Performance Update

For the period ending
30 June 2020

Great homes. Great communities. Great people.

great places 10 YEARS

This update covers performance for the period ending 30 June 2020.

Our Performance Updates are aimed at ensuring our investors and other stakeholders receive regular, timely information regarding the performance of the Group. We will publish these reports on a quarterly basis and will produce them within six weeks of the relevant quarter end.

The information included is based on unaudited management accounts and other internal performance measures.

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Key Headlines

PANDEMIC RESPONSE AND RECOVERY PLANNING

The COVID-19 pandemic continues to impact our customers, communities and colleagues. Some of the ways that we have helped our communities are explained below in the Corporate 'Social' News stories.

Operationally, Great Places responded effectively to maintain essential services whilst following Government and HSE guidelines and having moved out of lockdown and recommenced virtually all services, the Group is now very much planning for the next stages of recovery. Our business continuity team continues to meet regularly to manage the operational impacts and challenges of this pandemic and lead the organisation in workplace recovery.

2019/20 FINANCIAL RESULTS

The statutory accounts of the Great Places Housing Group for 2019/20, along with those of its subsidiaries, have been approved by their Boards, following a clean audit which was conducted entirely virtually during the lockdown period. The results were in line with our expectations for the year and the financial statements will be published on our website after our AGM in mid-September.

We are fair, open and accountable

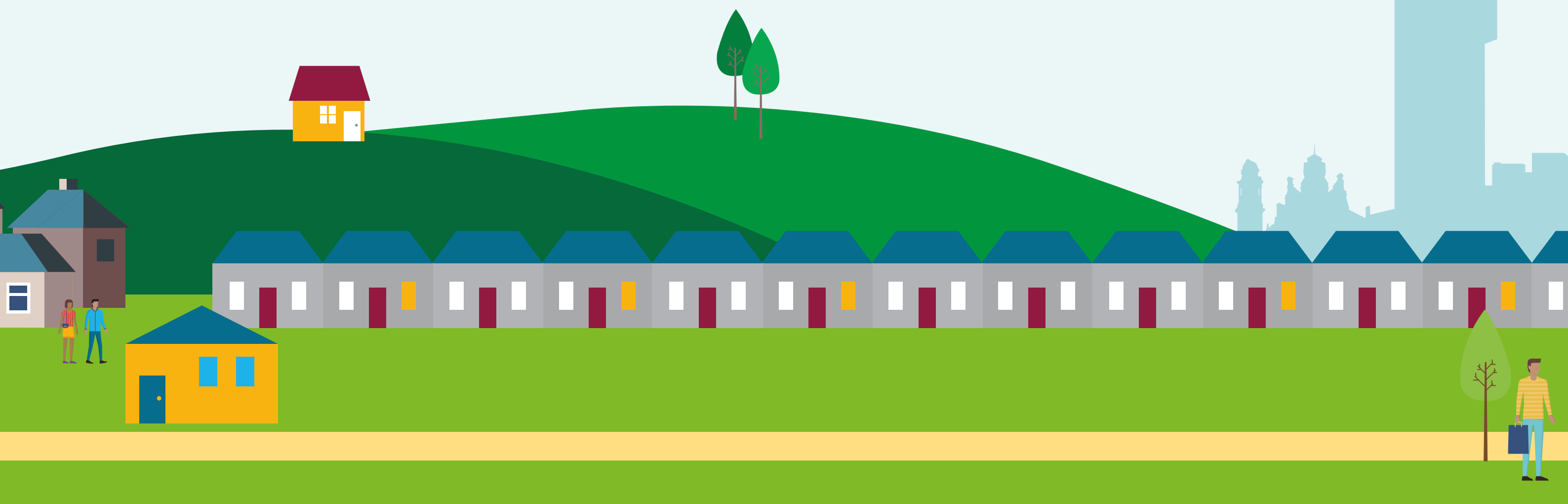
We appreciate the effort of everyone who works with us

BUDGETS AND BUSINESS PLAN 2020/21

Given the unparalleled nature of the COVID-19 pandemic, Great Places will be reviewing the current year budget and long term business plan. The process of working with leaders across the organisation to fully understand the wide ranging impacts of COVID-19 and to revise our expectations for 2020/21 is well underway; for example to reflect the changing landscape of the property market and the affect on our development programme during the period of lockdown during quarter one. Early indications of the revised budget show that whilst surplus will reduce by up to 20%, primarily as market and shared ownership sales slip into 2021/22, there will be an increased operating margin and an improvement in EBITDA MRI in the current year. The same applies for repairs and investment works that were temporarily put on hold or reduced in quarter one 2020/21.

INTEGRATION OF THE FORMER EQUITY HOUSING GROUP INTO GREAT PLACES

The Transfer of Engagements on 1st April 2020 brought together Great Places and Equity Housing Group into one organisation. Integration is going well, with a dedicated Programme Management Office engaging with customers and colleagues to plan and implement change.



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Financial Performance

QUARTER ONE FINANCIAL RESULTS

The management accounts of the Group show year to date surplus of £5.1m, £0.3m better than budget. The most significant effects of the COVID-19 pandemic were reduced property sales and reduced repairs and investment works, all of which were delayed and are picking up again as the lockdown restrictions ease.

Investment programme spend was £1.1 m against a budget of £5.9m, of which only £0.2m was capitalised. Overall impact to surplus was £1.0m better than budget. Repairs and Maintenance essential work continued, although non essential jobs were initially postponed. Total net property sales surplus was £1.0m, £1.5m worse than budget. Net interest costs were £0.3m better than budget due to low interest rates. Turnover in the period was £31.5m and operating surplus £12.3m.

We promote partnerships, efficiency and value for money.

Drawn debt (excluding bond premium and including finance leases) as at 30 June 2020 was £592.7m (March 2020: £531.7m). The movement is mainly due to loans that were transferred from Equity Housing Group to Great Places Housing Association on 1st April 2020.

Mark to Market exposure on the Group's free standing derivatives was £54.1m, up from £51.8m at 31 March 2020, due mainly to reductions in 15-25 year swap rates. There was £31.1m cash collateral posted to meet counterparties' security requirements, up from £28.5m at 31 March 2020.

Liquidity is strong with closing cash balances (excluding) cash held on behalf of leaseholders) of £44.5m. Undrawn facilities immediately available are £145.7m of which £112.0m is fully secured. This does not include our £70m retained bond, which we can sell at any time. Our internal financial "Golden Rules" around interest cover, gearing and operating surplus were all met at the end of the period.

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Operational Performance

Our performance management centres around our Critical Success Factors ("CSFs") which are designed to focus us on the delivery of our Corporate Plan, and particularly our vision of "Great Homes, Great Communities, Great People". We have ten CSFs for 2020/21, as well as three-year targets and ten-year ambitions within our Corporate Plan. The CSFs give immediate oversight on progress against our vision and key objectives. The CSF targets for 2020/21 were set in early March prior to knowing the extent of COVID-19 and before lockdown occurred and we plan to review them and reset any where required.

Despite the impact of COVID-19 and lockdown, performance over quarter one has been largely positive. However, there are certain areas such as development completions, colleague sickness and re-lets where performance has been clearly impacted as a direct consequence.

There have been 37 Development Completions over quarter one, below the expected completion target of 164. This is due to the vast majority of our sites being closed towards the end of March and remaining closed throughout April and much of May. At the end of June, all of these sites are open having been made COVID-19 secure. Sites are operating with reduced labour due to social distancing practices and supply of some materials is proving problematic. Our early indications suggests an average of 10%-15% productivity loss on sites compared with before March, based on a wide range of sites at different build stages and various levels of productivity.

At the end of June, the average days sickness per employee was 10.2 days, an improvement of 0.2 compared to the end of April, but still higher than the phased monthly target for this stage of the year which was set before the impact of the pandemic was known. The increase in sickness seen during the first quarter was predominantly linked to coronavirus, however sickness levels are now decreasing, with days lost in May being 33% lower than March.

Our average re-let time has increased over the quarter, with an average re-let time of 34.3 days against a target of 23 days. While some re-lets did occur over lockdown, there were a number of properties unable to be re-let due to lockdown restrictions. This situation has contributed significantly to a dip in performance, introducing new rules on who was eligible to move and challenges to how we undertook re-let repairs safely. Following the easing of restrictions, with the majority of these properties now re-let, we expect to see next quarter's performance to return much closer to the norm with early signs being positive.

While the above CSFs have been impacted by COVID-19, the other seven CSFs are all above or on target highlighting our positive performance over quarter one despite the external circumstances. Trusted Stock Conditions surveys is at 90.6% with a review being undertaken for properties within our Equity region following the transfer of engagements. Currently, there are no concerns for meeting the year-end target of 96%.

We promote partnerships, efficiency and value for money.

Despite lockdown, we have helped 211 households into work, training and volunteering so far this year which is on track to surpass the year-end target of 750. Colleague engagement is currently at 78%, above the year-end target of 70% and Group surplus is also on track.

The % of digitally active tenants was 39.2% at the end of June, above the year-end target of 35%. This is a new CSF, replacing the % of digital contacts reported last year. Whilst that only looked at overall contacts in a month, the new CSF looks more closely at the contact behaviour of individual tenancy over the last 12 months. A digitally active tenant is defined as a tenant whose contacts over the last 12 months are 50% or more through our digital channels.

We know, respect and care about our customers.

At the end of quarter one current tenant arrears was 4.7%, representing a cash value of £3.55m. This is better than the monthly target of 5.2%. Current tenant arrears increased during the quarter, however not to the extent originally expected from COVID-19. The government's furlough scheme has largely protected us from the effects of lockdown on rental income and we expect to see the true impact of that on our arrears figures once the furlough scheme has ended in October 2020.

Over the course of quarter one we have continued to receive customer feedback in the form of our customer satisfaction surveys. While in previous years, the satisfaction CSF has focused on our General Needs customers, it was agreed for this year that it would be expanded to include all customer groups, and thus presenting a far more holistic view of our customer satisfaction. The majority of responses so far this year have been extremely positive with an overall satisfaction of 7.5/10, above our year-end target of 7.3/10. For just General Needs customers, overall satisfaction was at 7.95/10 compared to 7.53/10 at the end of March 2020.

Corporate News

These stories illustrate some of our recent activities, particularly in terms of Environmental, Social and Governance.

GOVERNANCE

Successful Innovation Chain North framework bidders announced

Over 100 firms recently celebrated being successfully appointed to Great Places Housing Group's £750m Innovation Chain North (ICN) framework of contractors and consultants. ICN has been designed to support delivery of new homes across the north of England, not only to support Great Places' very ambitious development programme but also those of other housing associations operating across the north of England. The framework renewal saw a 56% increase in bidders seeking to deliver works and services, with 183 companies applying to supply the framework. The majority of bidders applied for multiple lots, and in total 726 bids were evaluated across the 23 lots. In total 113 suppliers - 30 contractors and 83 consultants - were successful. The new framework will run until June 2024.

Forge New Homes submits planning on first site

Forge New Homes, the recently formed Sheffield-based partnership between five housing providers including Great Places, has exchanged contracts on its first site, a 98-home development in Pilsley, North East Derbyshire. It has submitted plans for the new homes on the seven-acre site, close to Clay Cross and Chesterfield. This will be a mixture of bungalows, two, three and four bedroom homes for sale and two and three bedroom homes for shared ownership and affordable rent. Subject to planning, work is due to start on the new site in Autumn 2020. The Pilsley site is a key milestone for the joint venture that is aiming to address the shortfall in housing in the Sheffield City Region.

ENVIRONMENTAL

Environmental Team launches online training offer

The Environmental team has used the current pandemic to develop an online version of its award winning Carbon literacy training. The virtual offer consists of a series of interactive sessions that look to increase participants' awareness of how organisations and individuals can change behaviours to reduce their carbon footprints and tackle climate change. Sessions are set to launch in early July with the first client being the North Housing Consortium. The training will also form part of Great Places internal induction programme for new colleagues who joined from Equity Housing in April.

SOCIAL

Great Places launches Community Resilience Fund to support COVID-19 recovery

Great Places has launched a Community Resilience Fund to support customers in our neighbourhoods that have been affected by the recent pandemic. It will provide financial support to charities, community groups and social enterprises to implement their COVID-19 recovery strategies and will enable them to become more resilient to future economic setbacks. The aim is to direct our funding and resources into our neighbourhoods, where there will be a positive impact to help our customers and communities.

Great Places donates £10,000 towards #KeepStockportCaring

The Equity Foundation, on behalf of Great Places, has donated £10,000 to #KeepStockportCaring – a campaign set up by Sector3 to fund voluntary, charity and social enterprise (VCSE) organisations working on the frontline during and after the COVID-19 outbreak. All money raised by #KeepStockportCaring will be invested back into the local voluntary sector to build their resilience and help them recover and continue their vital work in the borough.

Countryside donate £25,000 to help support Great Places customers

Countryside has donated £25,000 to help Great Places support customers and communities who need it most during the pandemic.

Great Places shortlisted for two Housing Heroes Awards

Great Places has been shortlisted for two prestigious Chartered Institute of Housing (CIH) Housing Heroes Awards. Our Repairs Team is in the running for the Development or maintenance team of the year accolade, while Great Places customer, Stuart Hutton has been shortlisted for the coveted Tenant Innovator award. Stuart's shortlisting is in recognition for his tireless dedication and service to his Blackpool community through 'Counselling in the Community', a service he set up in 2018 which offers counselling support to people who may otherwise be unable to access such services in the town. The winners will be announced at the virtual awards ceremony in September.

Great Places help STAR & Bevan Brittan form Social Value Partnership

Blackpool based mental health support service, Stand Together and Recover (STAR), is receiving expert advice from legal specialists Bevan Brittan, thanks to social value support offered as part of its involvement with Great Places' Legal Services Procurement Framework. Bevan Brittan responded to STAR's request for help in securing new premises as part of its plans to provide additional support services for Blackpool residents. The OJEU compliant Legal Services Framework was procured to meet Great Places legal needs and that of other Housing Associations. All applicants to the framework are also expected to offer social value commitments as part of the rigorous tendering process.

Feedback

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We welcome feedback on our performance update.

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