

Investor Presentation

July 2022



ASTER
GROUP

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Presenting Team

Chris Benn, Chief Financial Officer



- Chris qualified as a chartered accountant in 1994 and joined Aster in 2014, bringing with him extensive experience from the commercial sector.
- Before Aster, Chris held senior finance positions at Euromoney Institutional Investor PLC and Regus PLC.
- At Euromoney he ensured the finance team were able to support the five-fold profit increase of the Group.
- At Regus, Chris was involved in the IPO and floatation of Regus' shares on both the FTSE and NASDAQ indices.

Adam Hackett, Sustainability Director



- Adam Hackett is a Chartered Environmentalist and is the Transformation Director for Sustainability, at Aster.
- Adam has successfully delivered a range of large scale energy retrofit and renewable energy projects and is responsible for improving the environmental performance of the group, it's homes, and has a commitment to reducing fuel poverty across our customer base.
- Adam is the vice chair of the National Housing Federations Quality of Existing Homes Group and chair of the Sustainability South Housing group.
- Adam in his spare time is the Chairman of Cornwall Rural Housing Association a leading provider of good quality affordable housing across Cornwall and on the Isles of Scilly.

Paul Jeffries, Director of Treasury



- Paul is a qualified corporate treasurer and accountant with 18 years' experience in the not for profit and housing sectors.
- At Aster, Paul leads the treasury function, funding the business and ensuring we remain financially strong as well as overseeing the financial plan and credit rating. Paul successfully introduced our Framework for Sustainable Finance and inaugural Environmental Social and Governance (ESG) report, facilitating the Group's first sustainability bond issuance in January 2021.
- Paul is a member of the Aster Group Investment and Assets Panel and governing body lead of the Group Treasury Committee.

Contents

• Overview and Financial Performance	5
• ESG	11
• Development	15
• Treasury	19

Overview and Financial Performance

Chris Benn
Chief Financial Officer



Aster's Credit Highlights

- **Large Geographically Focussed Portfolio**
 - 35,045 units across the South of England and into London.
- **Operating in Areas of High Housing Demand**
 - Significant discount to market across all operating areas.
- **Successful merger with C&C**
 - Completed January 2022 – delivering on integration targets.
- **Resilient development output**
 - Delivered 939 homes, comprising 768 affordable.
- **Sector Leading ESG Credentials**
 - Continued use of the Sustainable Reporting Standard for Social Housing.
 - Sustainability bond – allocation and impact report released.
- **Homes England Strategic Partner**
 - Delivering 1,500 homes over seven years.

35,045
Homes Owned
and Managed

£241m
Turnover

A+ (neg)
S&P rating

G1 / V1
Regulatory
Grading

96%
Turnover from
Social Activities

26.5%*
Operating Margin
(Social Housing
Lettings)

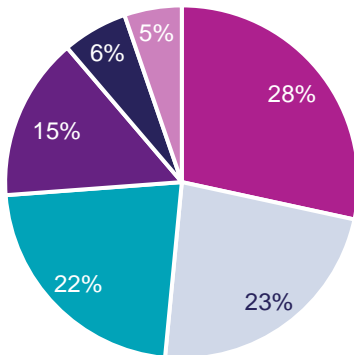
48.8%*
Gearing

184.7%*
EBITDA-MRI
Interest Cover

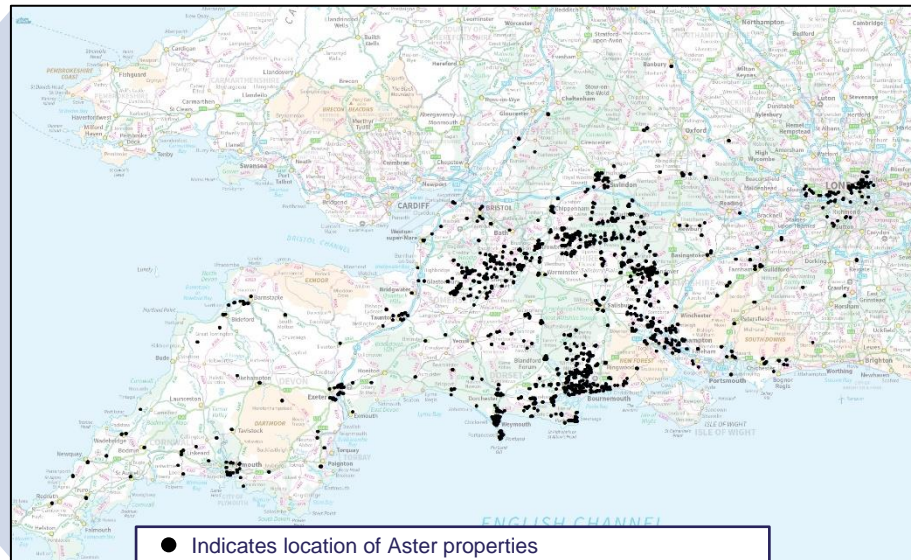
Areas of Operation

Stock split by geography

- Dorset
- Wiltshire
- Hampshire
- Somerset
- Devon & Cornwall
- Greater London



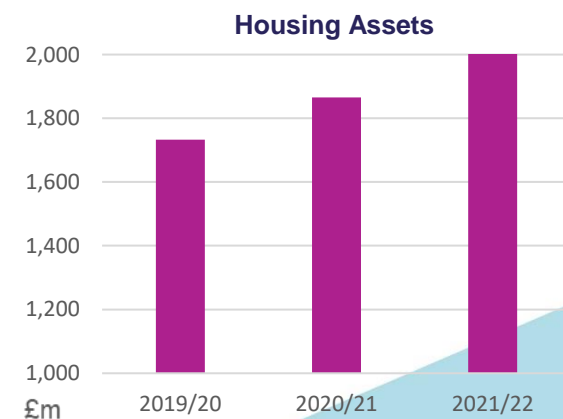
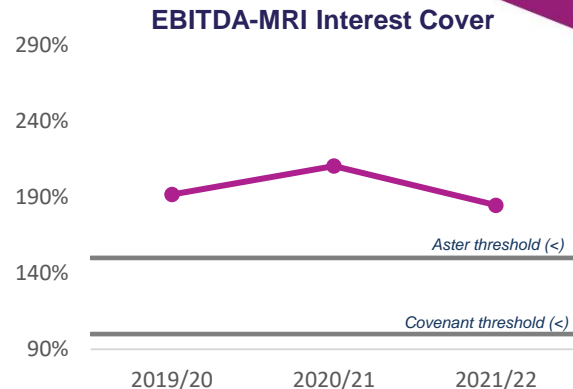
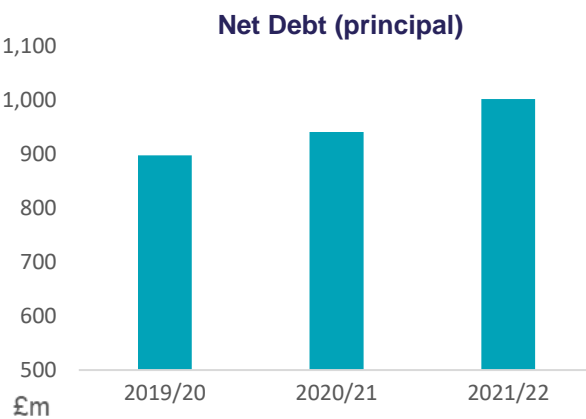
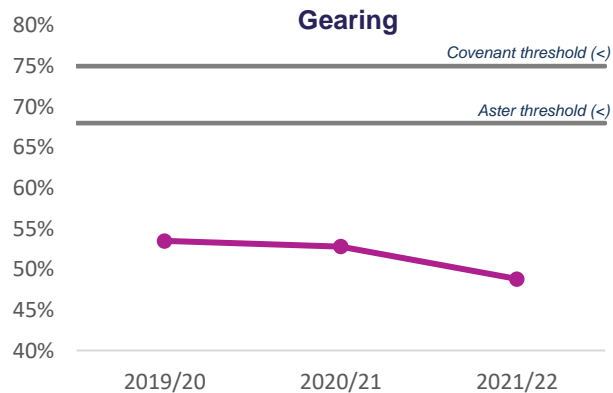
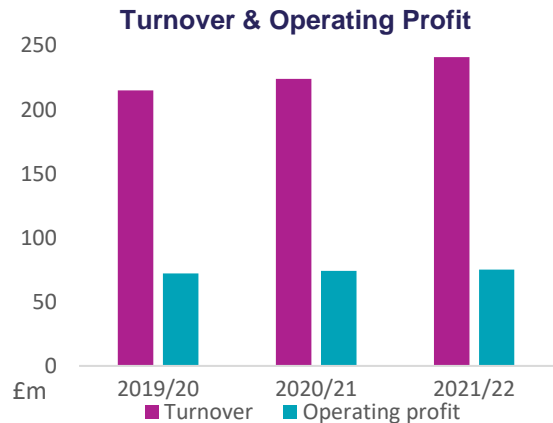
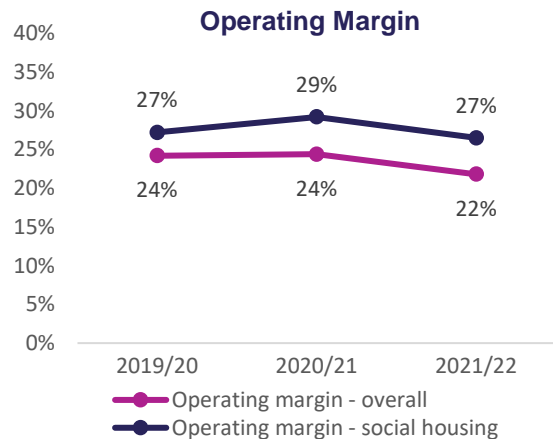
Stock Map



31 March 2022 results – Trading update

£000s	12 months March 2022	12 months March 2021
Turnover	240,682	224,379
Operating Costs	(188,135)	(168,223)
Surplus on sale of housing property, plant and equipment	22,751	17,871
Operating Profit	75,298	74,027
Profit on disposal of other property, plant, equipment & tangible assets	23	(44)
Impairment of housing assets	-	(138)
Impairment of office premises	-	(1,241)
Share of profit in joint ventures	2,707	400
Net finance expense	(27,794)	(28,163)
Gain on acquisition	119,590	
Profits before tax for the year	170,978	45,474
Housing properties (net of depreciation) (£m)	2,003	1,821
Net debt (principal) (£m)	1,002	941
EBITDA-MRI Interest Cover	184.7%	210.5%
Gearing	48.8%	52.8%

Financial Performance



Operations update

- **Aster Foundation**

- Aster Foundation has been granted official charitable status by the Charity Commission. This is a really exciting step forward for the Foundation's vision to enable the better lives of 40,000 people by 2030.

- **The Future of Customer Experience**

- Our commitment to co-designing current and future services with customers. Their contributions strengthen our service delivery by ensuring we provide proactive services that meet their expectations and needs.

- **MyAster – our online portal**

- Over 50% of customers are now registered. we're giving customers more ways to access our services in ways that suits them. Customers can use Live Chat to log repairs, ask questions, update their tenancy and more.

- **Repairs and maintenance**

- We spent £80.1m on repairing and maintaining our homes and have invested £2.8m to carry out full stock condition surveys on almost 26,000 of our homes - we're one of only a few housing associations to take this approach.

ESG

Adam Hackett
Transformation Director -
Sustainability



ESG Highlights

E

- 85% of stock is EPC C or above - plan to achieve EPC C on all ahead of government target
- Sustainability plan formalised in 2022/23.
- Right spaces, right places – mileage reduction target of 50% by March 2023.

S

- Aster Foundation became registered charity in 2021/22.
- Objective to enable better lives for at least 40,000 people by 2030.
- Addressing root cause of social challenges.

G

- G1/V1 – Governance and Financial Viability rating – affirmed January 2022.
- Balance of skills and experience and succession planning.
- Programme Experience – our business wide transformation programme.

Sustainability Bonds

Allocation and Impact Reporting: Series 1 - £250m (inc. £50m retained) due 2036

- Series 1 proceeds of £197.9m now 100% allocated to expenditure in 2018/19 and 2019/20 financial years.
- 1,546 eligible new homes delivered in the same period.
- Allocation and Green Building Impact assessed by Sustainalytics.



1,382

Annual emissions avoided (tCO₂e)



300

Cars driven for one year



91K

Trees, yearly sequestration



2,094

Customers living in a home built using proceeds from the Series 1 issuance.



45%

Percentage of active tenancies in a home built using proceeds from the Series 1 issuance let to customers who receive universal credit or claim housing benefit.

Framework



Eligible categories

- Affordable Housing
- Green Buildings

Eligibility criteria

- UK based
- Meets definition of affordable housing
- EPC and EIR of B or above

Target Population

- Low incomes
- In receipt of state benefit
- Shared ownership eligibility

Case Study: Bellacouch Meadows, Chagford



**CLT in
Dartmoor
National
Park**

28 homes
22 Affordable
Rent, 6 Shared
Ownership

**Exemplary
model of
collaboration**

**EPC/EIR B
achieved on
all 28 units
handed over**



Development

Paul Jeffries
Director of Treasury



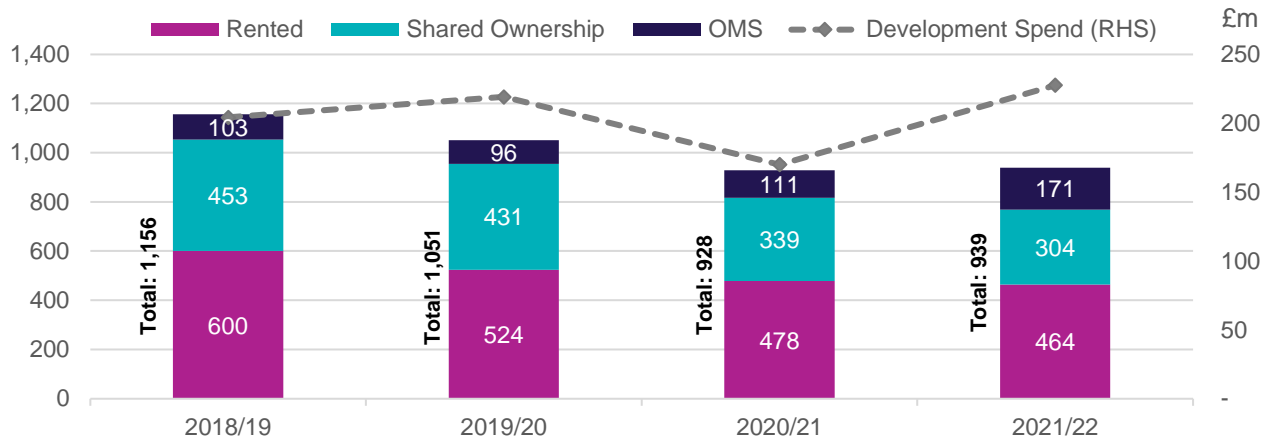
Development Programme

Successful bid to become Homes England Strategic Partner.

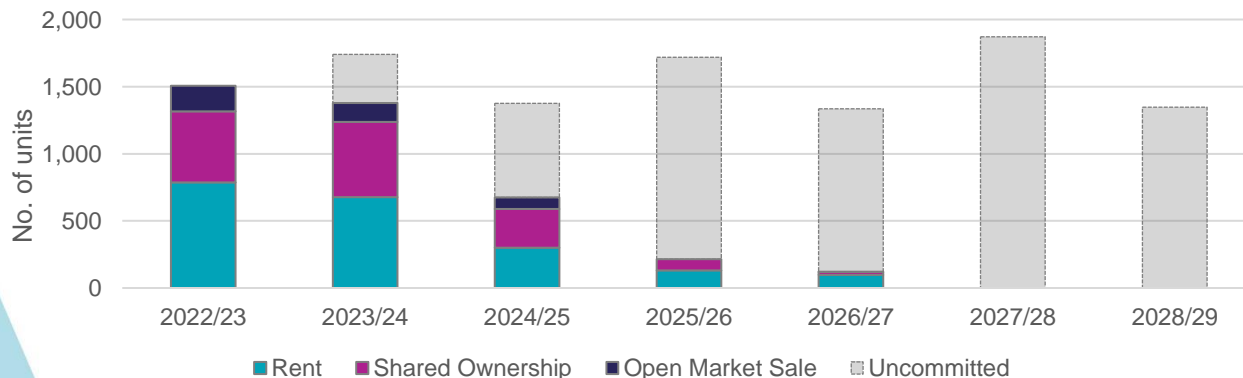
1,550 homes will be delivered with £114m of grant.

Continued excellence in Shared Ownership performance

Completed Developments 2018/19 – 2021/22

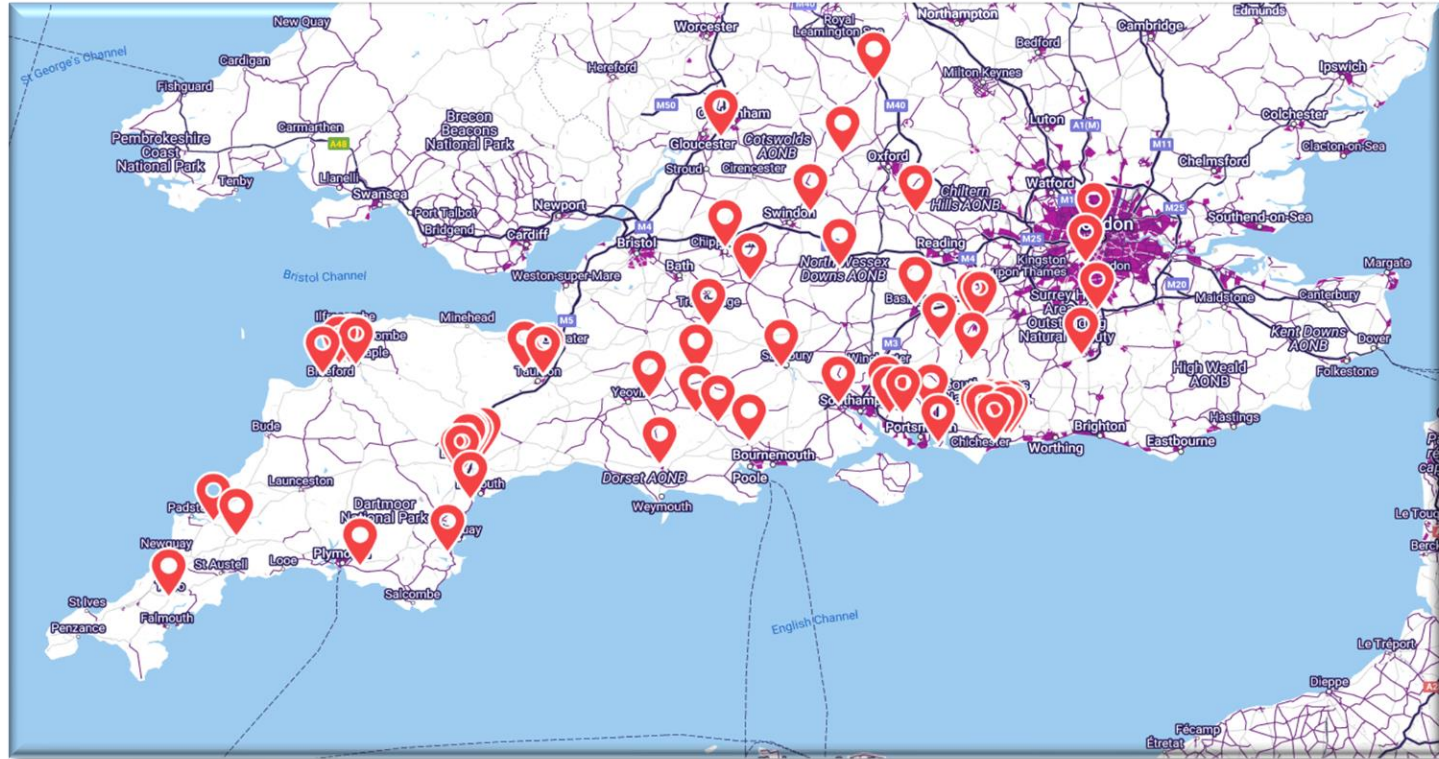


Development Programme: 3,898 units committed over 7 years (89% affordable)*



*As at March 2022

Active Developments

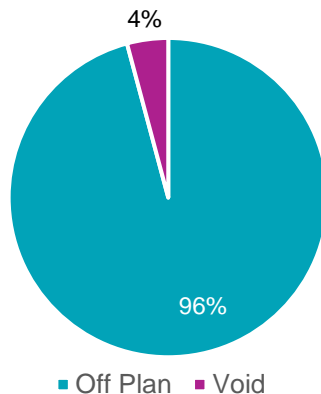


Shared Ownership

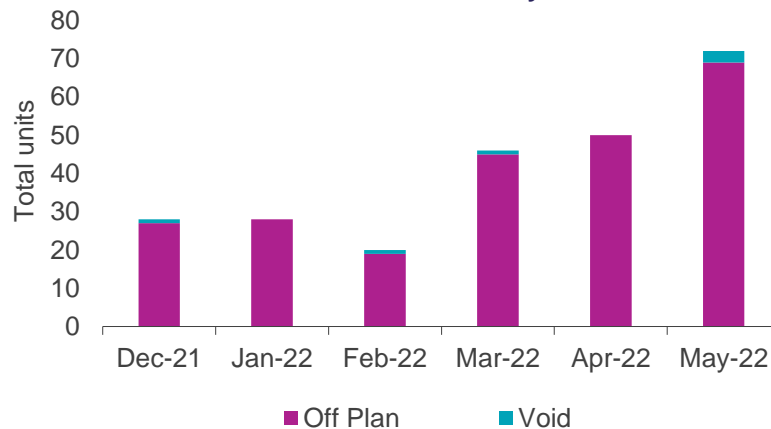
- A market leader in Shared Ownership.
- Shared Ownership turnover was **£44.8m** in 2021/22 and **£5.7m** YTD to 31 May 2022.
- Average First Tranche Sale **45%**.
- YTD (31 May 2022) reservations were **121 homes**.
- Average sale time - **14 weeks** versus a target of **26 weeks**.



Off plan reservations/voids (as at 31 May 2022)



No. of reservations by month



Treasury

Paul Jeffries
Director of Treasury



A Robust Treasury Framework

- Links to key treasury risks.
- Ensures performance is monitored continuously and reviewed quarterly by the Treasury Committee.
- Business plan continually stress tested on a wide range of topics/assumptions – Board approved Living Business Plan.

Metric	Target / Threshold	Performance
Liquidity	<ul style="list-style-type: none"> ➤ > 12 months of committed facilities to cover net forecast spend and; ➤ > 6 months of cash to cover net forecast spend 	<ul style="list-style-type: none"> ➤ £280m committed facilities* ➤ £97.9m cash*
Gearing	<ul style="list-style-type: none"> ➤ < 68%[^] 	<ul style="list-style-type: none"> ➤ 48.8% - Net debt to social housing assets basis*
Debt Maturity	<ul style="list-style-type: none"> ➤ < 15% of total debt maturing in any one year ➤ < 35% of total debt over five years 	<ul style="list-style-type: none"> ➤ £154m of debt (15.2%) is repayable within five years**
Interest Cover	<ul style="list-style-type: none"> ➤ > 150% (based on operating surplus to net interest payable) 	<ul style="list-style-type: none"> ➤ 184.7% - EBITDA MRI basis*
Sales Exposure	<ul style="list-style-type: none"> ➤ < 50% turnover from shared ownership or open market sale 	<ul style="list-style-type: none"> ➤ 29.2% - (including grossing joint ventures)**

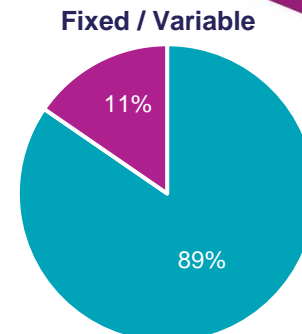
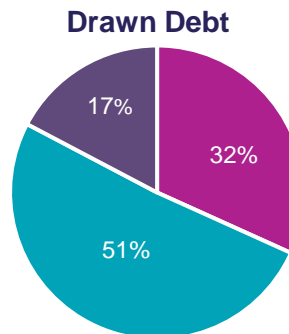
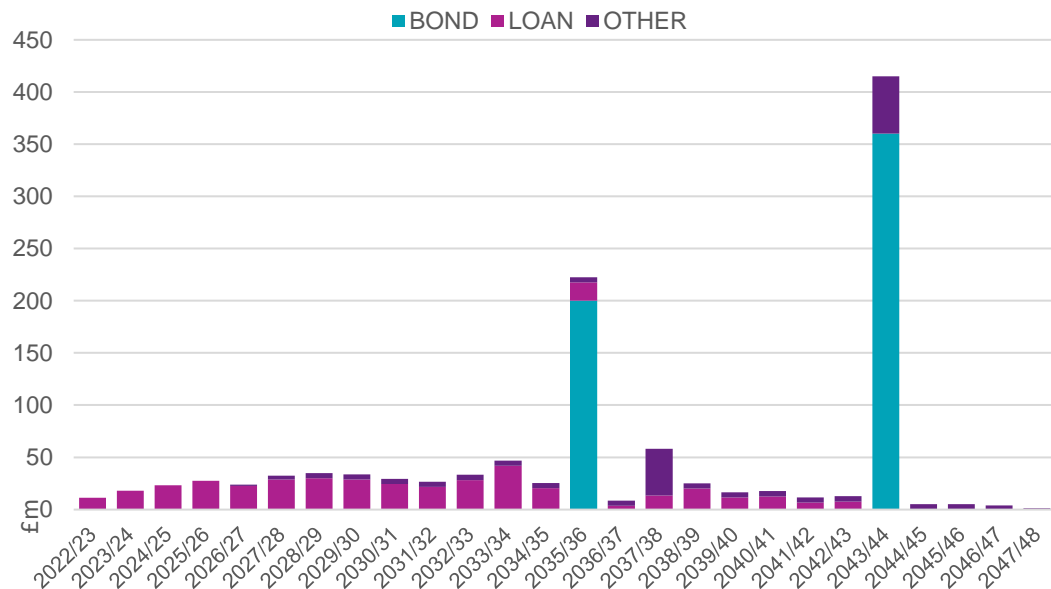
*Source: Aster Group trading update for the 12 months to 31 March 2022

**As at 31 March 2022.

[^]covenant based on net debt to EUV-SH

Debt Portfolio

	2019/20	2020/21	2021/22
Available facilities (£m)*	1,187	1,416	1,292
Total drawn debt (£m)*	1,012	1,109	1,012
Average cost of debt (%)*	3.33	3.33	3.20



- Bank Debt
- Bond Debt
- AHF/EIB/MORHomes

- Fixed
- Variable

Retained bonds	(£m)
2043 (XS1821890578)	£90m
2036 (XS2290950562)	£50m

Aster awards and accreditations



Q&A

