

# Results for the year ended 31 March 2022

27 July 2022



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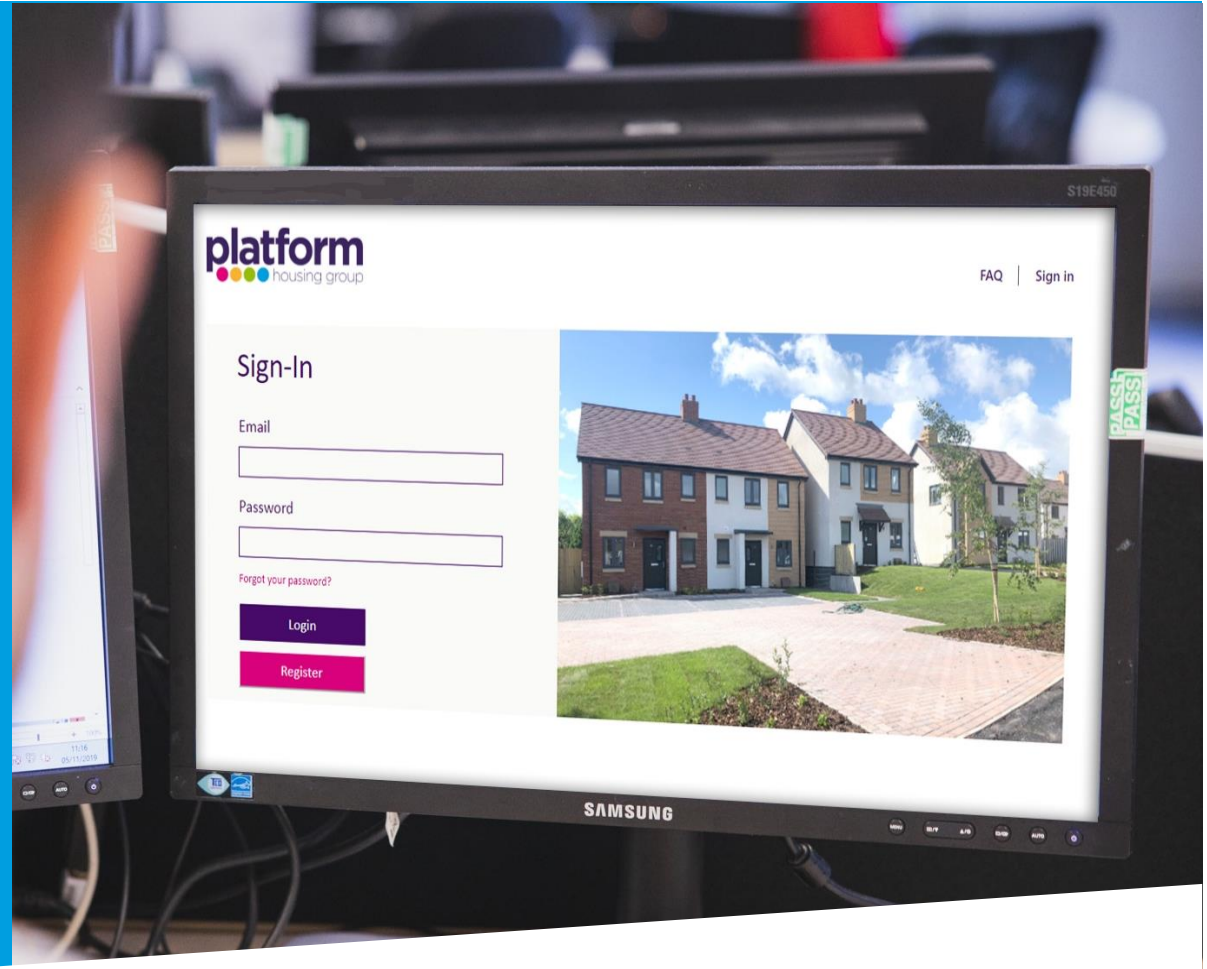




# Platform Highlights

# Operational Highlights

- Strong delivery supported by **concentrated Midlands geography, low average age of homes** and prevalence of houses
- Robust turnover growth with **c1,200 new homes** into management
- **Strong affordable housing sales performance** in both first tranche (shared equity) and existing assets
- Effects of Covid and Brexit felt on **supply chains, labour availability** and **cost inflation**





# Strategic Priorities

- **Customers centric strategy:** improvements to the collation and evaluation of customer satisfaction in year
- Continued focus on sustainable investments: **first carbon baseline assessment** produced in the year. **Sustainable Finance Framework** launched Aug-21
- Development transition to **land-led strategy:** grant allocation of **£250m** in Homes England 2021-26 programme
- Safeguarding financial strength: **A+** (stable) ratings reaffirmed by **S&P** and **Fitch**



# Financial Highlights

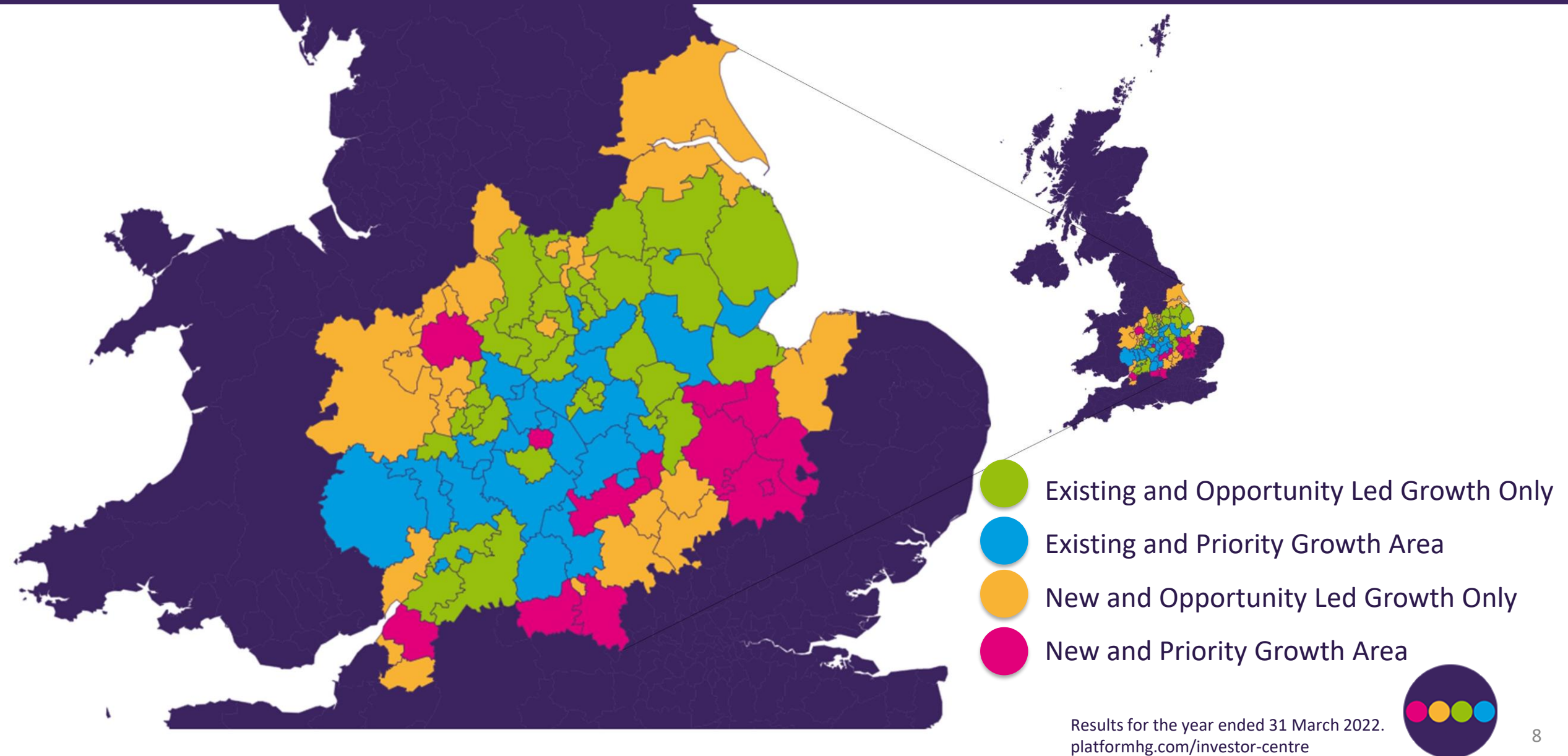
- **Turnover increased by £27m to £296.9m.** Operating surplus down by £11.3m to £89.9m driven by one-off depreciation charges due to alignment of policy.
- **Social housing lettings margin 35%** (2020: 43%) affected by one-off depreciation charges and maintenance costs
- **Gearing in line with prior year: 42.3%** (2021: 41.9%) EBITDA-MRI interest cover 1.88x (2021: 2.18x) affected by maintenance catch up and cost inflation
- **£250m** sustainable bond issued Sept 2021





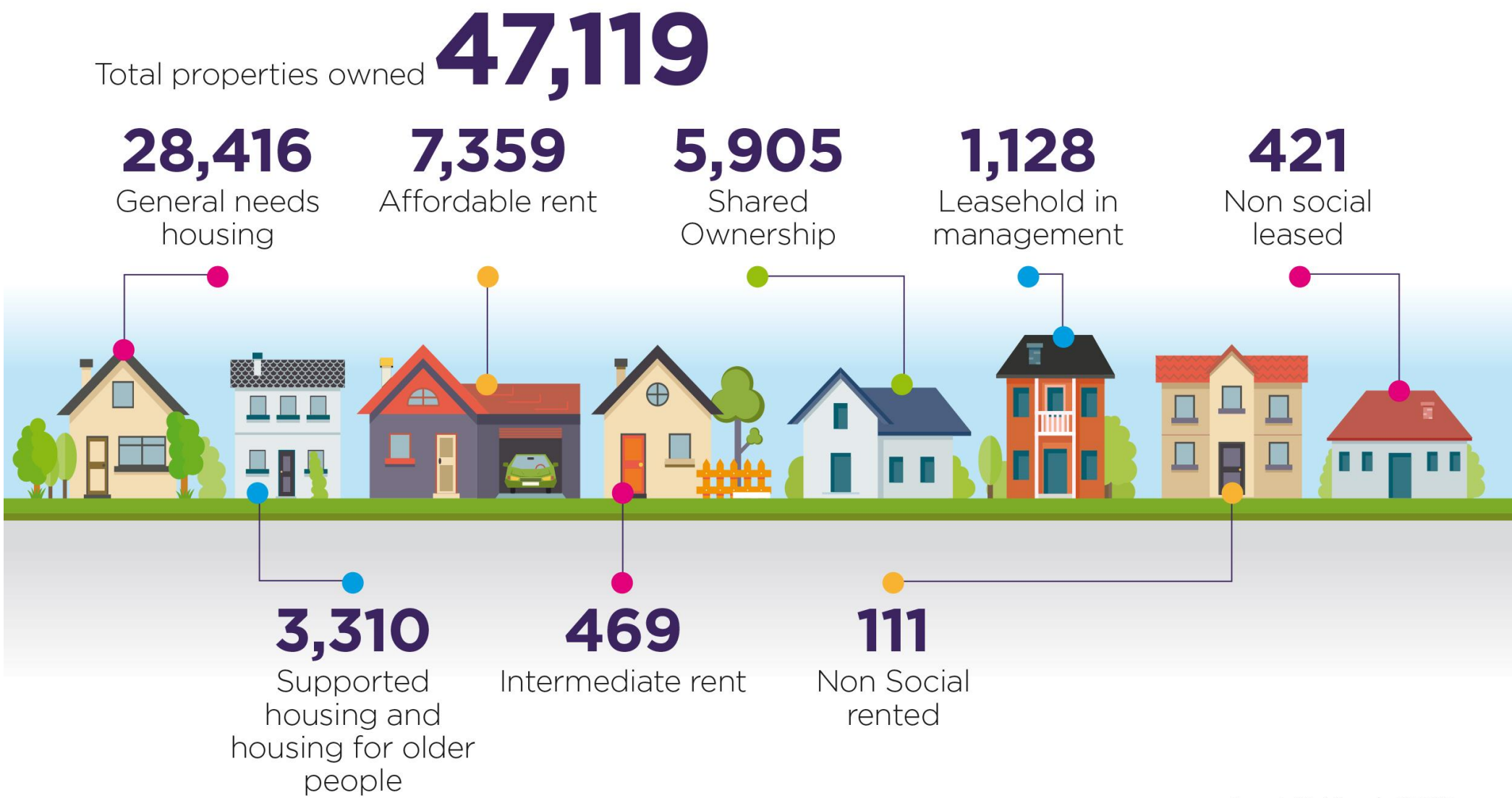
# Operational Update

# Our areas of operation





# Our stock profile



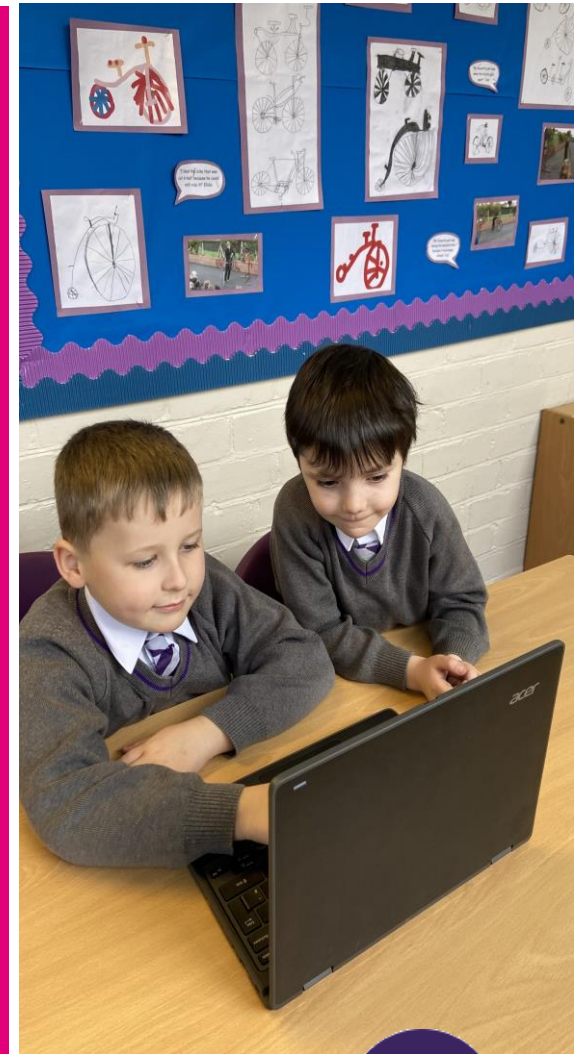
As at 31 March 2022  
Results for the year ended 31 March 2022.  
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# Macroeconomic update: COVID-19/Brexit/Ukraine

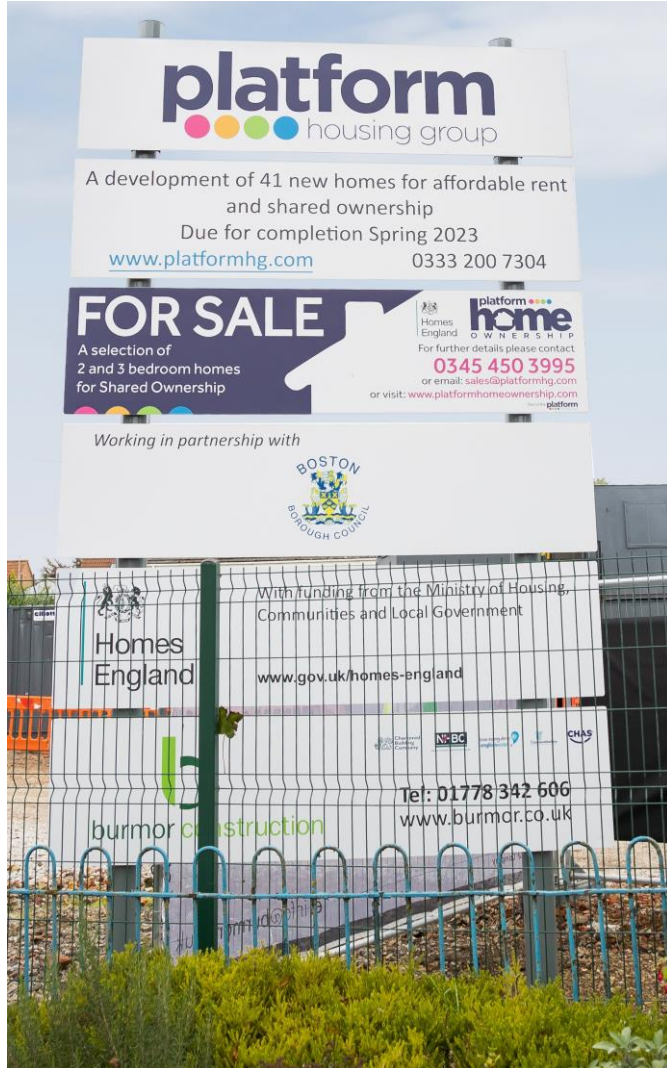
## Experience in the Year

- Robust turnover growth supported by new homes into management and rent inflation
- Sales market robust in areas of operation
- Cost inflation, labour shortages and supply chain issues experienced in maintenance and development
- Over 90% of office based staff transitioned to home workers
- Offices rationalisation with one sale in year, one shortly after year end and a third due to complete
- Covid Corporate Financing Facility (CCFF) (£100m) repaid May 2021
- Continued support for customers: Wellbeing Fund provided £1.6m, helping over 4,000 customers





# Macroeconomic update: COVID-19/Brexit/Ukraine



## Forecast for the year ahead

- Continued turnover growth supported by rent increases and additional homes in management
- Rent setting decision for April 2023 onwards a big focus for the Board, with multiple factors at play. Decision to be made by end of 2022
- Demand for housing sales expected to remain robust, but fewer sales as a consequence of reduced pipeline
- Customers expected to be affected by inflation and potential negative growth in the UK: Wellbeing Fund to continue to help support those most in need
- Sustainable operations and developments: energy efficiency improvements to existing homes and further research into construction using modern methods



# Supporting customers, welfare benefits and arrears

- Arrears 2.42% at March 2022 down from 2.7% in March 2021
- Cost of living squeeze expected to have an impact on arrears but not a material deterioration of turnover and margins
- Well-being fund in operation since 1<sup>st</sup> April 2021;
  - £1.6m paid out helping c4,000 customers with essential items
- Rent support team in place to help with training, employment and advice:
  - £6.8m social value creation (Using HACT Social Value Calculator)
- Platform team supported by partnership with Stay Nimble, providing online coaching services to enhance skills, employment and wellbeing

Recent evolution of arrears

	31 March 2020	31 March 2021	31 March 2022
Current tenant arrears	2.87%	2.70%	2.42%

See page 37 for notes, sources and defined terms

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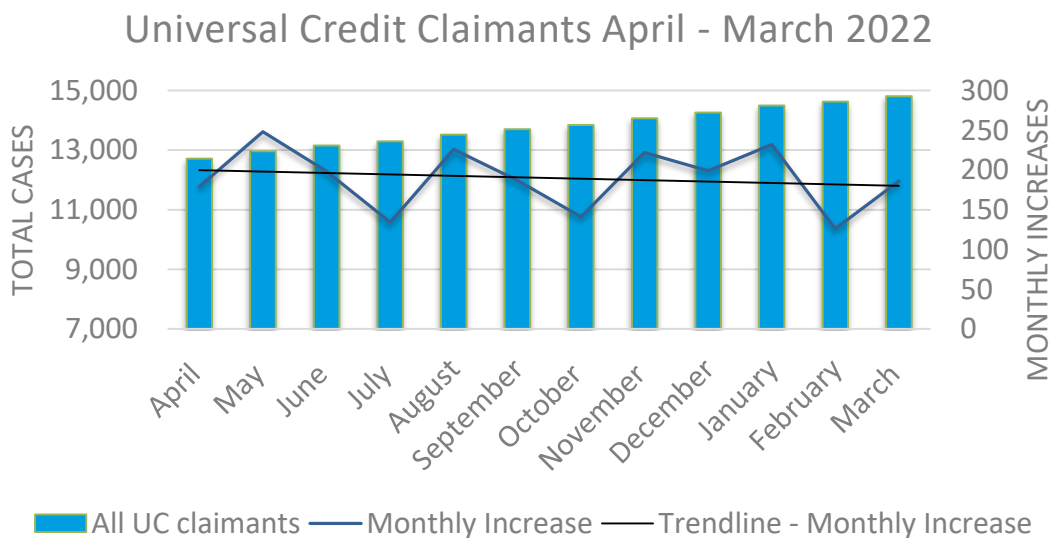




# Operational Update | Universal Credit

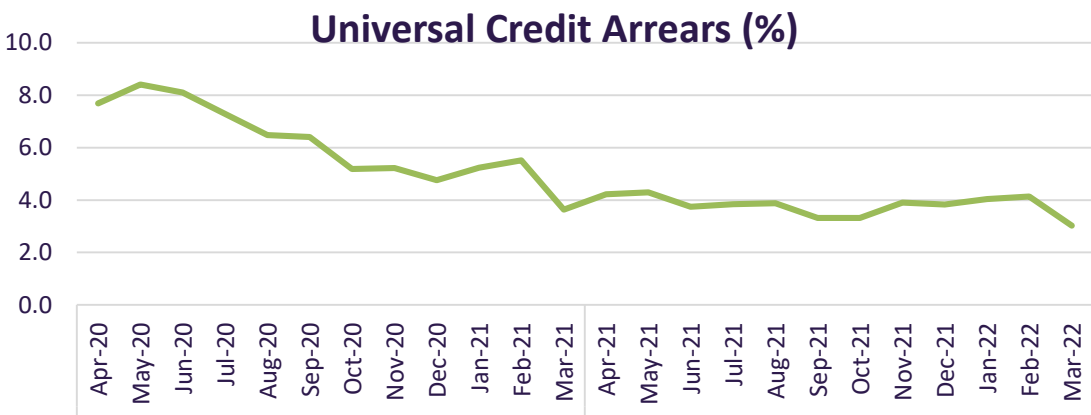
## UC Claimants

- Growth in UC claimants returned to pre-covid levels: average of 190 in year to March 2022 (2020/21: 316)
- 14,808 customers in receipt of UC at March 2022 (March 21: 12,530)
- Approximately 18,000 customers expected to be in receipt of UC after full roll-out in 2024



## UC Arrears

- Arrears for customers in receipt of UC were 3.02% at 31 March 2022 (March 2021: 3.64%)
- Increased experience in supporting customers to transition from housing benefit
- Benefit of change to timing of payments from Department of Work and Pensions
- Outlook: arrears expected to be broadly consistent with moderate impact of cost of living squeeze



# Customers | voids

- Challenging year for voids
- High levels of homes handed back during Q1/Q2 as families consolidated post Covid
- Shortages in maintenance operatives affected the time taken to complete void repairs
- Maintenance also affected by Covid-19: absences peaked in Q4 due to Omicron variant
- Recruitment drive has expanded resource for the year ahead

## Recent evolution of voids performance

As at or for the year ended	31 March 2020	31 March 2021	31 March 2022
Number of void properties (including unsold shared ownership homes)	550	422	524
Void losses (£000)	2,551	3,337	3,710
Void losses to social housing lettings turnover	1.2%	1.5%	1.6%

See page 37 for notes, sources and defined terms

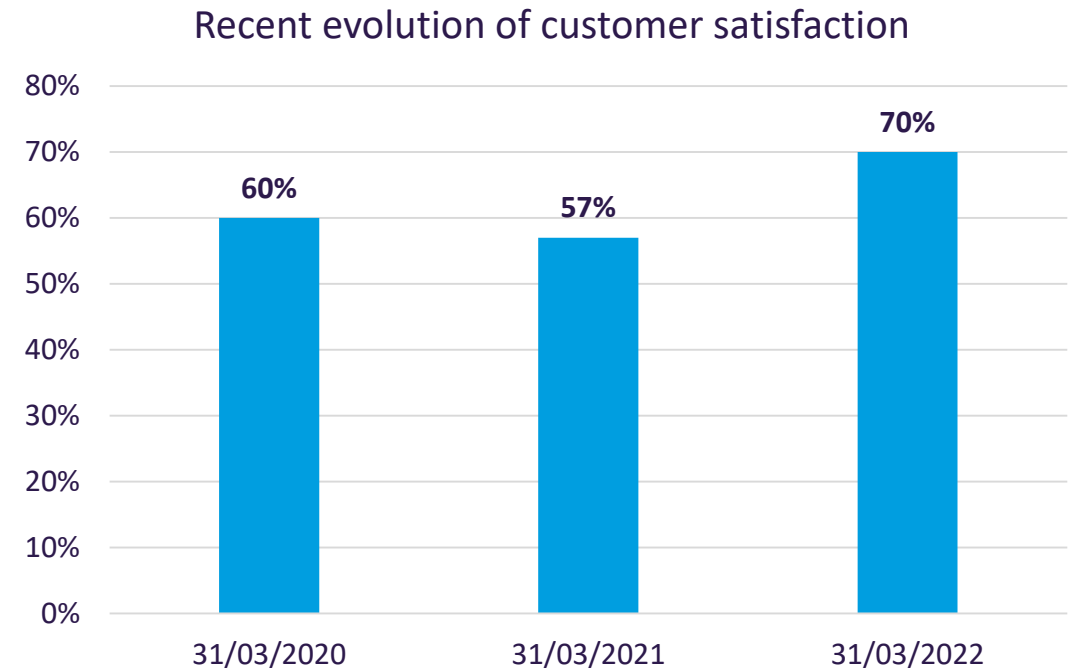
Results for the year ended 31 March 2022.  
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# Customers | service

- Significant improvements in the collation and evaluation of customer feedback
- 16,000 customer survey responses received in the year (2020/21: 6,000)
- Customer Experience Panel enhanced: new Chair appointed
- Overall satisfaction of 70% still below target of 75%
- Platform volunteered to be part of regulatory pilot in the coming year: Tenant Satisfaction Measures



# Operations | Asset Management



- Maintenance affected by cost inflation, supply chain issues and labour shortages
- Pay review undertaken to help retain and expand resource
- Operations expanded with new external contract (Stonewater) commenced 1<sup>st</sup> April 2022
- Repairs satisfaction remains high at 87% (March 2021: 88%)
- Sustainability Team established to support decarbonisation
- Gas safety and Fire Risk Assessment compliance substantially recovered after Covid-led access issues
- Recruited and fully mobilised building safety team
- All fire risk actions fully provided for in existing business plan

## Recent evolution of gas safety and fire risk assessment compliance

As at or for the year ended	31 March 2020	31 March 2021	31 March 2022
Valid gas safety certificate	99.6%	99.7%	99.96%
Valid fire risk assessment	99.0%	100%	100%

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**Environmental,  
social and  
governance  
(ESG)**





# ESG - Environmental

- First carbon baseline report produced for scope 1, 2 and 3 emissions
- Majority of emissions from purchased goods and services (49%) and housing stock (43%)
- Reduction of 7% in emissions between years ended March 2020 and 2021 due to lower development activity
- March 2022 assessment in progress: results available at the half year
- Energy performance certificates (EPCs) completed for a further 6,000 homes: coverage c90% at March 2022
- Average EPC rating of C for housing stock at March 2022 c70%
- Over 300 homes retro-fitted with energy efficient components including solar panels and air source heat pumps
- Investigating greater use of modern methods of construction for new developments: Building Better Framework to help support
- ISO14001 certification for Platform Property Care establishing environmental standards and framework for continuous improvements

## Making an Impact

Our Sustainability Report  
2021-2022



Sustainability Report - published July 2022  
Sustainable Finance Framework – published August 2021

Results for the year ended 31 March 2022.  
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# ESG - Social

- 1,171 homes completed during the year for affordable tenures: 20% for social rent, 41% for affordable rent and 39% low cost home ownership
- 99% of homes in management are let for a social purpose; rents are on average 63% of private sector levels
- Flexible working model introduced with 90% of office workers now based at home; offices rationalisation in progress
- Real Living Wage introduced for lowest paid staff
- £1.6m Wellbeing Fund established to help those most in need: £120,000 of which allocated to community initiatives
- Further investment of £150,000 in community projects, helping to improve wellbeing, community cohesion and employment skills
- 'Digital4everyone' website to support improvements in digital literacy: free courses and live chat available
- Dedicated Rent Support Team help customers better understand welfare benefits, provide budgeting advice and debt specialist referrals: social value generation £6.8m (HACT)



Sustainability Strategy due Q2 2022/23

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# Governance

- Highest governance and viability ratings from the Regulator of Social Housing in England (G1/V1)
- A+ (stable) ratings affirmed by S&P and Fitch
- Second Sustainability Report produced in accordance with the Sustainable Reporting Standard
- Platform Standard in progress outlining expectations for the quality, affordability and sustainability of homes in management
- Information security enhanced with ISO27001 certification
- 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 appendix on slide 37)



**External auditors: KPMG**

**Internal auditors: Mazars**

Results for the year ended 31 March 2022.

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M5 J11A

A417

# Development Update

Phase 7  
Employment &  
Attenuation

Phase 7  
Residential

Valiant Way

Delta Way

# Development Update

## Background

- Strong focus on social housing tenures
- Delivered ~6,700 homes over 5 years to March 2022
- Completions of 1,171 in year to March 2022
- Key Strategic Partner to Homes England with £250m grant allocated as part of 2021-26 programme

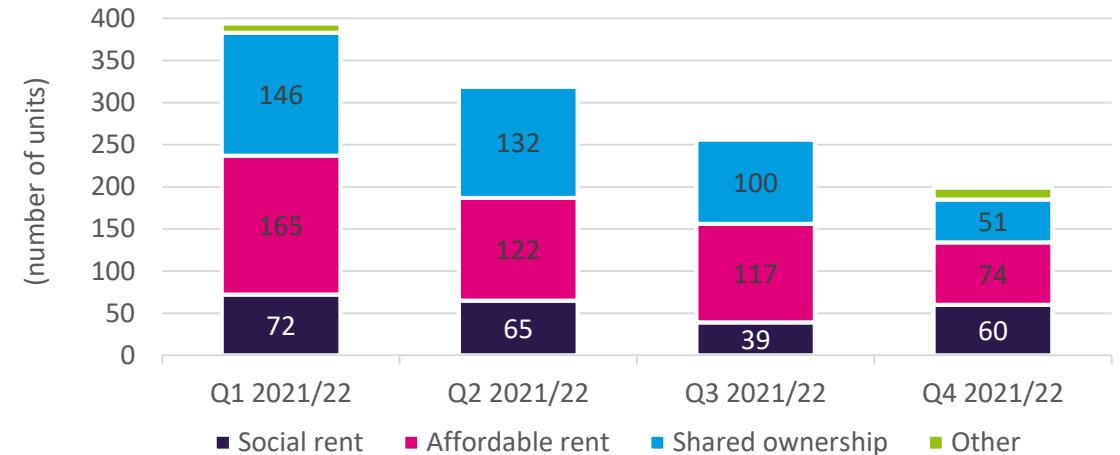
## Strategy

- Current plan includes ~8,000 homes to 2027 of which ~4,500 from Homes England grant funded programme; aspiration to develop over 10,000 homes
- Social tenures remain key with non-social tenures increasing modestly
- New methods of construction to improve energy efficiency – targeted 30% of programme by 2026

## 2021/22 Performance

- 1,171 completions in the year (2021: 909)
- In the two years to March 2022 we developed the fourth and third highest number of affordable and social houses in England
- Focus on affordable tenures: no outright sales / market rented
- Pace of building affected by extended supply times, further national lockdowns and planning delays
- Strong pipeline: 2,608 units in contract and a further 580 approved by the Board at year end
- Secured £250m of grant from Homes England to develop 4,680 homes as part of 2021-26 programme
- Completions of 1,100 – 1,200 projected for the year to March 2023

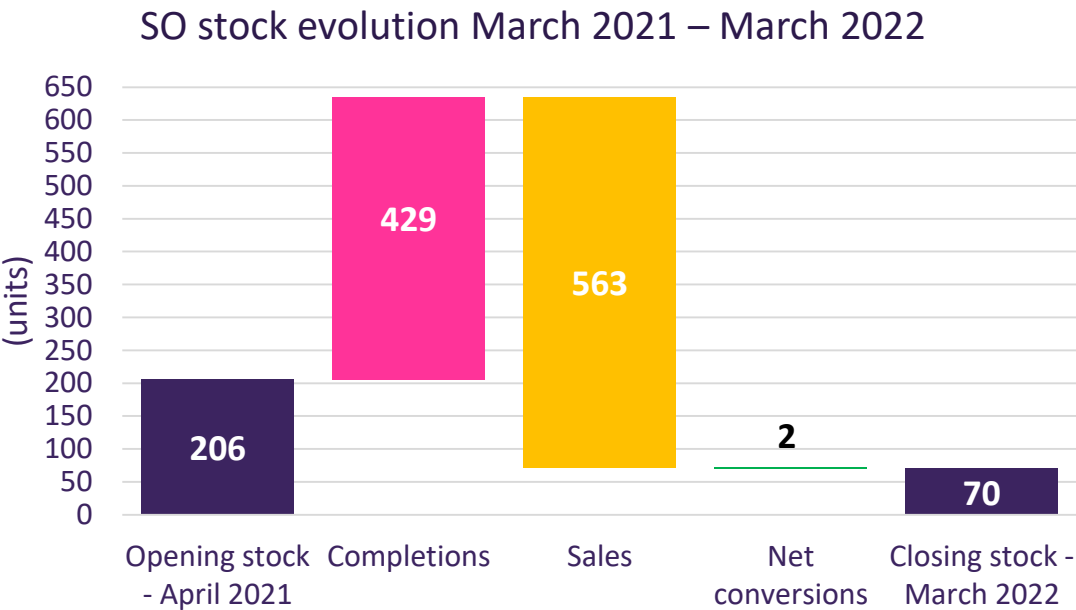
Quarterly new home completions 2021/22





# Strong housing market in areas of operation

563 total shared ownership (SO) sales (2020/21: 408)



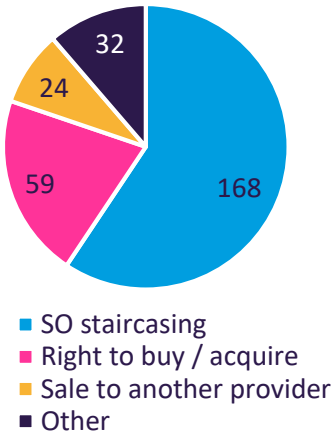
Unsold homes of 70 (March 2021: 206) supported by earlier and more targeted marketing

Shared ownership stock status (31 March 2022)

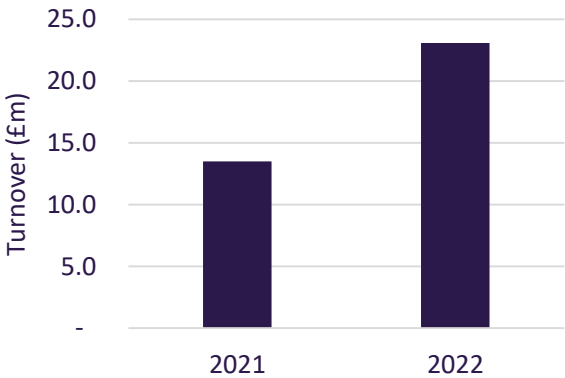
	Unsold	Reserved	Available
Total unsold	70	47	23
Unsold >6 months	42	19	23
Unsold <6 months	28	28	-

- 283 fixed asset housing sales (2020/21: 170)
- Turnover up to £23.1m (2020/21 : £13.5m) and margins of 44% (2020/21 : 43%) demonstrate strength of market
- 24 homes sold to another provider as part of one-off sale of formerly leased homes

Housing fixed asset sales 2021/22



Turnover from sale of housing fixed assets

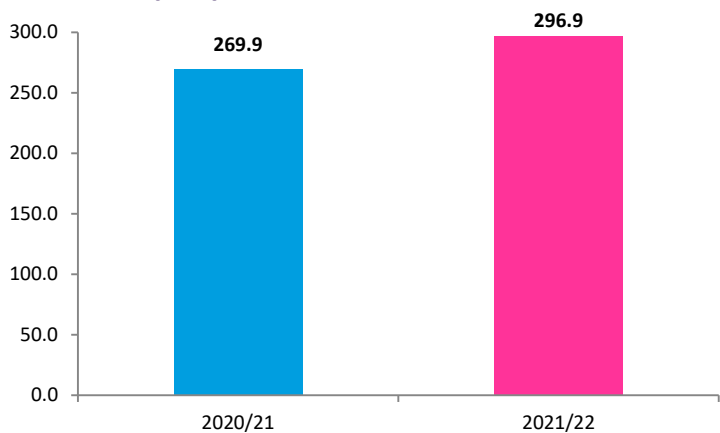


# Financial Performance

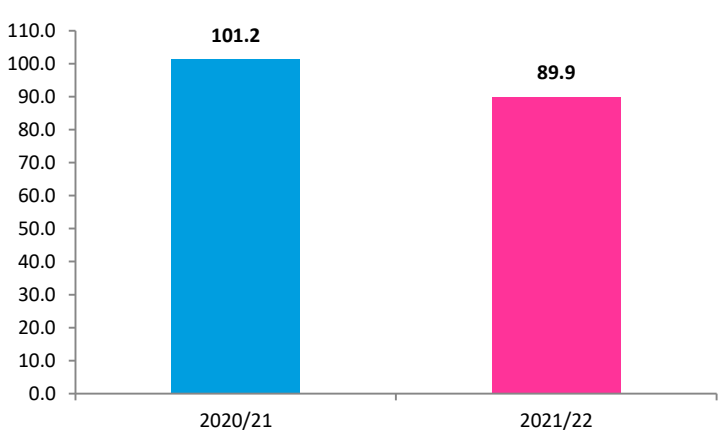


# Financial Performance | Historical Performance

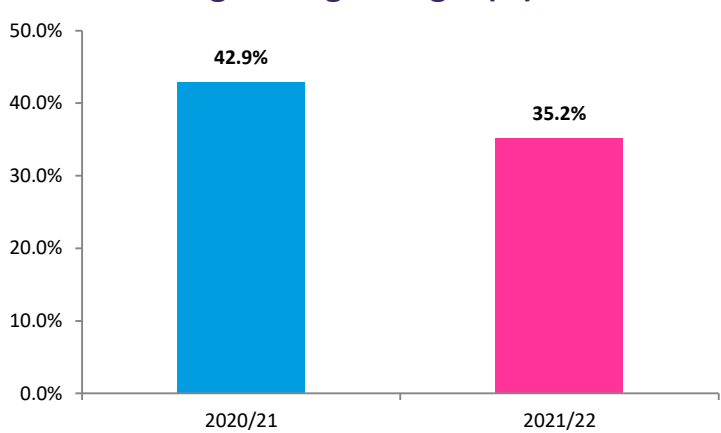
Turnover (£m)



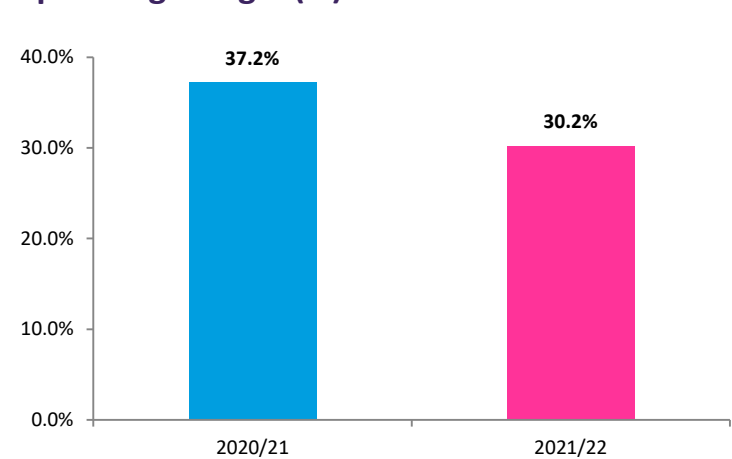
Operating Surplus (£m)



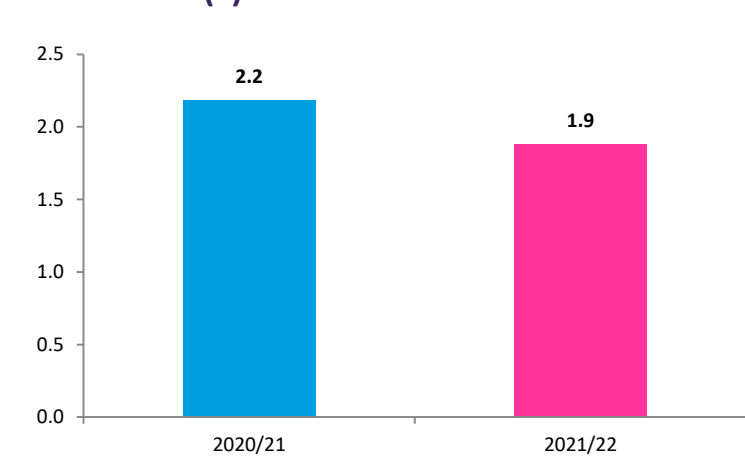
Social Housing Lettings Margin (%)<sup>1</sup>



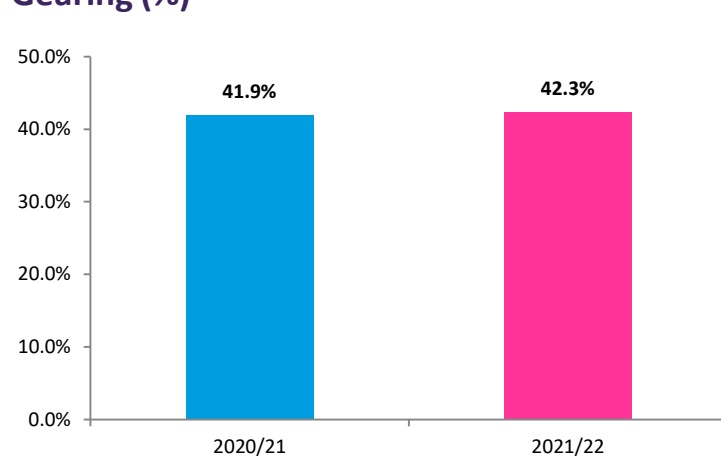
Operating Margin (%)<sup>1</sup>



EBITDA MRI (x)<sup>1</sup>



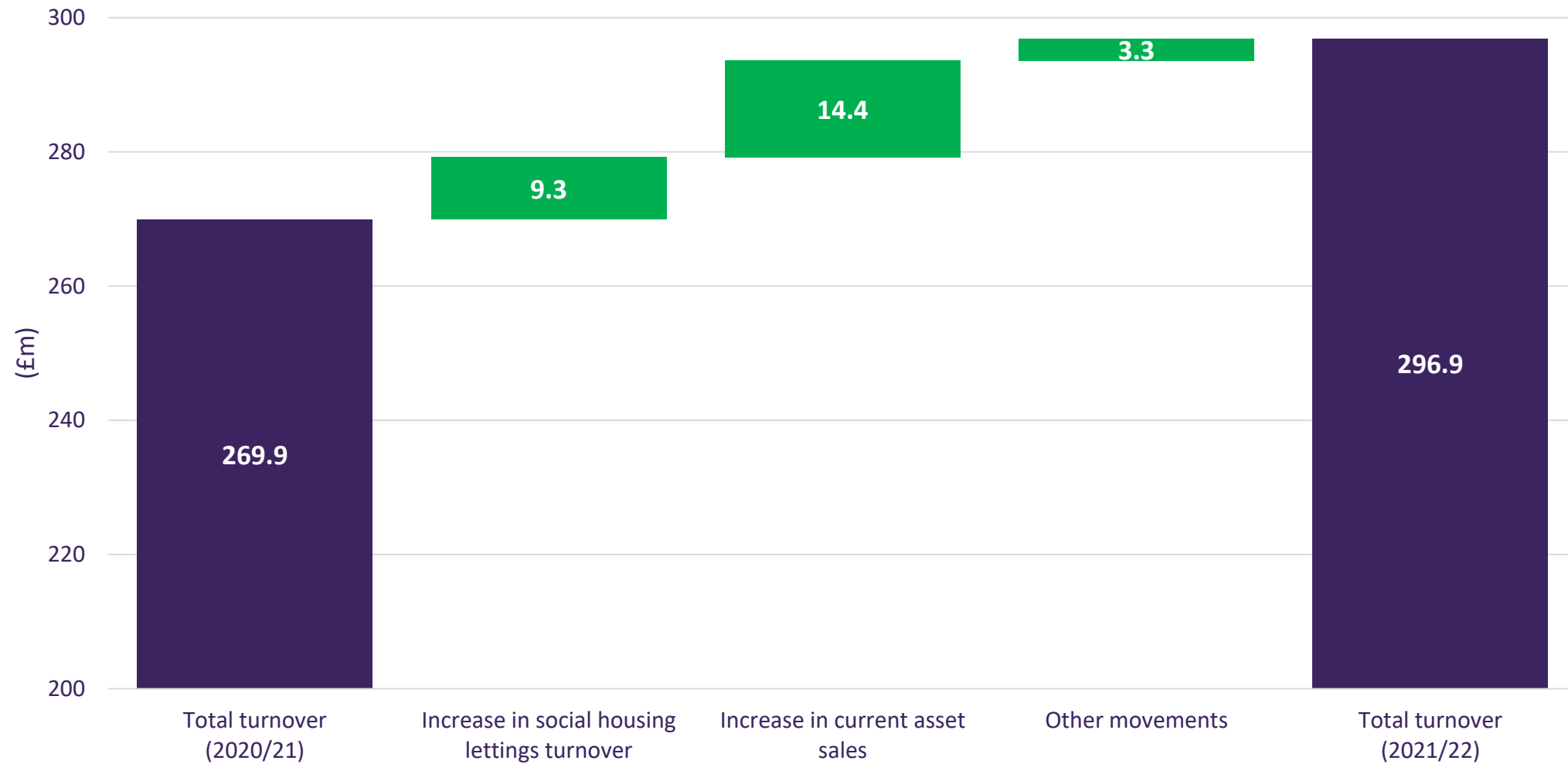
Gearing (%)<sup>1</sup>



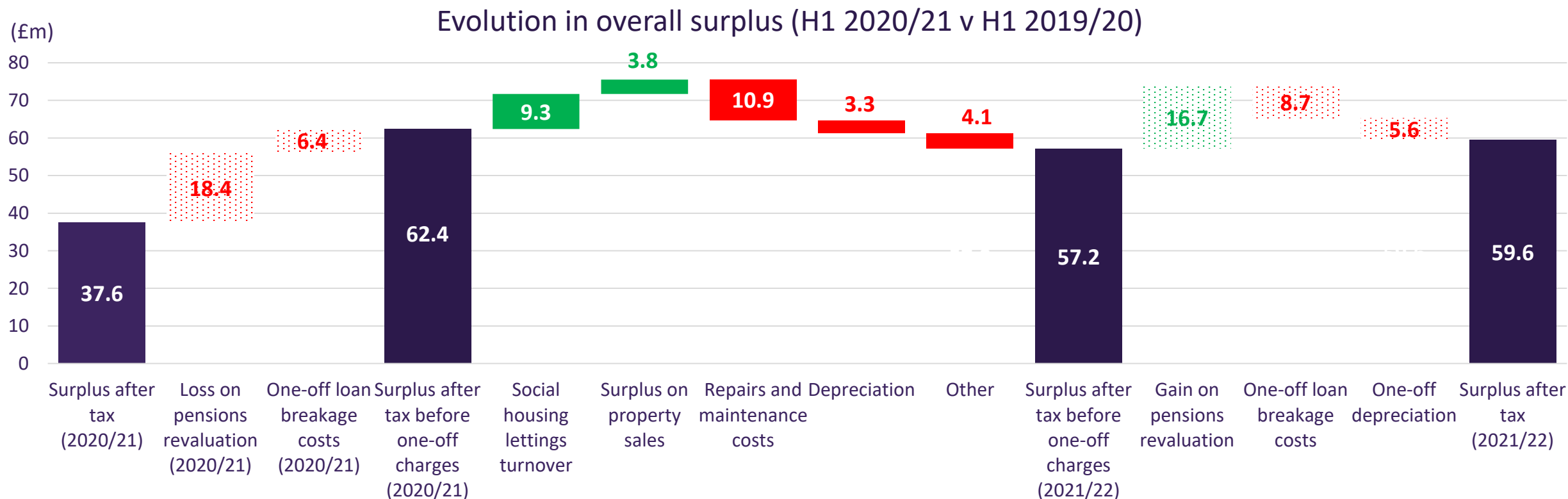
1. Calculated in accordance with the Regulator of Social Housings Value for Money Metrics Methodology



# Total turnover up 10% driven by lettings and sales



# Surplus after tax reconciliation

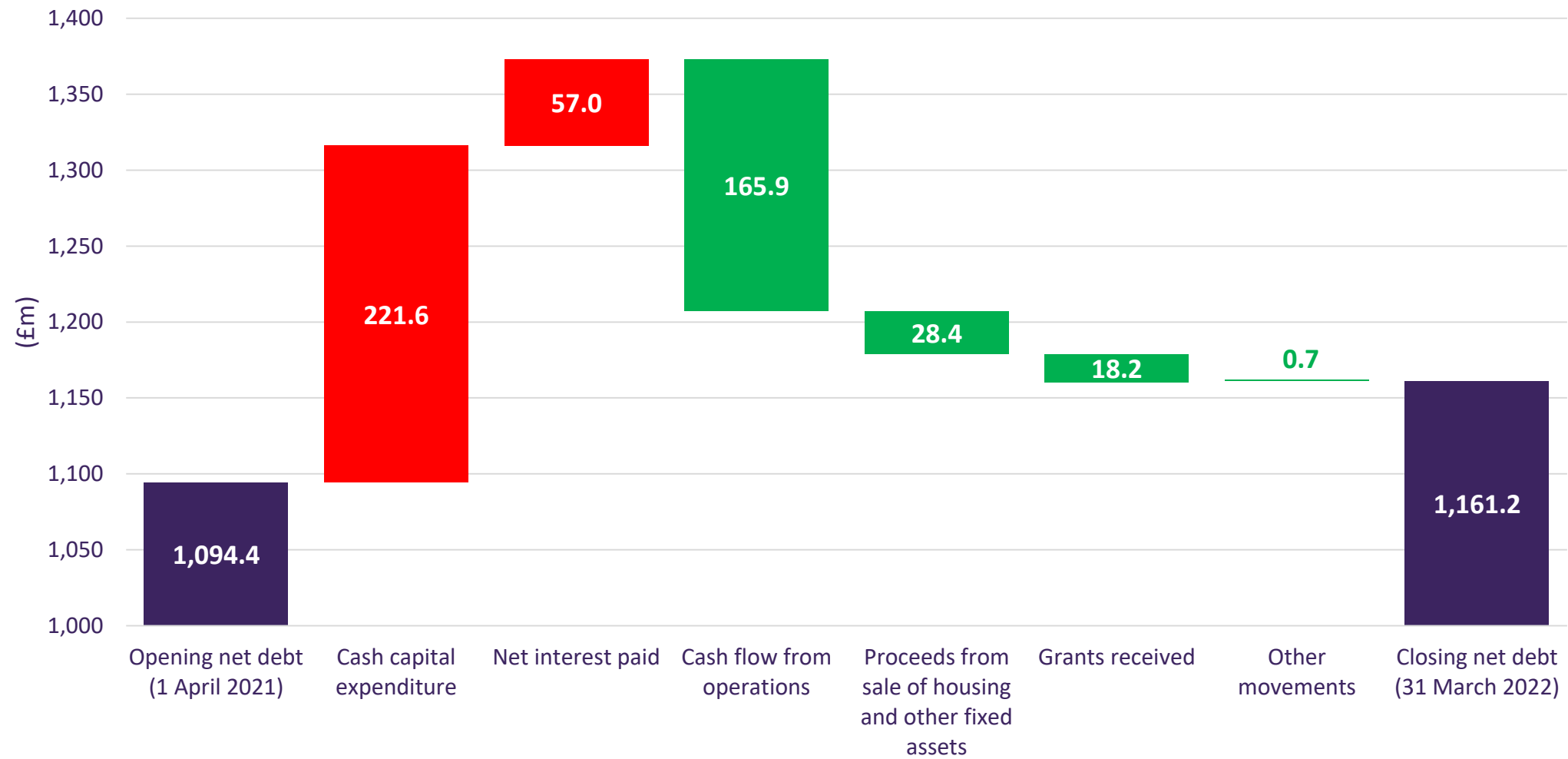


See page 37 for notes, sources and defined terms

Results for the year ended 31 March 2022.  
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# Strong cash inflows – net debt FY 22 vs FY 21







# Treasury Overview

# Robust Treasury Position

## Substantial liquidity and flexibility

Cash & undrawn facilities >£800m  
2025 liquidity horizon  
9,700 unencumbered properties

## Capital markets strategy

Sustainable Finance Framework:  
August 2021  
First Sustainable Bond: September  
2021 - £250m

## Strength and resilience

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

## Key treasury metrics (change from 31 March 2021)

**188%**  
**(-30ppt)**

EBITDA-MRI  
interest cover

**42.3%**  
**(+0.4ppt)**

Gearing

**22 years**  
**(-)**

Average life of  
drawn debt

**3.28%**  
**(-0.12ppt)**

Average cost of  
drawn debt

**99%/1%**  
**(-)**

Fixed/floating  
debt mix





# Treasury | Golden Rules

- Financial Golden Rules approved by the Platform Board in May 2021
- Set to support the delivery of strategy whilst maintaining strong investment grade credit and regulatory ratings

Metric	Golden rules	2021/22 actual
Operating margin – social housing lettings	At least 35%	35.2%
Proportion of turnover from sales	No more than 25%	16%
EBITDA-MRI interest cover	At least 120%	188%
Gearing	Less than 55%	42.3%
Asset cover	At least 5% over minimum	38%
Liquidity horizon (committed and forecast cash flows)	At least 18 months	>36 months



# Retained very strong RSH VfM metrics

RSH VfM metric	Platform peer group comparison (31 March 2022 data for peer group not yet available)					
	Lowest	Average (unweighted)	Highest	Platform March-21	Platform ranking March-21	Platform March-22
Reinvestment	3.4%	6.1%	8.5%	8.0%	2	7.9%
New supply (social housing units)	0.7%	1.5%	2.2%	2.0%	2	2.5%
New supply (non-social housing units)	0.0%	0.2%	0.6%	0.0%	1	0%
Gearing	28.9%	44.2%	51.9%	41.9%	3	42.3%
EBITDA-MRI interest cover	91%	181%	241%	218%	4	188%
Headline social housing cost per unit	£2,463	£3,638	£4,484	£2,463	1	£2,855
Operating margin (social housing lettings)	17.5%	31.4%	42.9%	42.9%	1	35.2%
Operating margin (total)	13.8%	26.6%	38.0%	37.2%	2	30.2%
Return on capital employed	2.6%	3.6%	5.1%	4.1%	3	3.3%

See page 37 for notes, sources and defined terms







Conclusion

# Robust performance in challenging environment

1

## Operational highlights

- Strong delivery supported by **concentrated Midlands geography, low average age of homes** and prevalence of houses
- Robust turnover growth with **c1,200 new homes** into management
- **Strong affordable housing sales performance** in both first tranche (shared equity) and existing assets
- Effects of Covid and Brexit felt on **supply chains, labour availability** and **cost inflation**

2

## Strategic priorities

- **Customers centric strategy:** improvements to the collation and evaluation of customer satisfaction in year
- Continued focus on sustainable operations: **first carbon baseline assessment** produced in year. **Sustainable Finance Framework** launched Aug-21
- Development transition to **land-led strategy:** grant allocation of **£250m** in Homes England 2021-26 programme
- Safeguarding financial strength: **A+** (stable) ratings reaffirmed by **S&P** and **Fitch**

3

## Financial highlights

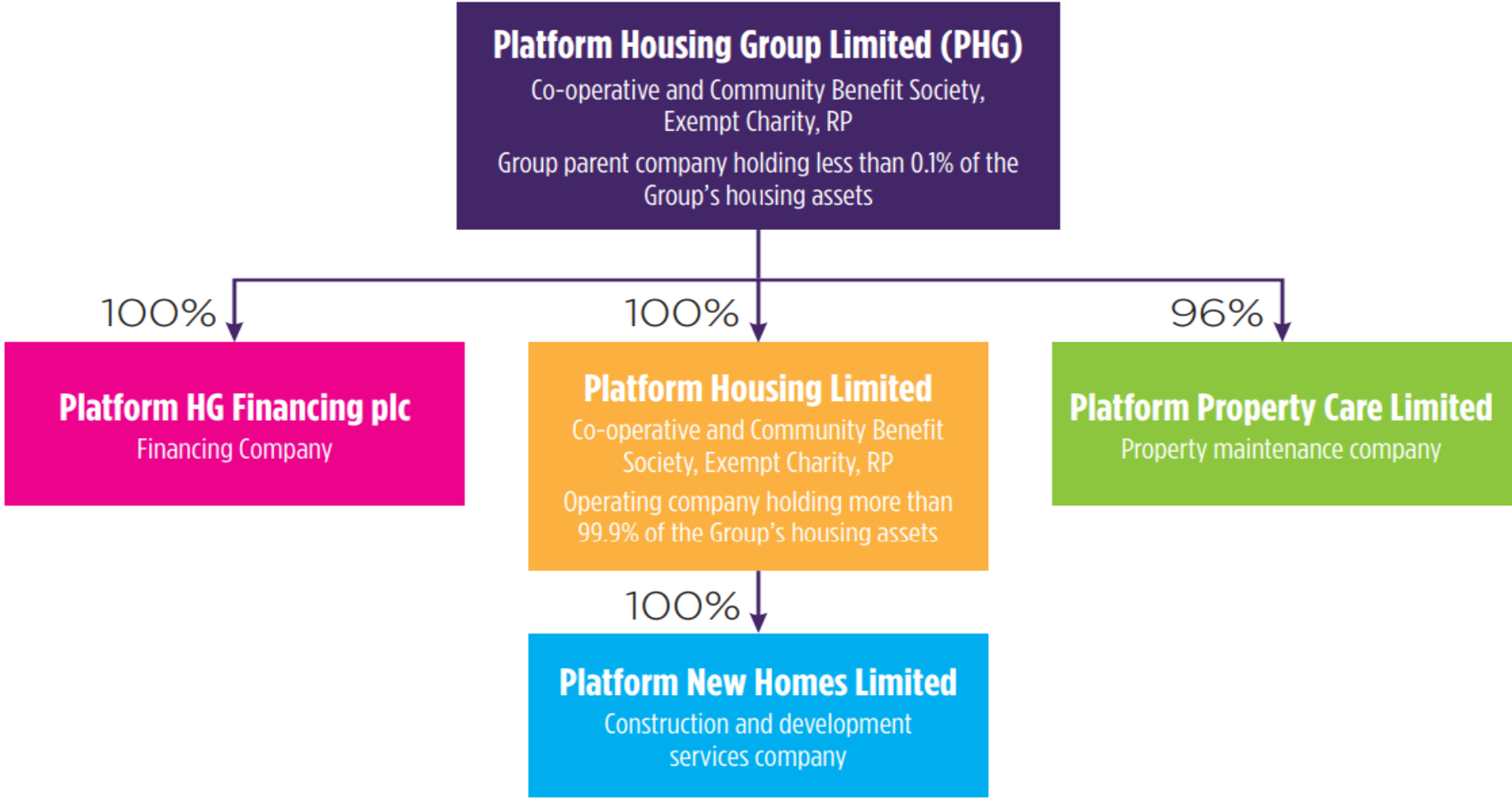
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- **Gearing in line with prior year:** 42.3% (2021: 41.9%) EBITDA-MRI interest cover of 1.88x (2021: 2.18x) affected by maintenance catch up and cost inflation
- **Social housing lettings margin 35%** (2020: 43%) affected by one-off depreciation charges and maintenance costs
- **£250m sustainable bond** issued in September 2021





# Appendices

# Corporate Structure | Proposed Corporate Structure



See page 37 for notes, sources and defined terms



# Notes, sources and defined terms

## Page number    Comments

### Financial data throughout this document relates to Platform Housing Group Limited

Page 12	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 14	Number of void properties includes shared ownership stock
Page 27	Surplus on property sales includes first tranche shared ownership property sales and sales of housing fixed assets
Page 32	<p>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.</p> <p>For more information on calculation of Regulator for Social Housing Value for Money metrics go to: <a href="https://www.gov.uk/government/publications/value-for-money-metrics-technical-note/value-for-money-metrics-technical-note-guidance-june-2020">https://www.gov.uk/government/publications/value-for-money-metrics-technical-note/value-for-money-metrics-technical-note-guidance-june-2020</a></p>
Page 36	The remaining 3% shareholding in Platform Property Care Limited is held by Rooftop Housing Association (3%) and Stonewater Limited (1%) (organisations unrelated to Platform Housing) as part of a cost sharing arrangement An. Structure excludes dormant company, Waterloo Homes Limited 100% owned by Platform





# Summary of Key Financial Metrics

Platform Housing Group Limited		
<i>As at or for year ending 31 March</i>	2021	2022
Turnover (£m)	269.9	<b>296.9</b>
Operating surplus (£m)	101.2	<b>89.9</b>
Operating margin	37.2%	<b>30.2%</b>
Operating margin – social housing lettings	42.9%	<b>35.2%</b>
EBITDA interest cover	2.4x	<b>2.1x</b>
EBITDA-MRI interest cover <sup>1</sup>	2.2x	<b>1.9x</b>
Gearing ratio <sup>1</sup>	42.3%	<b>41.9%</b>
Housing & other net assets (£m)	2,701	<b>3,019</b>
New homes completed	909	<b>1,171</b>
New homes investment (£m)	8%	<b>7.9%</b>
Reinvestment <sup>1</sup>	9.4%	<b>9.2%</b>
Void rent loss/turnover	1.5%	<b>1.6%</b>
Bad debts/turnover	0.6%	<b>0.7%</b>

<sup>1</sup>Value for Money metric in accordance with the English Regulator for Social Housing

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