Platform Housing Group

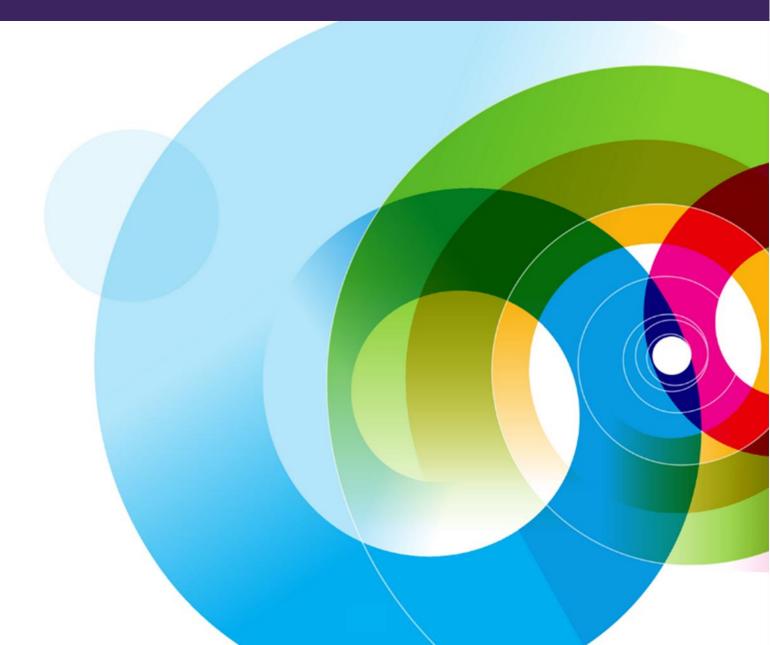
Results for the six months ended 30 September 2021

29 November 2021



Table of Contents

Platform Half Year Highlights	3
Operational Update	5
Development	15
Financial Performance	19
Treasury Overview	24
Conclusion	28





Robust performance in challenging environment

1 Operational highlights

Strong delivery supported by concentrated Midlands geography, low average age of homes and prevalence of houses

Effects of Covid and Brexit on supply chains experienced

Strong affordable housing sales performance in both first tranche and existing assets

Voids challenging due to staffing shortages in maintenance division

Strategic priorities

Keeping customers at the heart of operations. New operating model launched to improve service

Continued focus on sustainable operations. Carbon baseline report commissioned

Development transition to land-led strategy. Secured grant of £250m in Homes England 2021-26 programme

Safeguard financial strength of organisation: A+ (stable) rating affirmed by Fitch to complement A+ (stable) rating from S&P

3 Financial highlights

Turnover increased by £16.2m to £150.5m. Operating surplus down by £7.9m to £46.9m driven by one-off depreciation charges due to alignment of policy

Gearing down to 41.8% (2020: 42.8%): strong sales and grant supporting lower debt. EBITDA-MRI interest cover of 1.97x (2020: 1.98x)

Social housing lettings margin 37% (2020: 47%) supported by continued focus on cost efficiency; affected by one-off depreciation charges

£250m sustainable bond issued in September 2021



Macroeconomic update: COVID-19 / Brexit

Experience in the Half Year

- Home working established with over 90% of office based staff now contractually home workers
- Offices rationalisation continued with one sale, one sold subject to contract and a third on the market
- Remaining offices re-opened with team meetings encouraged in person
- Cost inflation and supply chain issues experienced in maintenance and development activities
- Sales performance unaffected
- Covid Corporate Financing Facility (CCFF) (£100m) repaid in May 2021
- Well-being fund helped over 1,600 customers with essential items

Forecast for the full year

- Well-being fund to continue into and increase next year, evolving to measure social return on investment
- Cessation of Government support schemes including furlough and Universal Credit payments reduction
- Further cost inflation and supply chain delays expected
- Continued office rationalisation
- Roll-out of New Operating Model for customer services





Rent Increase

Overview

- Rent increase allowable of September CPI + 1%
- September CPI of 3.1% + 1% would allow an increase of 4.1%
- Service charges increases to be reviewed (which could mitigate overall increase to tenants)

Rent increase decision in context of pressures to business model

- Cost inflation to development and maintenance
- National Insurance contributions increases
- Increase to pensions contributions
- Commitment to carbon reduction / energy efficiency improvements
- Aspiration to build more homes

Decision to be made in December 2021 by Group Board



Supporting customers, welfare benefits and arrears

- £1.6m well-being fund in operation since 1st April 2021; £900,000 paid out, helping over 1,600 customers with essential items
- Partnership with Stay Nimble helped 38% of customers involved back into employment or training
- Arrears 2.96% at September down from 3.32% in September 2020
- Impact of gas price increases, end of furlough and £20 Universal Credit payment reduction expected to be managed without material impact to turnover and margins

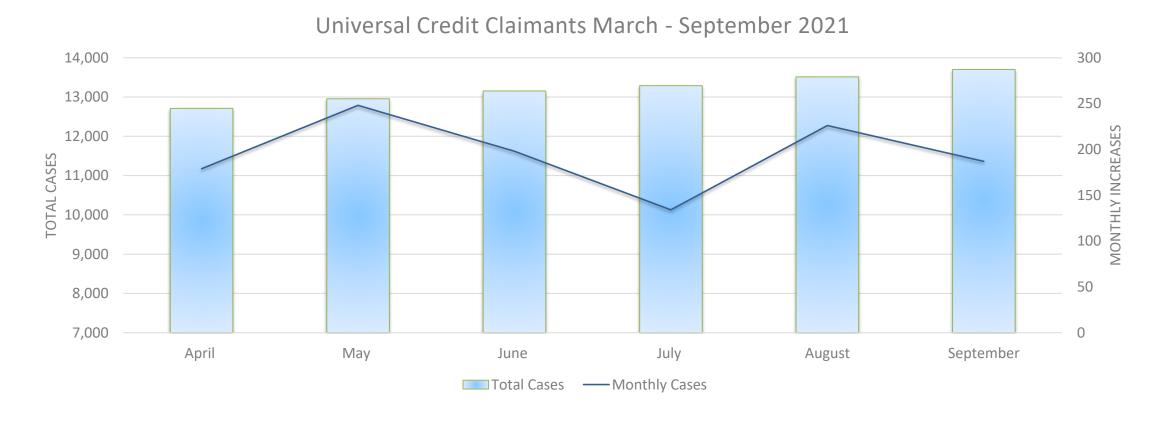
Recent evolution of arrears

	31 March 2020	30 September 2020	31 March 2021	30 June 2021	30 September 2021
Current tenant arrears	2.87%	3.32%	2.70%	2.88%	2.96%



Operational Update | Universal Credit

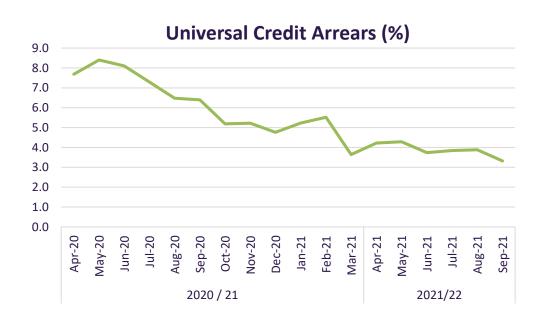
- Growth in UC claimants returned to pre-covid levels: average of c200 in H1 2021/22 (H1 2020/21: c350)
- 13,702 customers in receipt of UC at September 2021 (10,934 at September 2020)
- Approximately 18,000 customers expected to be in receipt of UC after full roll-out in 2024



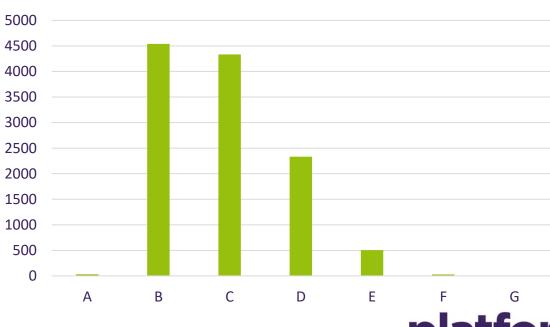
Universal Credit Continued

- Arrears for customers in receipt of UC were 3.32% at 30 September 2021 (September 2020: 6.40%)
- Increased experience in supporting customers transition from housing benefit
- Arrears benefitted from change to timing of payments from DWP
- UC claimants two thirds in homes that have EPC C or above to help mitigate impact of energy price

increases







Customer management

- Challenging six months for voids with some impact from covid restrictions felt
- Shortages in maintenance operatives affected the time taken to complete void repairs
- Re-prioritising internal resources to tackle backlog
- Recruitment drive in place and expected to benefit void levels by the fourth quarter
- Focus during quarter three on lettings activity

Recent evolution of voids performance

As at or for 6 months ended	31 March 2020	30 September 2020	31 March 2021	30 September 2021
Number of void properties	550	620	422	667
Void losses (£000)	1,501	1,758	1,579	1,805
Void losses to social housing lettings turnover	1.4%	1.7%	1.4%	1.6%



New Operating Model

Aims and Objectives

- Increase focus on customer as part of Corporate Strategy
- Improve customer satisfaction and reduce complaints
- Enhance employee engagement, empowerment and skills
- Operate in a sustainable way
- Maintain compliance with regulatory requirements such as GDPR
- Drive value for money by creating efficient services that effectively utilise technology

Achieved by

- Customer surveys nearly 2,000 customers surveyed in August – September 2021 to assess what is important
- Increased presence neighbourhood walkabouts, community engagement and consultation
- Tenancy health checks in 3 year cycle 2,000 completed to date
- Pilot underway to test Case Management Coordinators – new roles to triage customer enquiries and improve efficiency and service
- Tiered approach to on-boarding new customers to be rolled out during quarter three



Operations/asset management

- Major repairs programmes affected by supply chain issues, expenditures lower with compensatory increase in day to day maintenance
- Repairs satisfaction remains high at 85% (September 2020: 90%), with levels affected by delays to repairs
- New Head of Sustainability recruited with remit to support decarbonisation
- Strengthened building safety team to maintain commitment to quality
- Gas safety and Fire Risk Assessment compliance substantially recovered after covid-led access issues
- All fire risk actions fully provided for in existing business plan

Recent evolution of gas safety and fire risk assessment compliance

As at	31 March 2020	30 September 2020	31 March 2021	30 September 2021
Valid gas safety certificate	99.6%	99.2%	99.7%	99.9%
Valid fire risk assessment	99.0%	99.3%	100%	100%

Environmental, social and governance (ESG)

Environmental

- Report produced by Anthesis to determine carbon baseline for scope 1, 2 and 3 emissions
- Reduction of 7% in emissions between the years ended March 2020 and 2021 due to lower development activity
- Majority of emissions from purchased goods and services (49%) and housing stock (43%)
- Average EPC rating of C for housing stock at September 2021
- Adoption of MMC 6 sites currently in planning

Social

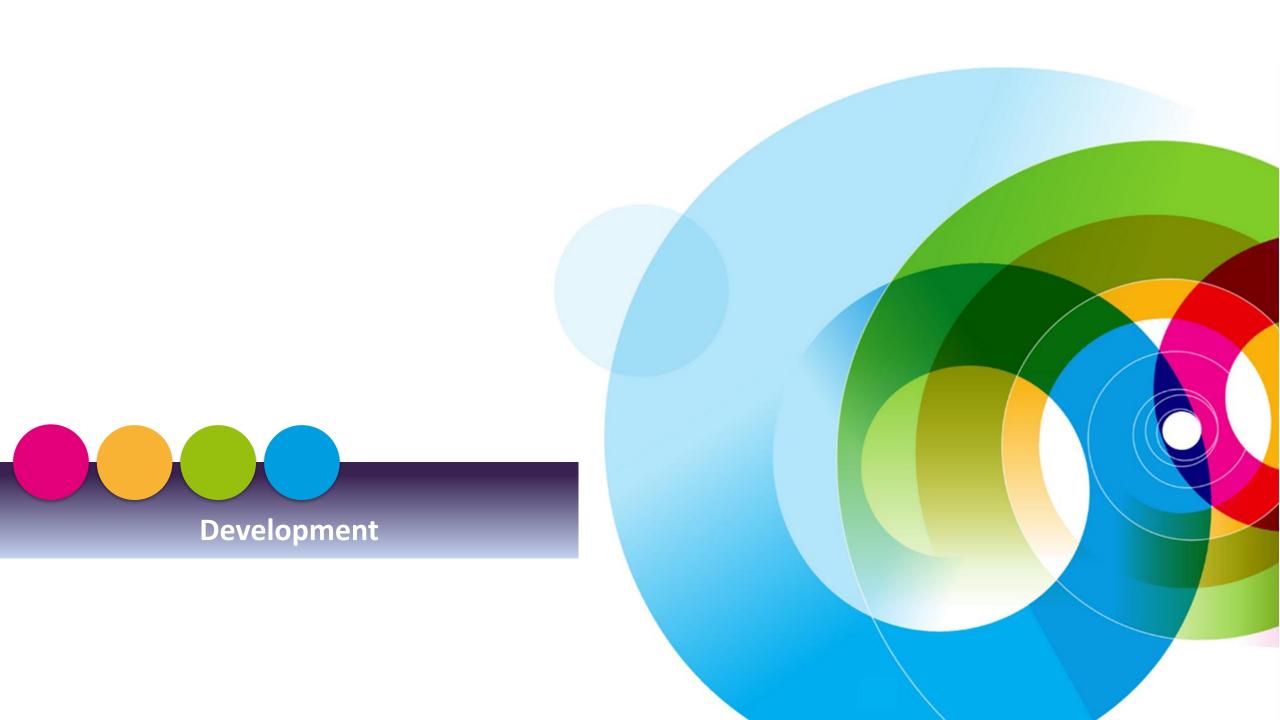
- 99.6% of homes completed in the six months to September 2021 were an affordable tenure; 19% for social rent
- £1.6m well-being fund established at the start of the year. 1,600 customers supported to meet the costs of food, clothing and other essential items
- Housing Associations' Charitable Trust (HACT) methodology and tools adopted to measure social value with a targeted social return of over £10 for every £1 invested

Governance

- A+ (stable) rating affirmed by Fitch shortly after the half year
- First Sustainability Reporting Standard report available on the Platform website
- Trainee board established to support diversity and representativeness of Board. Hoped that some trainees will be retained after two year program
- New corporate structure to maximise efficiency of new homes development (see appendices)
- Group wide Green Strategy expected to be published this year

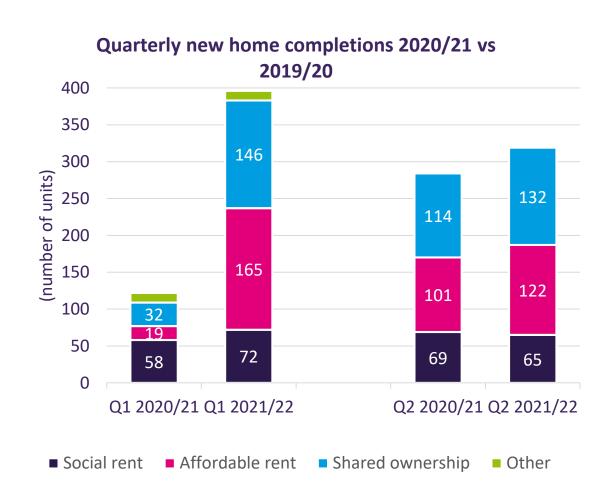
Sustainability Reporting Standard Report (SRS) - published July 2021
Sustainable Finance Framework – published August 2021





Strong progress on home building given challenges

- 715 completions in the year to date (September 2020: 393)
- Effect on supply chain expected to impact completions for the second half; full year completions projected to be 1,300 – 1,400
- Strong pipeline, with 2,703 units in contract and a further 1,285 approved by the Board
- Secured £250m of grant from Homes England to develop 4,680 homes as part of 2021-26 programme
- 'Platform Standard' and house types to be updated by the end of the year

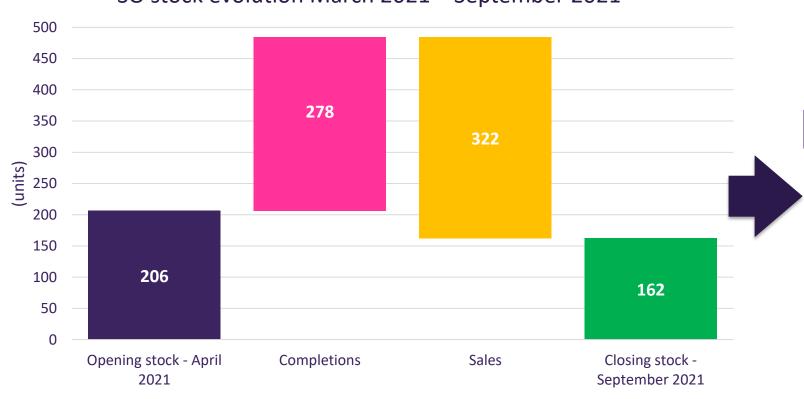




Strong housing market in areas of operation

322 total shared ownership (SO) sales in H1 2021/22 (H1 2020/21: 178)

SO stock evolution March 2021 – September 2021



Shared ownership stock status (30 September 2021)

	Unsold	Reserved	Available
Total unsold	162	97	65
Unsold >6 months	67	22	45
Unsold <6 months	95	75	20

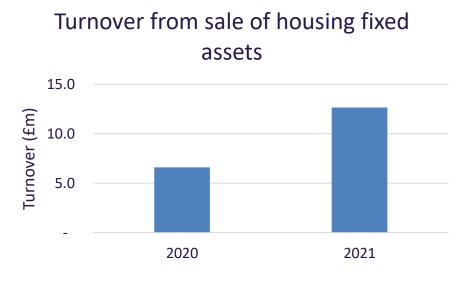


Strong housing market in areas of operation continued

- 156 fixed asset housing sales (H1 2020/21: 73)
- Turnover up to £12.7m (H1 2020/21 : £6.6m) and margins of 40% (H1 2020/21 : 47%)
 demonstrate strength of market
- 24 homes sold to another provider as part of one-off sale of formerly leased homes

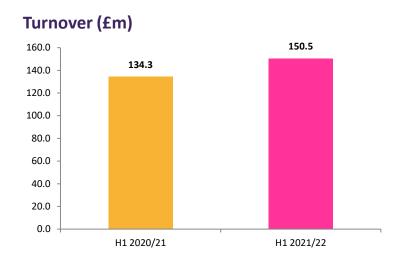
Housing fixed asset sales H1 2021/22



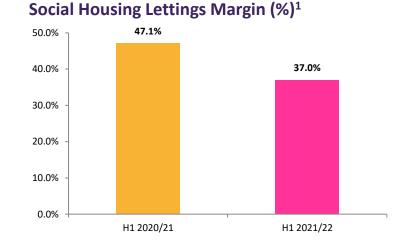


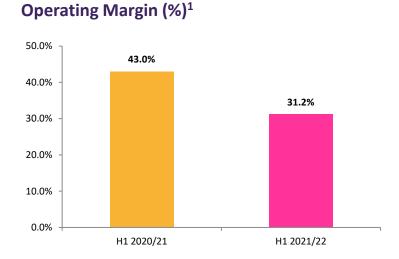


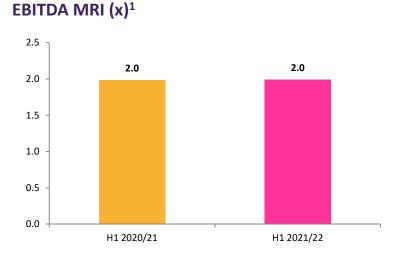
Financial Performance | Historical Performance

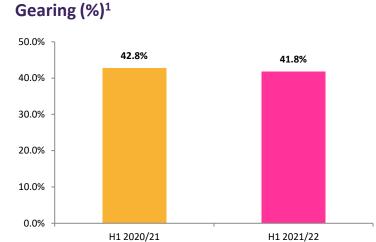




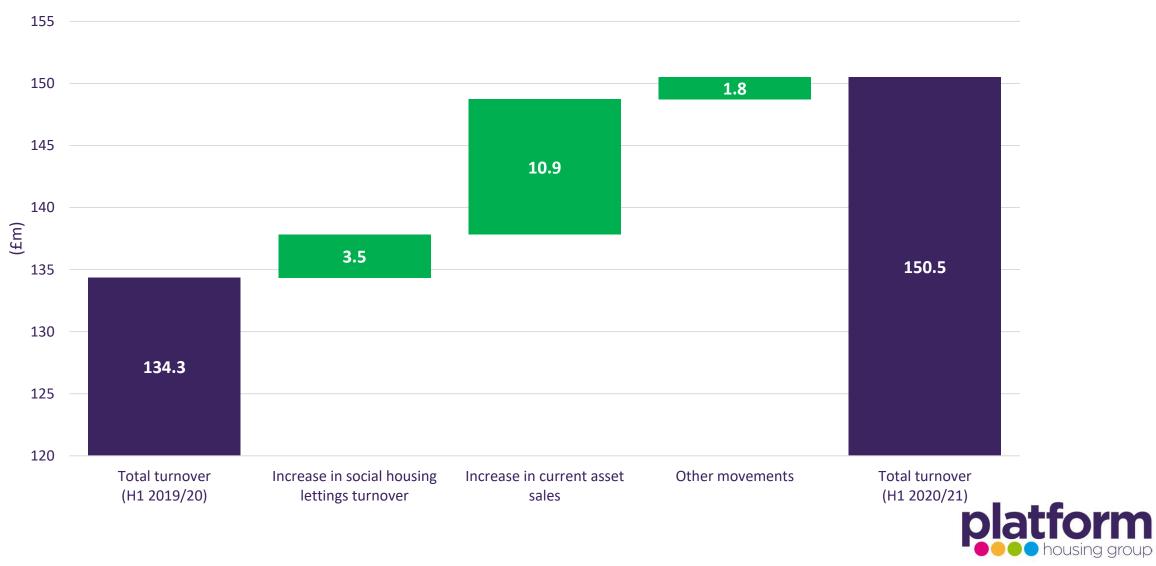






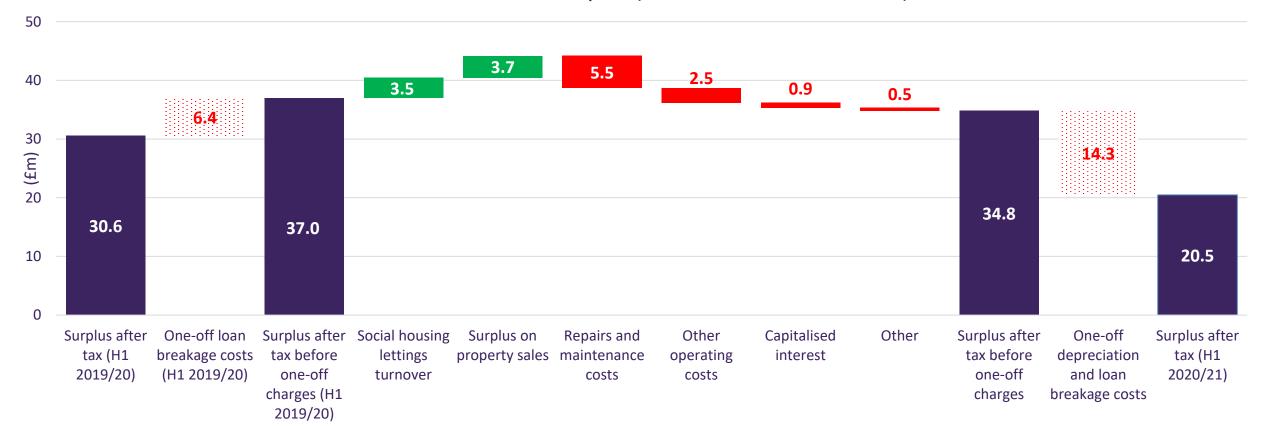


Total turnover up 12% driven by lettings and sales

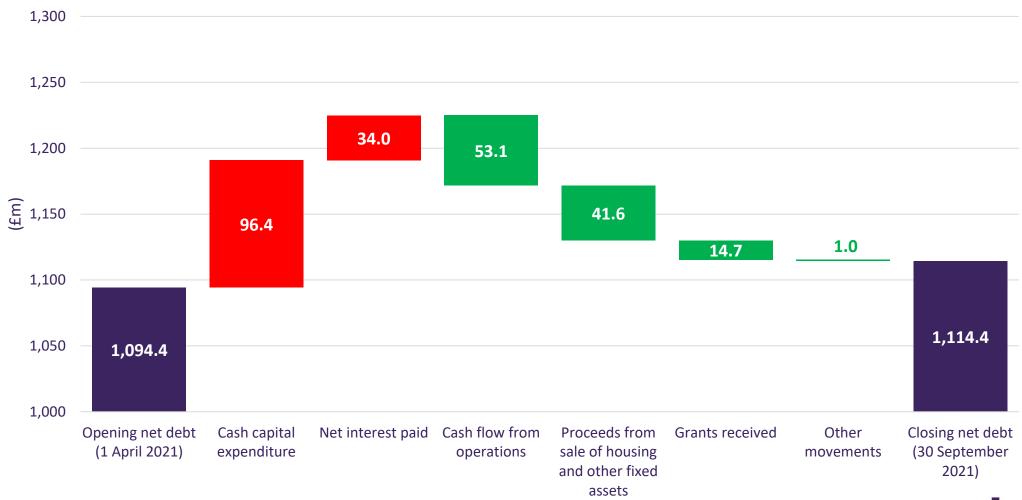


Surplus after tax reconciliation

Evolution in overall surplus (H1 2020/21 v H1 2019/20)



Strong cash inflows meant minimal change in net debt





Robust Treasury Position

Substantial liquidity and flexibility

Cash & undrawn facilities >£800m Q4 2023 liquidity horizon 6,800 unencumbered properties

Capital markets strategy

Sustainable Finance Framework
First Sustainable bond September
2021 - £250m

Strength and resilience

A+ (stable) S&P & Fitch
Highest regulatory ratings of 'G1 / V1'

Key treasury metrics (change from 31 March 2021)

197% (-0.21ppt)

EBITDA-MRI interest cover

41.8% (-0.01ppt)

Gearing

23 years (+1 year)

Average life of drawn debt

3.32% (-0.08ppt)

Average cost of drawn debt

99%/1% (-)

Fixed/floating debt mix



Treasury | Golden Rules

- Golden Rules and financial guidelines approved by the Platform Board in May 2021
- To support the delivery of our strategy and our strong investment grade credit and regulatory ratings

Metric	Golden rules	H1 2021/22 actual
Operating margin – social housing lettings	At least 35%	37.0%
Proportion of turnover from sales	No more than 25%	18.3%
EBITDA-MRI interest cover	At least 120%	197%
Gearing	Less than 50%	41.8%
Asset cover	At least 5% over minimum	27%
Liquidity horizon (committed and forecast cash flows)	At least 18 months	26 months

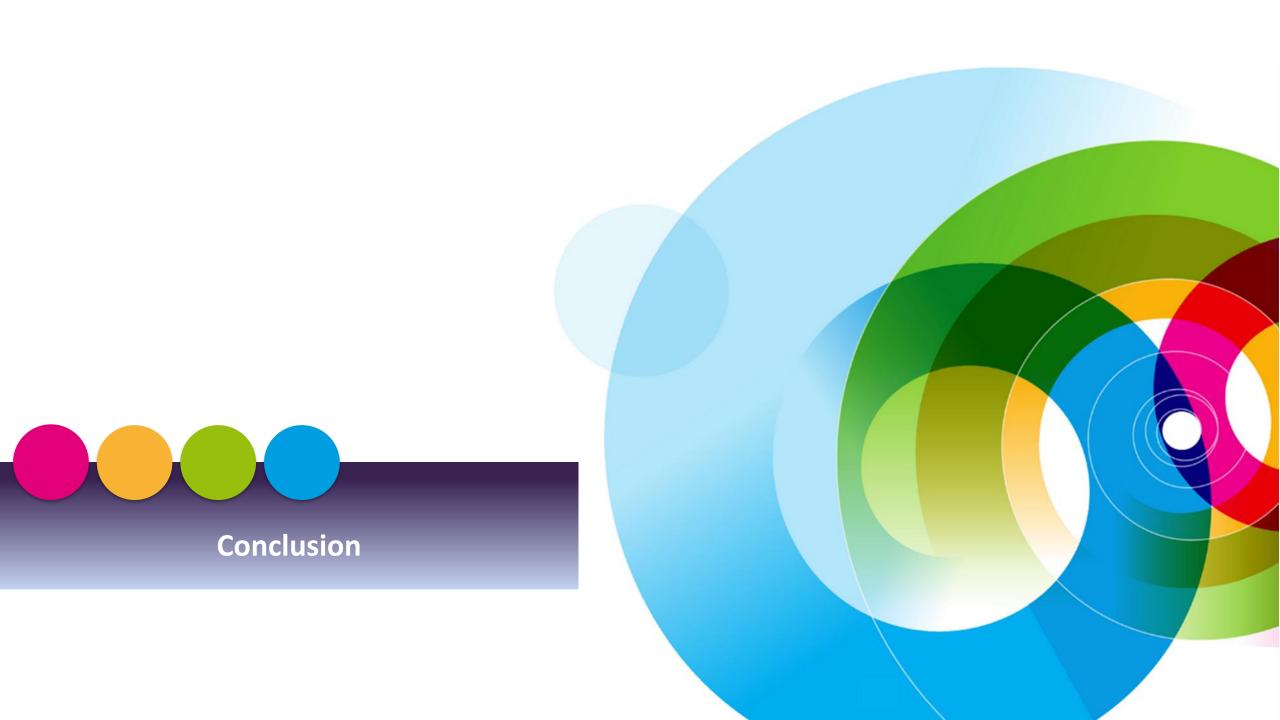


Platform retains very strong RSH VfM metrics

As at or fo	r year ended 31	March 2021
(data based on Plat	form and 13 other so	cial housing providers)

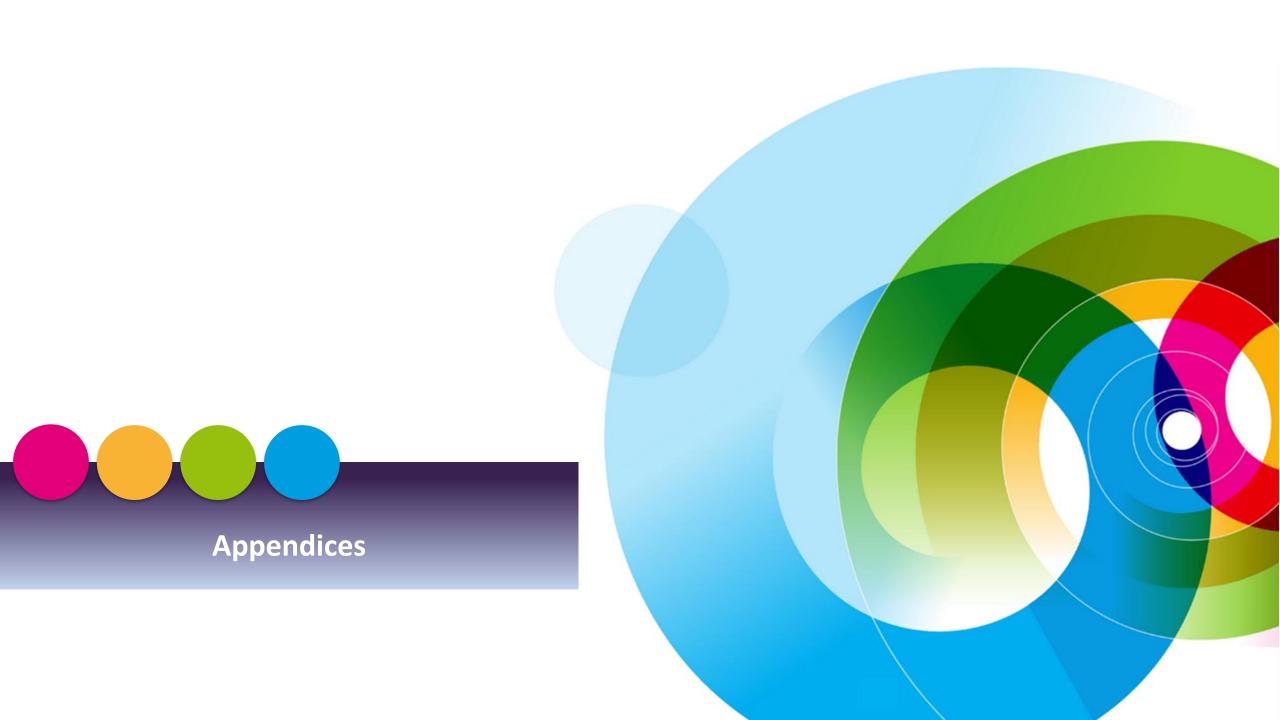
(data based on Platform and 13 other social housing providers)				
Lowest	Average (unweighted)	Highest	Platform	Platform ranking
3.4%	6.1%	8.5%	8.0%	2
0.7%	1.5%	2.2%	2.0%	2
0.0%	0.2%	0.6%	0.0%	1
28.9%	44.2%	51.9%	41.9%	3
91%	181%	241%	218%	4
£2,463	£3,638	£4,484	£2,463	1
17.5%	31.4%	42.9%	42.9%	1
13.8%	26.6%	38.0%	37.2%	2
2.6%	3.6%	5.1%	4.1%	3
	3.4% 0.7% 0.0% 28.9% 91% £2,463 17.5% 13.8%	Average (unweighted) 3.4% 6.1% 0.7% 1.5% 0.0% 0.2% 28.9% 44.2% 91% 181% £2,463 £3,638 17.5% 31.4% 13.8% 26.6%	Lowest Average (unweighted) Highest 3.4% 6.1% 8.5% 0.7% 1.5% 2.2% 0.0% 0.2% 0.6% 28.9% 44.2% 51.9% 91% 181% 241% £2,463 £3,638 £4,484 17.5% 31.4% 42.9% 13.8% 26.6% 38.0%	Lowest Average (unweighted) Highest Platform 3.4% 6.1% 8.5% 8.0% 0.7% 1.5% 2.2% 2.0% 0.0% 0.2% 0.6% 0.0% 28.9% 44.2% 51.9% 41.9% 91% 181% 241% 218% £2,463 £3,638 £4,484 £2,463 17.5% 31.4% 42.9% 42.9% 13.8% 26.6% 38.0% 37.2%



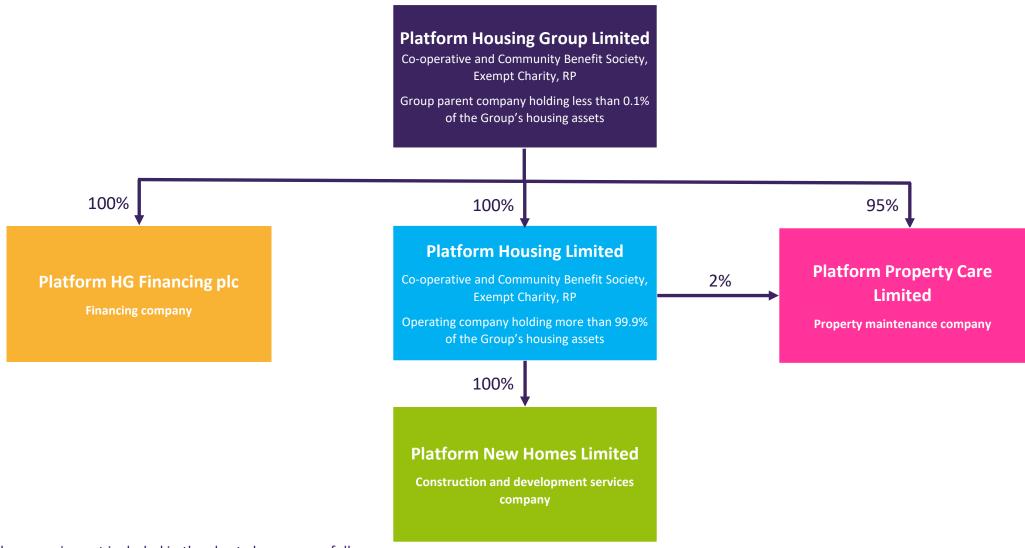


Conclusion

1	Operational highlights	
	Strong housing sales performance in both first tranche and existing assets	Increase in revenue maintenance as capital programmes delayed
	Effects of Covid and Brexit on supply chains experienced	Voids challenging due to staffing shortages in maintenance division
2	Strategic priorities	
	Keeping customers at the heart of operations. New operating model launched to improve service	Development transition to land-led strategy. Secured grant of £250m in Homes England 2021-26 programme
	Continued focus on sustainable operations. Carbon baseline report commissioned	Safeguard financial strength of organisation: A+ (stable) rating affirmed by Fitch
3	Financial highlights	
	Turnover increased by £16.2m to £150.5m. Operating surplus down by £7.9m to £46.9m driven by one-off depreciation charges	Social housing lettings margin 37% (2020: 47%) supported by continued focus on cost efficiency; affected by one-off depreciation charges
	Gearing down to 41.8% (2020: 42.8%): strong sales and grant supporting lower debt	£250m sustainable bond issued in September 2021



Corporate Structure | Proposed Corporate Structure



Associated companies not included in the chart above are as follows:

- Waterloo Homes Limited is a dormant company 100% owned by Platform Housing Group
- Rooftop Housing Association Limited owns 3% of Platform Property Care Limited as part of a cost sharing arrangement

Notes, sources and defined terms

Page number	Comments
	Financial data throughout this document relates to Platform Housing Group Limited
Page 8	Current tenant arrears relates to general needs tenants (primarily in social rental and affordable rental homes) and excludes shared ownership properties. It takes into account all tenant payment methods, The arrears figure is before provisions made for bad debts.
Page 9	Number of void properties includes shared ownership stock
Page 22	Surplus on property sales includes first tranche shared ownership property sales and sales of housing fixed assets
Page 27	Sample of social housing providers includes Platform Housing, Bromford, Citizen, Guinness Partnership, Home Group, Jigsaw Homes, Longhurst, Midland Heart, Optivo, 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://www.gov.uk/government/publications/value-for-money-metrics-technical-note/value-for-money-metrics-technical-note-guidance-june-2020
Page 31 / 32	The remaining 3% shareholding in Platform Property Care Limited is held by Rooftop Housing Association, an organisation unrelated to Platform Housing; excludes dormant company, Waterloo Homes Limited



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