Trading update

For the six months ended **30 September 2020**

ASTER
GROUP

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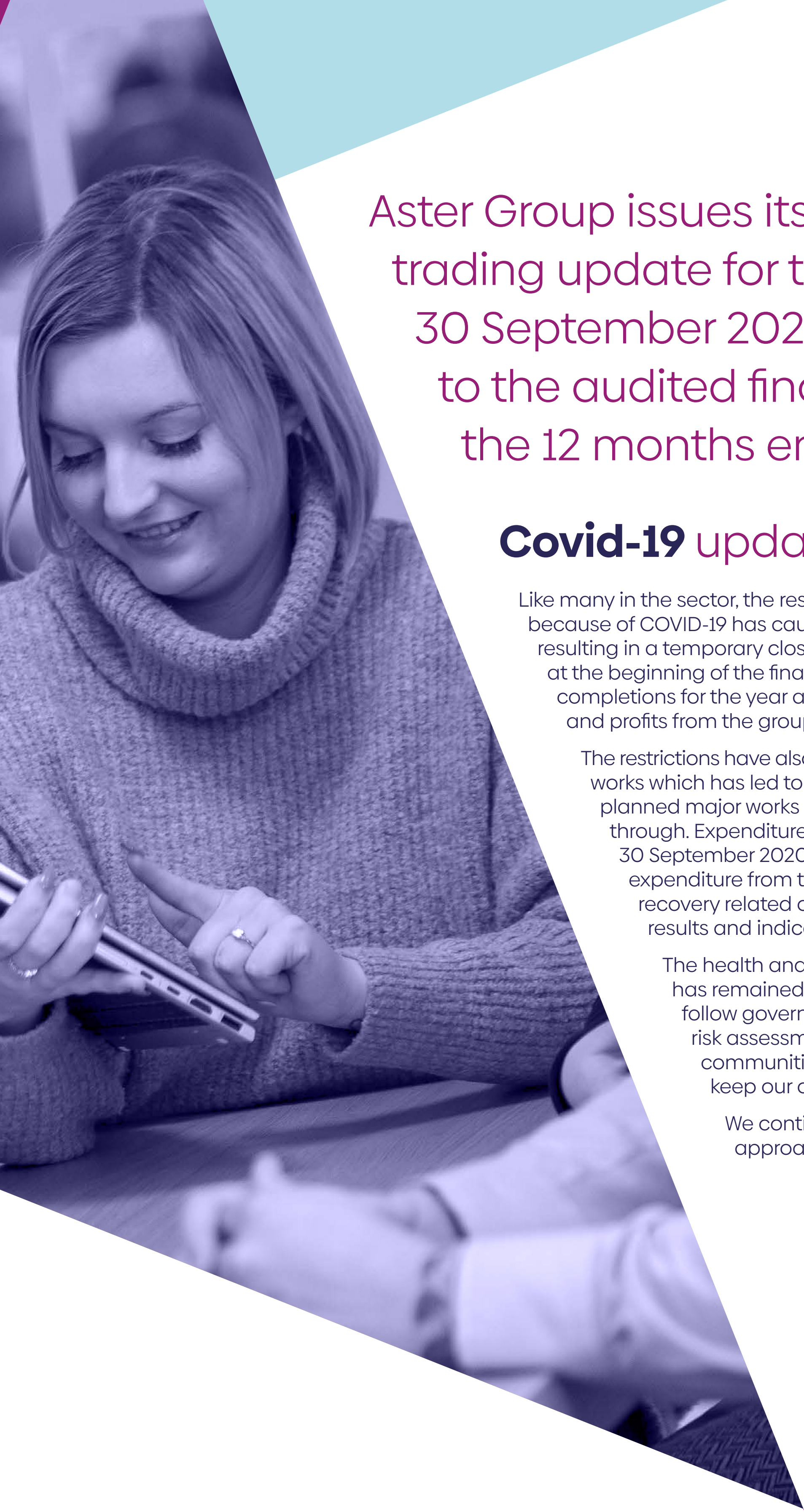

Aster Group issues its unaudited group trading update for the six months ended 30 September 2020, with comparatives to the audited financial statements for the 12 months ended 31 March 2020.

Covid-19 update

Like many in the sector, the restrictions in place over the past few months because of COVID-19 has caused significant disruption to our business, resulting in a temporary closure of construction sites for six to eight weeks at the beginning of the financial year. This is likely to result in fewer completions for the year and impact rental income, first tranche sales and profits from the group's joint ventures.

The restrictions have also meant that we had to postpone non-essential works which has led to a backlog of non-essential repairs and planned major works which will take several months for us to work through. Expenditure in these areas was reduced for the period to 30 September 2020 and the expectation is that the increased expenditure from the catch up in these repairs and other recovery related costs is likely to impact the group's financial results and indicators in the second half of the year.

The health and safety of our employees and customers has remained our priority throughout. We continue to follow government guidance closely and have personal risk assessments in place for colleagues working in our communities - this continues to be the best way to help keep our colleagues and customers safe.

We continue to work through our three staged approach to turning services back on.

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Covid-19 update (continued)

We have returned to a normal programme of safety inspections, fire risk assessments and asbestos surveys and since the start of June we've carried out over 9,000 routine gas safety checks and let over 450 homes to families on the housing register.

As a housing association we know that Covid-19 restrictions have had a big impact on the wellbeing of some of our most at risk customers, and ensuring their safety has been one of our top priorities throughout this time. Our befriending service Aster Connect was launched to provide a friendly voice at the end of the phone to some of our older customers and customers with extra medical needs or disabilities.

Aster Connect volunteers have been best placed to spot anyone struggling and signpost them to further support available in their community.

Throughout the first lockdown we also carried out over 10,000 welfare calls to customers with vulnerabilities living in sheltered and extra care housing. Through these regular phone calls, it has ensured people have access to food, medication and supplies they need.

Financial & Operating Performance

Unaudited profit for the six months to September 2020 was £25.8m. Housing properties (net of depreciation) have increased to £1,771m from £1,733m at 31 March 2020.

Consolidated Statement of Comprehensive Income	**6 months September 2020 £000**	12 months March 2020 £000
Turnover	**109,289**	214,560
Operating costs	**(75,687)**	(162,859)
Surplus on sale of housing property, plant and equipment	**6,058**	20,042
Operating Profit	**39,660**	71,743
Profit on disposal of other property, plant, equipment and intangible assets	**-**	214
Reversal of impairment of housing assets	**-**	135
Share of (loss)/profit in joint ventures	**(430)**	374
Net finance expense	**(13,465)**	(26,680)
Gain on acquisition	**-**	14,013
Profit for the period	**25,765**	59,799

Financial indicators	**6 months September 2020**	12 months March 2020
Operating margin (excluding surplus on sale of housing property, plant and equipment) [1]	**30.7%**	24.2%
Social housing operating margin[2]	**35.7%**	27.2%
EBITDA MRI interest cover[3]	**255.5%**	191.8%
Gearing[4]	**53.2%**	53.5%

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Financial & Operating Performance (continued)

Sales of shared ownership homes and open market sale homes (predominantly delivered through joint ventures) totalled 183 units for the six months ended 30 September 2020 (12 months ended 31 March 2020: 543). As at 30 September 2020, we had 83 completed shared ownership homes void and available for sale either sold and yet to complete or unsold (31 March 2020: 133).

Customer satisfaction was 82% as at 30 September 2020 (31 March 2020: 82%). Void losses for the group's general needs and sheltered stock were 1.0% (31 March 2020: 0.7%). Rent arrears were 2.4% (31 March 2020: 2.2%).

Debt & Liquidity

Net debt over the period has increased to £917m from £902m. We had liquidity at 30 September 2020 of £406.5m, consisting of committed and available undrawn facilities of £308.7m, and cash and cash equivalents of £97.8m. During the period we issued £100m of Commercial Paper under the Covid Corporate Financing Facility (CCFF).

Development

We completed 279 affordable units in the six months ended 30 September 2020 (12 months ended 31 March 2020: 955) and have a contracted pipeline of 2,517 homes (31 March 2020: 2,204). The number of completed homes during the year is expected to reduce as a direct result of the disruption caused by COVID-19. All development sites are open and are operating but at approximately 80% of capacity. We have been successful in securing opportunities and entering contract and we have a healthy pipeline of opportunities.

Board & Executive Team Changes

Aster Group Ltd: The members of the **Executive Board** are Bjorn Howard, Chris Benn, Rachel Credidio, Dawn Fowler-Stevens, Emma O'Shea and Amanda Williams.

Claire Whitaker OBE was appointed as a co-optee to the Board from 12 August 2020. Emma O'Shea was appointed to the **Executive Board** on 6 April 2020.

Aster Treasury plc: There were no changes to the membership of the board.

Aster Group credit rating & governance

Aster Treasury plc is rated A+ (stable) by Standard and Poor's (December 2019), and G1/V1 by the Regulator of Social Housing (25 March 2020).

Notes:

[1] Demonstrates the profitability of operating assets before exceptional expenses. Defined as operating profit, excluding surplus on sale of property, plant and equipment, as a percentage of total turnover.

[2] Demonstrates the profitability of social housing operating assets before exceptional expenses. Defined as operating profit derived from social housing activities, excluding surplus on sale of property, plant and equipment, as a percentage of total turnover.

[3] Seeks to measure the level of surplus generated compared to interest payable. It is a key indicator for liquidity and investment capacity. EBITDA MRI is Earning before interest, tax, depreciation, amortisation, excluding profit on disposal of property, plant and equipment, but including the cost of capitalised major repairs (major repairs included). Interest includes the group's interest payable plus interest capitalised during the year but excluding interest on the net pension liabilities.

[4] Calculated as net debt (loans less cash) as a proportion of social housing assets. Shows how much of the social housing assets are made up of debt, and the degree of dependence on debt finance. It also sets out the potential capacity for further borrowing which can be used to fund the future development of new housing.

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