

Great Places Housing Group Limited Investor Update

January 2021

great
places
HOUSING GROUP

Great Places update

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1 | Highlights

1

- We completed a successful Transfer of Engagements of Equity Housing Group into Great Places Housing Association on 1st April 2020 which brought approx 4,800 additional homes into our portfolio and approx £200m of housing assets
- We own or manage over 24,000 homes across the North West and Yorkshire with a focus on two of England's most important devolved regions, Greater Manchester and Sheffield City Region
- Good mix of properties by type and geography
- High demand across the entire property portfolio
- Impact of welfare reform has been well managed and mitigated
- Clear and uncomplicated organisational structure
- Straightforward governance structure, with an experienced Board and executive team
- Strong development track record with 6,000 new homes developed over the past 10 years and a core aim to maximise investment in affordable, high quality and sustainable homes
- Continued financial robustness and strong performance vs golden rules
- Strong regulatory grading (G1/V2) and credit ratings (A3 Moody's / A+ Fitch)
- Benchmarked strongly against our peers
- Social housing rents account for 73% of turnover
- Sustainability a focus for Great Places with social value remaining a top priority - a "profit for purpose" organisation

Our Corporate Plan 2018-2021 sets out our 10 year ambitions as well as the short and medium term goals and targets.

2 | Who we are

2



2.1 | Who we are

About Great Places Housing Group

We own or manage over 24,000 properties across the North West and Yorkshire. Our portfolio includes social rented homes, affordable rented homes and supported housing and housing for older persons, market rent, shared ownership and homes for key workers. We also provide leasehold and estate management services.

The key entities in the Group are:

- **Great Places Housing Group Limited** – provider of central and corporate services such as finance, HR and Business Systems to all Group members.
- **Great Places Housing Association** – general needs rented homes and supported housing (now operating under our new ‘Independence and Wellbeing’ model to reflect a greater emphasis on empowering customers to live independently).
- **Plumlife Homes Limited** – delivering all of the Group’s shared ownership sales and management activity, as well as leasehold and estate management services.
- **Cube Homes Limited** – development activities including new homes for market sale and rent.
- **Terra Nova Developments Limited** – design and build for Great Places Housing Association and now delivering in house construction.

Our vision and values

Great homes

Maximising our investment in sustainable homes



We are fair, open and accountable



We know, respect and care about our customers



We appreciate the effort of everyone who works here



We promote partnerships, efficiency and value for money



We passionately embrace creativity, change and innovation

2.2 | Group structure



The Group structure comprises five companies led by the Group Board supported by two committees and managed by our Chief Executive (Matthew Harrison) and a team of Executive Directors.

99% of the Group's assets are owned by Great Places Housing Association.

2.3 | A brief history

1970s -
1990s

1970 | Manchester Methodist Housing Association (MMHA) is formed

1975 | Salford Community Housing Association founded

1980 | BME specialist Ashiana Housing Association set up

1986 | South East Lancashire Housing Association Limited (SELHAL) established, incorporating Community Housing Association and properties from the YWCA

1995 | MMHA takes over First Peterloo

2000s

2000 | Salford CHA renamed as Space New Living

2001 | Longridge and Shaw Heath, Knutsford, acquired by MMHA (stock transfer estates)

2005 | Affordable home ownership brand Plumlife established

2005 | MMHA acquired SELHAL

2006 | Great Places Housing Group is formed with merger of MMHA and Ashiana

2007 | Wybourn and Richmond Park, acquired in Sheffield (stock transfer estates)

2007 | Cube established

2007 | Space New Living joins Great Places Housing Group

2008 | Windmill Housing Association becomes part of MMHA

2009 | Great Places is simplified so that just one name is used

2010s

2011 | Large-scale Oldham PFI housing management contract won

2012 | Debut bond issue of £200m

2013 | Tony Davison appointed Group chair

2013 | Matt Harrison appointed Chief Executive

2013 | Repairs service brought in house

2015 | Launched a materials distribution centre to further enhance the repairs service

2017 | Great Places moved to new larger Head Office in South Manchester

2018 | Became accountable body for the Housing First pilot in the Greater Manchester Area

2018 | Expanded our repairs materials distribution service to supply materials to another housing association

2018 | Tap of our existing Bond of £145m

2018 | Partnered with 9 other RPs in the Greater Manchester area and the Greater Manchester Combined Authority to create a development joint venture ("Hive Homes")

2020s

2020 | Transfer of Engagements of Equity Housing Group into Great Places Housing Association

2020 | Great Places achieves a record turnover of £120.9m

2020 | Partnered with another 4 RPs in the Sheffield City region to create a development joint venture ("Forge New Homes")

2.4 | Our merger story

By bringing Great Places and Equity together, we have created:

- A northern housing association owning and managing over 24,000 homes;
- A business with a turnover approaching £140m;
- Capacity to increase development from the 9,000 new homes that would have been achieved in individual plans over the next ten years to 11,000 in the combined plan;
- Increased organisational resilience;
- The largest housing association with headquarters in Greater Manchester and which manages homes in all ten Greater Manchester boroughs;
- An organisation focused on two of England's most important devolved city regions – Greater Manchester and the Sheffield City region;
- One of the North's largest provider of leasehold and Shared Ownership services.

By the end of our two-year integration programme we will be operating as a seamlessly integrated business realising the benefits of the merger by:

- Delivering on our ambitious development programme to help tackle the housing crisis;
- Offering improved customer services and an enhanced digital offer;
- Developing further partnership opportunities;
- Implementing integrated ways of working that deliver value for money, ensuring we achieve efficiencies that allow us to invest more into our homes, communities and people.

Planning for 1 April 2020 was geared around ensuring a smooth transition for colleagues and customers. Teams from both legacy organisations were engaged in the production of our two-year integration plans. Our integration work will cover people, processes and systems, bringing together the best elements of the two organisations to create a successful, resilient and innovative housing company.

After the integration period, we expect to make on-going savings of **£3m** per annum.



2.5 | Profit for purpose

We strive to be as efficient and effective as possible, and remain a top-quartile performer within the housing sector. However, we then choose to deploy a proportion of the surplus – around £3m in 2020/21 – to enhance our service offer and realise our vision of Great Homes, Great Communities, Great People.

Profit for purpose is perfectly demonstrated by Cube Homes, our commercial subsidiary, gift aiding £3.9m back to its charitable parent, GPHA, since 2015.

In 2019/20 we helped a total of 1,431 households into work, training and volunteering, 606 more than our stretch target of 825. Together with the 880 households achieved in 2018/19 we have already achieved our Corporate Plan three-year target to help 2,000 households into work, training and volunteering.

In the past year, we invested £300,000 into our Tenancy Coaching service. This has allowed us to support 385 of our most vulnerable general needs customers to maintain their independent tenancies and we have completed over 500 wellbeing sessions.



Great Places along with our PFI partner Inspiral, and the Crossley and Primrose Bank Community Associations each donated £5,000 to Oldham's emergency coronavirus hub which has provided support to the most vulnerable members of the local community affected by the Covid-19 pandemic.

We invested over **£3m** in our new Supported scheme, Northfields, in Manchester.



In response to Covid-19, during 2020 we were able to establish a £100,000 Hardship Fund to provide emergency support to customers facing financial hardship brought about by the pandemic.

2.6 | Operating through the Pandemic

Performance during a global pandemic:

- Reforecast development activity for the next three years recognising delay due to Covid safe measures
 - Total rent arrears show steady performance remaining at 4.2% at the end of September
 - UC specific rent arrears have reduced from £804 per customer in March to £709 per customer in September
 - We have experienced cases of Covid in our housing for older persons and extracare schemes, and this also initially impacted re-let performance, but we are now seeing this recover
 - We successfully implemented a new tech solution to enable effective transition of our call centre to work remotely
 - Our distribution centre (DC) effectively sourced PPE for colleagues, particularly those that continued to provide front line services
- We maintained a repairs service for essential and emergency repairs throughout the pandemic. Since the easing of the 1st lockdown we have been focussed on working through the backlogs and the 2nd lockdown had far less impact
 - Having completely ceased investment activity, we have now mobilised improvement works for the second half of the financial year
 - Virtual lettings and sales processes were developed to ensure these key services could continue during lockdown and subsequent restrictions, and allow home-working arrangements to continue wherever possible

- We are now looking at additional colleague wellbeing initiatives, having given all colleagues an additional 3 days leave for the festive period, as well as a £250 payment for our front facing colleagues who continued to enter customers homes during the height of the pandemic
- As we move into 2021 we continue to focus on understanding the impact of Covid-19 on our customers as well as supporting greater resilience in the communities where we operate

The DC was also able to provide PPE to neighbouring housing associations and was able to provide supply chain services to a third party which may result in a longer term arrangement



2.7 | Our Board members



Tony Davison
Chair

Tony is a highly experienced businessman. Former Managing Director at company Bostik, he served as a local councillor, Chair of Governors of a College of Further Education, a Governor of Manchester Metropolitan University. Tony is also a member of the Remuneration & Appraisal Committee at Great Places.



Jerry Green
Chair of Audit and Assurance Committee

Jerry uses his 20 years' experience running a commercial property investment company to act as an advisor to a number of funders investing in the sector. A member of the leadership Board at Manchester Business School and a Trustee of Macclesfield Academy, he has held high-profile roles at Yates Group and Gradus Group Ltd.



Celia Cashman
member of the Audit and Assurance Committee

Celia is a retired housing professional who has spent almost 40 years working in a wide variety of housing and regeneration environments across the country. Her career history includes housing services director posts in a number of large housing associations, most recently at Yorkshire Housing, together with several years as a housing consultant.



Jenny Rayner
Deputy Chair, Chair of Remuneration and Appraisal Committee

Jenny has for 17 years been an independent consultant and trainer on corporate governance, internal audit and risk management. She formerly enjoyed a 21-year career with ICI and Zeneca in a variety of commercial management roles and as a chief internal auditor. Jenny has been a Board member in the social housing sector for over 10 years.



David Robinson
Group Board Member and Chair of Cube

David is the Chair of Cube. He is the Chairman and former MD of specialist retailer Richer Sounds, Managing Director of a privately-owned property development and investment company and a Trustee of United Learning, one of the country's largest Multi Academy Trusts.



Michael Hanson
member of the Audit and Assurance Committee

Mike is a Chartered Accountant and has a degree in Economics. He has spent the last 30 years working for a successful mutual building society based in Stockport, initially as Head of Finance and then as Director and Chief Executive with responsibility for its management and strategic development. In addition to property and personal finance matters Mike has a strong interest in social and community affairs and is a Trustee and Chair of Stockport's Citizens Advice and a volunteer adviser at Macclesfield Citizens Advice. Mike is also a Trustee of a fund which supports disadvantaged young people in the north west.

2.8 | Our Board members



Christine Amyes
member of the Remuneration and Appraisal Committee

Christine is a senior manager with a wide range of executive and non-executive experience, most recently as Deputy Chief Executive for New Charter Group. Christine's early career was in the Civil Service where she specialised in Training and Development. Christine is currently working as an Independent OD Consultant and Executive Coach and has experience as a Non Executive Director.



Mervyn Jones
member of the Remuneration and Appraisal Committee

Mervyn has extensive experience within the housing sector, most recently as Chief Executive at Yorkshire Housing, a position which he held for over 10 years. Prior to this Mervyn was Chief Executive at Willow Park Housing Trust in Wythenshawe, as well as sitting on a number of housing related Boards as a non-executive member. Mervyn joined Equity's Board in April 2019 and has since joined Great Places' Board following the partnership in April 2020.



Babar Ahmad
Cube Homes Limited

Babar is a Chartered Surveyor with vast experience of acquiring residential and commercial land. He has excellent knowledge of land markets and the town planning system and has delivered large regeneration projects including the only Legacy facility built outside of London for the 2012 Olympic Games.



Matthew Harrison
CEO and Executive Board Member

Matthew joined Great Places in 1993 and led the development team before being appointed as Chief Executive in April 2013. He has vast experience in development and urban regeneration and has led on many iconic projects that have supported the growth of the business, most recently leading Great Places' merger with Equity Housing Group in April 2020.

A collaborator at heart, Matthew is currently an active member of the Greater Manchester Housing Partnership; Chair of Hive Homes, the innovative house-building joint venture led by GM housing providers; and a Board member of its Sheffield equivalent, Forge New Homes as well as Board member of Sheffield Housing Company and Halton Housing. He has also been involved with a Local Strategic Partnership, and has been a PFI Company Board Member.



Grenville Page
member of the Audit and Assurance Committee

Grenville is a highly experienced finance, business and governance leader and consultant, with a wealth of Board level and senior change experience both as an executive and as a NED/trustee gained across the public (local government, NHS, central government), charities/ social enterprises and housing sectors. He is CIPFA qualified and has held Finance Director positions in health, social enterprise and private care sector organisations. He has extensive knowledge of the health, social care, housing, well-being and welfare to work agendas. Grenville joined Equity's Board in September 2015 and has since joined Great Places' Board following the partnership in April 2020.



Emma Prichard-Selby
Cube Homes Limited

Emma graduated with first class honours in Urban Land Economics from Sheffield Hallam University and is well versed in design, planning, procurement and legal governance. She brings with her a wealth of development experience, having been Head of (Pre Construction) Development at Berkeley Homes (North East London) and Residential Development Director for Westfield. Emma is the Founding Director of development company The Vesta Group which works alongside local authorities, land owners and Pension Funds.

2.9 | Our Executive team



Matthew Harrison
CEO and Exec Board
Member

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Phil Elvy
Executive Director of
Finance

Phil has responsibility for ensuring Great Places' Finance, Business Systems, Business Intelligence and Governance functions provide high-quality, back office support to the rest of the Group. He is also in charge of making sure regulatory and statutory requirements are satisfied. One of Phil's key challenges is balancing the need for the long-term financial viability and stability of Great Places with risks posed by the Group's strategic growth and development objectives. He started his career in utilities and has worked in the housing sector for over 20 years.



Guy Cresswell
Executive Director of
Customer Services

Guy is responsible for the customer-facing side of our business, ensuring the organisation provides a great customer experience. Alongside managing our neighbourhoods, he is also responsible for our work in Independence and Wellbeing, which supports our more vulnerable customers to develop life skills and achieve their goals, and is an active member in a number of sector-related partnerships and forums. Guy has extensive experience in all aspects of housing but his passion lies in health and housing, investment in communities and regeneration, and the importance of getting right the basics of property management.



Pete Bojar
Executive Director of
Growth and Assets

Pete leads our Growth and Assets directorate, being responsible for our affordable and market facing development programmes, sales, asset investment, compliance and corporate Health & Safety. He is a graduate of Sheffield Polytechnic and has worked in housing since 1989, starting his career in housing management before moving into development in 1992. He is highly experienced in regeneration and partnerships and has led some of Great Places' most successful, high-profile schemes.



Alison Dean
Executive Director of
People and Culture

Alison Dean is Executive Director of People and Culture at Great Places. She has over 20 years experience working in the housing sector, starting her career in customer involvement, before branching into regeneration and a variety of housing and management roles. Alison's responsibility is to drive cultural change at Great Places through continual improvement of services, keep the needs of customers at the heart of what we do, and is the Executive Sponsor for the integration project post merger with Equity Housing Group. She is also in charge of building our employer brand, so we continue to attract and retain the best people to deliver our vision.

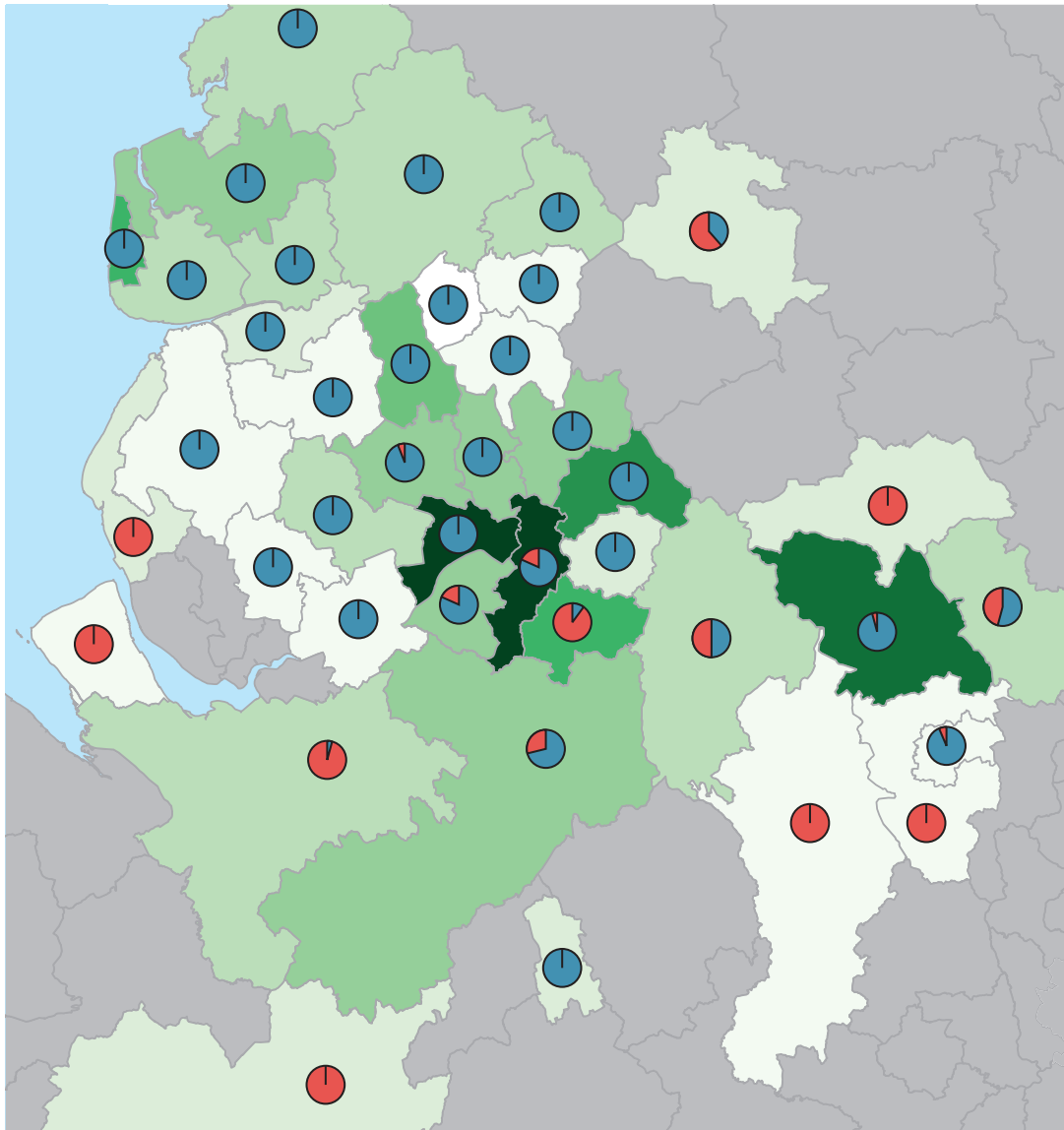
3 | Our properties and our customers

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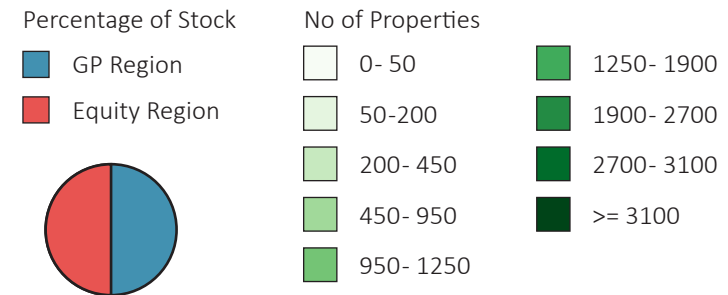


3.1 | Property profile

Core focus on two of England's most important devolved city regions
 – Greater Manchester and the Sheffield City region



The colours show the number of properties owned or managed by Great Places in each local authority area and those that were previously owned by Equity Housing Group, which goes some way to demonstrating the clear strategic fit.



Bedroom profile (as at 30 September 2020)

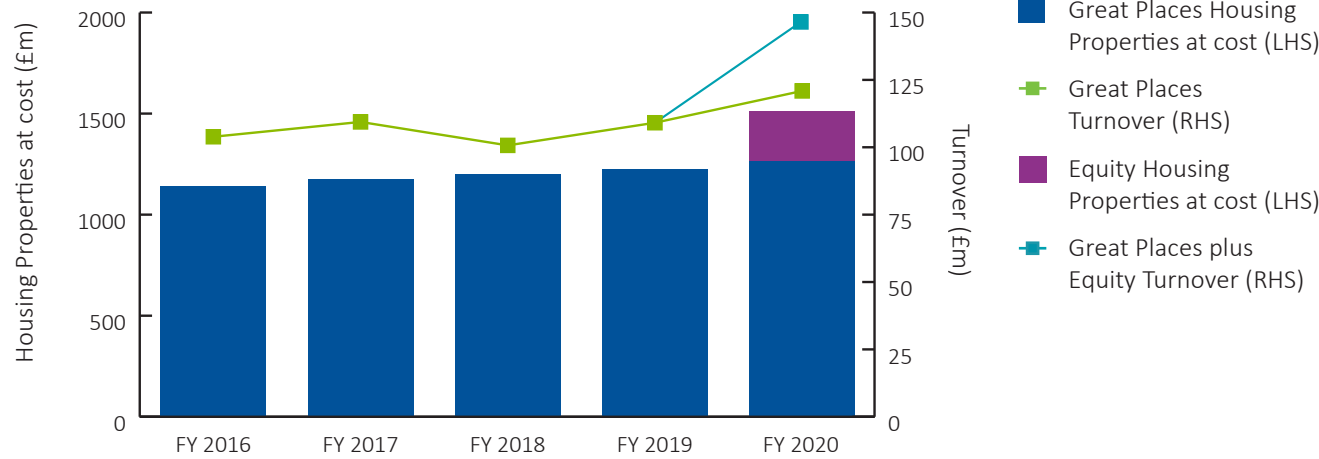
	1	2	3	4	5+	Total
House	793	5,517	6,320	1,397	221	14,248
Flat	5,159	3,362	59	0	0	8,580
Bungalow	205	559	19	8	0	791
Other	572	0	0	0	0	572
Total	6,729	9,438	6,398	1,405	221	24,191

Age profile of our homes

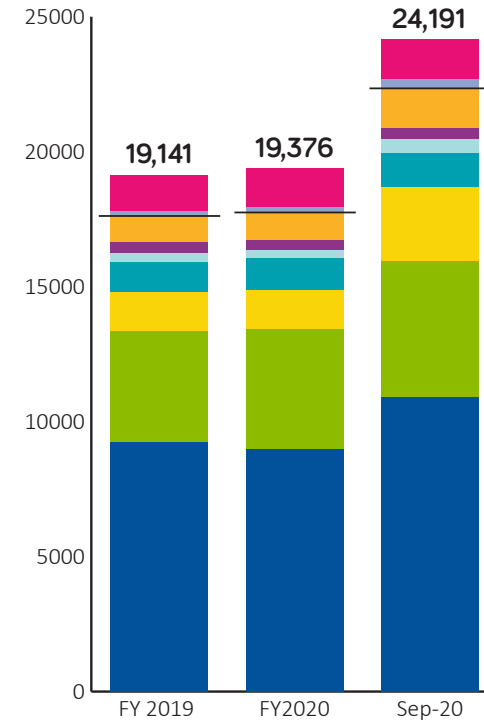
	<1951	1951-1970	1971-1990	1991-2010	>2010	Total
	3,080	2,680	2,223	9,750	6,458	24,191
	13%	11%	9%	40%	27%	

3.2 | Housing assets - owned and managed

Assets to Turnover



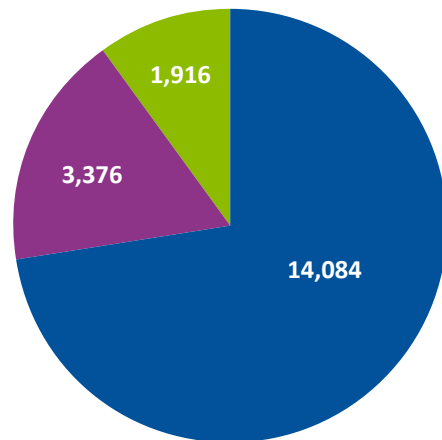
Housing properties owned and/or managed



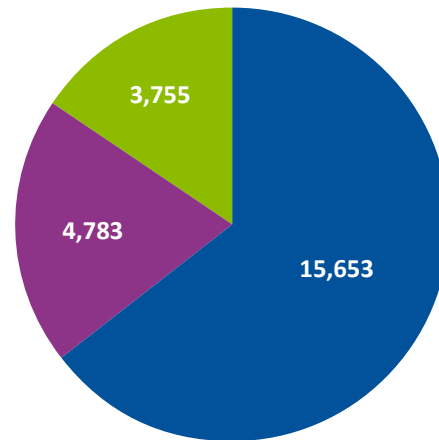
92% of the portfolio is affordable housing tenures

Securitisation of assets

- Unencumbered
- Unchargable
- Charged



March 2020
19,376



September 2020
24,191

- Non Social leased
- Non Social rented
- Social Leased
- Intermediate Rent
- Supported- housing for older people
- Supported housing
- Low cost home ownership
- General Needs- affordable rent
- General Needs- social rent

3.3 | Building safety

- Great Places' portfolio is predominantly low rise with just nine buildings over 18M, comprising 604 homes (2.9% of the owned portfolio)
- Only two of these buildings form part of the security for the bond representing just £4.5m (1.3%) and 81 homes (1.4%) of the security pool
- We also manage three buildings over 18M on behalf of others
- There is partial ACM cladding (which is aluminium covered material/cladding) on only one building. There is HPL cladding (which is panels made up of wood or paper fibre bonded together using a resin under high pressure and heat) on 5 others
- There are other buildings that are below 18M but could be classified as high risk (for example due to the vulnerable nature of the residents combined with a timber frame construction)
- There is an ongoing programme of Level 4 intrusive surveys, but the majority of the larger properties have been surveyed
- The vast majority of the known issues are being tackled through investment and rectification works during 2020/21, with some works continuing into 2021/22 – total spend is expected to be circa £2m, fully provided for in the Business Plan
- We are positively engaged with all relevant Fire and Rescue Services and have amended fire evacuation policies and personal exit evacuation plans where recommended
- Sprinklers have been installed at 11 schemes to address issues around timber walkways

Provision of **£1m** for unknown building safety and environmental works for each of the first ten years of the business plan

We are well prepared for the new building safety and fire safety legislation



3.4 | Demand

Lettings

Lettings activity significantly dropped off in April and May 2020, before bouncing back. The number of lettings in a month has remained around 80 since August 2020, similar to the volume seen in March 2019

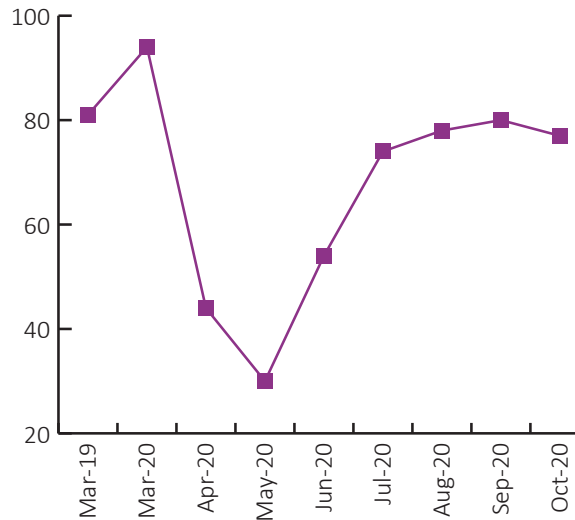
At the end of September our tenancy turnover was **6.9%**

The average length of tenancy is close to **8.5** years. Approximately **35%** of customers have been with us over **10** years and **65%** for **5** years or longer

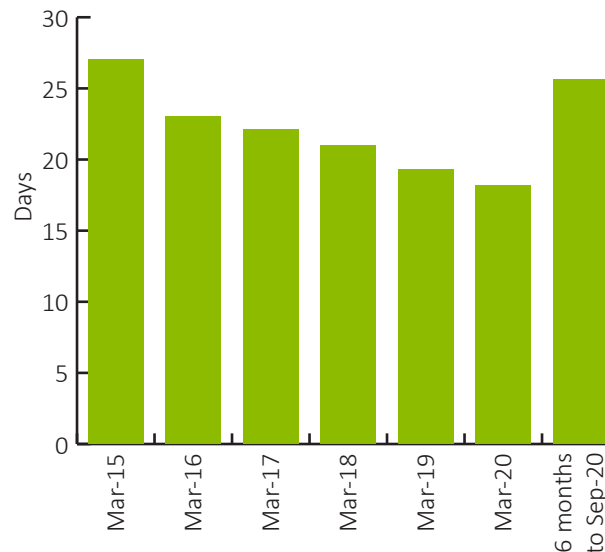
Social rent as a percentage of market rent on average across the portfolio is **65%**

In the first half of this financial year **73%** of properties were let on the first offer

Monthly Re-lets



Average re-let times

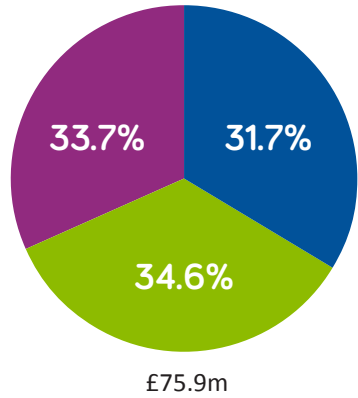


Demand dynamics

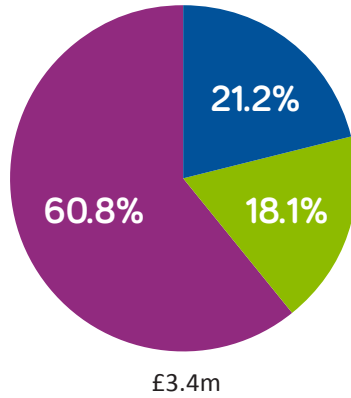
- In 2019/20, nationwide 40,452 new dwellings were completed under all Homes England programmes, 70% of which were affordable [Housing Statistics Table, Homes England]
- Under Homes England programmes in Greater Manchester, around 2,700 new dwellings were completed, around 2,150 of which were affordable [Housing Statistics Table, Homes England]
- Currently there are more than 97,000 households in Greater Manchester waiting for a social home. [GMCA Housing Strategy 2019-2024]
- Great Places has a deep understanding of the demographics of the markets in which we operate, further enhanced by targeted market research. This allows the group to be confident around the strength of demand for its current and pipeline property portfolio

3.5 | Customer profile

How customers pay

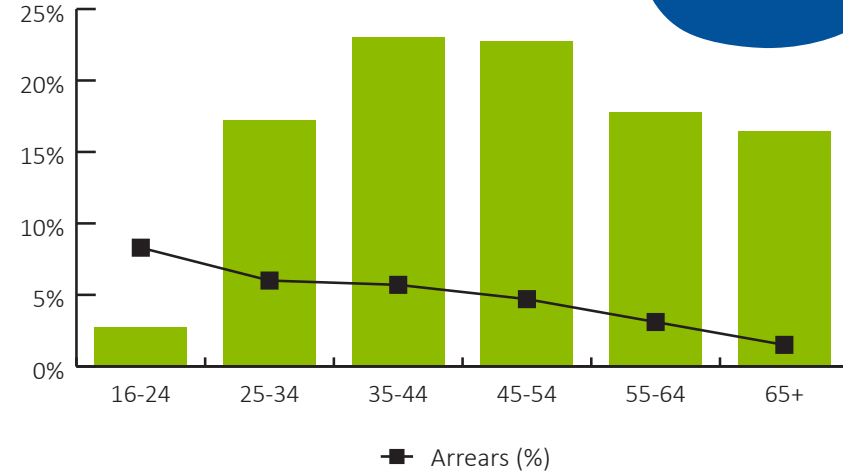


Make up of arrears



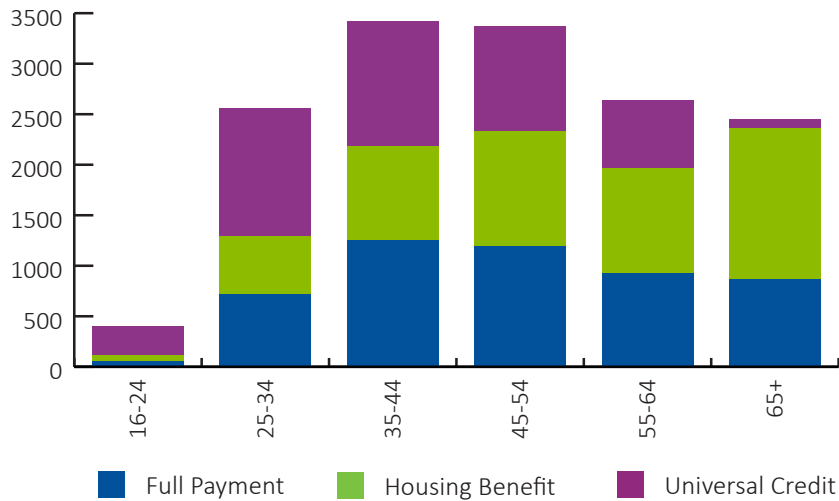
Self Payer Housing Benefit Universal Credit

Customer age and arrears profile

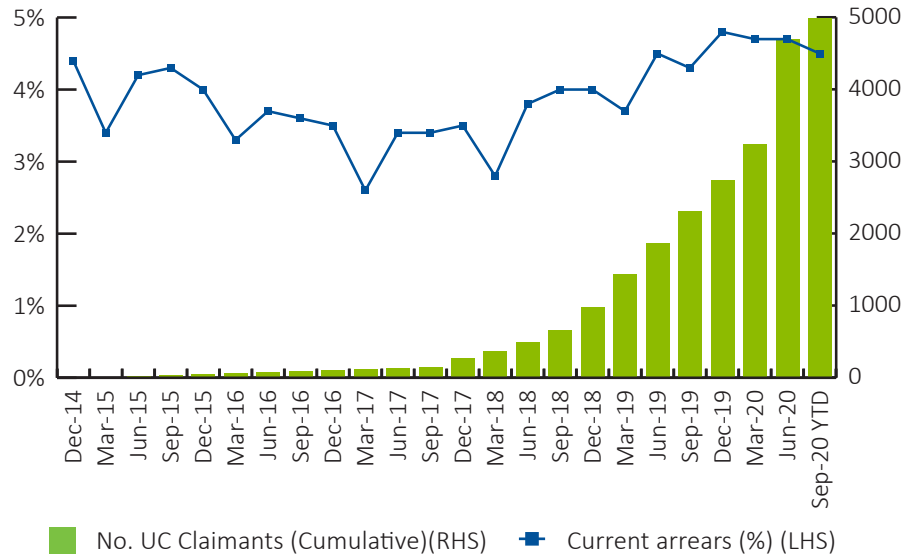


Younger tenants tend to have higher arrears

Customer age and payment type

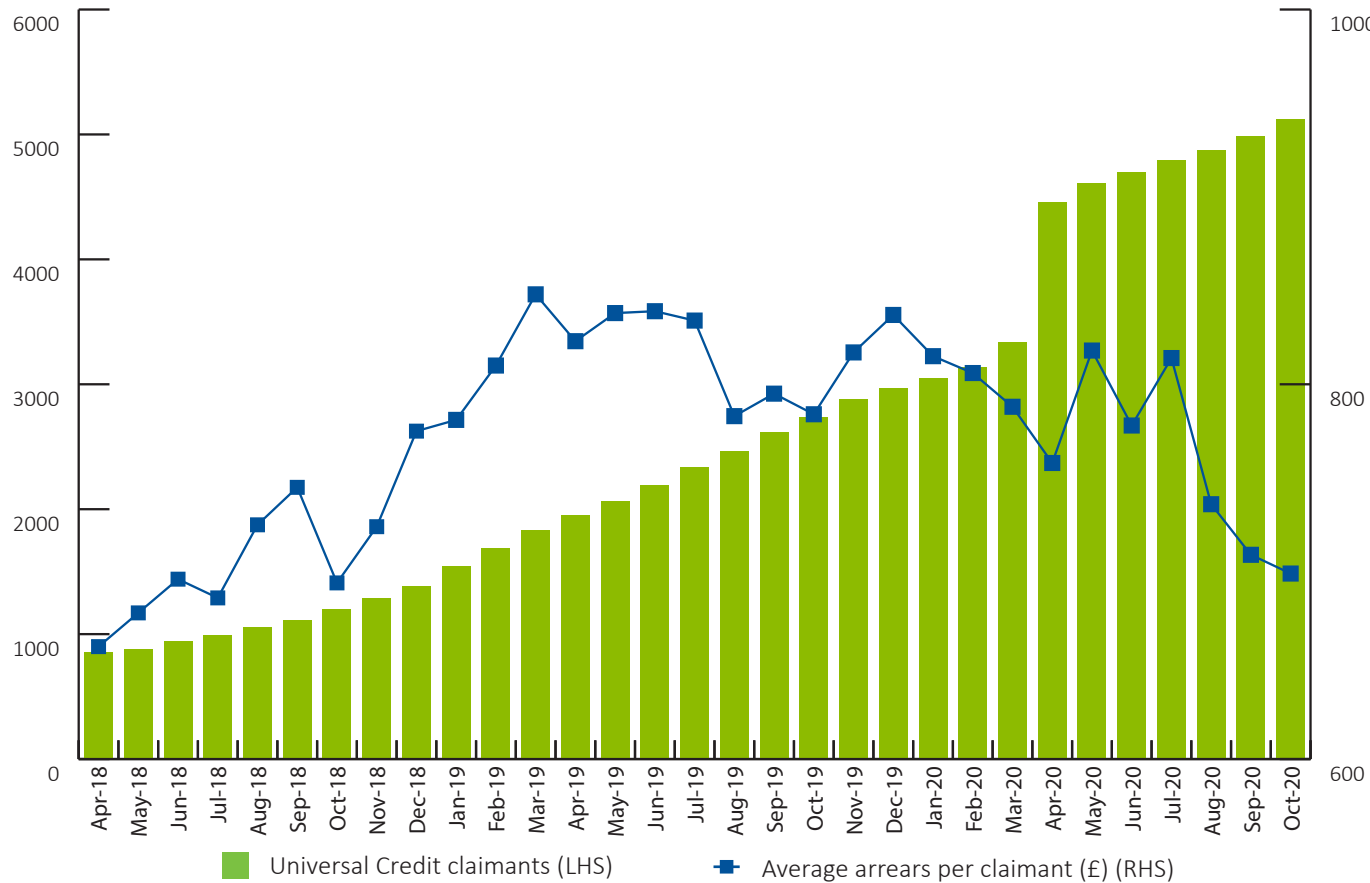


Arrears over time



3.6 | Welfare reform

Average arrears per Universal Credit claimants



This chart shows how the number of UC claimants has accelerated sharply over the last 2 years or so with a particular spike in March/April 2020 due to Covid.

There was a very slow initial roll out- our first UC claimant was December 2014, and we only exceeded 1,000 UC claimants nearly 4 years later.

Average arrears for UC claimants are around £700, which is double what we see on the rest of our customer base. This is more about the UC process itself than it is about customers being unable or unwilling to pay.

Recent changes to our “trusted partner status” have helped us start to bring down that average arrears figure.

By October we had approximately 5,000 customers claiming Universal Credit (31/3/2020: 3,322)

Robust monitoring and management of Universal Credit claimants and impact on arrears

New Income Management Strategy adopted

Dedicated Community Investment team to provide employment support and training

4 | Development

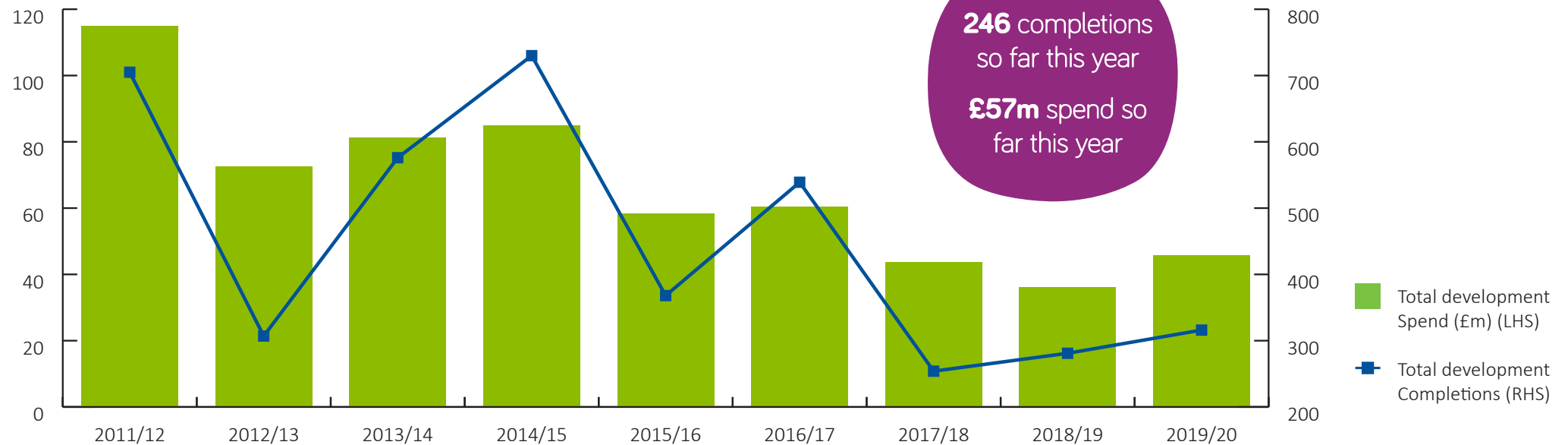
4



4.1 | Development approach

- Our aim is to maximise our investment in affordable, high-quality and sustainable homes, ensuring they meet the needs of customers and enhance local communities, whilst always providing value for money and promoting efficiency
- We have a strong delivery track record having developed around 6,000 new homes over the last 10 years
- We have a multi tenure programme, including Social Rent, Affordable Rent, Shared Ownership, Market Sale and Market Rent
- Strong regional focus on core geographic areas with high demand dynamics
- Long standing delivery partner of Homes England supported by strong working relationships with local authorities, contractors and housebuilders and we were part of the first Wave of Homes England Strategic Partners
- Lead two key partnerships: Bloc and Innovation Chain North (ICN)
- We sometimes enter into joint ventures which de-risks the development plan
- Annual fluctuations are primarily due to timings within the various Homes England programmes, which can overlap and nearly always lead to peaks of delivery in the final year of any programme
- We currently have 31 live sites and over a thousand plots currently on site

Development track record

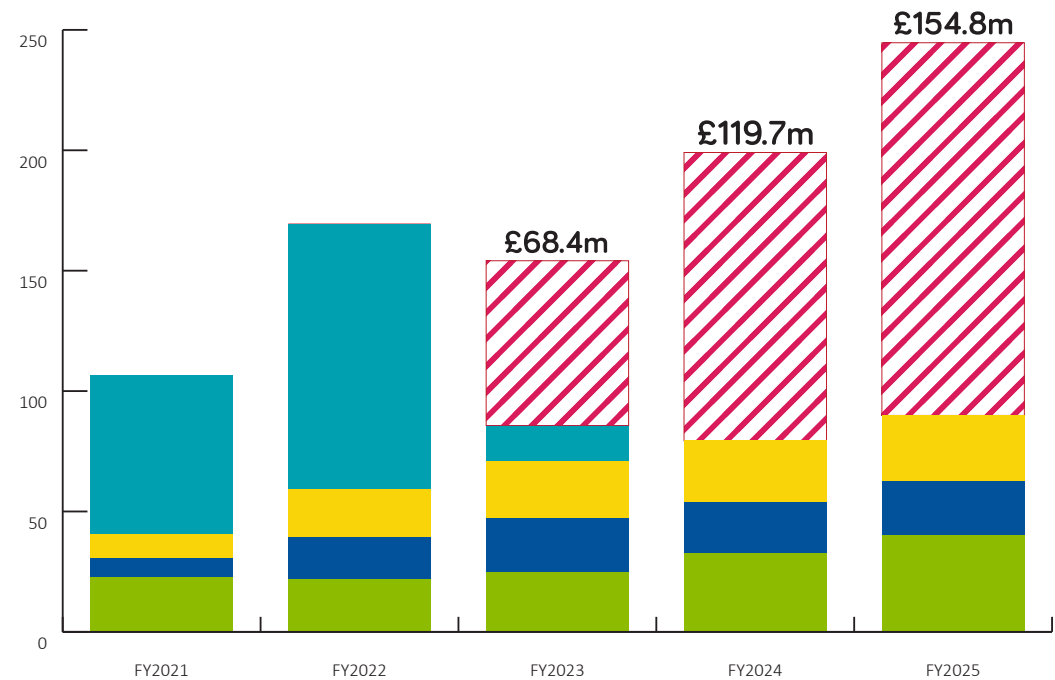


4.2 | Development pipeline

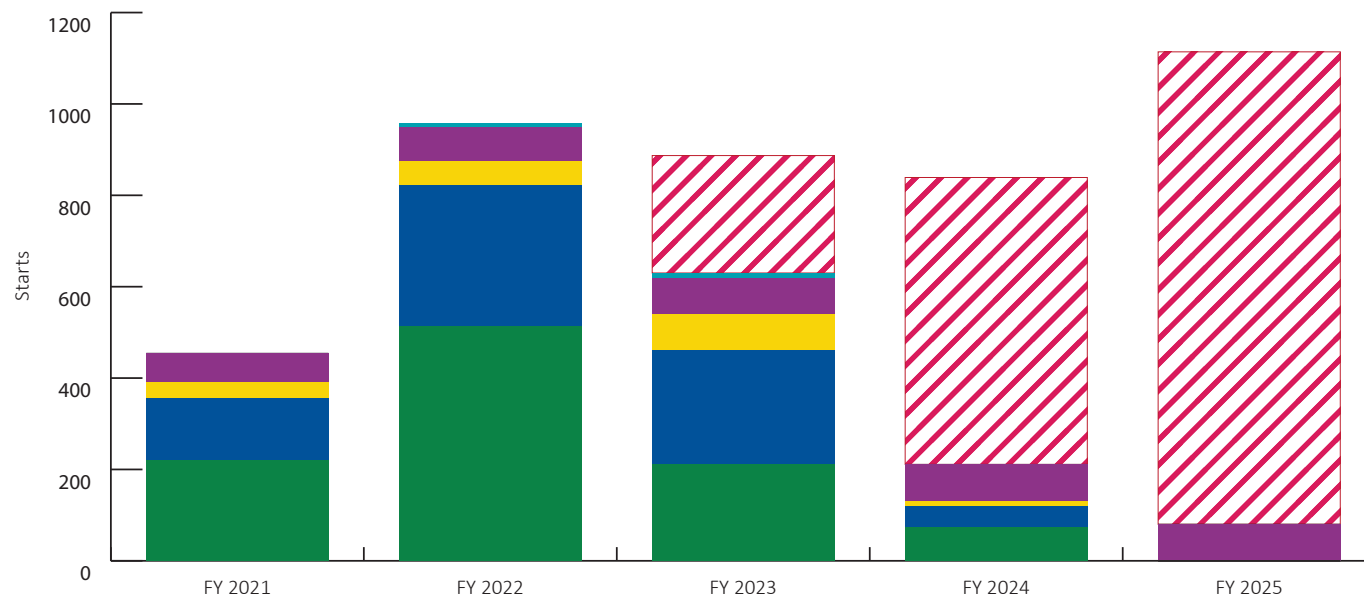
- Growth plans are ambitious but risk is carefully managed
- 10 year ambition to develop 11,000 new homes
- 92% of the pipeline affordable tenures
- Of those 19% (approx. 2,000) have secured grant and of those 65% (approx. 1,300) are contractually committed with 1,031 actually on site (December)

Development cash flow projection as included in the Board-approved business plan

- Capital grant receipts
- Market sale receipts (outright)
- Market sale receipts (first tranche)
- Existing secured facilities
- Net funding requirement



Development pipeline



- Additional future affordable development
- Supported new units
- Outright sales through Cube
- Committed units available for social rent
- Committed units for low cost home ownership
- Committed units available for affordable rent

*Committed in this graph means committed to a grant programme, not contractual commitments

4.3 | Development risk management

- All schemes assessed against regularly benchmarked appraisal criteria which are reviewed annually by the Board
- Board members, Executive and Development Team with significant development experience
- Clear development delegations in place
- Our processes ensure that market, economic and political risks are carefully considered on an ongoing basis
- Strategic Partnership with Homes England
- Occasional use of Joint Ventures to de-risk development and facilitate longer term planning
- Mitigation plans include conversion of sales properties to rental units in the event of a sustained property market slowdown or collapse and the use of Recycled Capital Grant
- Robust stress testing arrangements in place and mitigation plans well understood

Regular monitoring of development risks through to Board via an Early Warning Monitor



4.4 | Development partnerships

One of the first eight ambitious housing associations chosen to be a Strategic Partner with Homes England in July 2018 and were also successful with an extension to the Strategic Partnership in September 2019. The extension allowed us to partner with other Housing Associations working in the same regions we operate in.

Our lead role in a range of sector partnerships including Bloc and Innovation Chain North has been key to our success and enables us to deliver on our commitment to build new houses, help meet housing targets and enable growth and new home delivery.

In addition to our long standing involvement with Sheffield Housing Company in partnership with Keepmoat Homes and Sheffield City Council, we have recently become part of two Joint Ventures (through Cube Homes Ltd) one in the Greater Manchester area Hive Homes and the other in the Sheffield City Region Forge New Homes. Hive Homes is a JV with 9 other Housing Associations plus the Greater Manchester Combined Authority. Forge is a JV with 4 other Housing Associations. They are both now starting to secure sites and development activity will commence soon.

We have recently obtained Board approval to utilise Terra Nova Developments Limited (a wholly owned subsidiary of GPHA) to be the delivery vehicle for an in-house Construction service, building a limited proportion of the new homes that the Group is developing. This follows lengthy research into options, taking appropriate legal, governance and construction advice and recruiting the necessary senior skills to head up this activity.

forge
new homes



4.5 | MMC: Modular

Shorrock Lane

Our site at Shorrock Lane in Blackburn is a fine example of Great Places commitment to the use of modular construction methods, which speeds up the build process. Shorrock Lane is our first fully modular venture with half of the new homes constructed using a panelised modular construction manufactured by Osco Homes, while the remainder will use a fully volumetric modular construction method manufactured by Ilke Homes.

The £2.8m scheme, is part funded by Homes England and is being delivered in partnership with Tyson Construction.

In line with Great Places' commitment to delivering social value as part of its projects, Shorrock Lane will also look to create work opportunities and work experience opportunities in partnership with Northern Edge Consultancy Ltd, who are also involved in the venture as well as a contribution to tackling digital poverty in the borough.

All the homes will be energy efficient, reducing fuel bills for residents and reducing carbon emissions and protecting the environment. The site is set to be completed by Spring 2021.



Northern Off Site Homes Alliance

We are currently working on an Off Site Homes Alliance which consists of 18 Housing Associations who have signed up to develop a partnership which will drive the development of off site homes in the north of England. We will be jointly exploring product R&D and jointly developing housetypes and specification. Zero carbon ready will be our baseline, aiming for ordering the first wave of homes in summer 2021.

4.6 | Showcase of shared ownership

Hesketh Place, Lowton, Wigan

Hesketh Place comprised a collection of 29 two and three bedroom homes with 13 of those for shared ownership in the Greater Manchester suburb of Lowton.

- average sales period 14 weeks
- average first tranche 36.9%
- value growth £235k or 12% (across the scheme)



	FY 2018	FY 2019	FY 2020
Shared Ownership sales	£7.6m	£11.0m	£8.3m
Average sales value	£156k	£165k	£172k
Average 1st tranche	45.9%	45.7%	43.1%

The Larks, Radcliffe, Bury

The Larks is a development of 26 homes, with 12 properties for rent and 14 for shared ownership. The 14 two and three bedroom houses were developed with superb eco-features in the popular town of Radcliffe in north Manchester.

- average sales period 8 weeks
- average first tranche 46%
- value growth £129k or 7% (across the scheme)



4.7 | Showcase of market sales and market rent

Great Places market facing activity is undertaken through its commercial subsidiary Cube Homes Limited, which, in 2019/20, produced markets sales turnover of **£16m** and generated profit of **£3m**

Fairways View, Prestwich, Bury

A superb development of four and five bedroom homes. With a thriving high street, friendly community, attractive green spaces and great commuting routes, Prestwich is an urban village with a lot to offer. City workers have easy access into Manchester city centre along Bury New Road or by tram or bus, and the M60 gives superb connectivity across the region and further afield. Prestwich offers a fantastic location for families, professionals and retirees who want village living in easy reach of the bright city lights.



The Curve, Levenshulme, Manchester

The Kingsway is one of the primary routes into Manchester City Centre from the South. The Curve provides fantastic connections into Manchester and further afield. It's a rare occasion where Great Places has entered the apartment market. These 27 quality apartments for rent and four houses for sale are designed with modern life in mind. Each apartment benefits from its own parking space and cycle storage space. Marketing of the rental units is expected to commence in the next few months, linking with the completion of the apartments in early 2021.



4.8 | Showcase of mixed tenure

Duchy Road, Salford

Duchy Road is a recently completed 72 unit new build development in Salford consisting of 24 two bedroom, 41 three bedroom and 7 four-bedroom family homes with 18 for affordable rent, 22 for shared ownership and 32 for market sale (through Cube), offering a range of options to meet the needs of the local community.

Duchy Road also includes the first homes for Salford City Council's new housing company, Dérive - another great example of Partnership working, providing much-needed affordable accommodation to rent.

Dérive bought eight two and three-bedroomed homes off plan at this development.

In addition to the new homes, Great Places worked with Seddon Construction to maximise social value through the use of local suppliers and provision of work experience and apprenticeship opportunities for local residents.

Arkwright Place, Gorton, Manchester

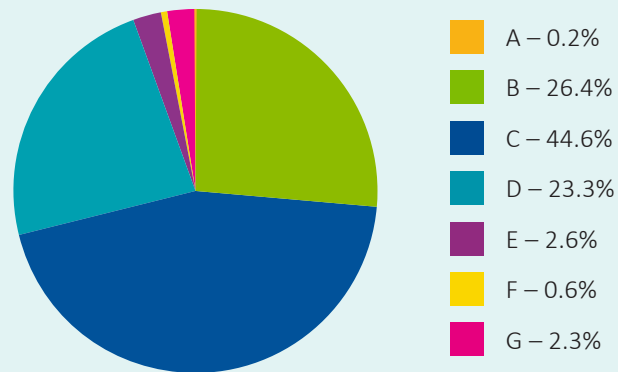
The Arkwright Place development is in Gorton, Manchester and was a mixed tenure development undertaken by Great Places and Cube Homes which had 131 homes of which 98 were for market sale, 30 for shared ownership and 3 for market rent, an innovative mixture of two, three and four bedroom detached and semi-detached homes. Homes at Arkwright Place were a blend of contemporary design and modern specification. They have parking, private gardens and are only three miles outside of Manchester city centre.

The schemes showcased on the last few pages demonstrate how Great Places successfully spreads and mitigates risk by operating multiple sales outlets, many of modest scale, across our varied geography and markets.



4.9 | Environmental, Social and Governance

- Great Places has agreed to be an early adopter of the ESG reporting standard for Social Housing for the financial year 2020/21
- Environmental and Social impact (or Social Value as it is referred to in the Social Housing sector) are evaluated as part of our procurement processes
- PV panels on our head office roof, as well as on over 600 homes, generated over 10 million kwh of electricity. In the last year we sourced 100% renewable electricity which has helped prevent over 640 tonnes of CO2 going into the atmosphere
- Energy efficiency target for Great Places is to improve all homes to an EPC rating of C or better by 2028
- Strong relationship with the regulator, interim judgment received post merger of G1/V2
- Estimate of social rent as a percentage of market rent - on average across the portfolio is 65%
- Social value has been firmly incorporated into the £750M Innovation Chain North (ICN) framework
- Our Corporate plan has a 3 year target to help 2,000 people into work, training or volunteering. This was achieved within 2 years.



Over 71% of the Great Places portfolio is EPC "C" or better



5 | Financials

5



5.1 | Financials

These figures are from the audited financial statements and therefore exclude Equity Housing Group activity.

For the year ended 31 March	2018	2019	2020
	£M	£M	£M
Income Statement			
Total turnover	100.7	109.1	120.9
Operating surplus	33.0	36.3	38.5
Surplus for the year after tax	11.8	13.7	16.9
Statement of Financial Position			
Housing properties at cost	1,201.1	1,223.8	1,263.5
Depreciation	(164.1)	(176.3)	(186.1)
Investment properties	18.2	17.7	21.0
Other fixed assets	8.2	8.2	8.0
Fixed assets	1,063.4	1,073.4	1,106.3
Investments	8.6	7.8	7.5
Net current assets	64.0	60.9	52.9
Total assets less current liabilities	1,136.0	1,142.1	1,166.7
Creditors due after one year (inc. pension)	600.9	608.8	601.1
Social Housing Grant	467.8	464.9	477.4
Reserves	67.3	68.4	88.2
	1,136.0	1,142.1	1,166.7

Great Places Housing Group Breakdown of Turnover (Social Housing Lettings) 2020

Turnover	£M	%
Social Housing lettings	87.9	73%
Supporting People	1.6	1%
Properties managed but owned by others	1.8	2%
1st tranche shared ownership sales	8.3	7%
Market and commercial rent	1.3	1%
Other	4.0	3%
Developments for sale	16.0	13%
Total	120.9	100%

Great Places Housing Group Breakdown of Operating Surplus (Social Housing Lettings) 2020

Operating Cost	£ M	%
Social Housing lettings	30.0	87%
Supporting People	0.0	0%
Properties managed but owned by others	0.3	0%
1st tranche shared ownership sales	1.2	4%
Market and commercial rent	0.5	1%
Other social housing	-0.7	-2%
Other non-social housing	0.1	0%
Developments for sale	3.0	10%
Total	34.4	100%

5.2 | Financial analysis and ratios

For the year ended 31 March	2016	2017	2018	2019	2020
Operating Surplus £m Operating Surplus for the year	33.8	34.0	33.0	36.3	38.5
Surplus % Surplus for the year as % of turnover	11.9%	11.6%	11.8%	12.6%	14.0%
Interest Cover (up to March 2020) (operating surplus, excluding property sales; excluding grant amortisation; adding back depreciation, impairment and gift aid) / (net interest payable) GOLDEN RULE >140% (this was the golden rule to 31/03/2020- going forward it will be EBITDA MRI as the loan covenants have been re-negotiated)	173.0%	197.0%	191.0%	187.8%	202.4%
Interest Cover (historic covenant) (as above, but with major repair capitalisation limited to 40% of total major repair expenditure)	163.0%	176.0%	169.0%	172.0%	187.1%
Gearing* (Total borrowings less cash at bank and in hand)/ (Housing properties at cost less properties under construction) GOLDEN RULE <55%	44.0%	43.1%	40.9%	41.0%	41.9%
Operating Margin before interest %** (Operating surplus / turnover excluding grant amortisation) GOLDEN RULE >28%	28.9%	30.0%	32.2%	31.6%	29.9%
Social Housing Letting interest cover (Surplus on social housing lettings / net interest paid in cash flow statement)	1.3x	1.2x	1.3x	1.1x	1.2x
Recurrent cash interest cover (Operating surplus plus depreciation and impairment / net interest in cash flow statement)	2.0x	2.1x	2.3x	1.9x	2.1x
Debt to revenue (Loans less fees plus finance leases / turnover)	4.8x	4.9x	5.5x	5.0x	4.5x

£15.2m of expenditure facilitated **2,491** programmed improvements to around **1,900** properties in the existing portfolio

Over **£8m** of expenditure on the Group's responsive, re-let and servicing maintenance activities

* The definition for Gearing on this table differs from the RSH metric; the above includes housing properties at cost less those under construction, whilst the RSH definition includes housing properties at net book values

** The definition for Operating Margin on this table differs from the RSH metric, the RSH definition excludes gains or losses on disposal of fixed assets

5.3 | Sector scorecard and Value for Money metrics

Metric	2018/19		2019/20		2020/21
	Great Places Actual	Sector Median	Great Places Actual	Great Places Target	Target
Operating Margin - Overall (VFM)	30.0%	25.8%	28.9%	30.4%	28.0%
Operating Margin - Social Housing Lettings	34.8%	29.2%	34.7%	34.7%	31.9%
EBITDA MRI (VFM)	146.0%	184.0%	150.0%	132.0%	144.0%
Development (No)	298	83 (27)	316	312	400
Units Developed as % of units owned (SH+NSH) (VFM)	1.3% + 0.4%	1.5% + 0.0%	1.4% + 0.5%	1.2% + 0.6%	1.8%
Gearing (VFM)	46.4%	43.4%	46.8%	42.2%	43.9%
Social Housing Cost per Unit (VFM)	£3,087	£3,690	£3,246	£3,334	£2,980
Rent collected	99.4%	99.8%	99.5%	98.8%	99.0%
Overheads as % of Turnover	11.1%	12.8%	13.0%	10.5%	12.1%
Service Charge CPU	£396	£365	£436	£398	£457
Management CPU	£889	£1,059	£906	£923	£814
Maintenance CPU	£451	£951	£482	£661	£432
Major Repairs CPU	£1,005	£703	£1,101	£1,081	£977
Other Social Housing Costs	£346	£218	£321	£271	£295
Customer Satisfaction*	7.79/10		7.53/10	7.85/10	7.3/10
Investment: Communities	£843k	£98k	£819k	£863k	£835k
Reinvestment % (VFM)	3.4%	6.2%	5.2%	6.3%	8.9%
Return on Capital Employed (VFM)	3.1%	3.8%	3.3%	3.3%	2.8%
Repairs Ratio (responsive:planned)	0.45	0.65	0.44	0.50	0.44
Occupancy rate	99.5%	99.5%	99.5%	99.4%	99.5%

* The sector scorecard asks for a % satisfaction figure whereas Great Places utilises the Institute of Customer Service methodology which provides for a score on a scale of 1 to 10. The results are therefore not comparable.

The 2020/21 target was recalculated when preparing our revised Budget and Business Plan, approved in September 2020

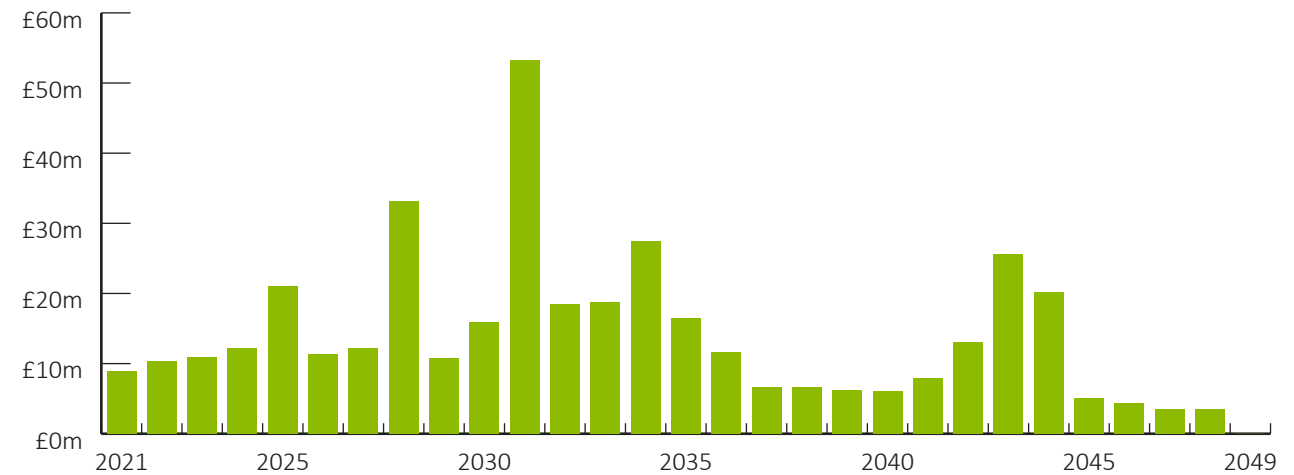
5.4 | Treasury strategy

Capital structure (loan and finance lease liabilities)

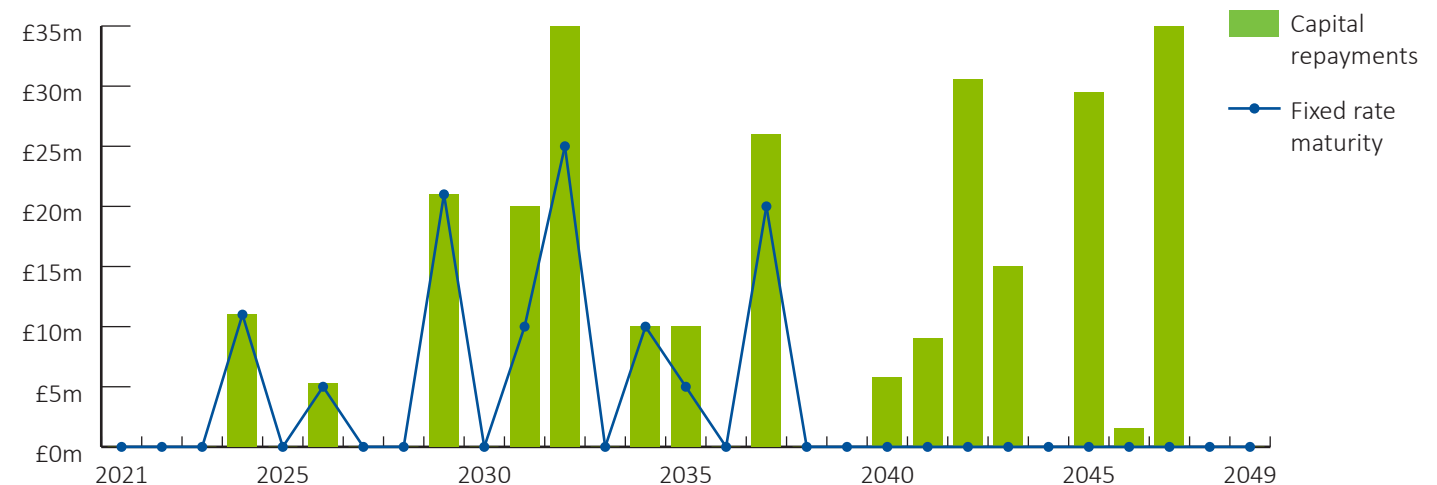
As at 31 March 2020		£M
Maturity		
Within one year		9.5
Between one and two years		8.9
Between two and five years		25.2
After five years		506.3
TOTAL		549.9
Fixed / variable split		
Fixed including cancellable (including amounts fixed by interest rate swaps)		530.9 (96.50%)
Variable		19.0 (3.50%)
Type of facility		
Own name Bond issue including net issue premium		293.2
Post 2007 facilities		247.2
Other legacy debt		9.5
As at 30 September 2020		
£805m	Total facilities	
£574m	Total facilities drawn	
£231m	Total undrawn	

It can be seen that the maturity profile is well balanced and that Great Places' swap portfolio matches the underlying debt maturities. Both graphs below exclude the 2042 bond maturity.

Debt maturity



Swap maturities



6 | Conclusion

6

- Financially robust Northern Housing Association
- Simple structure, robust governance arrangements, a strong Board and experienced Executive team
- Ambitious organisation, whilst recognising the importance of identifying, managing and mitigating risk
- Strong continued management of Covid-19
- Merger successfully completed on 1st April 2020
- 24,000 homes owned and managed across the North West and Yorkshire, with a focus on two of England's most important devolved regions – Greater Manchester and Sheffield City Region
- Excellent reputation with all of our stakeholders and a strong track record over many years in all aspects of development
- “Profit for purpose” Organisation

The information set out above (“the Update”) contains certain ‘forward looking’ statements about the future outlook for Great Places Housing Group Limited and its subsidiaries (together “Great Places”) reflecting, among other matters, our current views on markets, activities and prospects (financial or otherwise). Statements in the Update, including those regarding possible or assumed future performance of Great Places (including any unaudited financial results) or the sectors in which the Great Places operates, should be treated with caution as they involve risks and uncertainties that may cause actual results, performance or developments to differ materially from those expressed or implied by such forward looking statements.

Such statements are a correct reflection of the Great Places views only on the publication date and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Certain financial results quoted in the Update are unaudited. No reliance should be placed on the information contained within this Update. We do not undertake to update or revise the information contained in this Update following any future audit or as and when our expectations change in response to events.