great places HOUSING GROUP

Performance Update

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

Great homes. Great communities. Great people.

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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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Financial performance:
Quarter Two Results

The management accounts of the Group show year to date surplus of £11.6m, £1.2m better than budget. Turnover in the period was £65.5m and operating surplus £32.3m.

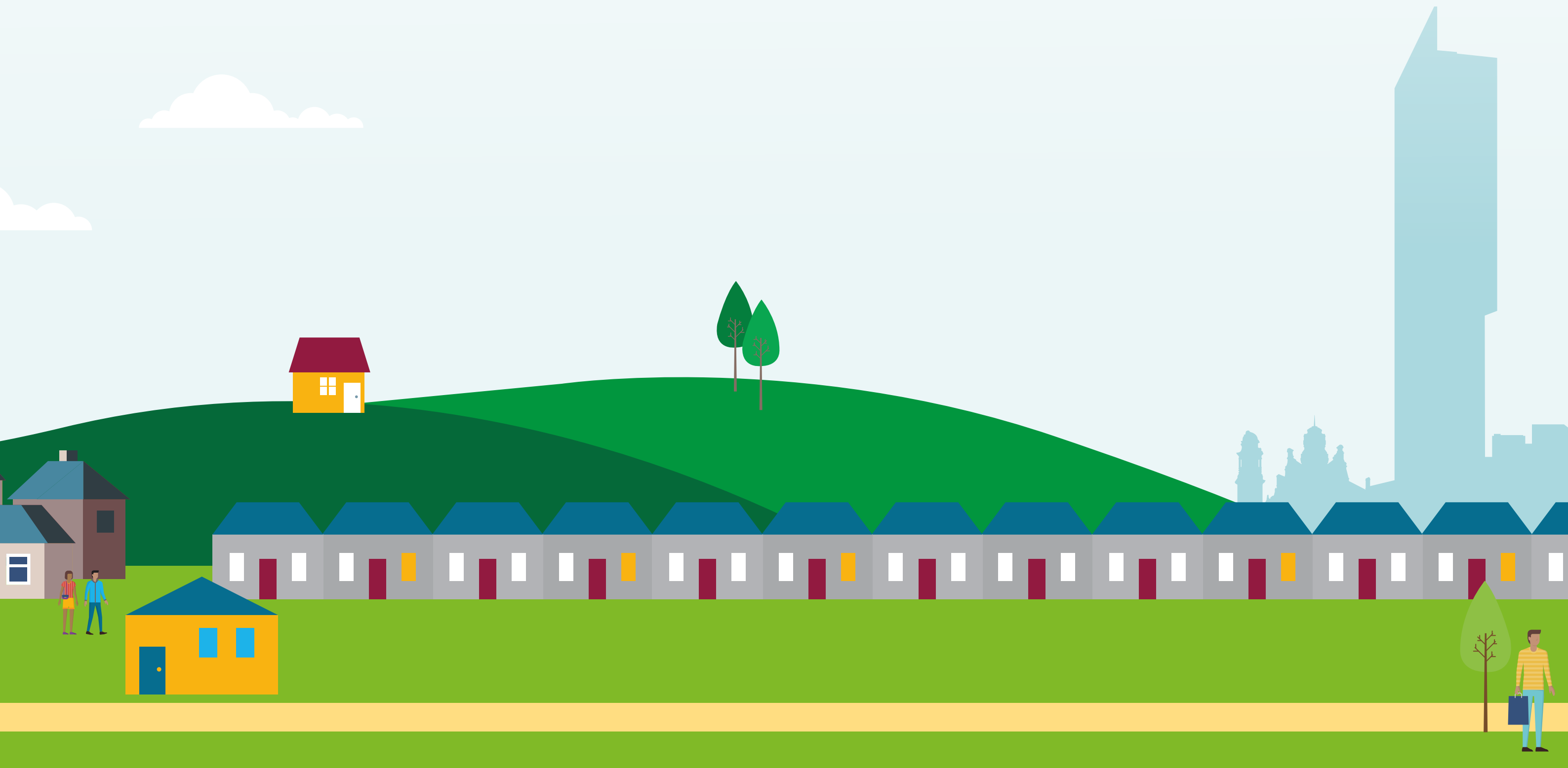
Interest cost savings of £0.6m were achieved partly through effective treasury management, keeping cash balances liquid but not excessive and by using revolving credit facilities to actively managing working capital. Development and investment expenditure has picked up again in quarter two. The YTD surplus on property sales is £0.4m lower than revised budget and this mainly relates to delays in the legal sales process. Major repairs investments works are in line with the revised budget. Other savings include repairs and maintenance, lower bad debt expense than forecast, and lower insurance costs from efficiency savings.

We are fair, open and accountable

Drawn debt (excluding bond premium and including finance leases) as at 30 September 2020 was £577.4m (June 2020: £592.7m). The movement is mainly due to repayment of revolving credit facilities as the rollover periods fell due.

The Group's Mark to Market exposure at the end of quarter two has increased by £1.25m since March 2020 to £53.1m. We have seen long and medium term interest rates fall over the period, increasing exposure on interest rate derivatives. There was £29.4m cash collateral posted to meet counterparties' security requirements, up from £28.5m at the end of March.

Cash balances (excluding cash held on behalf of leaseholders) were £27.2m at September 2020. Undrawn facilities immediately available were £160.6m of which £127.2m 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 CSF targets for 2020/21 were set in March prior to knowing the extent of the global pandemic. They were reviewed in quarter two and Board approved changing the targets for Group Surplus, Average Re-let Time and % of Digitally Active Tenants. The stretch target for Development Completions has been removed.

Despite the impact of COVID-19 and local lockdowns across most of our regions, performance in quarter two has been largely positive. There are certain areas such as development completions and colleague sickness where performance has been clearly impacted.

There have been 136 Development Completions as at the end of quarter two, below the revised target of 178. Given the ongoing disruption on sites due to COVID we continue to review forecast full year completions. There were 31 additional development completions not included in the CSF, being developments from the Equity region that were started before the merger of Equity into Great Places.

At the end of September, the average days sickness per employee was 8.9 days, compared to 10.2 days at the end of quarter one. This is close to the year-end target of 8.8 days.

Our average re-let time has decreased over the quarter to 25.6 days, down from 34.3 days at quarter one when the lockdown restrictions had the most impact. The target CSF for average re-lets is 25 days and we are currently re-letting properties at pre-lockdown performance. While the above CSFs have been impacted by COVID-19, the other seven CSFs are all better than or on target highlighting our positive performance over quarter two despite the external circumstances. Trusted Stock Condition surveys is at 93.3%, a significant step closer to the annual target of 95%.

Despite the challenging circumstances, we have helped 371 households into work, training and volunteering so far this year which is on track to at least achieve the year-end target of 750. Colleague engagement is currently at 78%, above the year-end target of 70%. Group surplus remains on track against the updated 2020/2021 budget.

We know, respect and care about our customers.

The % of digitally active tenants was 39.2% at the end of June, better than the year-end target of 35%. This revised CSF looks more closely at the contact behaviour of individual customers 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.

At the end of quarter one current tenant arrears was 4.5%, representing a cash value of £3.55m. Universal Credit customer arrears are within our CSF assumptions, and we acknowledge that further lockdown restrictions on lower paid sectors of the economy may impact on arrears as we progress through this financial year.

Customer satisfaction was 7.3/10, compared with 7.5/10 at the end of quarter one. We are working on understanding the impact external issues have on our overall satisfaction, and what currently drives satisfaction or dissatisfaction and what we might do in response.

Corporate news

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

GOVERNANCE

Rating Agencies Credit Opinions Updated

We are delighted that both rating agencies have issued their ratings for Great Places in October and November 2020.

Moody's have affirmed our A3 credit rating with a stable outlook, demonstrating the on-going financial strength and resilience of the Group. For more information please see the Moody's Credit Opinion Great Places Housing Group October 2020.

Fitch affirmed the Great Places A+ credit rating, please see this Fitch Rating Action Commentary. The full credit opinion report will follow and be published on the Great Places website in due course.

Annual report and financial statements for year ending 31 March 2020

At the AGM of Great Places Housing Group Limited ("Great Places") on 17th September 2020, the shareholders agreed and adopted the Annual Report and Financial Statements for the year ending 31st March 2020. These reports are published on our website, Corporate Investor pages and were announced on RNS.

Revised business plan 2020/21

The revised business plan 2020/21 is available to download from our website. The business plan has been revised taking into account the known impacts of the Coronavirus pandemic around development delays and the resultant impact of sales, on our investment programme and on other areas of operational performance.

Newly Developed Affordable Housing Development in Ordsall, Salford

The Deputy City Mayor of Salford (and Lead Member for Housing & Neighbourhoods), Cllr Tracy Kelly, joined representatives from Great Places Housing Group, Dérive and Watson Homes to visit the first phase of a new affordable housing development at Jane Street, Salford. Delivered by Great Places and Dérive and built by Watson Homes, the new development (scheduled to complete in October 2020), will provide a mix of 43 much needed two and three bed houses and one and two bed cottage flats for affordable and social rent.

Work starts on £5.5million Royton, Oldham development

Work has started on a £5.5million housing development in Royton, Oldham. Great Places is working in partnership with Grasscroft Property and Wiggett Construction to deliver 39 new homes on Edge Lane, Royton, a site that has been derelict since 2014. The development consists of eight two-bed, 17 three-bed and two four bed houses as well as six one-bed and six two-bed apartments, all for affordable rent.

We promote partnerships, efficiency and value for money.

Great Places Housing Group sign agreement with Urban Splash to offer affordable homes on latest phase of New Islington, Manchester

In September 2020, Great Places signed a deal with developer Urban Splash to provide affordable housing on the latest phase of the New Islington neighbourhood development. The agreement increases the proportion of affordable housing provision at New Islington to 31%. The new properties at Piercy Street are to be marketed as shared ownership by Great Places by its first-time buyer division Plumlife Homes. Each of the shared ownership homes offers the same specification as the open market homes and feature three or four bedrooms as well as a private terrace, car parking and access to the Piercy Street residents' garden overlooking the Ashton Canal.

ENVIRONMENTAL

Great Places scoops cycling prize

Great Places has scooped the top prize (for the company with between 500-2,000 colleagues in the North of England) in the recent Cycling September Challenge. The September 2020 challenge run by Love to Ride aimed to encourage people to take to two wheels whether it was to commute or just for fun. In this challenge 25,000 participants helped to (re) introduce over 2,000 new riders to the benefits of cycling. Together participants clocked up 3.8 million miles, saving over 65,000kgs of carbon dioxide emissions. As well as winning the regional top spot Great Places also achieved second place in the whole of the UK and fourth globally out of almost 500 participating organisations.

SOCIAL

Great Places' Resilience Fund announces successful community groups to receive share of £100k

Great Places Housing Group has announced that 13 community groups and charitable organisations have been successful in their bid to take home a share of its £100,000 Resilience Fund. The fund, set up following the COVID-19 outbreak, will help the groups provide much-needed support to those customers who have been hit hardest by the Coronavirus pandemic in their communities. The fund has been made possible with the generous help and support of some of the group's partner organisations, including Countryside, Emanuel Whittaker, Connelly and Truline. The 13 organisations set to benefit from the cash injection support the group's guiding principles for the fund and will ensure their priority neighbourhoods and customers have access to the help they need. Each of the organisations target one of the following key themes; poverty reduction including fuel, furniture and food; employment, training and volunteering opportunities; financial and digital inclusion and organisational resilience.

Great Places double winners at the Housing Heroes Awards 2020

Great Places were double winners at this year's Chartered Institute Housing Heroes Awards. The Great Places Repairs team scooped the coveted Development or Maintenance Team of the Year and tenant Stuart Hutton-Brown won the Tenant Innovator of the Year gong for his work in setting up the Counselling in the Community service in Blackpool. The awards, which recognise excellence in the housing sector, were announced at a virtual awards ceremony on 10 September.

Arts project exploring LGBT+ visibility within older communities

Great Places is one of a number of older person's housing providers in Greater Manchester partnering with a group of local artists on a project to create work encouraging more inclusivity within sheltered housing and independent living schemes. The Back in the Closet project by the LGBT Foundation will see an artist work with staff and residents to create an 'artistic response' to the experiences of residents. Great Places joins other local housing associations in the project, which is in partnership with HouseProud and Greater Manchester Combined Authority.

Feedback

We welcome feedback on our performance update.

Please contact Kal Kay, Director of Finance on 0161 447 5029 or at kal.kay@greatplaces.org.uk