



Fixed Income Investor Presentation

June 2023



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Presenting team



Bjorn Howard
Group CEO

Bjorn has 30 years' sector experience and became Group CEO in 2009, having previously been the Chief Executive of a smaller housing association.

He has served as a non-executive director for an NHS Trust, educational organisations, regeneration boards and as a government appointee to a housing association. Bjorn holds a master's degree in management.



Emma O'Shea
Chief Operating Officer

Emma joined Aster in April 2020 from Peabody Group and has 15 years' experience in operational and strategic leadership.

She successfully took Peabody and Family Mosaic through their operational merger. As executive lead for the customer services directorate, Emma is transforming the way we manage and maintain our customers' homes. Emma has a MBA from Henley Business School.



Paul Jeffries
Treasury Director

Paul is a qualified corporate treasurer and accountant with 19 years' experience in the not for profit and housing sectors.

At Aster, Paul leads the treasury function, funding the business and ensuring our financial strength as well as overseeing the financial plan and credit rating. He successfully introduced our Framework for Sustainable Finance and inaugural ESG report.

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 Regus Chris was involved in the IPO and floatation of Regus' shares on both the FTSE and NASDAQ indices.



Chris Benn
Chief Financial Officer

Amanda has over 30 years' experience in development, marketing and asset management for registered social landlords, joining Aster Group in 2012.

Before Aster, she was Head of Development for Sanctuary Housing Group for London and the South East.



Amanda Williams
Chief Investment Officer

Adam is a Chartered Environmentalist. He 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. He is the vice chair of the National Housing Federations Quality of Existing Homes Group and chair of the Sustainability South Housing group. Adam is also Chairman of Cornwall Rural Housing Association



Adam Hackett
Transformation
Director - Sustainability

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Introduction and overview

*Bjorn Howard
Group CEO*

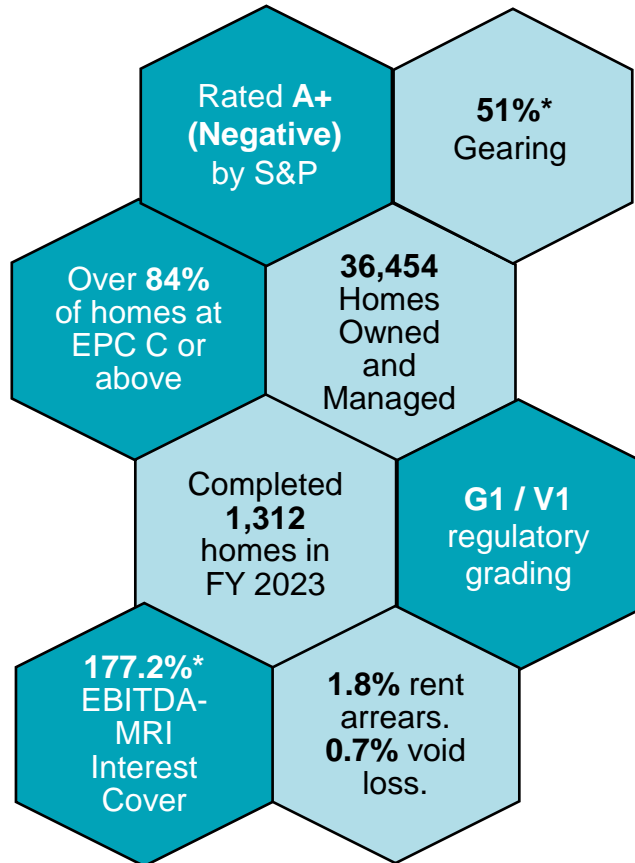


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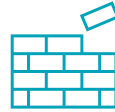
Aster's vision, purpose & strategy



Aster overview



Serving over **100,000** people across the South of England and Greater London in high demand areas.



Record year for development with over **1,300** homes, **89%** affordable tenures. Homes England Strategic Partner, received **£114m** grant funding to deliver **1,550** homes.



ESG embedded within Aster. Continuous development though new sustainability roadmap. Sector leading, independently reviewed allocation and impact report.



'Customer first' culture and **TPAS**[^] accredited. Strong governance underpinned by outstanding external credentials.



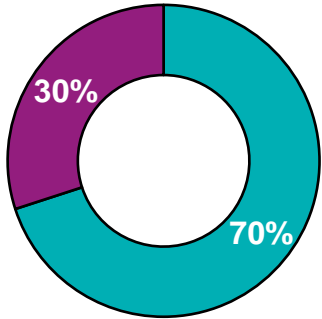
Over **96%** of turnover from social activities, strong financial controls and A+ credit rating by S&P.



Enham Trust care services CQC rating uplifted to good (from inadequate on acquisition).

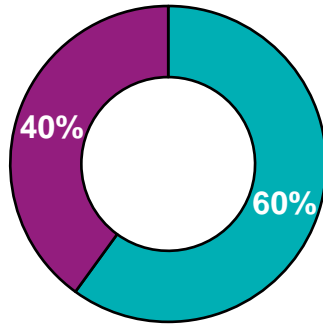
Aster's Governance

Board split



■ Non-Executive ■ Executive

Board diversity



■ Male ■ Female

4

years

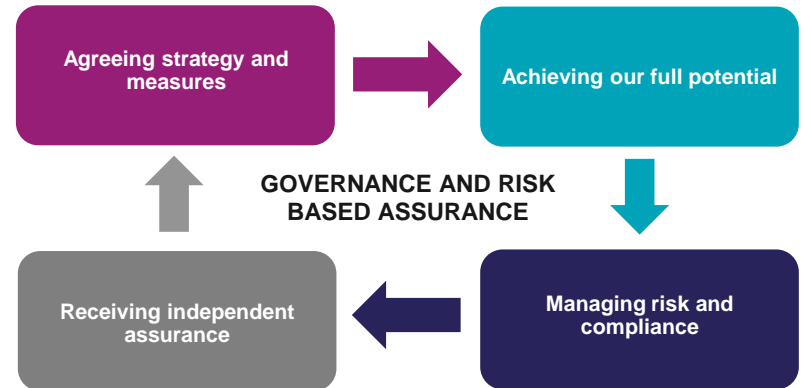
Average Board
tenure

G1

rating

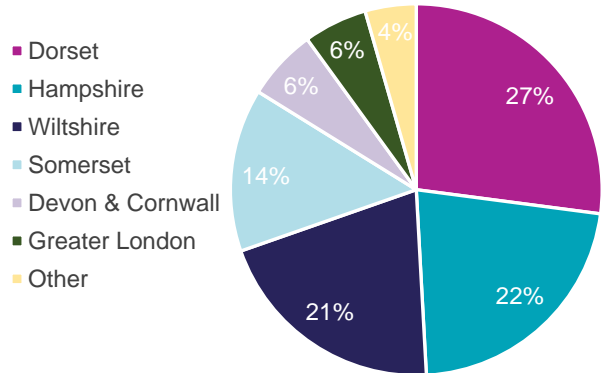
Structured on the UK Corporate Governance Code

- A strong and stable board.
- An up-to-date succession plan in place, safeguarding the business against potential changes to the senior management team.
- Undertaking an independent governance review, focusing on efficiency and effectiveness.

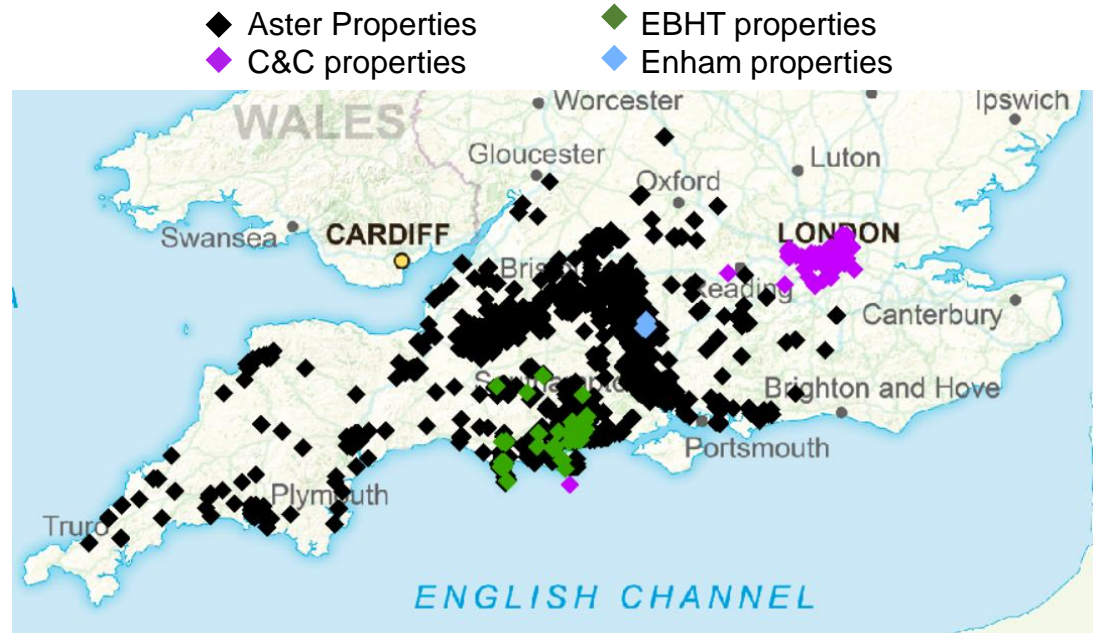


Areas of operation

Stock Split by Geography



Stock map by entity



Aster Foundation

Purpose – enabling the better lives of 1 million people by 2030 through combatting the causes and effects of poverty.

Mission – to understand the causes and effects of poverty across our communities and deliver short- and long-term impact programmes which enable better lives.

To date:

3,547

people positively impacted by our mental wellness and connection programme

3,857

people supported to have a healthier relationship with money through providing practical and or emergency support

1,719

people positively engaged and impacted by our social research

340

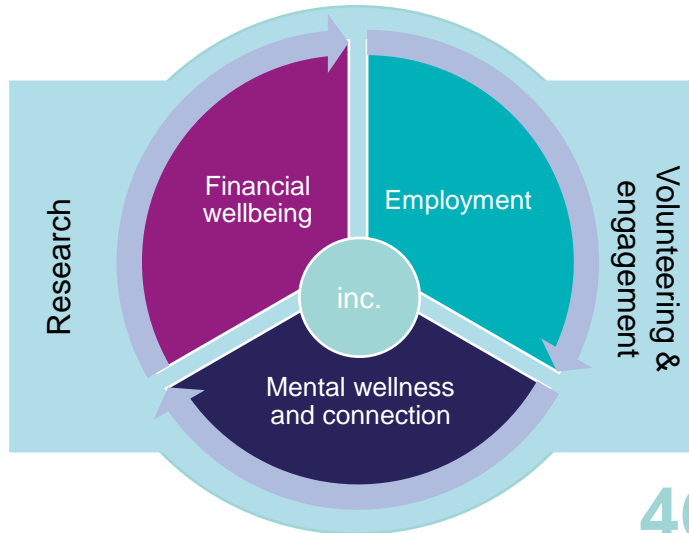
Days of skills and time invested into our local communities

31

Social entrepreneurs have been part of our incubator, and were supported to amplify their impact

46

people improved the chances of sustainable employment by removing the barriers that exist



Operational performance

*Emma O'Shea
Chief Operating Officer*



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Providing safe, well-maintained homes and modern, reliable customer services

Our 'customer first' culture – strong customer performance

£80.1m spent on repairs and maintenance in 2022/23

Full stock condition survey (including C&C and Enham)

Commitment to customer engagement, involvement and influence – TPAS accreditation



A 'safety first' approach

Health & Safety – a strategic priority

Board committed to 'Beyond Compliance'

Align to the recommendations from the Building Safety Act

New property safety team

£16.3m

Spent on H&S in FY 2023

£2.4m

(Fire Risk Assessment works)

Fire Safety – all blocks surveyed

Only 4 blocks over 18 metres

Programme of external wall assessments and remediation being delivered

Spend incorporated into Financial Plan

High levels of compliance

99.8%

Fire Risk Assessment compliant

99.9%

Gas Servicing compliant

99.9%

Decent Homes compliant

99.3%

Electrical Testing compliant

Damp and mould

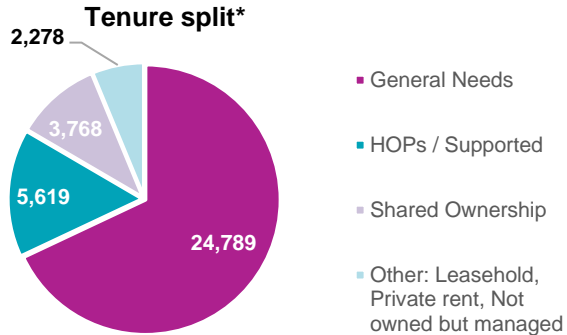
Specialist training to surveyors with increased capacity

Fewer damp and mould HHSRS issues when compared to SCS data from our peers

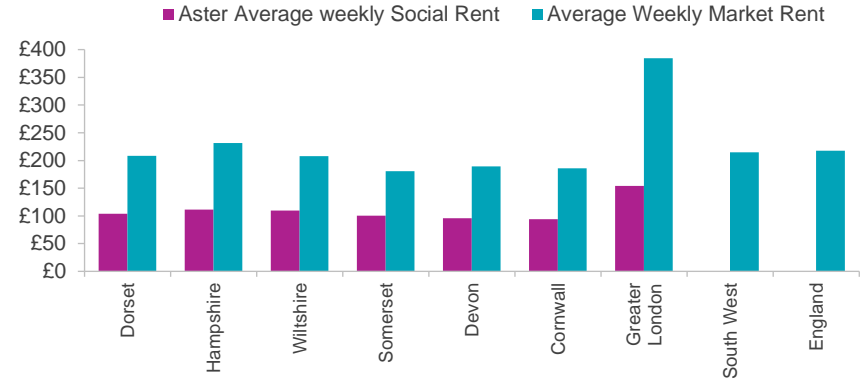
Annual Home Health Pilot

Full Stock Condition Survey

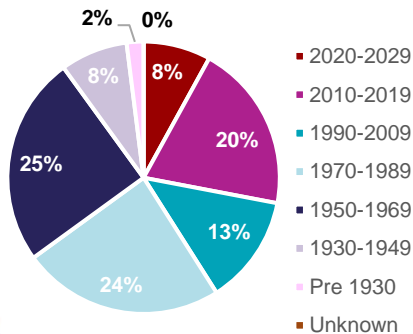
Strong demand dynamics in operating areas



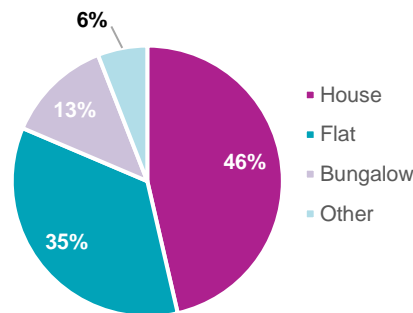
Aster average weekly rent is significantly below market rent – September 2022



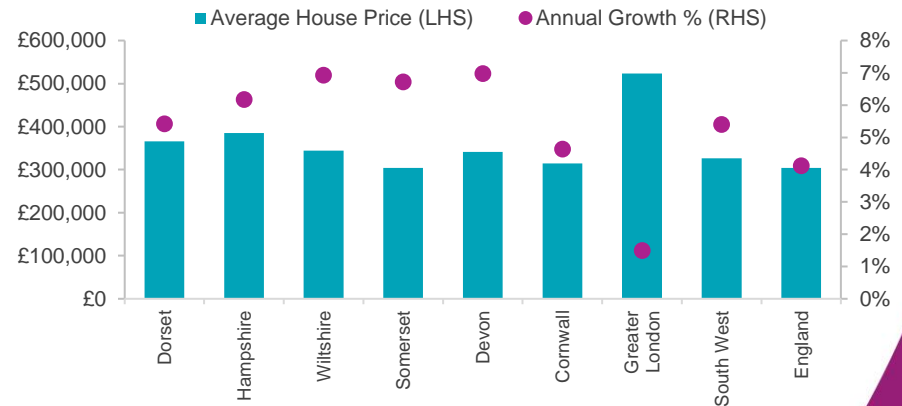
Age Profile of Stock*



Stock type*



Average house prices and growth in Aster's main operating areas are above the national average – March 2023



*As at 31 March 2023

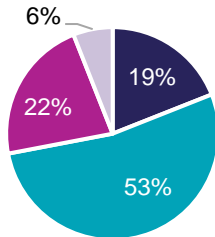
Universal Credit update

- Overall arrears were at **1.84%** of total customer debits (Universal Credit arrears at **3.18%**) as at March 2023.
- Although we have comparably higher proportion of universal claimants than the median for the sector, we are managing this position well, with overall arrears remaining strong.
- This reflects our responsible support processes assisting customer's with financial wellbeing.

Examples of customer support

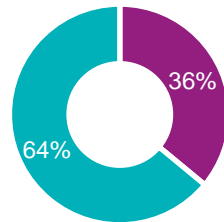


Age breakdown



- Under 35
- 35-64
- Over 65
- Unknown

Customers with direct payments from benefit providers



- % of customers with all or some rent paid direct from a benefit provider
- % of customers who pay their rent direct

Excellent operational performance

Key Performance Indicator	2020/21	2021/22	2022/23	Target
Current tenant rent arrears (% of annual debit)	2.02%	1.83%	1.84%	3.0%
Former tenant rent arrears (% of annual debit)	1.15%	1.11%	1.02%	2.0%
Rent loss through voids (% of annual debit)	0.84%	0.83%	0.69%	0.76%
Re-let times (All standard relets) (days)	23.8 days	26.5 days	26.6 days	20 days
Re-let times (General Needs) (days)	18.0 days	17.0 days	20.9 days	14 days
Re-let times (Housing for older people) (days)	27.9 days	24.2 days	20.4 days	24 days
Number of first contacts resolved in financial year	190,812	224,813	264,798	N/A
Contact centre contact resolution	62.3%	65.1%	74.9%	70.0%
Overall customer satisfaction (General Needs & Housing for older people only)	82.0%	82.0%	77.0%	80.0%

ESG - Environment

*Adam Hackett
Transformation Director –
Sustainability*



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Sustainable finance at Aster

Framework unchanged



Eligible categories

- Affordable Housing
- Green Buildings

Target Population

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

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.
- One of the first in the sector to release an Allocation and Impact report **independently assessed** by Sustainalytics.
- 1,546** eligible new homes delivered utilising Series 1 proceeds.

ICMA Eligible Social and Green Projects	Project eligibility for Series 1 allocation - 2018/19	Project eligibility for Series 1 allocation - 2019/20
Affordable Housing	100%	100%
Green Buildings	99.7%	99.7%

Impact



1,382

Annual emissions avoided (tCO2e).



300

Cars driven for one year.



2,094

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

ESG Reporting

- Early adopter of the **Sustainable Reporting Standard for Social Housing**.
- ESG activities across the group align with the **United Nation's Sustainable Development Goals (UN SDGs)**.



Environmental highlights

Upper quartile average stock energy efficiency (SAP 74.35)

Reviewing carbon budgets, EPC C targets, and aim to set science based targets

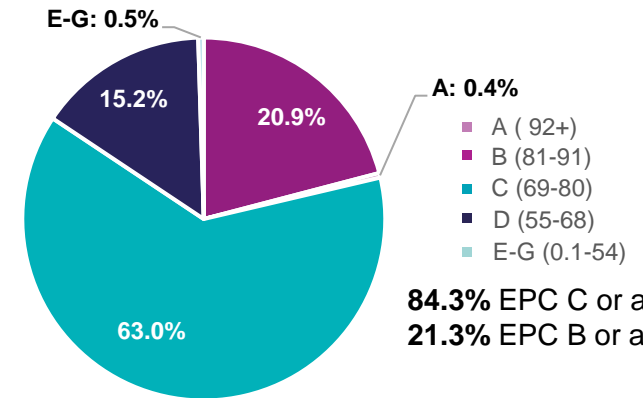
Further understanding impacts of net zero-using new SCS data and Parity Projects analysis

Social Housing Decarbonisation Fund: Wave 2.1

New full GHG inventory being developed, along with full biodiversity baselining activity

Transformational activity: sustainability roadmap

Energy efficiency in our existing homes (excludes Enham)



Pipeline projects



All planned investment surveyors are now PAS 2035 retrofit assessors



A review and rebaseline of our enlarged Group Scope 3 carbon emissions underway



Decarbonisation pilot in progress, utilising a range of new electricity based technologies

Development

Amanda Williams
Chief Investment Officer



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Development strategy

Continue to invest in high quality homes across a range of different tenures

Expand into new areas – Central & Cecil

Homes England Strategic Partner – 740 homes in contract

New JV opportunities

Community Land Trusts



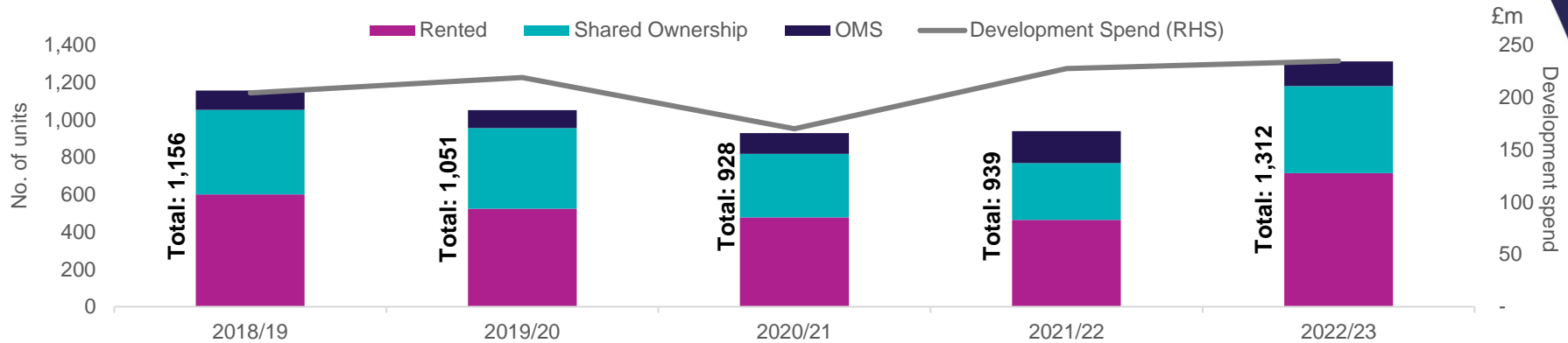
Active developments

A geographically diversified development programme spread out across the South of England and Greater London.

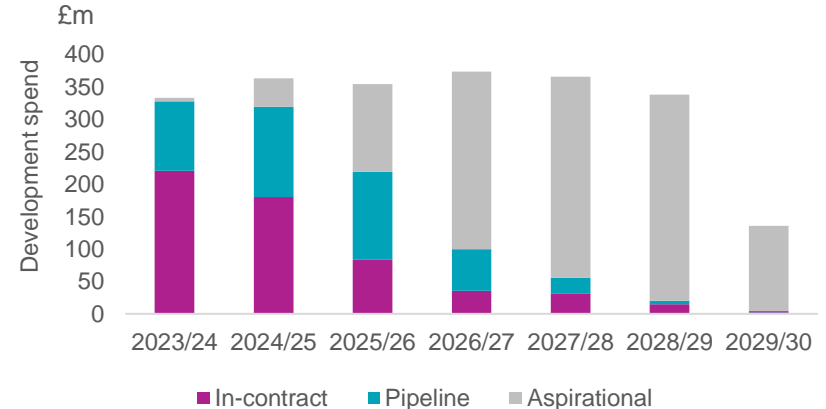
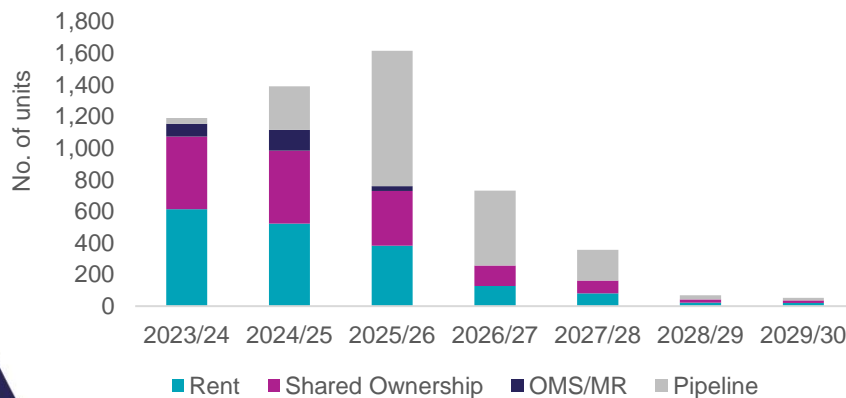


Development programme

Completed developments 2018/19 – 2022/23



Development programme: 3,521 units in-contract (93% affordable), a further 1,882 units identified (90% affordable)



Shared Ownership

A market leader...

£60.5m

Based on 422 Shared ownership unit sales
FY 2023

45%

Average share sale
FY 2023

3 units

Unsold/unreserved over
26 weeks, 24 in total (as
at 31 March 2023)

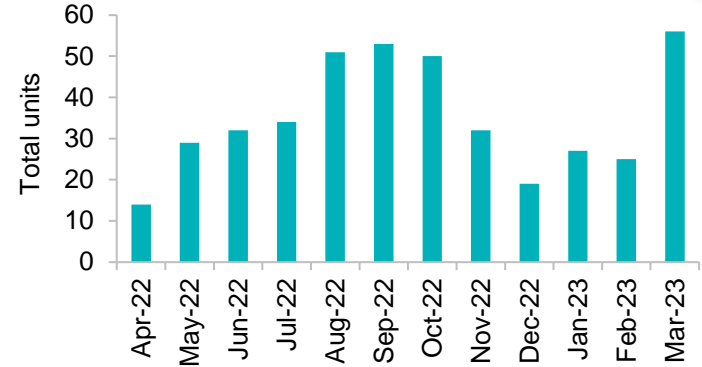
38

Average sales
reservations per month
FY 2023

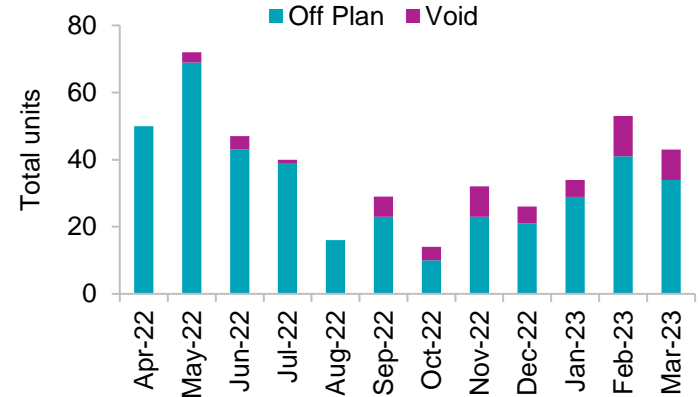
10
weeks

Average sales time from
property handover to
completion
FY 2023

No. of sales by month



No. of reservations by month



Case Study: Bellacouch Meadows, Chagford (From Series 1 issuance)

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

**Impact (pro-rata
basis)**



25 - Annual emissions
avoided (tCO₂e).



5 - cars driven for one
year.



1,648 - trees (yearly
sequestration).



Financial performance

*Chris Benn
Chief Financial Officer*



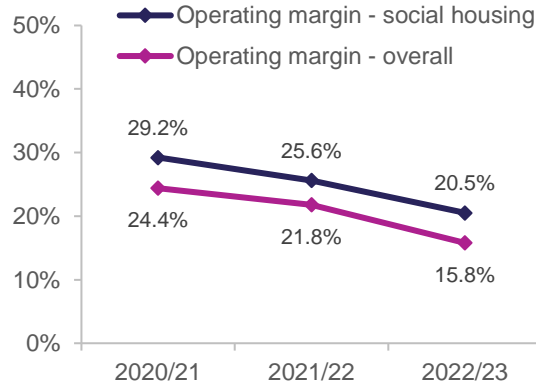
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Financial performance

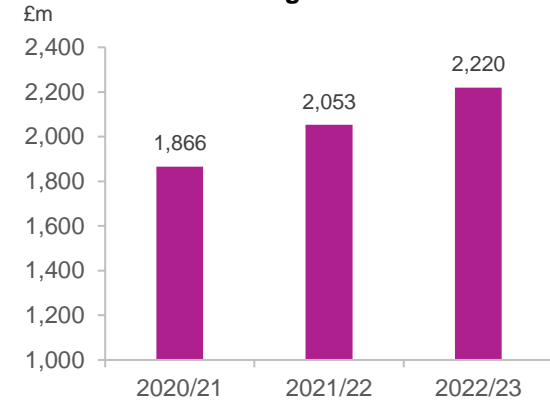
Turnover & Operating Profit



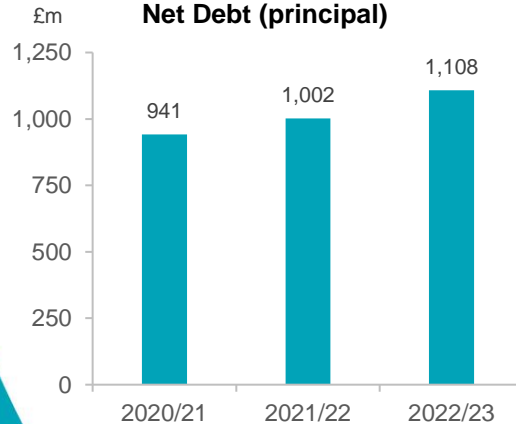
Operating Margin*



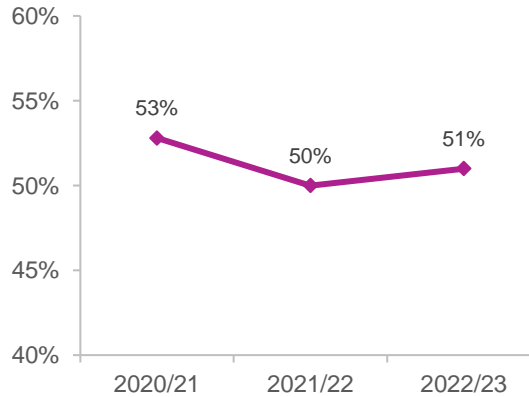
Housing Assets



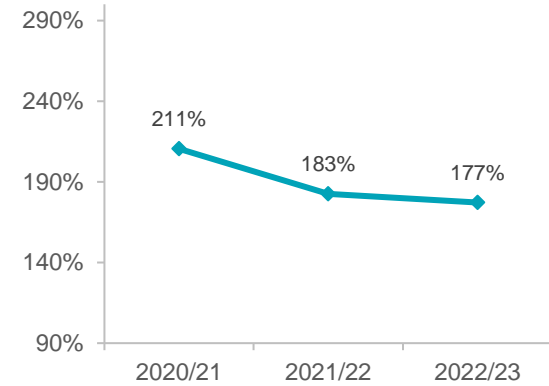
Net Debt (principal)



Gearing



EBITDA-MRI Interest Cover



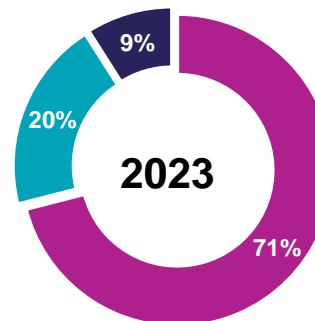
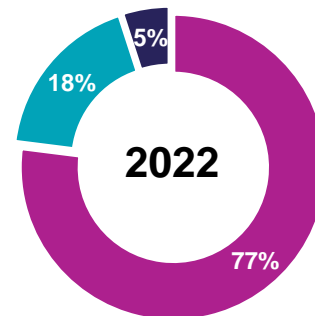
*Operating Margin – excludes surplus on sale of housing property, plant and equipment

31 March 2023 results – Trading update

£000s

	12 months March 2023	12 months March 2022
Turnover	301,217	240,933
Operating costs	(253,477)	(188,618)
Surplus on sale of housing property, plant and equipment	20,309	22,609
Operating profit	68,049	74,924
Profit on disposal of other property, plant, equipment & tangible assets	-	8
(Impairment) / net reversal of housing assets	(87)	137
Share of profit in joint ventures	1,624	2,631
Increase in fair value of investment properties	107	1,153
Net interest	(27,420)	(27,664)
	42,273	51,189
Gain on acquisition	12,549	119,409
Profits before tax for the year	54,822	170,598
Housing properties (net of depreciation) (£m)	2,220	2,053
Net debt (principal) (£m)	1,108	1,002
EBITDA-MRI Interest Cover	177.2%	182.5%
Gearing	51.0%	50.0%

Group Revenue Split



■ Provision of affordable housing

■ First tranche shared ownership

■ Other*

Unaudited trading update: https://asterwebsite.blob.core.windows.net/asterwebsite/about_us/reports/Aster-Trading-Update-March-23.pdf

*Other: social housing support services, non-social housing support services and other sources

Treasury






Paul Jeffries
Director of Treasury



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A robust treasury framework

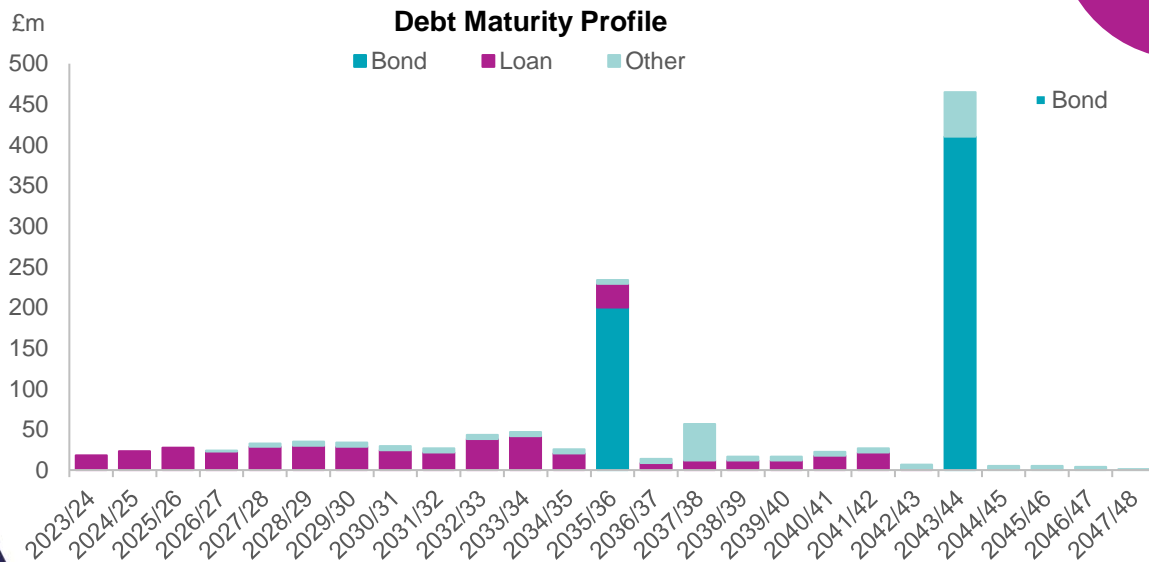
- Links to key treasury risks.
- Ensures performance is monitored continuously and reviewed quarterly by the Treasury Committee.
- Business plan continually stress tested on a wide range of topics/assumptions – Board approved Living Business Plan.

Metric	Target / Threshold	Performance
Liquidity	➤ > 15 months of liquidity to cover the forecast net cash requirement.	➤ 21 months. 
Gearing	➤ < 68% . Covenant based on net debt to EUV-SH.	➤ 51.0% - Net debt to social housing assets basis. 
Debt Maturity	➤ < 15% of total debt maturing in any one year. ➤ < 35% of total debt over five years.	➤ £117m of debt (9.7%) is repayable within five years. 
Interest Cover	➤ > 130% based on operating surplus to net interest payable.	➤ 177.2% on an EBITDA MRI basis. 
Sales Exposure	➤ < 50% turnover from shared ownership or open market sale	➤ 28.8% on a grossed up joint venture basis. 

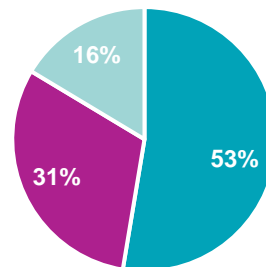
Debt portfolio – as at 31 March 2023

	2019/20	2020/21	2021/22	2022/23
Available facilities (£m)*	1,270	1,556	1,485	1,478
Total drawn debt (£m)*	1,005	1,108	1,065	1,169
Average cost of debt (%)	3.45	3.09	3.20	3.64

*Total group facilities excluding PFI

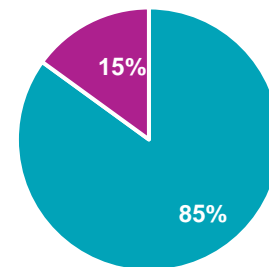


Drawn Debt



Legend: Bond (teal), Loan (purple), Other (light teal)

Fixed / Variable Debt



Legend: Fixed % (teal), Variable % (purple)

Security (MTN)	(£m)
Allocated	337
Unallocated	590
Total	927

Transaction overview

Paul Jeffries
Director of Treasury



ASTER
GROUP

Transaction overview

Issuer	Aster Treasury Plc
Original Borrowers	Aster Communities, Synergy Housing Limited, Aster Group Limited, Aster 3 Limited, East Boro Housing Trust Limited and Central & Cecil Housing Trust.
Guarantor	Aster Group Limited
S&P Rating	A+ (Negative)
Size	Benchmark (which may include an additional element of retained) Sterling Sustainability Bond
Tenor	Long 9 year
Asset Cover Test	1.05x EUV-SH, 1.15x MV-ST plus charged cash
Use of Proceeds	To be advanced by the Issuer to one or more Borrowers for sustainable purposes to finance or refinance, in whole or in part, Eligible Projects in accordance with the Framework for Sustainable Finance
Joint Lead Managers	Barclays, Lloyds Bank Corporate Markets

Appendix



ASTER
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Group structure



Aster awards and accreditations



Sources

ONS	https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland
ONS	https://www.gov.uk/government/statistics/uk-house-price-index-for-march-2023/uk-house-price-index-england-march-2023
ONS	https://www.gov.uk/government/statistics/uk-house-price-index-for-march-2023/uk-house-price-index-summary-march-2023
ONS	https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/private rental market summary statistics in england/october 2021 to september 2022
Unaudited Trading update	https://asterwebsite.blob.core.windows.net/asterwebsite/about_us/reports/Aster-Trading-Update-March-23.pdf