a2dominion

Investors Presentation - November 2024

Table of contents

a2dominion

An Overview

A2Dominion Group – Overview

- Over 38,000 homes in management in London and the South-East:
  - ❖ Social and affordable
  - ❖ LCHO (Low-Cost Home Ownership)
  - ❖ Supported and sheltered
  - ❖ Student accommodation
  - ❖ Private rented and private sale
- Over 70,000 customers who live in our homes.
- Our services are – homes and neighbourhoods, caring for customers, property management, community investment, land and development.
- Working across 75 local authorities.
- Continue to develop the sites underway and fulfil our programme of development with a forecast of 570 new homes in 24/25 (17% affordable rent, 63% Private Development and 20% Shared Ownership)
- Member of the G15, a group of London's largest housing associations.
- Rated by Regulator of Social Housing at G3 / V2.
- C.1,350 FTE staff operating across the Group.
- Our Decent Homes compliance figure for 2023/24 was 99.42%.

Governance – Board of Management (changes since last year)

Board Appointments:

- Elaine Elkington – Elaine has vast board, executive and non-executive experience in the public, not for profit and private housing sectors.
- Paul Fiddaman – Paul has over 30 years' experience in the housing sector and is Group CEO of Karbon Home, a housing association based in the North of England.
- Emma Palmer – Emma is the Chief Executive of Eastlight Community Homes. She has also worked across a range of housing associations and local authorities.

Board Resignations:

- Ozzie Clarke-Binns
- Caroline Tiller
- Peter Walker

EMT Appointments

- Tracey Barnes – as permanent Chief Financial Officer, previously interim
- Kate Gascoigne – Chief Customer Officer
- Michael Reece – Chief Property Officer (formerly Executive Director (Operations))

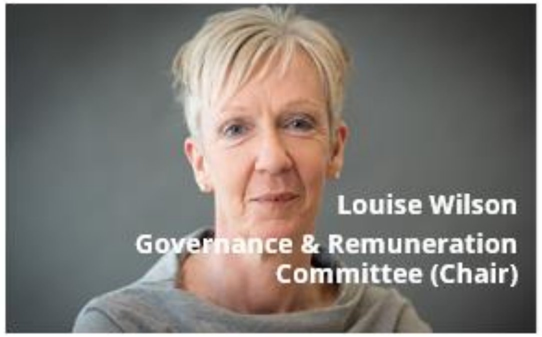
EMT Resignations & Retirements

- Dean Tufts – Executive Director of Finance & Strategy
- Nick Hutchings – Managing Director (Commercial)

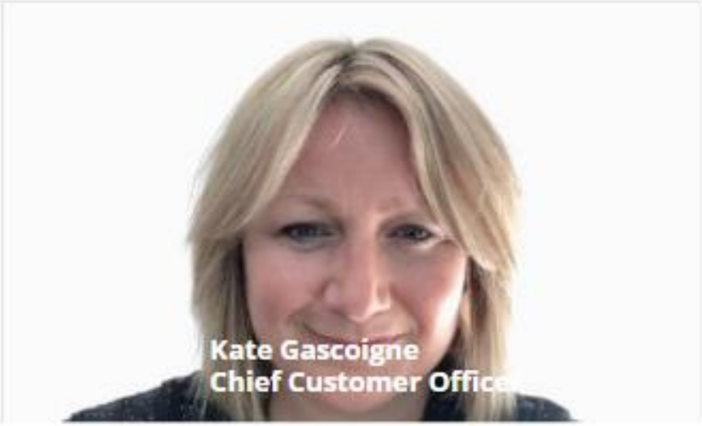
a2dominion

Our Governance

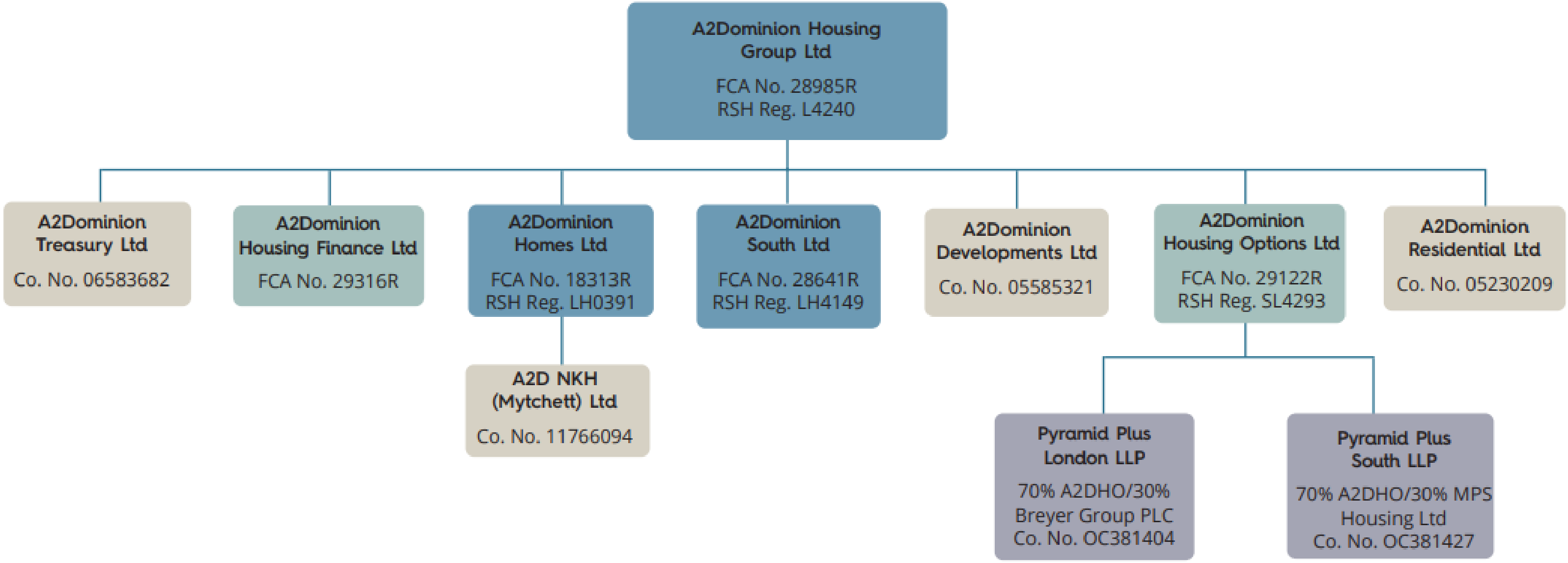
Governance – Board of Management



Executive Management Team



Group Structure



Charitable Co-operative & Community Benefit registered society

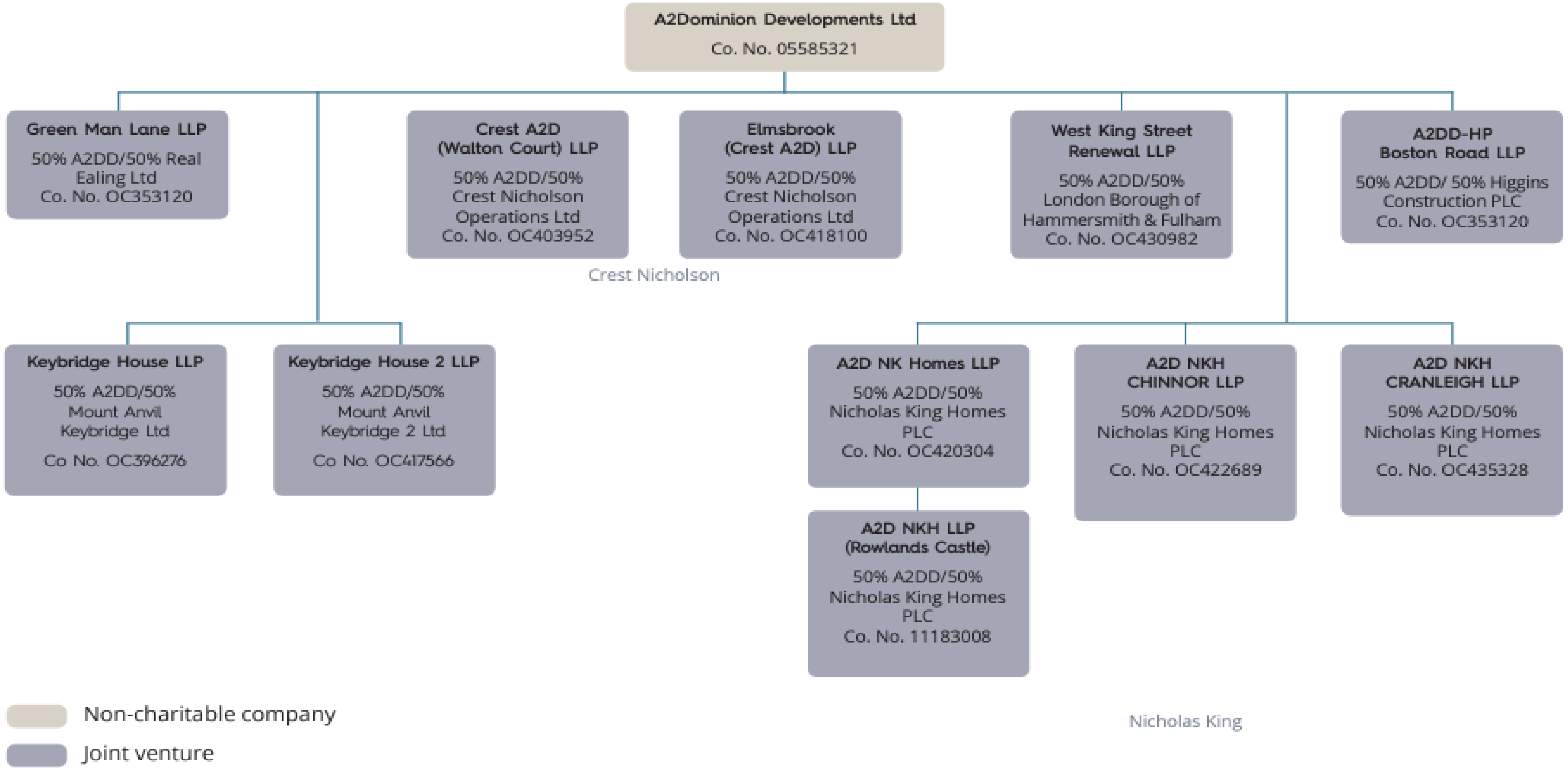
Non-charitable Co-operative & Community Benefit registered society

Non-charitable company

Joint venture

a2dominion

Group Structure



a2dominion

a2dominion

Our Performance

Highlights in 2023/24

Customer services and homes:

- Customer satisfaction 78% (80% 2022/23)
- Satisfaction with repairs 87% (86% 2022/23)
- Homes meeting Decent Homes Standards 99.4% (99.9% 2022/23)
- Average number of days to complete a repair 14 days (20 days 2022/23)
- Average days to let a home to a new resident 30 days (38 days 2022/23)
- Financial support to customers £9.7m (£7.0m 2022/23)
- Social Value £12.3m (11.2m 2022/23)
- New homes completed 668 (745 2022/23)

Our performance:

- Operating Surplus £48.7m (up by £12.2m from 2022/23)
- Turnover £399.6m (£389.1m 2022/23)
- Deficit £21.0m (12.6m 2022/23)
- Fitch A credit rating affirmed in October - outlook moved from stable to negative
- Mean gender pay gap 20.9% (24.9% 2022/23)
- Median pay gap 18.1% (22.7% 2022/23)

Our vision and strategic priorities

In 2023 we launched our new corporate strategy. This is our roadmap setting out how we'll achieve our vision between now to 2030. Developed in consultation with our customers, colleagues and stakeholders, we have identified four priority areas:

- Homes and neighbourhoods that are safe, high quality and sustainable
- Customer care: Responding and resolving with respect
- Developing new homes to meet customers' needs
- A strong, sustainable and effective organisation

Our vision is to provide homes that our customers love to live in. The values which underpin everything we do are:

- Caring by nature: We put people at the heart of everything we do.
- Working better together: We collaborate and create opportunities to innovate and improve.
- Thinking for the future: We understand and anticipate long term needs and expectations. We take care to manage the lasting impact we have on everything around us.

And with social housing roots going back eight decades we continue to ensure that every penny of profit is reinvested into our charitable social purpose – delivering more homes and better services for customers.

a2dominion

Regulatory Rating

- The regulatory judgement rating for A2Dominion Housing Group is G3/V2.
- The judgement rating was effective from January 2024.
- Our new grading shows that whilst the Group continues to meet the RSH's financial viability requirements (V2) we need to make significant improvements to our governance arrangements (G3) to fully comply with their Governance & Financial Viability Standard.
- We are working through our Building Stronger Foundations Together improvement plan following the governance downgrade from G1 to G3.
- The improvement plan – known as a Voluntary Undertaking (VU) – focuses on improving services for our customers whilst strengthening our organisation across nine themes.
- We will continue our close engagement with the Regulator in areas relating to business planning, risk, controls and data with the aim of returning to a fully compliant governance grading by 2026.
- Meanwhile the new grading does not affect any of our services to customers nor the communities we serve, and we will continue to deliver our day-to-day operations as normal.

There are 9 priorities in the Voluntary Undertaking

1. High quality data	2. Effective financial governance	3. Strong risk management	4. Confident business planning	5. Stronger board effectiveness
• We want to improve the quality of the data we have on our customers and properties. We also want to improve how we record contact with customers, and the IT systems we use.	• We want to make sure our finances are secure and that we are monitoring them effectively.	• We want to make sure we are always considering risk whenever we make decisions and put in place contingency plans for areas of high risk.	• We want to make sure we are stress testing and mitigating risk in our business planning, both short and long term.	• We want to make sure our Board fully represent our customer base, and that members are trained and given the right balance of challenge and support to strengthen A2Dominion.

a2dominion

There are 9 priorities in the Voluntary Undertaking (continued)

6. Improve repairs & complaints	7. Effectively manage complex buildings	8. Accurate rent and service charge setting	9. Improve commercial processes
• We will improve repairs and complaints to make sure they are excellent quality and give our customers the level of service they deserve. We also want to make sure that our services meet the strict requirements outlined by the Regulator.	• We will make sure we are meeting our responsibilities as a landlord, as well as housing regulation for our tall and complex buildings. We also want to make sure they are managed effectively, including where a building is managed by a third party.	• We will make sure rent and service charges are set correctly, are accurate and are in line with rent standard, policies, tenancies, leases and national agreements	• We will improve the way we evaluate any new development opportunities so they offer the best value for money with the least amount of risk.

Overall	✓ We have made good progress in completing our planned milestones since we were notified of the downgrade ✓ We remain on track to successfully complete our Improvement Plan and return to a compliant grading during 2026

a2dominion

Our Customers

The rising cost of living meant it was more important than ever to help our customers pay their bills. We saw continued high levels of referrals for ‘money management’ assistance during 2023/24, up 30% from the year before.

- Rent arrears at March 2024 were 3.9% (against a target of 4.3%). This is among the lowest in the G15 group of London’s largest housing associations.
- The number of customers paying via direct debit was 59.3%.
- 26.93% of rental income came direct from Housing Benefit or Universal Credit in 2023/24.
- Our Tenancy Sustainment team helped 2,245 customers claim £9.7 million in financial support in 2023/24.
- We accessed over £117,000 in charitable grants for funding, including 117 successful applications to our Tenancy Sustainment Fund.
- We issued 320 emergency vouchers to allow customers in crisis to get quick access to food and/or gas or electricity meter top ups.
- Phased roll out of Universal Credit is continues, as of 31 March we had 8,626 live claims. Our Trusted Partner status with DWP helps us manage direct payment to A2D of rent effectively.

Our Customers continued

Going forward we will:

- Continue to deliver and improve services in line with the Specific Expectations of the Consumer Standards.
- Engage with customers to understand their needs and direct recourses to the areas which are most important to them – this will be achieved through a newly formed Insight and Engagement team and a customer co-creation group specifically focused on customer affordability.
- Monitor customer satisfaction through the Tenant Satisfaction Measures, customer contact and complaints.
- Undertake focused work to improve the customer experience, including leasehold customers, where satisfaction tends to be lower.

Our Portfolio

Our Property Portfolio

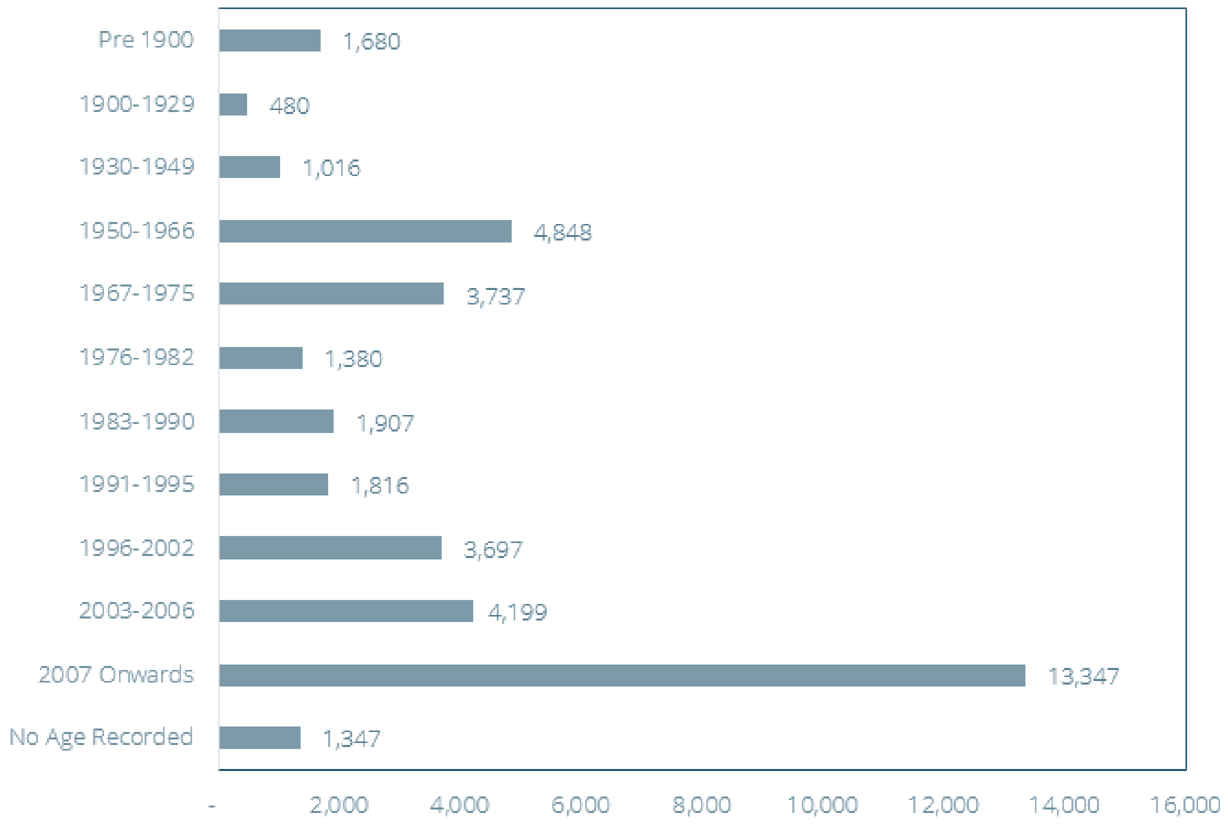







Stock Type & Age

Business Stream	2024	2023
General Needs/Affordable	18,798	19,075
Managed for Others	7,369	7,182
Shared Ownership	3,968	3,872
Key Worker	2,615	2,611
Supported Housing/Housing for Older People	2,237	2,243
Student Accommodation	1,451	1,451
Market Rented	1,285	1,279
Garages/Parking/Community Centres	1,230	1,240
Temporary Accommodation	501	527
	39,454	39,480



a2dominion

Stock profile

Local Authority	Properties in Management	Development Pipeline	Total
Spelthorne	6,893	28	6,921
Ealing	3,888	192	4,080
Hounslow	3,062		3,062
Oxford City	2,632	480	3,112
Hillingdon	2,041		2,041
City of Westminster	1,284		1,284
Hammermith & Fulham	1,263	204	1,467
Bromley	1,189		1,189
Winchester	1,119		1,119
Bristol	968		968
Other	13,885	399	14,284
Total	38,224	1,303	39,527

Development Programme

Development Activity

- We are currently working on a regeneration focused development strategy for 2025 – 2030.
- There will be a greater focus on redeveloping our existing estates through joint ventures and partnerships with developers, contractors and local authorities to bring together a range of expertise to maximise financial return. This will be subject to viability, planning and funding with a focus on limiting financial risk to A2D.
- We continue to actively promote our strategic land bank. We now have options across 17 sites and the potential for up to 4,793 plots.
- The Group currently has interests in a number of joint ventures with four different development partners and one Local Authority.
- We will continue to develop the sites underway and fulfil our development programme with a forecast of **1,316** in the long-term financial plan (**32**% affordable rent, **50**% Private Development and **18**% Shared Ownership)

Development & Sales Summary

DEVELOPMENT PROPERTY REPORT	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Pipeline										
Affordable	96	306	-	-	20	-	-	-	-	-
PRS	-	-	-	-	-	-	-	-	-	-
Shared Ownership	112	49	71	-	-	-	-	-	-	-
Commercial for rent	1	1	1	-	-	-	-	-	-	-
Student Accommodation	-	-	-	-	-	-	-	-	-	-
Keyworker	-	-	125	-	-	-	-	-	-	-
Private Sale	40	-	-	-	-	-	-	-	-	-
Private Sale - with JV partner *	318	117	43	12	-	-	-	-	-	-
Commercial / Land Sale	3	1	-	-	-	-	-	-	-	-
TOTAL PIPELINE	**570**	**474**	**240**	**12**	**20**	**-**	**-**	**-**	**-**	**-**

*JV sales represents all units sold by the joint ventures; the Group's interest is at least 50% of all turnover and costs

Market Rent Update

- The key objective for A2Dominion’s market rent programme is to achieve a commercial return for social reinvestment purposes.
- Board has made a strategic decision to exit from the Market rent sector.
- Review of portfolio with support from Savills is complete.
- Assets earmarked for sale have been agreed and the first tranche of properties have gone to market.

Market Rent Schemes

Current Schemes	Area	Cost	FV - 2024 (post remedial costs) £millions	MV-VP - 2024 £millions	Total units
Albany Place (Therfield)	Leatherhead	6.8	5.9	7.0	25
Brooklands	Ashford	22.7	18.7	23.0	73
Burford Wharf	London	1.5	2.2	2.6	6
Cannons Gate	Bristol	23.8	30.5	39.1	101
City Rd	Winchester	1.5	1.2	1.2	8
City Wharf	London	36.7	37.3	46.6	65
Commercial Rd	London	29.2	30.9	38.4	95
Geron Way	London	18.4	20.2	23.5	54
Green Man Lane	London	23.2	22.7	28.4	63
Gun Wharf	London	4.8	6.0	7.5	15
Harbourside	Bristol	10.4	14.4	17.8	46
High Street, Hounslow	London	0.9	1.3	1.5	5
Keybridge House	London	87.6	83.7	108.0	139
London Road, Hounslow	London	10.6	11.5	14.2	40
Mansfield Gardens	Oxford	1.4	4.7	5.4	32
Newman Court	Oxford	1.3	2.7	3.2	14
Redcliff Phase 1	Bristol	38.7	34.6	41.8	128
Redcliff Phase 2	Bristol	35.7	33.5	40.8	118
Round Tower Apartments	Oxford	13.1	11.7	13.6	30
Sinclair/Dominion House	London	3.9	11.2	15.1	38
Uxbridge Road, Ealing	London	3.9	3.3	3.9	10
Street (other)	Various	10.6	21.6	25.6	80
Total		**386.7**	**410.0**	**508.1**	**1,185**

a2dominion

a2dominion

Our Financial Results

Financial Performance - Year End to 31 March 2024

Group statement of comprehensive income and expenditure	FY 2024 £m	FY 2023 £m
Turnover	399.6	389.1
Cost of sales	(86.5)	(96.1)
Operating costs	(293.9)	(270.7)
Surplus on sale of fixed assets	27.4	14.4
Share of jointly controlled entity operating profit	2.1	6.7
Operating surplus	**48.7**	**43.4**
Operating margin	12.19%	11.20%
Net interest charges	(61.5)	(66.9)
Deficit after interest charges	**(12.8)**	**(23.5)**
Change in fair value of investments	0.1	(0.8)
Movement in fair value of financial instruments	2.5	4.7
Movement in fair value of investment properties	(14.5)	0.6
Tax on surplus on ordinary activities	4.6	7.1
Non-controlling interest	(0.9)	(0.9)
Deficit for the financial year	**(21.0)**	**(12.8)**

Group statement of financial position	FY 2024 £m	FY 2023 £m
Fixed assets and investments	3,574.9	3,600.2
Current assets	240.6	275.3
Total creditors	(2,798.3)	(2,834.3)
Non-controlling interest	(1.6)	(1.4)
Net reserves	**1,015.6**	**1,039.8**

Costs in 2024 include:

- £26m one off impairment in IT project
- £14m scheme impairments and abortive costs

Treasury Management

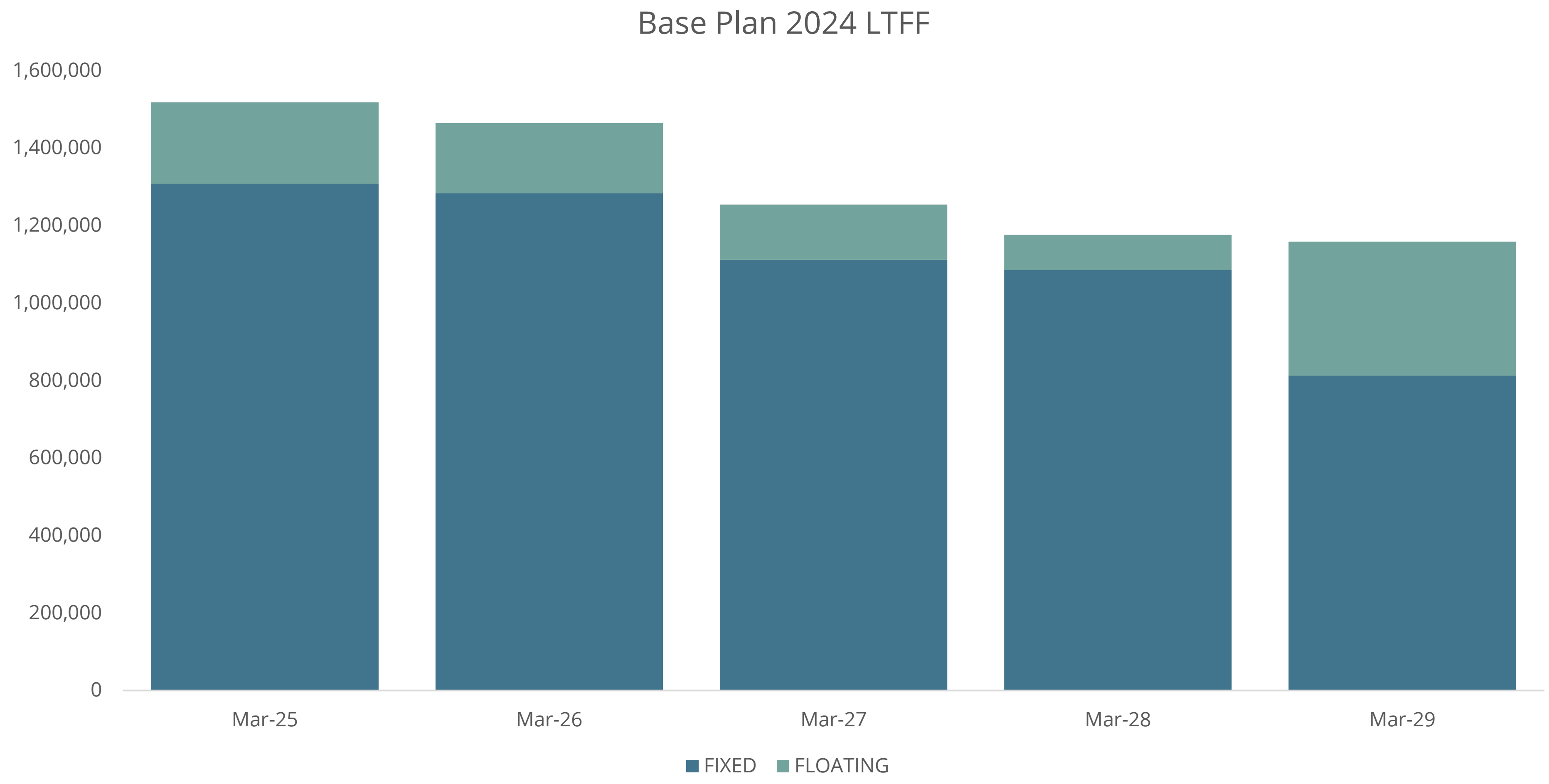
Debt Portfolio Summary

- 42% of our current drawn debt portfolio is bank loans, with margins ranging from 0.325% (plus SONIA + CAS) to 5.97% (fixed)
- Weighted average cost of funds on total Group debt as at March 2024 was 4.70%
- As at 31 March 2024 total unencumbered stock was valued £2.4bn (valuation EUV-SH/Fair Value)

As at 31 March 2024	Facility size £m	Drawn £m	Undrawn £m
Revolving Credit Facilities	500	149	351
Term Loans	493	493	-
Bond issues*	897	897	-
Total Debt	**1,890**	**1,539**	**351**
Less Cash		46	
Net Debt		**1,494**	
Variable Rate Borrowing		208	14%
Fixed/Index linked		1,331	86%
Totals		**1,539**	

*Including "Club" bonds. Discounts/premiums excluded.

Hedging Strategy



Interest Maturity

Interest rate maturity ladder	£m
Within 1 year	231.2
2 to 5 years	494.0
6 to 10 years	313.4
11 to 15 years	312.4
16 to 20 years	182.2
21 to 25 years	5.0
	1538.2

**as @31 March 2024*

Property Valuations

Completed units plus units under construction	Social Housing £m	Shared Ownership £m	Key Worker £m	Market Rent £m	Other (e.g. Commercial & student) £m	Total £m
Cost	2,740	431	168	417*	170*	**3,339**
Net book value	2,282	422	134	417*	170*	**2,839**

Market values

Completed units	Social Housing £m	Shared Ownership £m	Key Worker £m	Market Rent £m	Other (e.g. Commercial & student) £m	Total £m
On vacant possession basis (MV-VP)*	7,850	823	481	508	171	**9,834**
On existing use for social housing basis (EUV-SH) / Fair Value	2,321	509	223	410	171	**3,634**

Source: JLL Valuation 2024

Unencumbered Asset Test

	31 March 2024 £m	31 March 2023 £m
Completed properties at valuation	3,634.0	3,580.5
Development work in progress	352.0	414.5
Fixed Asset Investments	38.7	-
Total Properties Value	**4,025.7**	**4,033.7**
Total Secured Debt	**(844.2)**	**(883.0)**
Net Available Properties Value	**3,180.5**	**3,150.7**
Total Unsecured Debt	**694.0**	**695.0**
Asset Cover	**458.3%**	**453.3%**

Benchmarking

Performance Indicators

Sector Score Card (Defined by Regulator) Value for Money Indicators	A2Dominion 2023/2024	A2Dominion 2022/2023	G15 Median 2022/2023
Customer Satisfaction	77.0%	80.1%	76.0%
Overall Social Housing cost per unit (£)	7,652	6,997	6,239
Management cost per unit (£)	2,375	2,011	1,584
Service charge cost per unit (£)	1,235	1,061	1,010
Maintenance cost per unit (£)	1,575	1,410	1,652
Major repairs cost per unit (£)	1,865	1,630	1,515
Other social housing cost per unit (£)	603	886	471
Rent collected	98.7%	99.4%	99.6%

Development Activities & Track Record

A2Dominion has a track record in developing property. In the last 10 years we have developed 7,662 units.

In the year to 31 March 2024, we successfully completed 668 homes.

Year	Social Rent	Intermediate/Private Rent	Shared Ownership	Private Sale	Other	Totals
2014/15	304	-	69	206	-	**579**
2015/16	333	268	196	330	-	**1,127**
2016/17	322	182	71	179	-	**754**
2017/18	121	109	53	413	78	**774**
2018/19	137	296	88	354	-	**875**
2019/20	85	5	13	312	-	**415**
2020/21	127	290	26	311	-	**754**
2021/22	222	1	338	410	-	**971**
2022/23	297	-	180	268	-	**745**
2023/24	125	30	204	309	-	**668**
Totals	**2,073**	**1,181**	**1,238**	**3,092**	**78**	**7,662**

Value for Money Indicators

Sector Score Card (Defined by Regulator) Value for Money Indicators	A2Dominion 2023/2024	A2Dominion 2022/2023	G15 Median 2022/2023
Business Health			
Operating Margin overall	4.8%	5.7%	16.0%
Social Housing margin	18.0%	12.1%	20.0%
EBITDA MRI Interest Cover	14.2%	29.6%	74.0%
Units Developed	495	693	814
New supply delivered (Social Housing units)%	1.0%	1.5%	1.2%
New supply delivered (Non-Social Housing units)%	0.5%	0.6%	0.3%
Gearing	52.7%	54.2%	46.0%
ROCE	1.4%	1.2%	2.2%
Reinvestment in properties over total assets	4.3%	3.1%	6.0%

NOTE – Gearing in sector scorecard defined as Net Debt/ Tangible Fixed Assets (Housing Properties)

Commentary on benchmarking and value for money analysis

The operating margin, social housing margin and EBITDA interest cover are significantly lower when compared to the G15 median.

The one off in year write-off of intangible fixed assets has impacted this year's result for overall operating margin and EBITDA MRI interest cover. Further increases in operating costs; affecting service charge, housing management costs and routine maintenance spend have affected these metrics. These metrics, although to a lesser extent than the prior year, are also impacted by development abortive costs and scheme write downs.

As in prior years there will continue to be further pressure on these metrics with increased investment in fire and safety works over the next few years in addition to the continued impact of other external economic factors. The metrics are forecast to start to improve again from 2024/25 when our efficiency programme starts to deliver.

Environmental, Social and Governance (ESG)

Fire Safety (external wall systems/cladding)

- The Tall Building Remediation Works Programme commenced in 2020 and is expected to be completed by the end of FY 2026-27. Based on our current estimates. The Long-Term Financial Plan includes £93 million future spend, of which we expect to recover £17 million from developers or through the Building Safety Fund.

- We are considering 604 buildings in the programme (both owned and managed), with responsibility for 489 buildings categorized as follows:
    - High-rise (7 storeys or above 18m) - 67 buildings
    - Mid-rise (5 storeys or >11 m) - 126 buildings
    - Low-rise (<less than 11m) - 296 buildings

- Landlords, including A2Dominion, can apply for government grant funding through the Building Safety Fund (BSF) and/or the Cladding Safety Scheme (CSS) to cover cladding remediation costs for buildings taller than 11 meters, where there is no original developer.

- Several developers have signed the government's Building Safety Pledge and committed to carrying out safety works in buildings over 11 meters. Housing associations, as non-profit organizations, are currently exempt from signing the pledge.

We completed fire safety inspections of 100% of buildings over 18m and 84% of buildings between 11 and 18 metres. We carried out in-depth inspections of 319 buildings, identifying 65 buildings that needed fire safety work.

Fire Safety (external wall systems/cladding)

- We have received observational inspection reports for all the buildings we own and/or are responsible for.
- Intrusive inspections have been carried out on all 67 high-rise buildings, each of which has received fire engineer reports and EWS1 form
- We have nearly completed inspections of our 126 mid-rise buildings and continue to inspect the 296 low-rise buildings where deemed necessary. Our aim is to complete all inspections before the end of the year.
- Funding avenues we are pursuing include negotiated recoveries from developers, the Building Safety Fund, the Cladding Safety Scheme, and potentially recharging leaseholders where applicable.
- We have submitted 22 applications for government funding: 12 to the Building Safety Fund (BSF) and 10 to the Cladding Safety Scheme (CSS) on behalf of our leasehold residents. To date, we have received £7.7 million for 5 of our buildings to fund remedial works for leaseholders and shared owners. Approval of an additional £17.9 million is pending for 7 BSF buildings, with the amount yet to be confirmed for another 9 CSS applications.
- To date, we have also spent £9.5 million on interim mitigation measures and £6.6 million on inspections.
- Of the 115 buildings for which we are not the responsible owner, remedial works are required on 9 buildings, with 1 building currently under remediation.

Damp and Mould

- We have completed a restructure of the team to enhance service delivery and improve efficiency by moving to a patch-based service and provide a case management resource to work alongside our surveyors
- We are improving our case management approach, so residents have a dedicated point of contact during their works, more information about survey results and work required and regular updates on start/completion dates
- We are procuring new contractors to deliver services on faster timescales
- Developing a proactive approach to property maintenance, moving towards earlier intervention and thus reducing the financial risk to the business
- Targeting a seasonal communications strategy to encourage reporting of damp and mould, and informing customers of ways to reduce condensation

Reinforced autocleaved aerated concrete (RAAC)

- We view this as a relatively low risk area and are not aware of any A2D buildings that have RAAC.
- We will be taking the following steps to further assess the risk:
  - ➢ Our stock condition surveys will flag any buildings that warrant further investigation.
  - ➢ We will assess the possible presence of RAAC when undertaking structural assessments as part of the information provided in connection with Building Safety cases.

Environmental Social Governance – Report

Environment

- Scope 1&3 emissions are steadily improving thanks to energy improvements in customers' homes. Scope 2 emissions continue to be zero as we purchase energy from renewable sources.
- 80% of our homes are EPC rated at C and above, rising to 100% of new homes.
- We have a target to divert 95% of building waste from landfill.

Social / Governance

- 36% of our Board and committees are women and we are recruiting a member with experience of living in social housing. We have a target of 50% female representation on our recruitment shortlist for key senior roles and are trialling a 50% target of ethnically diverse representation.
- A2Dominion is a Real Living Wage employer and our CEO: median-worker ratio is 7:1, which is low compared to the private sector.

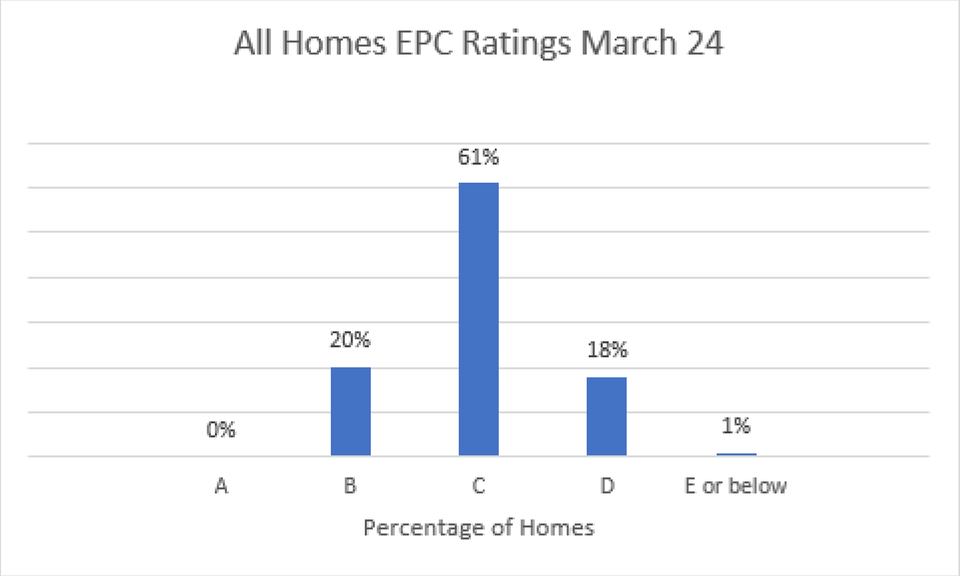
HA role as going beyond

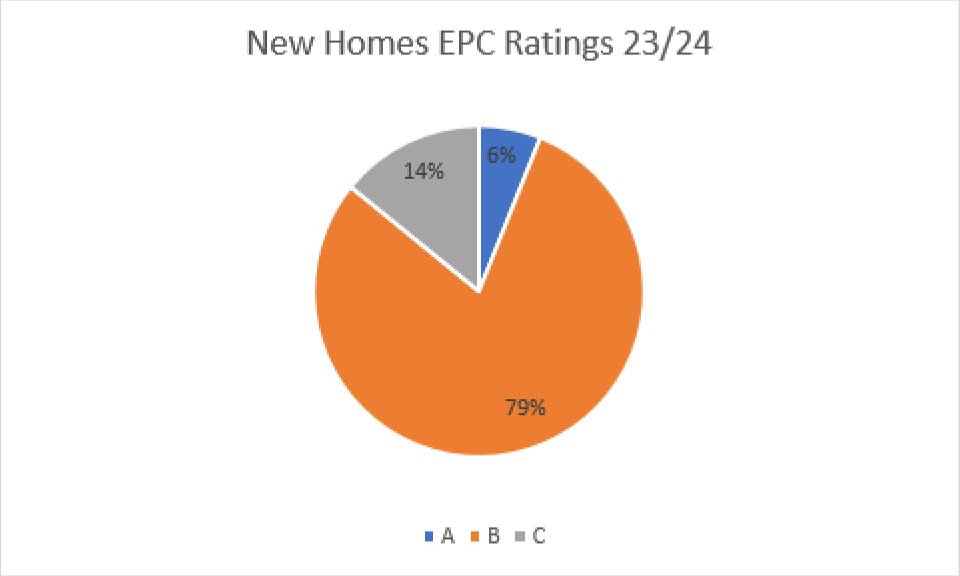
- In 2023/24 A2Dominion raised £646,529 in external funding for community investment activities to support customers.
- We supported 2,245 customers to reduce fuel costs and deliver food hubs in seven locations supporting 150 households a week.

ENVIRONMENTAL | SOCIAL | GOVERNANCE

- Reporting our ESG performance in line with the Sustainability Reporting Standard for Social Housing
- A2Dominion's Environmental, Social and Governance (ESG) report (2024) is available at a2dominiongroup.co.uk.

A2Dominion – the journey to decarbonise our homes





Our Approach to Net Zero