new Sustainable Financing Framework sets out how funding proceeds will be allocated and reported on, in line with UN SDGs
- Completed on the sector's first Green Loan
- Two sustainability-linked RCFs in place.



## 2022/23 Highlights

### Environmental:

- >70% of our homes are rated EPC A-C
- £750m of funding budgeted in our 30yr business plan to transition to net zero
- £90m budgeted to be spent by 2030 to upgrade buildings to EPC C

### Social:

- 1,390 new homes completed (88% of which were affordable)
- £5.78m of unclaimed benefits / income sourced for customers in 2022/23
- £21m allocated for Vivid Plus, our charitable arm, over 5 years

### Governance:

- Top governance & viability rating - G1/V1
- 1.2% ethnicity pay gap (down from 11.8% 3 years ago); 3.7% gender pay gap (down from 8.4% 3 years ago)
- 100% transparency around policies

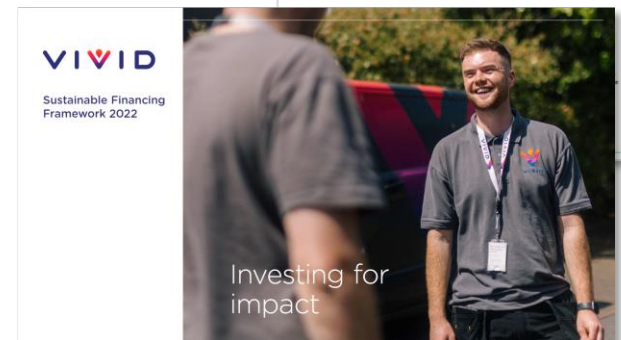
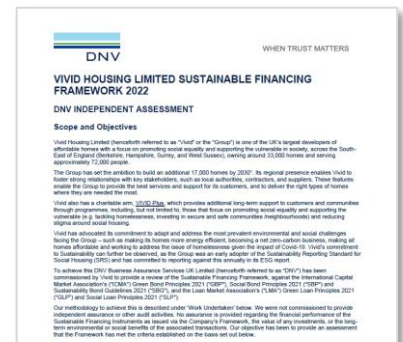


# Sustainable Financing Framework

- Aligned to our Sustainability Strategy, VIVID has developed a Sustainable Financing Framework to support Green, Social and Sustainable debt issuance
- DNV has independently verified the framework and provided a Second Party Opinion
- Until the maturity of any Sustainable Bonds issued, VIVID is committed to annually publishing an ESG Report on its website, which will include an allocation and impact report. Our first allocation and impact report will be included in our 22/23 ESG report.

## Use of proceeds overview:

ICMA/LMA Eligible Project categories	Description	UN SDGs indicative alignment
Affordable Housing	<ul style="list-style-type: none"> <li>• Expenditure relating to the construction, refurbishment modernisation and acquisition of affordable housing (including 'shared ownership')</li> <li>• Refinancing of existing social and affordable housing (including 'shared ownership')</li> <li>• Expenditure relating to the prevention of homelessness</li> </ul>	11
Access to Essential Services	<ul style="list-style-type: none"> <li>• Expenditure relating to providing access to essential services, including health, education and vocational training, mentoring, healthcare, financing and financial services</li> </ul>	1, 2, 3, 4
Green Buildings	<ul style="list-style-type: none"> <li>• Financing the development of buildings which achieve EPC rating of 'B' or 'A'</li> <li>• Refinancing of existing buildings with EPC rating of 'B' or 'A'</li> </ul>	1, 7, 12
Energy Efficiency	<ul style="list-style-type: none"> <li>• Investing in the retrofit of existing homes in order to improve the EPC ratings by at least two EPC bands, or to uplift the Energy Efficiency score (or reducing consumption) of a building by at least 30%, or result in an expected minimum rating of EPC B</li> </ul>	1, 7, 12
Clean Transportation	<ul style="list-style-type: none"> <li>• Financing the procurement or deployment of clean transportation</li> <li>• Financing the construction, extension and/or improvement to core sustainable transport infrastructure</li> </ul>	7



Source: SFF <https://www.vividhomes.co.uk/media/3317/sustainable-financing-framework-2022.pdf>



# Development



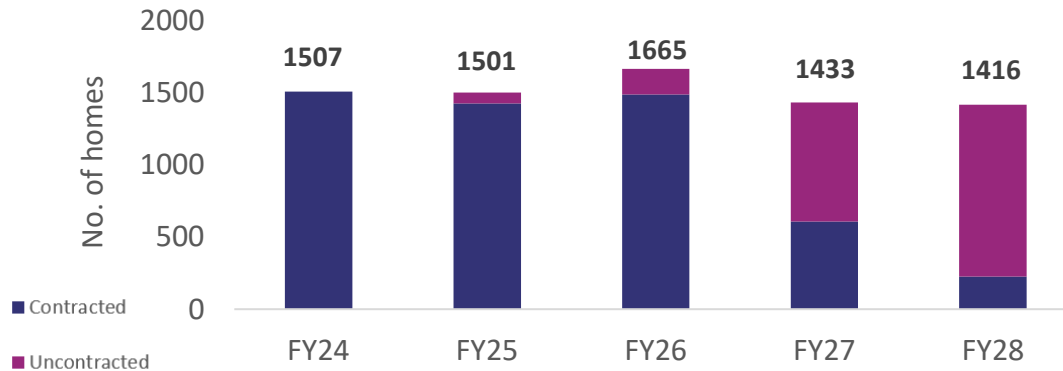
# What have we delivered?

	<p>1,390 new homes built</p>		<p>88% homes built for social and affordable rent and shared ownership</p>		<p>50% of programme delivered through joint ventures or land-led</p>
	<p>£356m spent on building new homes</p>		<p>£416m in funding raised to support development and decarbonisation</p>		<p>Over £291m grant through Homes England Strategic Partnership</p>
	<p>40.4 days average sales time</p>		<p>42 new sites secured</p>		<p>£135.8m of sales receipts to be reinvested</p>
	<p>11,624 homes in the pipeline</p>		<p>Entered into contracts for 1,790 new homes</p>		<p>46.3 days average re-let time</p>

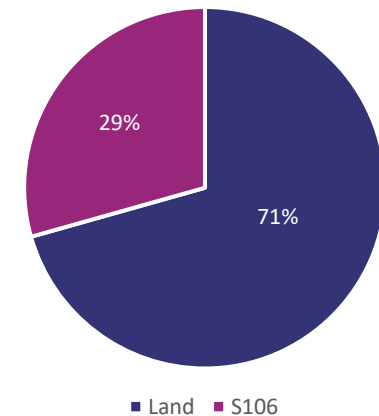
# Development pipeline

- We're taking a measured approach to development, looking to develop c.1,400 homes per annum
- 70% of our development over the next 5 years is contractually committed, 30% is not contracted.
- Strategic partnership grant SP1 has been received (£186.2m) and we are finalising our project allocation. We are waiting to receive SP2 grant (£105.6m) but have agreed with Homes England to deliver 1,127 homes (less than previous target 1,550).

Development pipeline



Land led/s106 split



	FY24	FY25	FY26	FY27	FY28
Social Rent	23%	19%	28%	27%	27%
Affordable Rent	34%	33%	27%	28%	31%
Shared Ownership	33%	34%	30%	30%	28%
Outright Sales	10%	15%	14%	15%	15%

Source: VIVID management information as at 31 August 2023



# Finance and treasury



# Financial and operational metrics

- VIVID is able to demonstrate a strong financial performance
- We acknowledge the market headwinds in the HA sector recently
- Our strong performance puts us in a good place to withstand stresses

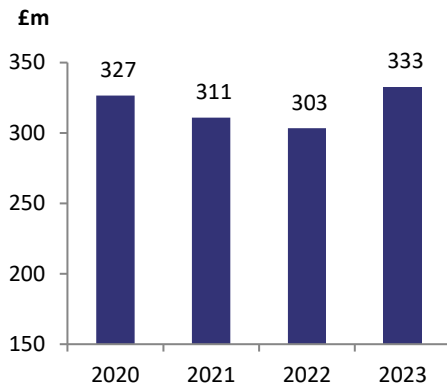
Key financials	2020	2021	2022	2023
Turnover	326.7	311.0	303.3	332.9
Operating surplus	107.0	92.1	99.7	106.1
Net surplus before tax	71.1	62.4	72.2	72.1
Net assets	600.0	640.5	714.7	786.0

VfM metrics				
Operating margin	33%	30%	33%	32%
Operating margin (social housing)	46%	45%	45%	43%
Operating cost per unit	£3,380	£3,512	£3,516	£3,854
Operating cost per unit (social housing)	£2,893	£2,909	£3,328	£3,930
Return on capital employed	4.5%	4.5%	3.9%	3.8%
EBITDA MRI interest cover	234%	229%	213%	177%
Gearing ratio – historic cost	49%	47%	47%	48%

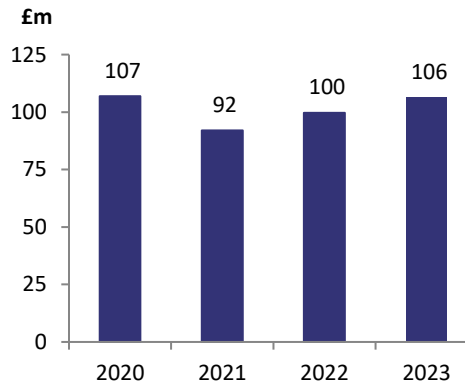
Source: Annual Reports 2019/20 to 2022/23 (as at 31 March)

# Our Group performance

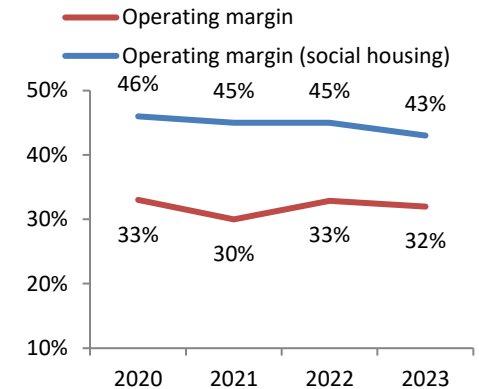
Turnover



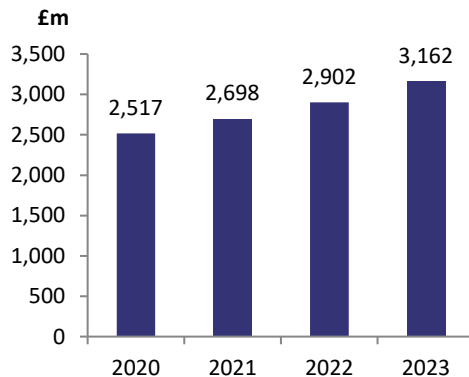
Operating surplus



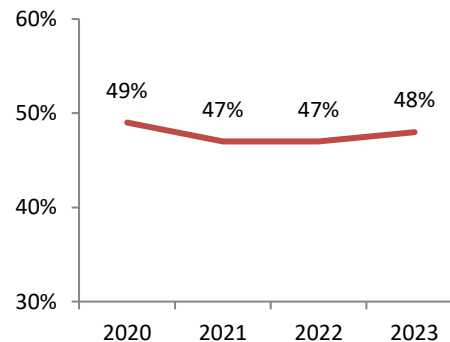
Operating margin



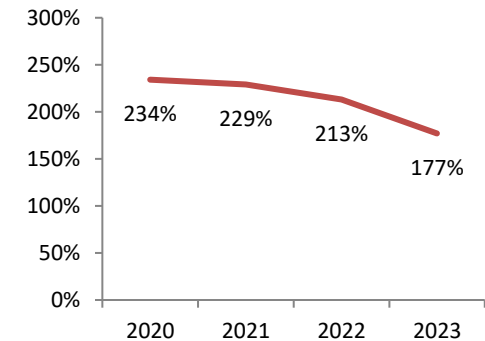
Housing properties – at cost



Gearing – historical cost



EBITDA-MRI interest cover

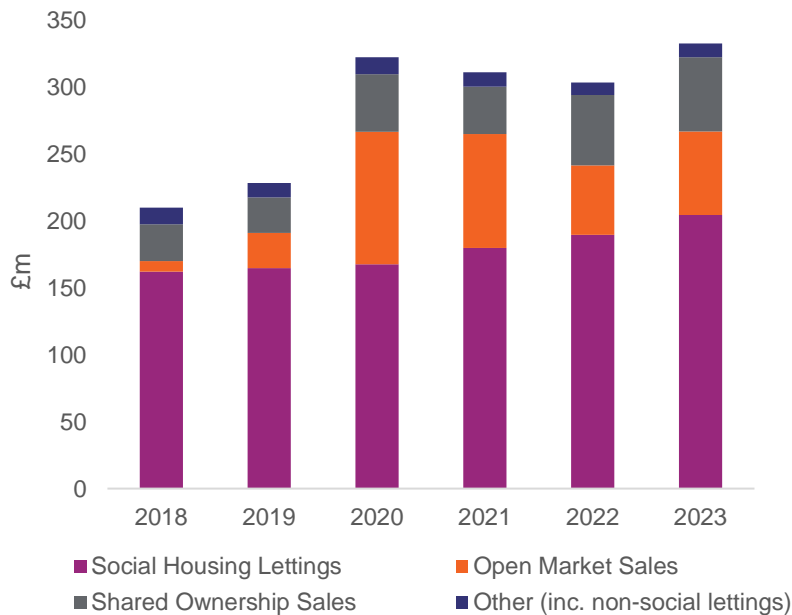


Source: Annual Reports 2019/20 to 2022/23 (as at 31 March)

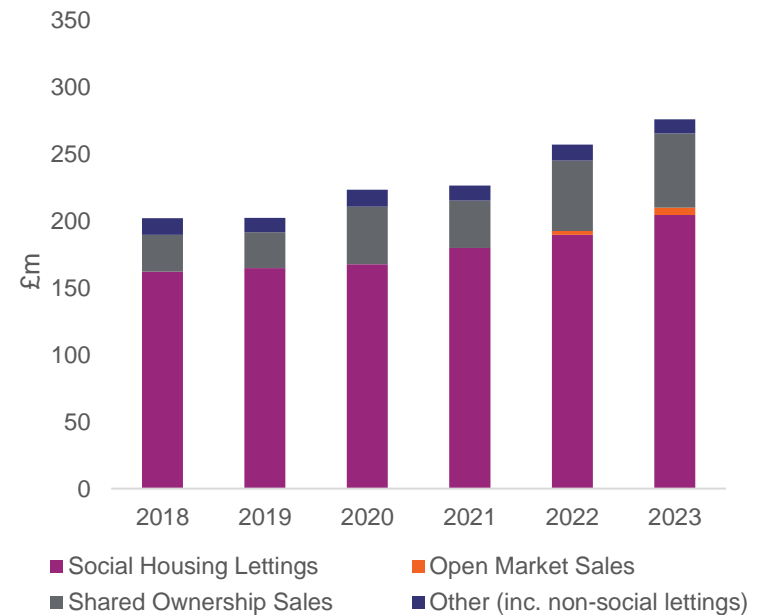
# Group & Association turnover

- Group: Social Housing lettings make up the majority of group turnover. Outright sales cross subsidises the delivery of social housing.
- Association: The association has been substantially de-risked from outright sales exposure.

### Group Turnover breakdown



### Association Turnover breakdown



Source: Annual Reports 2019/20 to 2022/23 (as at 31 March)



# Sales performance

- We've capped our group exposure to sales, so that no more than 15% of the homes we develop will be for outright sale.
- Most of our outright sales properties are developed by Bargate Homes. Bargate won Premier Guarantee's Developer of the Year and Development of the Year for 2023.
- We've benefitted from house price growth in the South driving margins on sales.
- Strong demand in the shared ownership market meant homes sold within 40.4 days in FY2023.

Sales Units			
	2023	2022	2021
<b>Shared ownership</b>			
Homes	469	460	329
Sales	£55.4m	£52.6m	£35.5m
Cost of sales	(£40.7m)	(£40.2m)	(£27.4m)
Surplus	£14.7m	£12.4m	£8.1m
Margin	27%	24%	23%
<b>Outright sales</b>			
Homes	153	131	262
Sales	£62.4m	£51.9m	£85.0m
Cost of sales	(£55.2m)	(£47.4m)	(£79.2m)
Surplus	£7.2m	£4.5m	£5.8m
Margin	12%	9%	7%



# Our Key Risks

Risk	Mitigations
<b>Housing market recession</b>	<ul style="list-style-type: none"> <li>▪ Outright sales exposure capped at 15% of units delivered in our Business Plan</li> <li>▪ The Board has sight of the Business Plan every 6 months to monitor and agree any actions.</li> <li>▪ Liquidity Golden rule requires we can fund all our development commitments without relying on sales income.</li> </ul>
<b>Regulatory risk</b>	<ul style="list-style-type: none"> <li>▪ Self-certify compliance with all applicable laws and regulations every 6 months</li> <li>▪ We've performed gap analysis on new proposed consumer standards. We're involving customers in our response to the consultation and we'll be fully compliant on 1 April 2024, when they come into force.</li> </ul>
<b>Failure to maintain the condition of our homes</b>	<ul style="list-style-type: none"> <li>▪ Decent Home standard 2 and increasing volume of disrepair claims highlight the need for continual updating of stock condition information.</li> <li>▪ For damp and mould cases we have: a specialist team of trained D&amp;M Specialists, a separate reporting line for reporting cases, increased investment and short turn around times for D&amp;M cases.</li> </ul>
<b>Data Integrity / Cyber Security</b>	<ul style="list-style-type: none"> <li>▪ Robust Critical incident response plans, including a separate Office 365 environment in the event of a severe systems outage.</li> <li>▪ Array of security controls to protect our perimeter.</li> <li>▪ 3<sup>rd</sup> party monitoring and penetration testing of our infrastructure.</li> <li>▪ Cyber awareness and education programme for all staff, including phishing simulation testing.</li> </ul>
<b>Fire Safety &amp; High Rise Flats</b>	<ul style="list-style-type: none"> <li>▪ 39 of our blocks are over 5 storeys, including 13 over 7 storeys.</li> <li>▪ 3 had ACM cladding (removed 2020), another 3 had HPL cladding (removed 2021)</li> <li>▪ Further changes to fire safety regulations in August 2022 require cladding at 6 Portsmouth Road and Pemberly Place (126 flats) to be upgraded between 2023/24-2025/26.</li> </ul>

# Inflation Risk

	Risk	Mitigation
<b>Rental Income</b>	<ul style="list-style-type: none"> <li>Rent caps / inflation may be lower than cost inflation beyond 2023/24</li> <li>Uncertainty re. future rent increase formula.</li> </ul>	<ul style="list-style-type: none"> <li>Operational costs controls and efficiencies, flexibility to defer repairs and sustainability expenditure.</li> <li>Strong liquidity &gt;£674m at 31/03/23.</li> </ul>
<b>Costs</b>	<ul style="list-style-type: none"> <li>Higher inflation impacting operating costs</li> </ul>	<ul style="list-style-type: none"> <li>Flexibility to defer repairs and sustainability expenditure</li> <li>Flexibility to reduce development levels</li> <li>Pay increase at 4% lower than headline inflation</li> <li>Procurement processes in place targeting higher cost activities. High spend items would be reported to the Audit and Risk Committee or Project Approvals Committee.</li> </ul>
<b>Affordable Development</b>	<ul style="list-style-type: none"> <li>Build costs exceed Business Plan assumptions .</li> <li>Inability to secure fixed price contracts.</li> <li>Supplier liquidation.</li> <li>Volatile material and sub contractor prices.</li> </ul>	<ul style="list-style-type: none"> <li>Flexibility to reduce uncommitted development</li> <li>Fixed price contracts in place for majority of developments, with the exception of our subsidiary Bargate developments (accounting for &lt;20% of development units). However, we have greater control over the timing of delivery of these units.</li> <li>Monthly credit checks on contractors.</li> <li>Monitoring of future projects continue meet development hurdles.</li> </ul>
<b>Market Sales</b>	<ul style="list-style-type: none"> <li>Housing market downturn, impacting market sales programme</li> </ul>	<ul style="list-style-type: none"> <li>Market sales contracts primarily delivered by our subsidiary Bargate, where we have greater control.</li> <li>Optionality to converting existing sales stock to other uses, such as market rent</li> </ul>
<b>Affordability for tenants</b>	<ul style="list-style-type: none"> <li>Increase rent arrears /evictions/ voids.</li> </ul>	<ul style="list-style-type: none"> <li>Pre-tenancy support/Homeless Prevention</li> <li>Employment &amp; Training, Money &amp; Benefit Advice</li> </ul>

# Treasury management

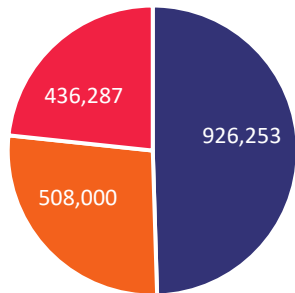
- Our Treasury Management Policy specifies six Golden Rules reflecting our risk appetite.
- All contractually committed development costs should be fully funded with available funds, grant and operating cash flows with no reliance on sales.

Golden rule	Hurdle
Committed development costs funded by liquidity, operations and grant	100%
Floating rate debt exposure	<35%
Index linked debt exposure	<10%
Duration	> 10 years
Asset cover headroom	> 5%
SHL interest cover	> 150%
Gearing headroom	> 5%



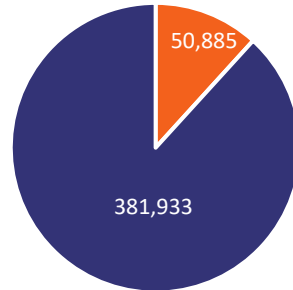
# Debt composition

Total facilities (£1.87bn)



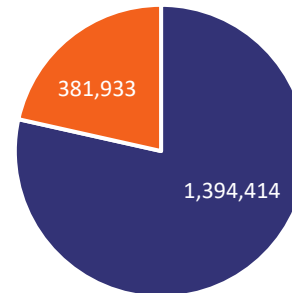
■ Bank ■ US Private Placements ■ Aggregator

Available Liquidity



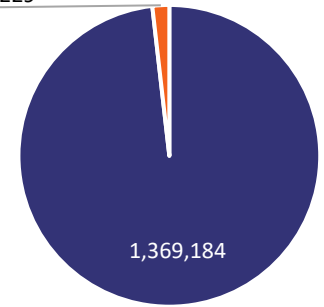
■ Cash ■ Undrawn

Drawn vs Undrawn

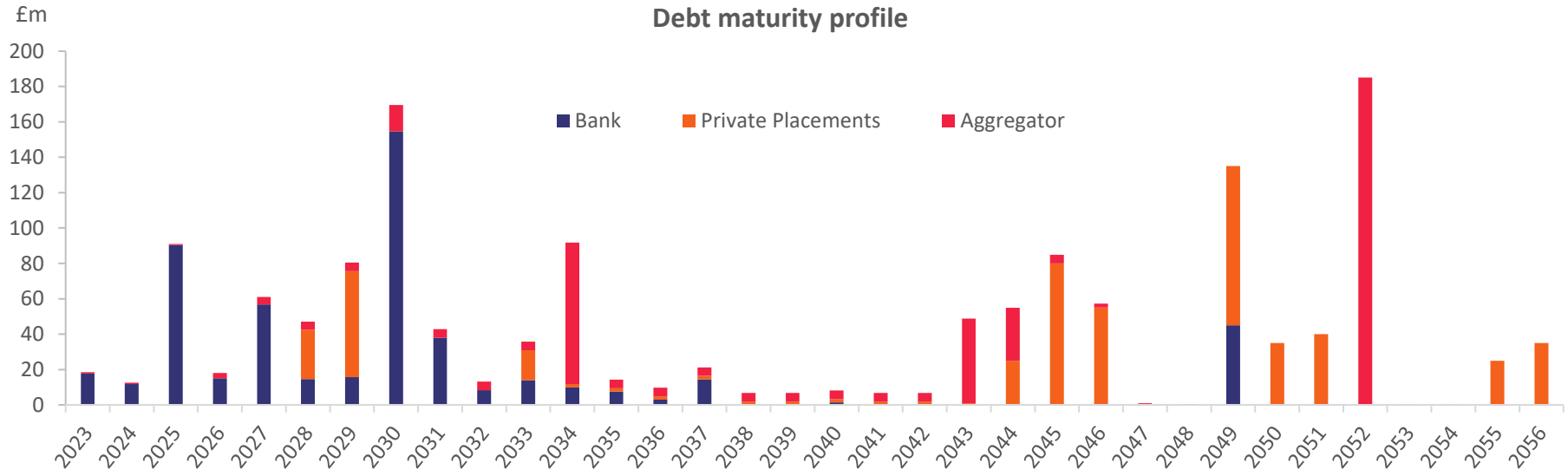


■ Drawn ■ Undrawn

Fixed vs Floating



■ Fixed ■ Floating



Source: Annual Report 2022/23 (as at 31 March)

# Liquidity and diversification

In response to rate uncertainty we've sought to strengthen our liquidity and diversify funding sources:

- **EMTN programme.** We set up a £2bn EMTN programme in 22/23. This has sufficient security charged to secure £605m of notes.
- **Shelf facilities.** We have a shelf facility with American insurer Nuveen (£150m) and bond aggregator bLEND (£100m) enabling us to access private and public markets in different jurisdictions. In July, we signed two more facilities with Sun Life and Pac Life for £110m.
- **Unsecured RCFs.** We have unsecured facilities with Barclays, Lloyds, NAB and ABN (totalling £305m). This has helped us release property security, so that we now have >£1bn in unencumbered assets.
- **Secured RCFs.** We have extended for 5 years and increased our Santander RCF to £150m.

LIQUIDITY at 31 March 2023	£m
Cash	53.2
Undrawn RCF/ deferred term	466.1
Shelf	310.3
EMTN (available and secured)	605.0
<b>Total Liquidity</b>	<b>1,434.6</b>

GOLDEN RULE COMPLIANCE	£m
Available Liquidity (Cash/ RCF/ 50% shelf)	674
Discounted (12%) operating cashflows until 2028	354
Contractually committed development	(601)
Undrawn facility expires within 12 months	-
<b>Golden Rule Surplus</b>	<b>427.4</b>

# Credit strengths summary

	<p>34,000 homes and 74,000 customers</p>		<p>43% operating margin social housing lettings</p>		<p>Completed 1,390 new homes, making us the 6th largest housing association developer of 22/23</p>
	<p>£291.1m funding for new homes as part of Homes England strategic partnership</p>		<p>£750m of funding in our 30-year business plan to enable net-zero</p>		<p>£2bn EMTN programme established</p>
	<p>£21m allocated to VIVID Plus, our charitable arm, over 5 years</p>		<p>87% customer satisfaction with repairs</p>		<p>&lt;1% gender pay gap down from 13.5% 5 years ago</p>
	<p>Rated G1/V1 by the Regulator of Social Housing</p>		<p>Rated A by S&amp;P</p>		<p>Rated A+ by Fitch</p>