

# Sanctuary

affordable homes,  
sustainable  
communities

## Investor Update

July 2024

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# Presenters



**Craig Moule**  
Group Chief Executive

- Craig was appointed Group Chief Executive on 1 January 2019, having worked at Sanctuary for 30 years
- During his time, he has overseen the growth of the group from less than 20,000 units to over 100,000
- Prior to this role, he was the Group's Chief Financial Officer, where he oversaw Sanctuary being the first housing association to implement a SAP enterprise solution, the development of the internal maintenance service, the formation of our Corporate Shared Service Centre, and the raising of in excess of £2bn of financing



**Ed Lunt**  
Chief Financial Officer

- Ed joined Sanctuary in May 2019 as Group Finance Director and is also a co-opted member of the Group Board
- Ed is a Chartered Accountant and previously worked at Alliance Medical Limited, where he was the UK Finance Director
- Prior to this, Ed worked as UK Finance Director at National Express PLC and PwC for 15 years. During his time at PwC, Ed worked closely with Sanctuary for over 10 years



**Luigi Belli**  
Director - Treasury Services

- Luigi joined the housing sector in 2003 and has worked for Sanctuary since 2008. He is responsible for the leadership of the Group Treasury function
- Luigi started his career in banking and financial services, before moving to the RAC in 2001
- Luigi is a qualified accountant and a member of the Association of Corporate Treasurers

Sanctuary uses certain alternative performance measures throughout this report which, in the opinion of the Directors, aid the understanding of business performance or provide comparison with our peer group. These measures are presented on a basis that enables comparison of performance; they are defined and/or reconciled in the Annual Accounts and the Value for Money statement. VFM Metrics defined by the Regulator of Social Housing (RSH).












# Introduction and Overview



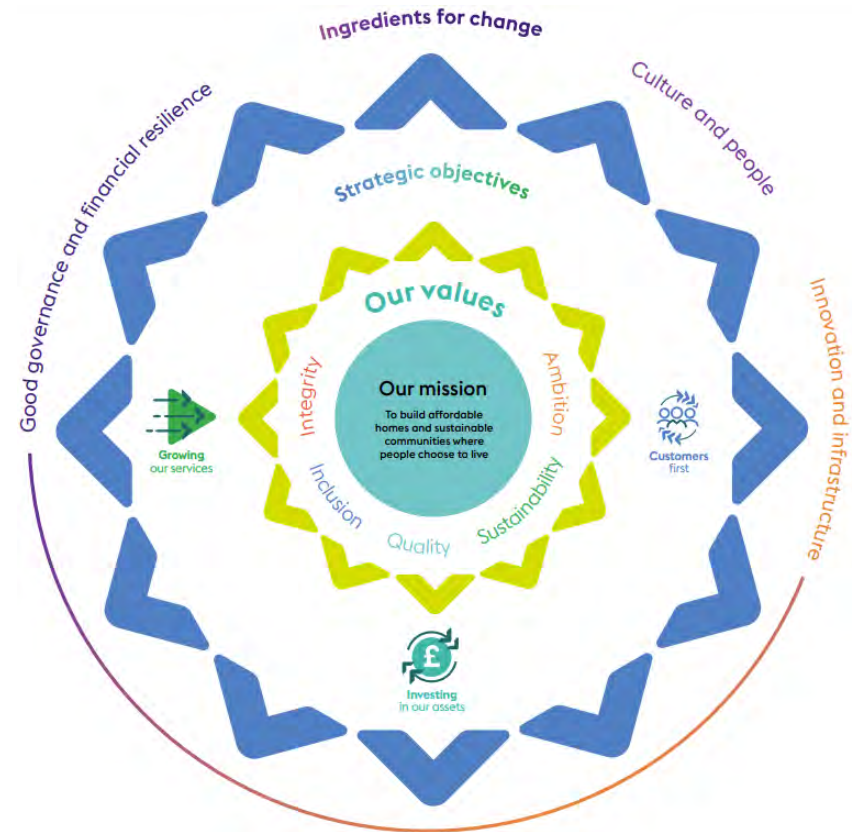
# About Sanctuary

Sanctuary is one of the largest most geographically diverse housing associations in England and Scotland

## Key Credit Highlights:

125,094 	£6,306m 
Homes in Management	Total Assets
£1,085m 	£215m 
Group Revenue	Group Operating Surplus
19% 	105% 
Operating Margin	RSH EBITDA MRI Interest Cover
31% 	66% <b>New</b>
RSH Operating Surplus Margin - SHL	Housing Resident Satisfaction
A2 / A 	G1 / V2 
Moody's / S&P Credit Ratings	Regulatory Ratings
72 	2.51 
Average SAP Rating	CO2e per Employee

## Corporate Strategy 2023-2026:



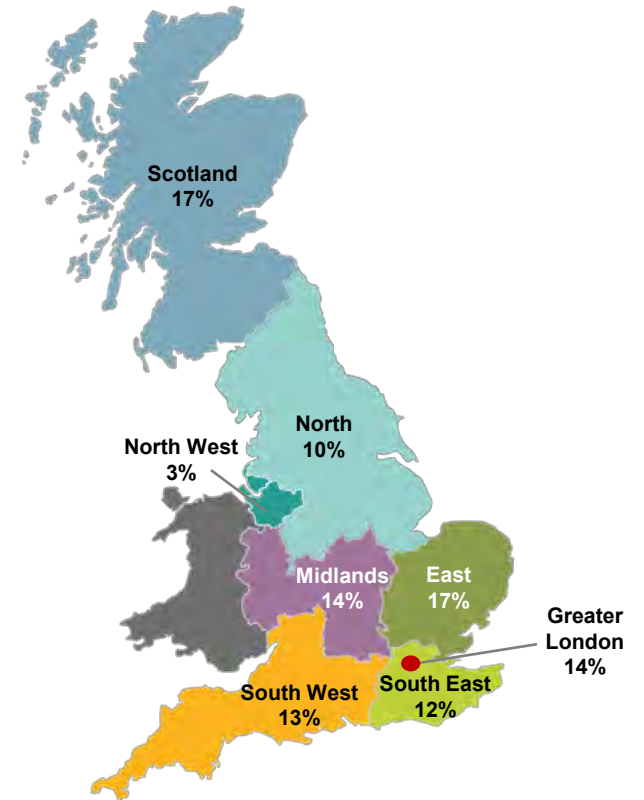
“To be a trusted partner where customers are at the heart of all we do”

# Our Geographical Diversity Mitigates Concentration Risk

87% of our homes deliver much needed social housing provision

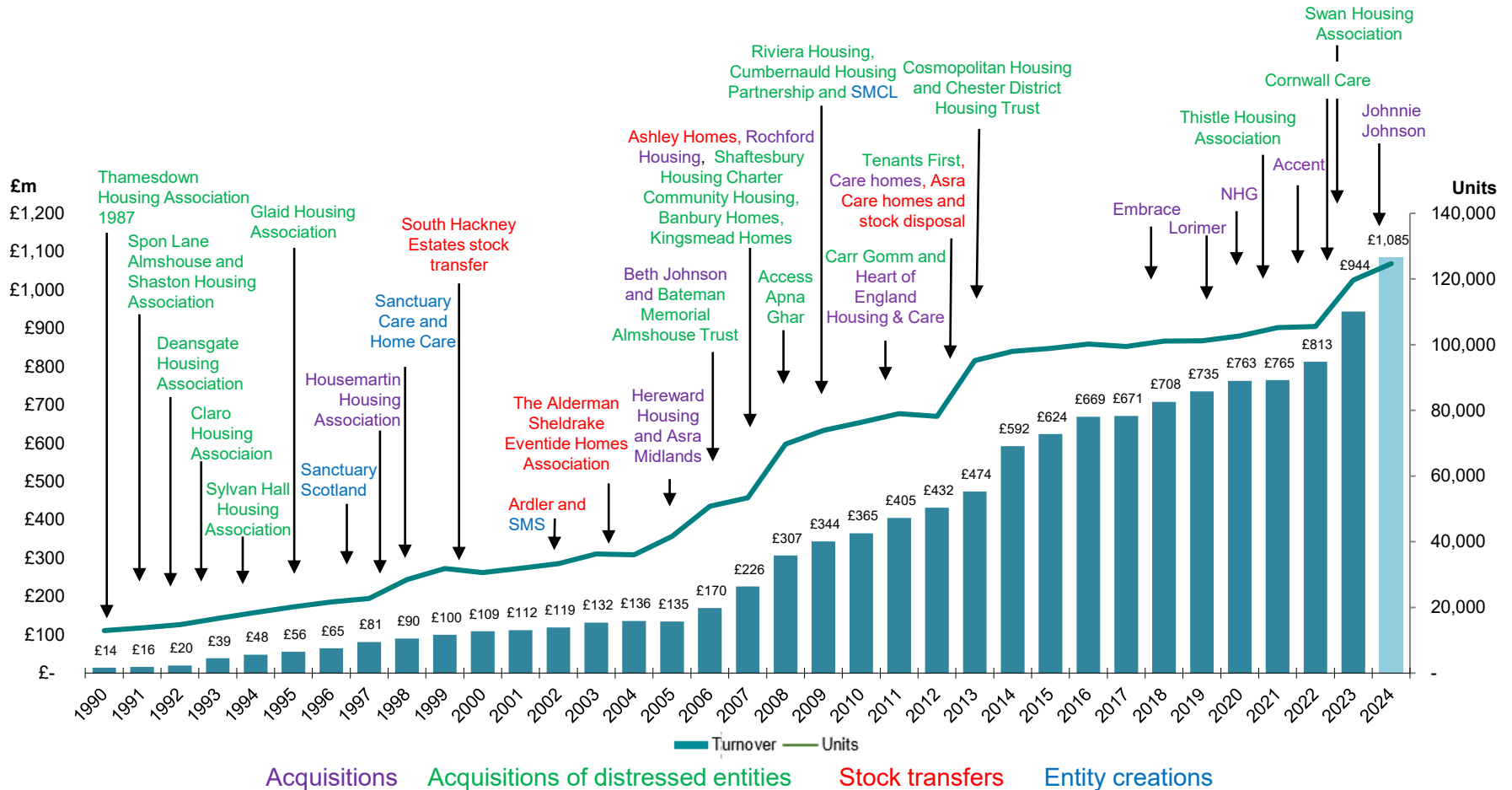
A breakdown of our geographical footprint:

Region	Number of units				Total
	Affordable housing	Care	Student & non social	Supported living	
East	17,658	116	1,606	2,047	21,427
Greater London	13,372	829	2,499	959	17,659
Midlands	15,024	1,383	29	714	17,150
Scotland	17,242	805	1,785	1,281	21,113
North	9,196	393	2,213	471	12,273
South West	11,894	716	4,160	-	16,770
North West	3,122	60	229	731	4,142
South East	12,105	1,147	471	837	14,560
<b>Total</b>	<b>99,613</b>	<b>5,449</b>	<b>12,992</b>	<b>7,040</b>	<b>125,094</b>
<b>% of total units</b>	<b>80%</b>	<b>4%</b>	<b>10%</b>	<b>6%</b>	<b>100%</b>



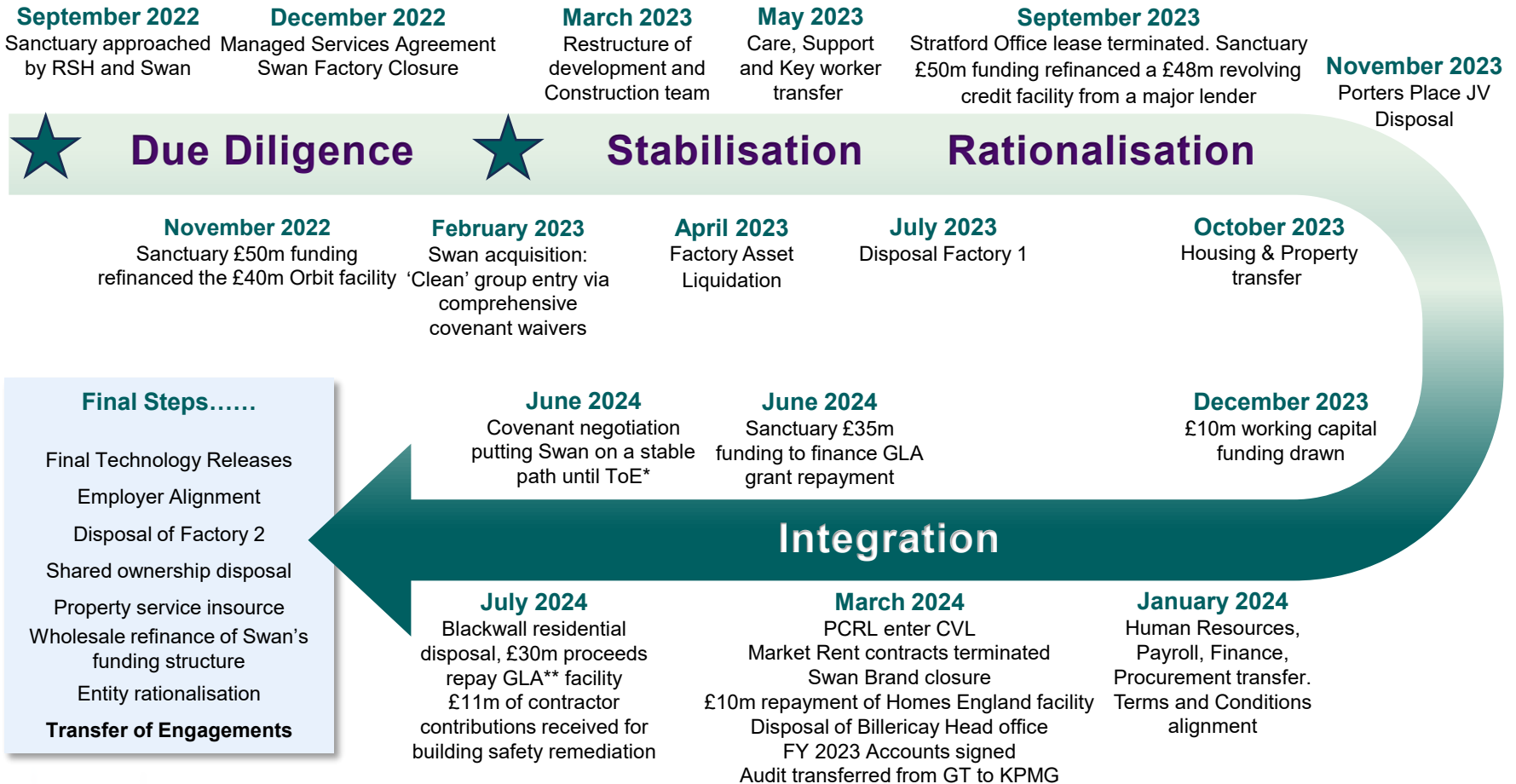
# Unrivalled Track Record in Distressed Acquisitions

Our Turnover has surpassed £1bn for the first time in our history



# The Progress of Swan's Integration

We have stabilised, rationalised and integrated Swan within the Sanctuary Group

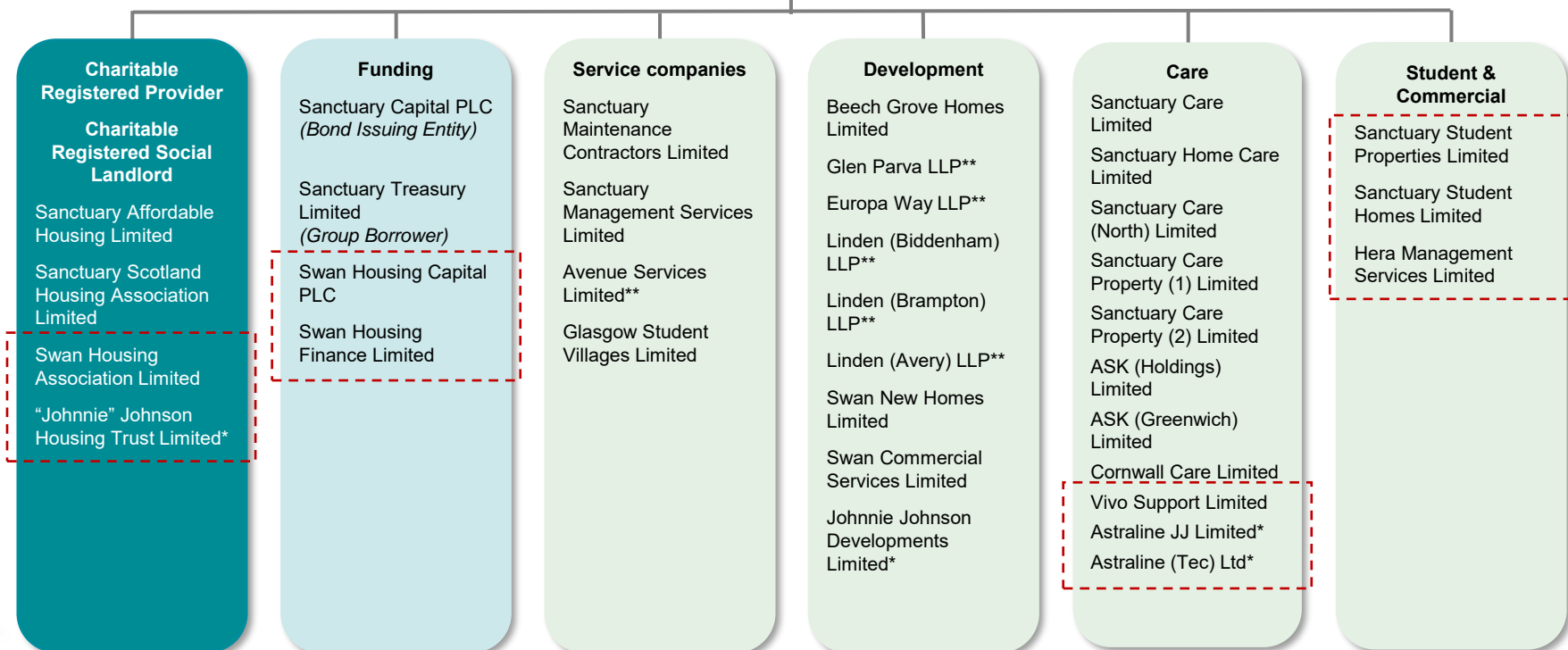




# Our Governance & Organisational Structure

- Sanctuary Housing is a G1 / V2 rated organisation
- Our Board has **11 members** with a variety of skills and experiences - seven are male, four are female and two Group Board members represent ethnic minorities
- The Group Board considers that the Group and its Registered Provider subsidiaries comply with the provisions of the National Housing Federation's Code of Governance 2020
- All subsidiaries within the Group have their own boards, which are responsible to the Group Board for overseeing the operations of each subsidiary

## Sanctuary Housing Association Charitable Registered Provider (Parent)



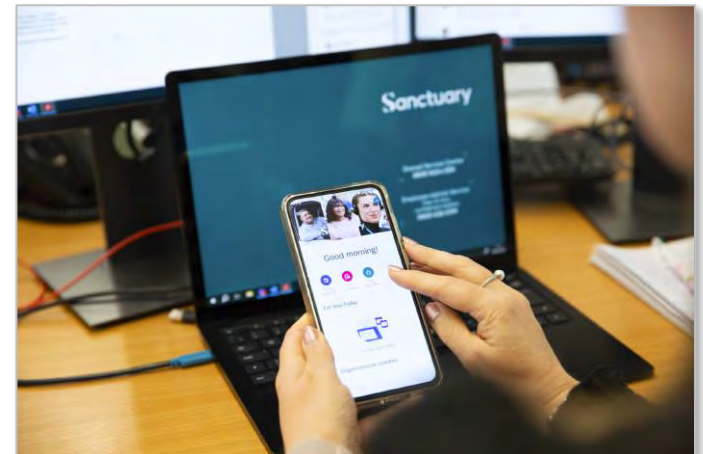
# Innovation and Infrastructure

We're committed to investing in our infrastructure and delivering for our customers



- **OneProperty** has transformed our repairs and maintenance helping us better serve our customers
- The first phase went live in Scotland in Nov-23 and we expect full rollout in 2024. Its benefits include:
  - **Simpler to record and diagnose maintenance issues**
  - **Route planning to promote business efficiency**
  - It enables **people to track the progress of their repairs,**
- The innovative technology incorporated in OneProperty was recognised at the **2023 SAP UK Customer Success Awards**, winning the 'Cutting Edge Genius' category

- **MySanctuary**, launched in 2024, replacing our existing HR systems for colleagues
- This will deliver a **more user-friendly access** to HR, payroll and expenses
- Colleagues will be given **greater control of their own information**
- Underpinning all our technology investment is our programme to **upgrade to a next-generation network**. Due to complete during 2024/25, this is a multi-million-pound investment to improve and extend **data connectivity** for both employees and customers



# Environmental, Social & Governance

Sanctuary



# Decarbonisation at Sanctuary

We are committed to a 50% carbon reduction by 2030 and Net zero by 2050

## By 2030:



Reduce gas emissions by 20%



Reduce fleet emissions by 30%



Maintain 100% electricity emissions reduction



Reduce business mileage emissions by 20%

## By 2050:



Reduce gas emissions by 95%



Reduce fleet emissions by 98%



Maintain 100% electricity emissions reduction



Reduce business mileage emissions by 100%

## How we communicate our progress:



# Our Environmental Impact

Since 2020, we have achieved a 38% reduction in our operational carbon emissions

## Our Scope 1,2 & 3 emissions:

	Emission category	2019/2020 (Baseline year)	2022/2023	2023/2024
<b>Operational carbon emissions</b>	Scope 1	37,071	33,356	34,542
	Scope 2	19,497	0	323
	Scope 3	1,010	655	842
	<b>Total</b>	<b>57,578</b>	<b>34,011</b>	<b>35,707</b>
<b>Extended carbon emissions</b>	<b>Scope 3 (remainder)</b>	<b>417,763</b>	<b>494,743</b>	<b>469,322</b>

### Operational Carbon Footprint:

#### Scope 1: Direct

- Gas used in company buildings
- Fuel from company fleet

#### Scope 2: Indirect

- Electricity used in company buildings
- Renewable power

#### Scope 3: Indirect

- Expensed business mileage

### Extended Carbon Footprint:

#### Scope 3: Indirect

- Purchased goods and services
- Embodied carbon in construction
- Waste
- Commuting and business travel
- Housing stock
- Investments

## EPC ratings across Sanctuary's housing operations

<b>&gt; A</b>	2022/2023 <b>0.18%</b> (116)	2023/2024 <b>0.19%</b> (143)
<b>&gt; B</b>	2022/2023 <b>16.71%</b> (11,023)	2023/2024 <b>15.81%</b> (11,885)
<b>&gt; C</b>	2022/2023 <b>48.88%</b> (32,253)	2023/2024 <b>51.99%</b> (39,075)
<b>&gt; D</b>	2022/2023 <b>29.23%</b> (19,286)	2023/2024 <b>27.76%</b> (20,862)
<b>&gt; E</b>	2022/2023 <b>4.51%</b> (2,975)	2023/2024 <b>3.81%</b> (2,867)
<b>&gt; F</b>	2022/2023 <b>0.47%</b> (308)	2023/2024 <b>0.40%</b> (298)
<b>&gt; G</b>	2022/2023 <b>0.03%</b> (20)	2023/2024 <b>0.03%</b> (22)

Unknown (7,153)

Percentage is based on stock with EPC excluding unknowns

Key: **Percentage of properties** (Number of properties)

Average SAP rating for our homes is 72

# Our Social Purpose

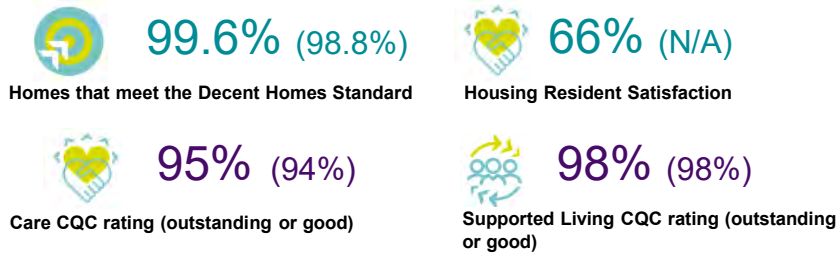
As a socially-motivated organisation, our impact on society is deep and far-reaching

## Our Quality:

The Asset Management Strategy is supported by a stock condition programme that monitors the quality of our homes.

Quality is also about the services we provide. We are delighted by the consistently high levels of customer experience across our divisions.

### 2023/24 highlights (2022/23):

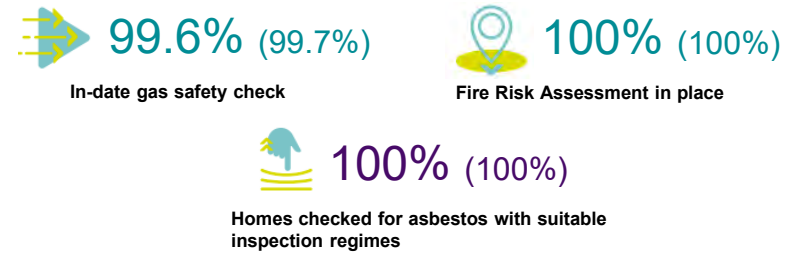


## Our Safety:

The safety of our residents is a core priority for Sanctuary and we have a continued focus on compliance.

This year also saw the successful completion of our smoke detector and carbon monoxide alarm programme.

### 2023/24 highlights (2022/23):



## Our Community and Affordability:

Our approach is **community-led** and focuses on building capacity at a local level, existing skills, assets and passions in our communities:

Our average social housing rent is just **59.4% of private sector levels**. Rent value % of private sector below:

### 2023/24 highlights (2022/23):



# The Importance of Governance

We recognise that we have a range of other responsibilities not least as a large employer and purchaser of goods/services

## Our Colleague wellbeing:

It is important to us that we provide an environment where our people and our organisation can flourish.

We have continued to provide wellbeing support, encouraging employees to look after their own physical and mental health.

### 2023/24 highlights (2022/23):



14,119 (14,335)

Number of people employed across England and Scotland



77% (76%)

Employee engagement score



272 (258)

Number of colleagues on Staff Council championing the voice of our people

## Our Learning and development:

Providing high-quality learning and development opportunities continues to be a priority for us.

Our Learning Zone is successfully providing colleagues with on-demand access to a range of content receiving 4,000 visits per month.

### 2023/24 highlights (2022/23):



218,132 (190,144)

Number of e-learning modules completed by colleagues



43,294 (45,991)

People attending learning events



294 (223)

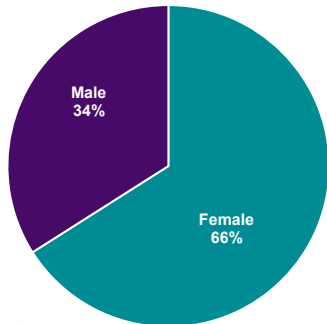
Number of apprentices supported



277 (221)

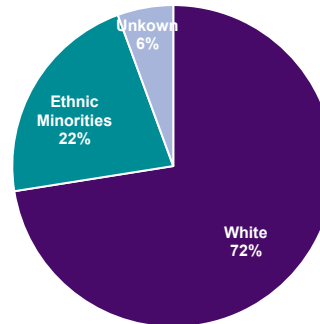
Number of colleagues completing qualifications

## Our pay by gender (Sanctuary Housing Association):



2023/24	Total
Pay Gap (Mean)	18.6%
Pay Gap (Median)	18.7%
Bonus Gap (Mean)	45.9%
Bonus Gap (Median)	-2.9%
Proportion Receiving Bonus Pay	3.6%

## Our pay by ethnicity (Sanctuary Group):



2023/24	Total
Pay Gap (Mean)	11.9%
Pay Gap (Median)	6.4%
Bonus Gap (Mean)	26.5%
Bonus Gap (Median)	-150%
Proportion of Ethnic Minorities Receiving Bonus Pay	24.1%
Proportion of White employees Receiving Bonus Pay	16.6%

# Tenant Satisfaction Measures (TSMs)





# Embedding TSMs Across the Business

Introduced by the Regulator of Social Housing in April 2023

## What are we measuring:

Two independent agencies spoke to **3,884** residents between April 2023 and January 2024 to assess our performance. The measures were scored under six themes:



1: Overall satisfaction



2: Keeping properties in good repair



3: Maintaining building safety and safety checks



4: Respectful and helpful engagement



5: Responsible neighbourhood management



6: Effective handling of complaints

## Complaints:

Two independent agencies spoke to **3,884** residents between April 2023 and January 2024 to assess our performance



**76.1%**<sup>1</sup> Stage 1 complaints responded to

**64.2%**<sup>1</sup> Stage 2 complaints responded to

The group have fully engaged the Housing Ombudsman with regards to any **severe maladministration** and **wholly implemented any lessons learned**

## Maintaining building safety checks:

- 1) We have invested a record **£274m** to improve our homes
- 2) We have expanded our **Building Safety team**, including recruiting dedicated Building Safety Managers to work with residents at each of our high-rise residential home
- 3) We have also taken steps to **improve the data** we hold on our homes and customers, which is enabling us to invest where it is needed most

# Our Commitment to Keeping our Customers Safe

The health and safety of our customers remains the highest priority for Sanctuary and its Board

## Maintaining building safety checks (continued):

Satisfaction home is well maintained <b>68.1% (tenants)</b>	Satisfaction that their home is safe <b>76% (tenants)</b>
Satisfaction that their home is safe <b>76.6% (owners)</b>	Gas safety check compliance <b>99.3%</b>
Fire safety check compliance <b>99.8%</b>	Asbestos safety check compliance <b>99.9%</b>
Water safety check compliance <b>99.8%</b>	Lift safety check compliance <b>85%</b>

## RAAC update

Committed to reviewing our properties against new **emerging risks**, such as Reinforced Autoclaved Aerated Concrete (RAAC)

- Ongoing investigation describes a minimum exposure – **no significant incidences reported**
- If identified, remedial work following specific methodology takes place
- **Safety of our residents is always our priority**

Sanctuary

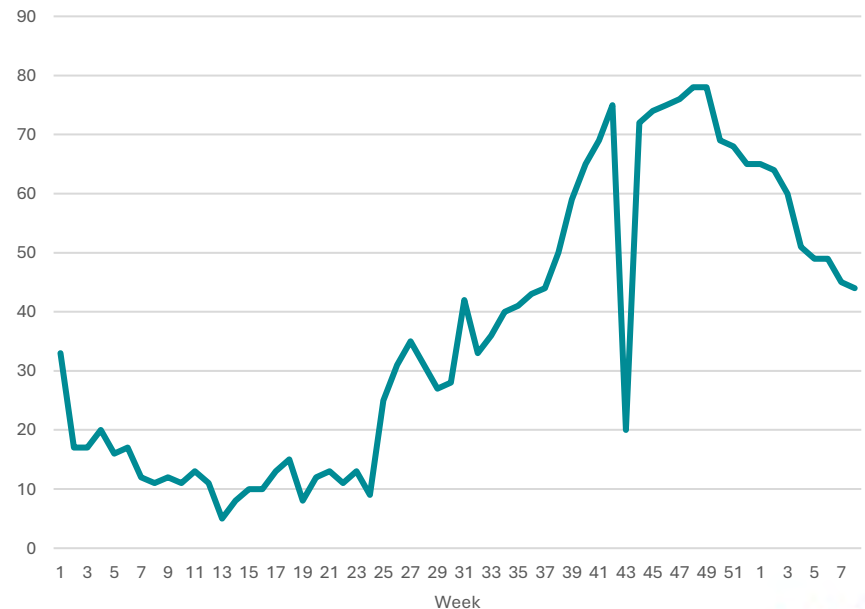
Source: <https://www.sanctuary.co.uk/learning-from-our-customers/tenant-satisfaction-measures> & Internal Sanctuary Management Information June 2024

## Damp and Mould:

Our Damp and Mould Taskforce is helping us bring more homes to standard and in the 2023/24 we made record investment in our homes

It continues to be a priority and as such there has been a continued proactive approach on identifying and remedying damp and mould in our customers' homes

## Complaints received relating to Damp and Mould from 2022/23

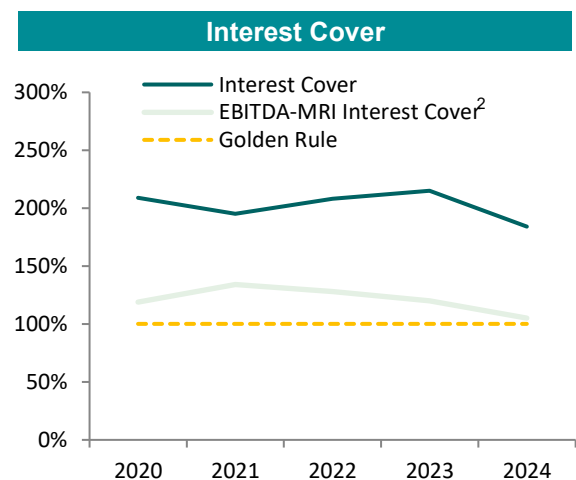
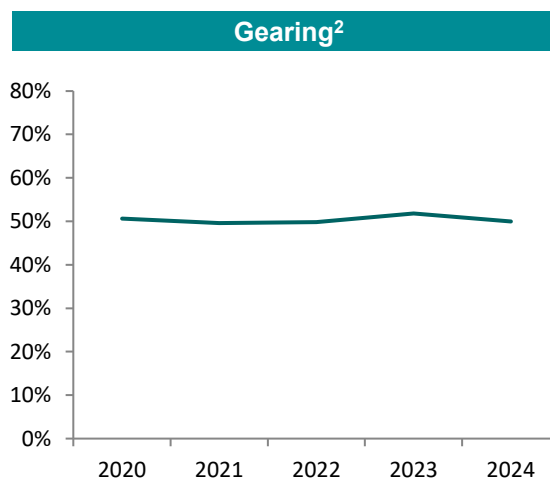
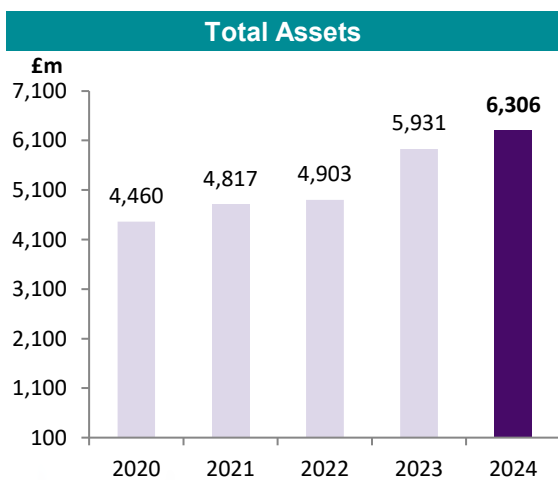
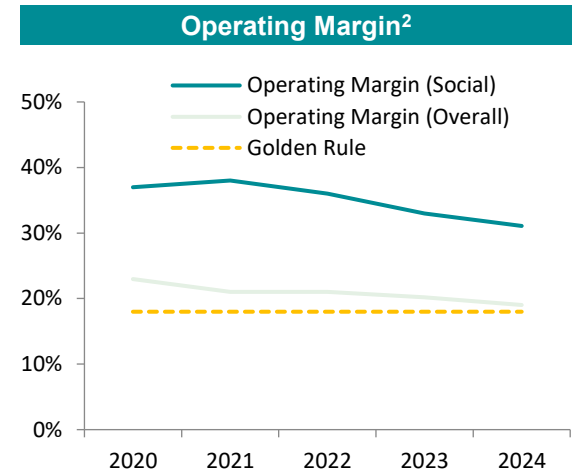
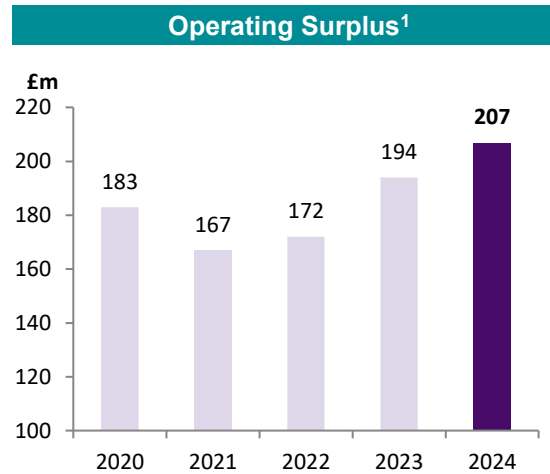
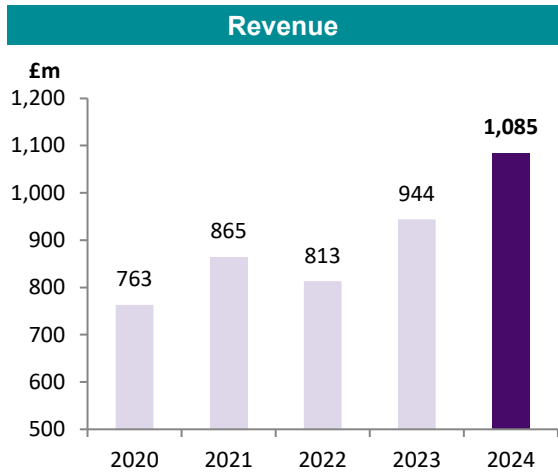


# Financial & Operational Performance



# Sanctuary Group Performance

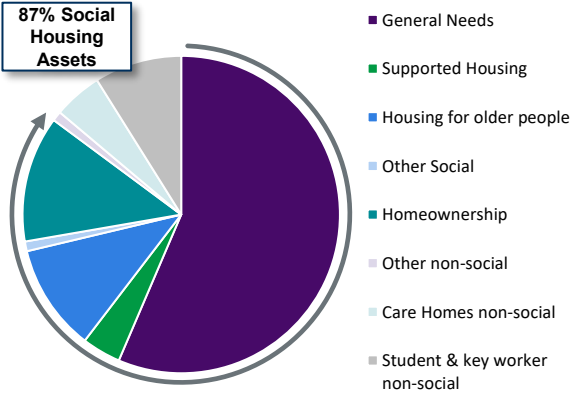
- **Revenue growth** across all business areas leading to a **15% increase** versus 2022/23
- **Operating surplus** has **climbed 4.5%** versus 2022/23 to a **new record**, reflecting continued growth across the business



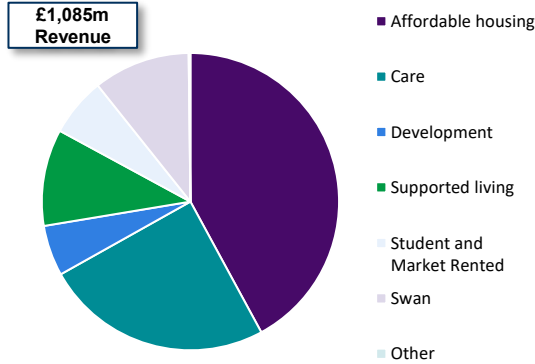
# Stock and Tenant Profile

87% of our stock is social housing assets with the majority being low rise flats and houses

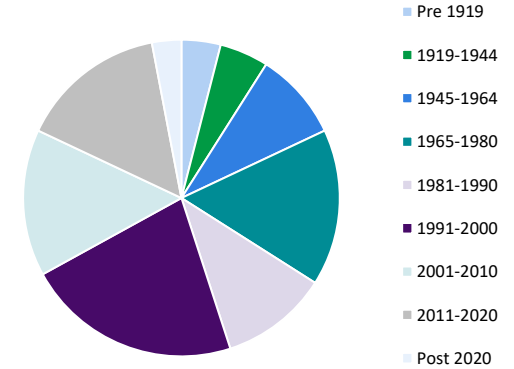
### Stock Split by Tenure Type (Units)



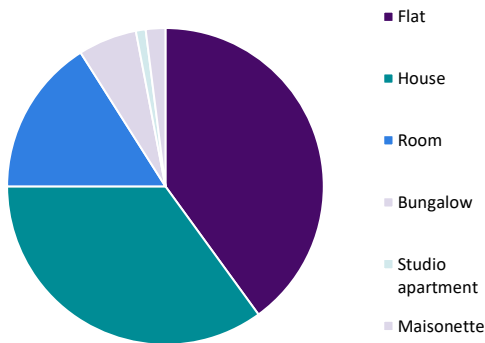
### Revenue Split by Tenure



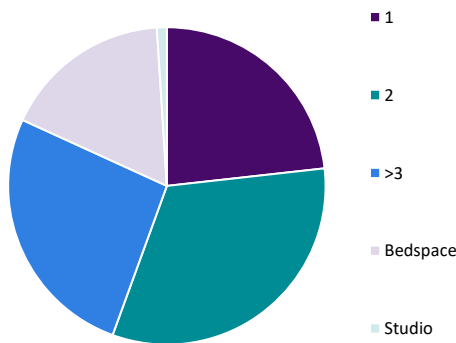
### Stock Split by Property Age



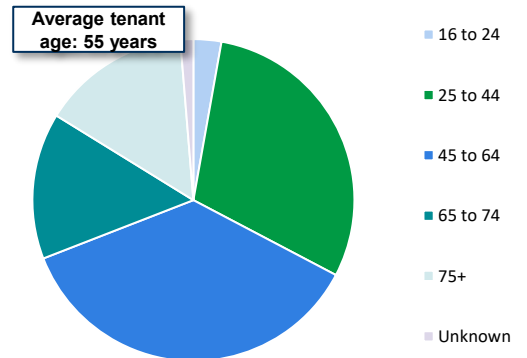
### Stock by Property Type



### No. of Bedrooms



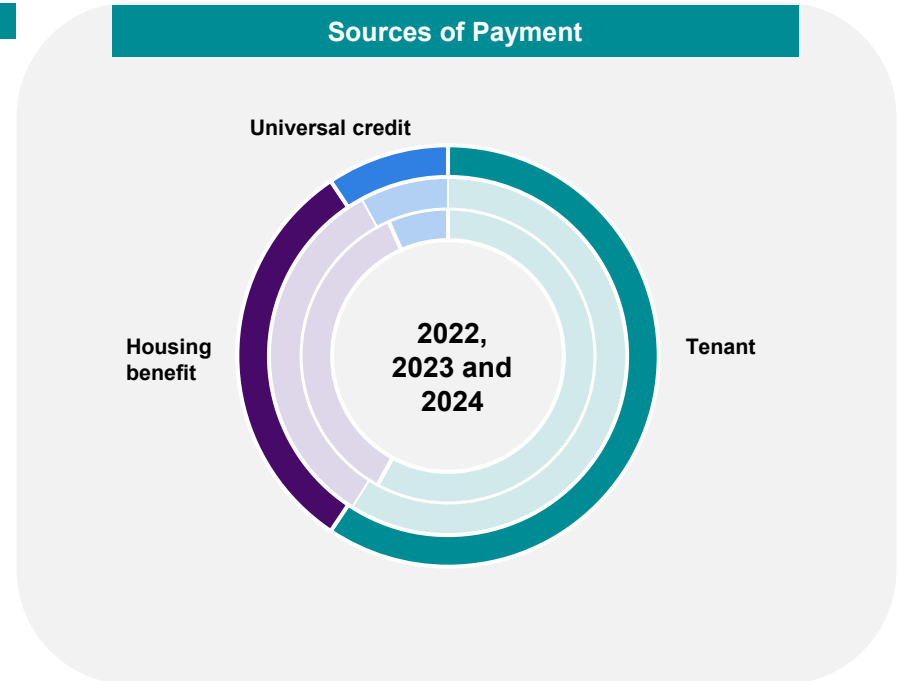
### Tenant Age Profile (inc. Swan and JJHA)



# Resilient operational performance

## Improved operational performance across the Group

	2024	2023	2022	2021	2020
<b>Void Loss (%)</b>	<b>1.7%</b>	1.8%	1.9%	1.6%	1.1%
<b>Rent Arrears (%)</b>	<b>3.17%</b>	3.25%	3.21%	3.16%	3.60%
<b>Re-let Days (England)</b>	<b>53</b>	43	47	38	24
<b>Re-let Days (Scotland)</b>	<b>31</b>	39	30	39	22
<b>Vacant Stock (available)</b>	<b>0.86%</b>	0.94%	0.92%	703	619
<b>Student Occupancy</b>	<b>93%</b>	92%	90%	79%	94%
<b>Care Occupancy</b>	<b>88%</b>	86%	82%	83%	92%
<b>Care Quality Commission rating (England)</b>	<b>95%</b>	94%	90%	86%	84%
<b>Care Inspectorate rating (Scotland)</b>	<b>89%</b>	63%	50%	75%	88%



- Despite wider economic pressures on our tenants, rent arrears lowest for three years with improving void losses
- Sector-leading performance across our care and student operations continues to support occupancy growth and the retention of services

# Our Divisional Performance

Sanctuary



# Affordable Housing Divisional Review

We continue to deliver customer first services alongside having a sector-leading margin of 31.7%

- The Sanctuary Affordable Housing division currently has **88,205** homes in management (with Johnnie Johnson), including general needs properties, affordable housing and housing for older persons along with shared ownership and homeownership properties
- Whilst still robust, the continuation of inflationary cost pressures has resulted in our EBITDA margin to reduce from **49.9%** to **45.9%**
- The strategic direction of increased investment in the Group's homes has continued, with capital reinvestment spend totalling **£80.2m**, an increase of **£1.3m** from 2022/23

Affordable Housing: Excluding Swan, includes JJH	2024	2023
Homes in management at the year end	88,205	82,653
Revenue (£m)	456.8	419.3
Divisional EBITDA (£m)	209.6	209.4
Divisional EBITDA margin (%)	45.9	49.9
Jobs per operative per day	3.4	3.2
Social operating surplus (%) – VFM metric	31.1	33.1
Capital Investment before grants (£m)	80.2	78.9

## Case Study: Working with Residents – Customer Focus Days



We are committed to working with customers to ensure they are happy and safe in their homes.

At one of our retirement housing schemes in Nottingham, residents had raised concerns about some issues in their homes including security lighting, CCTV and repairs work.

Following an in-person meeting, we developed an action plan to directly address their concerns and organised drop-in sessions for Property Services colleagues to share information about the work being carried out and answer any questions.

After just two months, our partnership with customers saw all repair and improvement works completed throughout the scheme, along with the re-housing of a customer with additional needs into more suitable accommodation and resolving a local antisocial behaviour issue.



# Supported Living Divisional Review

Care Quality Commission rating of 98% of our services as 'Good' or 'Outstanding'

- Sanctuary Supported Living provides care, support, housing management and assistive technology solutions to vulnerable adults across **644** separate services in England. Client groups include older people, people with disabilities, people with mental health issues, homeless people and young people
- Overall improvement in occupancy levels from **86%** to **88%** across both residential care and supported housing has supported financial resilience by increasing support and care income in addition to rental income across our occupied homes portfolio
- Our strategy remains to align our **core services** with the strategic priorities in the local authority areas where we operate

Supported living	2024	2023
Homes in management at the year end	6,616	6,618
Revenue (£m)	114.3	105.7
Divisional EBITDA (£m)	6.7	9.1
Divisional EBITDA margin (%)	5.9	8.6
Capital Investment (£m)	5.5	7.4
Care Quality Commission rating (%)	98	98

## Case Study: Dame Kelly Holmes Trust – Alfie's Story



A young resident from a Sanctuary Supported Living housing service in Basildon has been supported through a personal development programme delivered by the Dame Kelly Holmes Trust.

24-year-old Alfie has improved his confidence, budgeting skills and mental wellbeing thanks to the support of the programme which has been delivered across Sanctuary Supported Living services in Brighton, Basildon, Hartlepool and Weston-Super-Mare.

The responsive and tailored personal development programme is designed to develop the confidence, well-being, and self-esteem of young people. The Trust's athlete mentors provide a reason for the young people to get out and about, learn budgeting skills and connect as a group.

# Care Divisional Review

2023/2024 has seen steady occupancy growth as the business has confidently absorbed inflationary pressures

- Sanctuary Care has been delivering care to older people for over 25 years and currently manages **109** care homes and a supported living care service, across England and Scotland
- The 2023/2024 year has seen the successful completion of integration activity for the **13 Cornish care homes** acquired in the prior year, aligning with the wider organisational footprint
- The social care sector will undoubtedly experience many challenges over the coming year; however, we are well placed to face these head on and to continue to grow with the 'Enriching Lives' framework embedded at the heart of everything we do

Care	2024	2023
Number of bed spaces in management at the year end	5,449	5,447
Revenue (£m)	269.0	226.5
Divisional EBITDA (£m)	22.1	18.3
Divisional EBITDA margin (%)	8.2	8.1
Care Quality Commission rating (England)%	95	94
Care Inspectorate rating (Scotland)%	89	63
Average weekly rates (£)	1,049	931
Occupancy (%) – average for year <sup>1</sup>	87.9	85.9
Occupancy (%) – at year end <sup>1</sup>	88.5	88.4
Capital Investment (£m)	13.6	10.3

## Case Study: Warrior of Waste Programme: Reducing Food Waste



Sanctuary Care has launched a new waste strategy which has seen its daily food waste reduce by **31% (176,000 kilograms)** in just one year.

This was achieved using resources from Guardians of Grub, a joint initiative by Hellmann's and WRAP to help operators rise up against the 1.1 million tonnes of food thrown away by the food service and hospitality industry each year.

The programme aims to tackle the financial and environmental implications of food waste. Approximately 8-10% of the world's greenhouse gas emissions relate to food waste, which costs the hospitality and food service sector £3.2 billion per year.

With British care homes sending £50,000 of food to landfill every year, Sanctuary Care, which produces more than 14,000 meals for residents and colleagues per day, recognised that it needed to do more in the fight against food waste.

# Student and Market Rented Divisional Review

UK HE sector is experiencing increasing student participation rates, demographic growth and rising number of international students

- Sanctuary Students provides a home for nearly **12,000** customers across **39 locations** within the UK
- The overall improved student occupancy rate of **93.4%** for properties available to let has contributed to student rental income growth of **14.2%**. Occupancy rates in London and Manchester locations remained exceptionally high, exceeding **99%**
- This year, we have conducted surveys and produced Energy Performance Certificates for all of our properties, with **84%** achieving an EPC rating of B and the remaining **16%** rated C and above

Student and Market Rented	2024	2023
Homes in management at the year end	11,998	11,976
Revenue (£m)	69.2	60.6
Divisional EBITDA (£m)	31.9	28.6
Divisional EBITDA margin (%)	46.1	47.2
Occupancy (%) – Student (available units)	93.4	92.0
Capital Investment (£m)	8.9	8.0

## Case Study: Operational Improvements from Customer Feedback



Sanctuary Students collects valuable customer feedback and perceptions to gauge how well we are meeting expectations through participation in the **Global Student Living Index (GSLI)**.

The GSLI is a comprehensive annual survey conducted across over 65 universities, involving more than 40,000 students nationally, making it one of the UK's most extensive student surveys. Sanctuary Students has been participating in the GSLI since 2015 and the analysis from the annual survey shapes our approach to enhancing student accommodation experiences and informs ongoing strategies and operational decisions.

The survey focuses on a number of key areas including the move in experience, property management, communication, repairs, and value for money. This customer-focused approach is instrumental in maintaining and elevating overall student satisfaction.

# Swan Divisional Overview



Following the rescue on 8 February 2023, Sanctuary has worked to stabilise the position of Swan to put it on sound financial footing

- Sanctuary has now achieved **operational integration** of Swan
- S&P rating of A (was BB- and then BBB+), now in line with the rest of Sanctuary Group
- Swan Housing Association and its subsidiaries contributed revenue of **£114.2m** (2023: £37.9m) and an EBITDA of **£28.0m** (2023: £9.2m)
- Development has moved from modular build to **conventional build**, following the closure of the loss-making modular factories
- Development programmes have been scaled back to ensure only schemes with a **clear social purpose** or **sound financial rationale** are being delivered

Swan	2024	2023*
Homes in management at the year end	12,826	13,001
Revenue – development sales (£m)	30.5	26.0
Revenue – housing, supported and other (£m)	83.7	11.9
Divisional EBITDA (£m)	28.0	9.2
Divisional EBITDA margin (%)	24.5	24.3
Social operating surplus (£m)	11.4	1.6
Social operating surplus (%)	17.6	17.2
Capital Investment (£m)	13.1	2.8

\* Part year effect

## Case Study: Laindon Centre Regeneration



In 2023/2024, Sanctuary **relaunched a major regeneration project** of Laindon town centre. A groundbreaking ceremony, attended by local MPs and councillors, marked the beginning of the project which will transform the area.

Working with local residents and businesses, Sanctuary will create a vibrant hub for the community. The fully affordable scheme will deliver **205 new high-quality homes** with parking, a new Lidl **supermarket** and **15 local shops**, along with an improved medical centre and Sanctuary office.

There will also be public spaces that will house the Laindon War Memorial and fountain. Councillor Andrew Baggot, Leader of Basildon Council, said: "This is very exciting news for residents of Laindon who have **waited patiently for decades for this scheme to be delivered**. This is a new start for residents and I look forward to seeing progress."

# Development Strategy

Sanctuary



# Development Pipeline

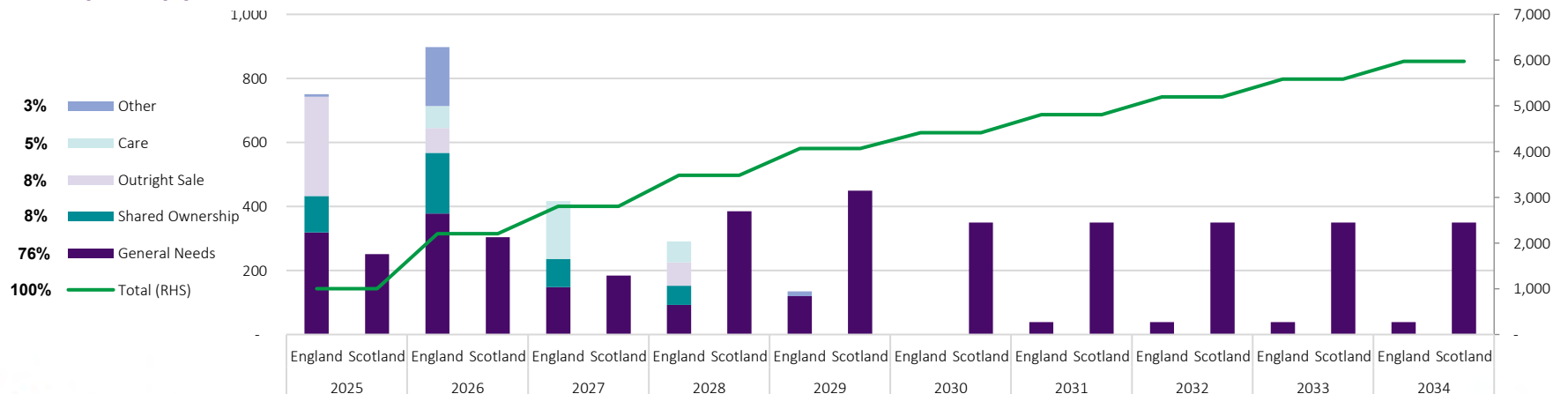
Development team builds new homes and communities and regenerates existing communities across England and Scotland

- Completed **806** new homes, of which **487** were for social or affordable rent, **200** for affordable home ownership and **111** for open market sale and **8** commercial properties
- Sales performance for shared ownership has been strong, however the market for open market sales continues to be challenging due to customer confidence with revenue decreasing £32.3m because of a fall in the number of homes for sale
- We have now identified sufficient schemes to deliver on our Strategic Partnership commitment of **1,000 new homes**
- Swan's development pipeline has been assessed and, where possible, incorporated into the Group's future development pipeline

Development Sales (excludes Swan)	2024	2023
Homes completed in the year	806	963
Revenue (£m)	59.8	92.1
Cost of sales (£m)	(47.8)	(76.2)
Divisional EBITDA (£m)	12.0	15.9
Gross margin (%)	20.1	17.3
Housing sales	266	307
Homes on-site and in development at the year end	3,004	4,057

Funding for development (excludes Swan)	2024	2023
Expenditure contracted (£m)	226.6	254.5
Authorised expenditure not contracted (£m)	339.3	308.4
<b>Total (£m)</b>	<b>565.9</b>	<b>562.9</b>

## Development pipeline

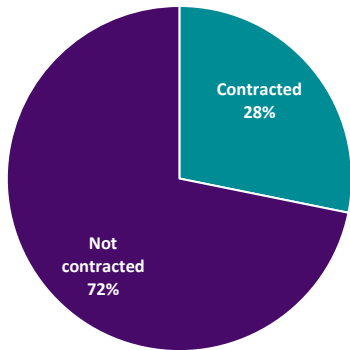


# Development Track Record

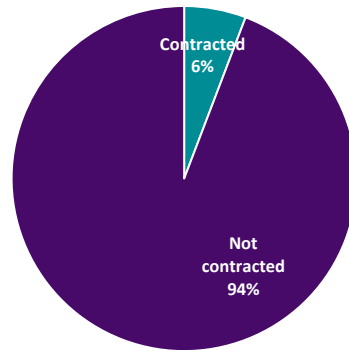
Low outright sales exposure, modest contracted expenditure – retaining maximum flexibility

## Contracted versus not contracted spend

### England:



### Scotland:



## Future Plans

- We will continue to deliver on our commitment to build **1,000 new affordable homes** - Strategic Partnership with Homes England
- Our Construction **Scotland** team will be launching its first new build projects and is preparing to start on-site with two projects comprising over **120 new homes** on the outskirts of Glasgow and in Inverclyde
- A further central element of our strategy is the continuing need to make the most of all our assets and ensure they **are fit for now and the future**

## Case Study: New Homes Delivered

- In 2023/2024 we completed the final phase of our Donside Village regeneration in Aberdeen, providing a further **61 high-quality new homes** for local people
- Overall, the £42 million development has delivered a total of **265 new homes**, with a range of one, two and three-bedroom apartments including **144 available for social rent**. The major regeneration project has transformed the area and significantly increased the provision of high-quality social housing for local people.
- The new homes were built in partnership with the **Scottish Government** and Aberdeen City Council.
- Sustainability has been a key factor of the regeneration, with **solar panels providing electricity to the flats, an electric vehicle club, and future plans to install electric vehicle charging points**.
- Accessibility is also an important aspect of the project, with all of the ground floor flats designed to be wheelchair adaptable.



# Treasury

Sanctuary



## Our proposals

Working with our architect, Saunders Boston, we have produced three site options. We are interested to hear your opinions, what you like and what you don't like. Your comments will be considered and we will work up a final proposal for discussion with Basildon planning committee.



### All three options:

- Provide 16 retail spaces returning a high street
- Include the relocation of a GP surgery.
- Accommodate a mix of housing types
- Include managed green spaces
- Work with most of the existing buildings already constructed
- Significantly reduce the number of homes by omitting retaining walls allowing existing spaces to be used
- Do not significantly increase the number of homes consented 210 homes
- Number of homes consented 210 homes
- Swam had approval





# Our Risk Appetite

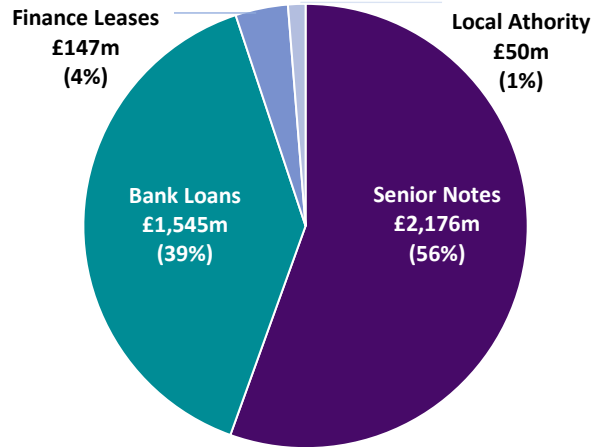
Trigger points provide clear indicator when remedial actions is needed to avoid the Group breaching risk appetite hurdles

- Hurdles should not be breached without Board approval
- Each metric has a trigger point which is an early warning system highlighting when we are approaching a hurdle

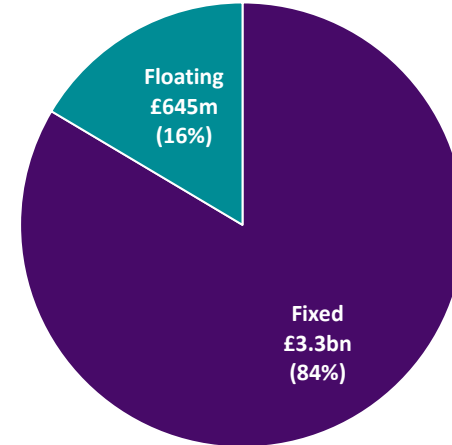
Golden Rule	Hurdle	Trigger Point	31 March 2024	31 March 2023
All outright sales revenue not to be greater than 30% of Group total sales revenue	30.0%	20.0%	<b>4.0%</b>	<b>10.6%</b>
Value of lending to Beech Grove Homes - the maximum amount we are prepared to lend into our development and construction business at any time	£350m	£300m	<b>£196.1m</b>	<b>£159.1m</b>
Existing cash and available facilities cover at least 18 months of future committed spending requirements	18 months	20 months	<b>23 months</b>	<b>19 months</b>
All income test funder covenants are exceeded and this continues to be the case for the life of the latest projections/ business plan (statutory entity specific)	Pass	Covenant forecast within 10%	<b>Swan's tightest EBITDA ICR covenant is 38.5% against a covenant of 20%</b> <b>(£5.6m of headroom)</b>	<b>Tightest covenant is 152% against a covenant of 125%</b> <b>(£24m of headroom)</b>
All balance sheet funder covenants are met and this continues to be the case for the life of the latest projections/business plan (statutory entity specific)	Pass	£100m debt headroom	<b>Swan's tightest gearing covenant is 74% against a covenant of 90%</b> <b>(£118.6m headroom)</b>	<b>Tightest covenant has £192m of headroom</b>
Capacity in the form of cash, undrawn facilities and available unencumbered property security that could be used to raise financing exceeds £500 million	£500m	£600m	<b>£2,033m</b>	<b>£1,961m</b>
EBITDA MRI interest cover (Group level) - the amount we can cover our interest expense from our earnings after deducting capital reinvestment spend	100.00%	110.0%	<b>105.0%</b>	<b>120.3%</b>
Operating margin (Group level)	18.0%	20.0%	<b>19.1%</b>	<b>20.0%</b>
Standard and Poor's (S&P) and Moody's credit ratings are maintained above BBB and Baa2 respectively	S&P = BBB Moody's = Baa2	S&P = BBB+ Moody's = Baa1	<b>S&amp;P = A Moody's = A2</b>	<b>S&amp;P = A Moody's = A2</b>

# Treasury Management

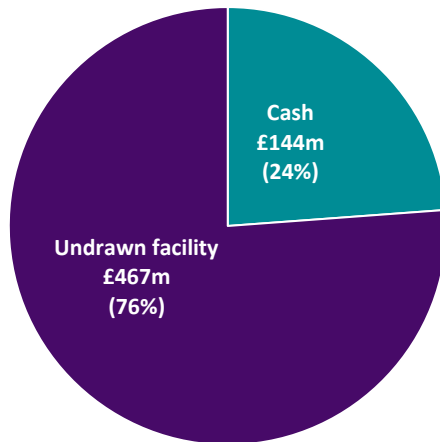
## Group Total Debt - £3.917bn



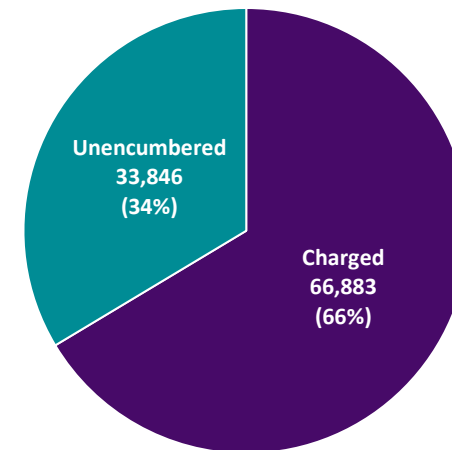
## Fixed vs Floating Debt



## Available Liquidity - £611m



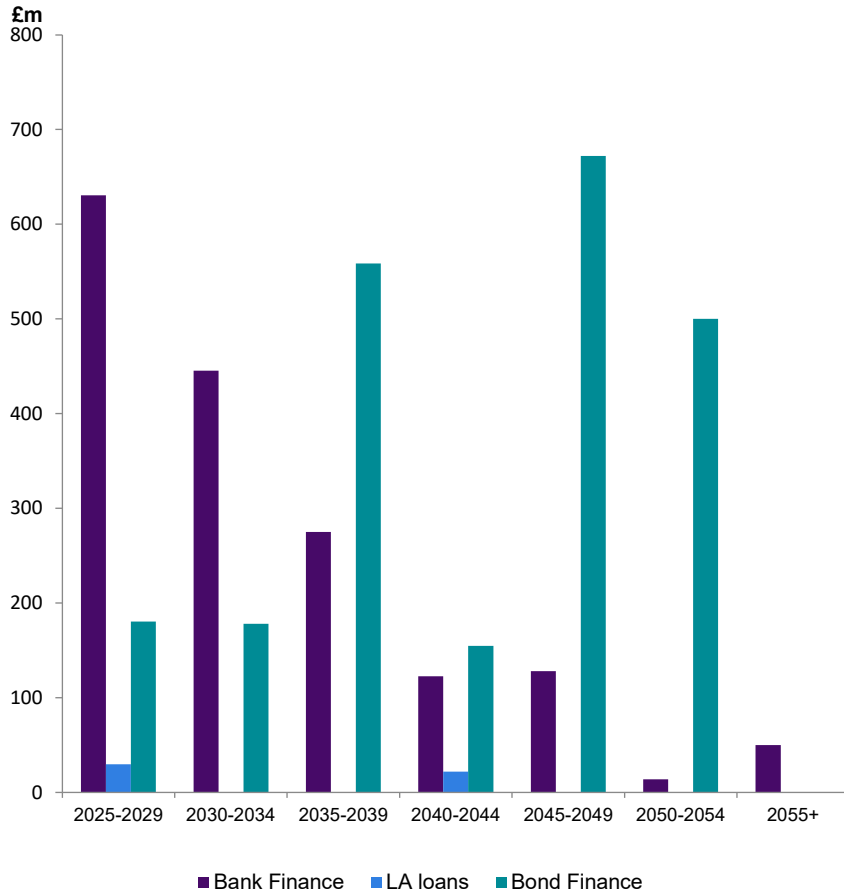
## Group Security Position (excluding JJH)



# Debt Maturity Profile

We have a mature debt maturity profile across the curve

## Debt Maturity Profile



### Achievements: 2023/2024

- **Refinancing** of one key funder receiving better terms on covenants
- **Three sustainability-linked RCFs** established
- Swan's refinancing and liquidity management

### Future focus: 2024/2025

- **Simplify** the debt book structure – Particular focus on legacy Swan facilities
- Continue to utilise the **receptive** bank market. Capital markets remains opportunistic
- Establish a **Sustainable Finance Framework**
- Establish a **debt issuance programme**

# Credit Highlights

## Inflationary pressures easing/absorbed and financial performance improvement



### Navigation of inflationary pressures in FY24

- Stabilised the **financial health** of Swan, limiting business losses
- **Absorbed cost inflation** across utilities and key supply chain
- Delivering efficiencies through **sustainable Margin Improvement initiative**



### Low Exposure to Building Safety Costs

- Exposure of **2 buildings** that we need to remediate due to building safety and have completed the majority of the programme
- This is a fraction of the cost being seen amongst our peers
- **Targeted** acquisitions e.g. Johnnie Johnson



### Strong External Validation of our Performance

- Regulatory ratings of **G1** and **V2**
- Credit ratings of **A2 (Moody's)** and **A (S&P)**
- CQC ratings of **95%** (Care) and **98%** (Supported Living)



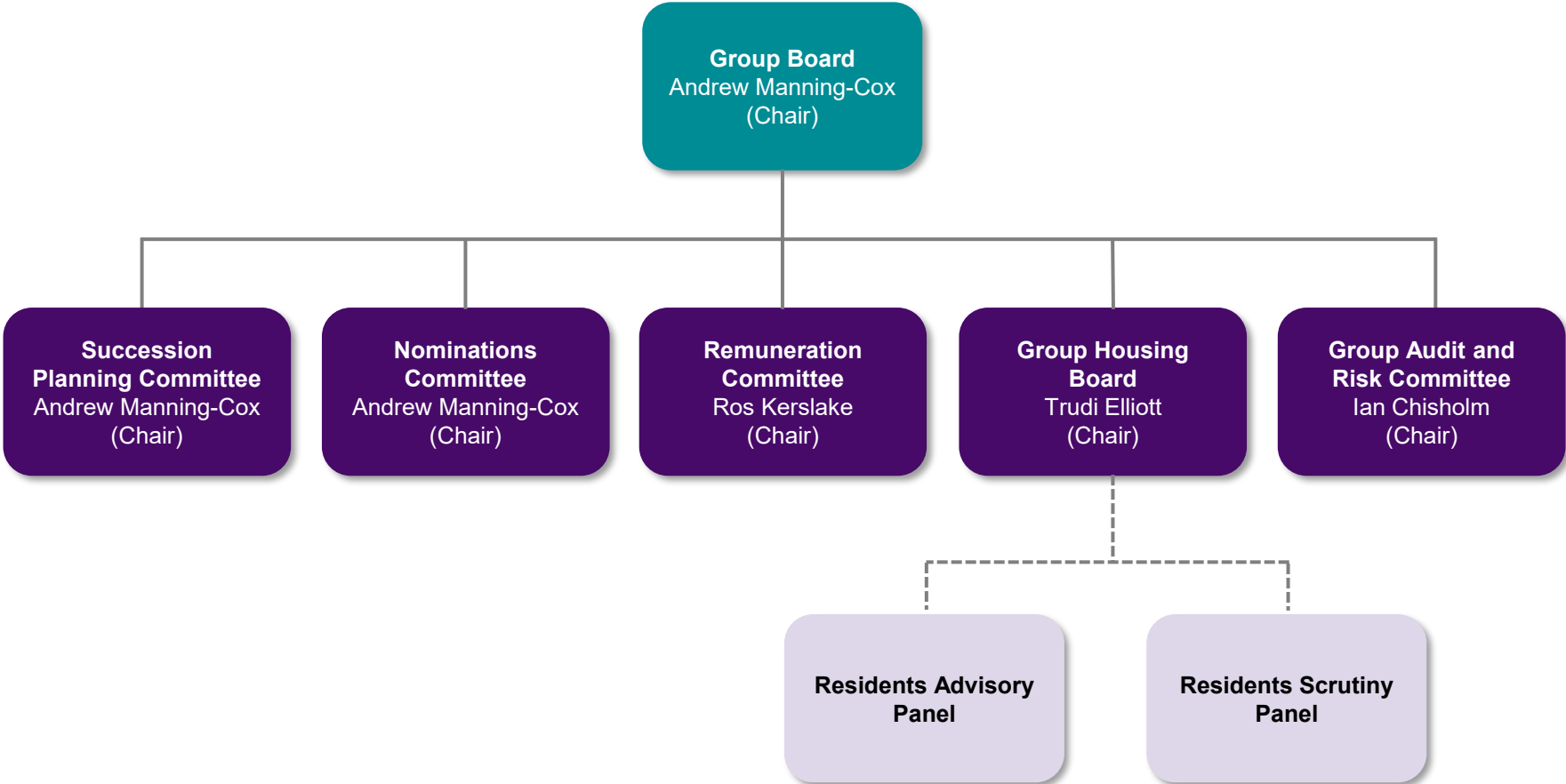
### Resilient Business Model and Strategy

- National delivery model with **centralised approach to repairs**
- Investment in technology and infrastructure delivering a **better customer experience**
- Geographic and business diversity – **low concentration risk** by geography or business operation
- **Low exposure to outright sales** – FY24 further reduction of outright and s/o sales
- Track record of **delivering efficiencies through growth** with a stable management team aware of the Sanctuary values

# Appendix



# Governance Structure



# Non-Executive Board Members

## Andrew Manning-Cox, Group Chair



- Chair of the Nominations and Succession Planning Committees
- Retired as Senior Litigation Partner from Gowling WLG (UK) LLP in 2018 after 40 years at the organisation
- Andrew is now in practice as an Arbitrator, Mediator and a Notary Public

## Trudi Elliott, Group Vice Chair & Chair of Group Housing Board



- Chartered Town Planner and formerly a lawyer
- Chair of the Planning Inspectorate for England & Wales
- Visiting Professor in planning and land economy at Henley Business School and a Fellow of the Academy of Social Sciences

## Ian Chisholm, Chair of Group Audit & Risk Committee



- Ian Chisholm has over 30 years of executive experience in finance and treasury roles in large and complex organisations
- Most recently Group Treasurer of Grosvenor Group, the international property management and development company

## Ros Kerslake, Chair of Remuneration Committee



- Worked at board level in the field of property and regeneration for many years
- Ros was Chief Executive of the National Lottery Heritage Fund from 2016 to 2021, where she led a UK-wide team of 300 staff, responsible for the distribution of up to £400 million per annum

## Arvinda Gohil, Group Board Member



- Experienced CEO and non-executive director in not-for-profit sectors and has set up and run housing associations
- Regulatory experience while at the Housing Corporation
- Developed new Code of Governance while Membership Services Director at the National Housing Federation

## James Thallon, Group Board Member



- Experienced senior NHS clinical leader and a practising GP
- James has worked in clinical commissioning since 2003, eventually becoming Medical Director for Kent, Surrey, and Sussex for NHS England
- Previous experience at Crossways Community

## Alan West, Group Board Member



- Retired corporate banker with expertise in both corporate finance and structuring debt in public sector
- Alan is currently a consultant with The Housing Finance Corporation, undertaking consultancy work in Scotland and Northern Ireland for this London-based bond aggregator

## Olu Odeniyi, Group Board Member



- Experienced non-executive board member, chair, business leader and speaker who has held positions in the public, charity, and private sectors
- Olu's previous roles include being regional leader for a global technology company, CEO and chair of a chamber of commerce, chair and trusteeship for several charities

# Executive Team

## Craig Moule, Group Chief Executive<sup>1</sup>



- Lead Officer on Group Board, the Nominations, Remuneration and Succession Planning Committees, and a member of the Group Board
- Appointed Group Chief Executive in January 2019, having worked at Sanctuary for 30 years, joining the organisation in 1989 from Coopers & Lybrand
- Prior to this role, he was the Group's Chief Financial Officer

## Ed Lunt, Chief Financial Officer<sup>1</sup>



- Lead officer on the Group Audit & Risk Committee
- Joined Sanctuary in May 2019 as Group Finance Director and is also a co-opted member of the Group Board
- Chartered Accountant and previously worked at Alliance Medical Limited, where he was the UK Finance Director

## Lizzie Hieron, Chief Customer Officer



- Responsibility for Sanctuary's housing operations across England and Scotland
- History in customer service roles. Previously Chief Operating Officer at Midcounties Co-operative
- Joined Sanctuary in July 2022

## Nicole Seymour, Executive Director – Corporate Services<sup>1</sup>



- Responsible for a number of key areas including human resources, public relations, customer services, health & safety and governance
- Co-opted member of the Board and company secretary
- Joined Sanctuary on the graduate programme in 2014

## Peter Martin, Group MD – Asset Strategy and Development



- Responsible for leading the Development and Construction teams
- Prior to this role, worked as Senior Development Manager for Sanctuary Scotland, following 25 years working in the housing sector

## Nathan Warren, Group Director – Growth & Partnerships



- Responsible for developing commercial opportunities and new business development
- Previously at Rolls-Royce, Grant Thornton and Halliburton
- Named the Institute of Directors' New Chartered Director of the Year

## Sarah Clarke-Kuehn, Chief Operating Officer – Commercial



- Since joining in 2011 as Head of Finance - Housing & Communities, she undertook a number of roles including Director of Housing Operations and Operations Director for Sanctuary Supported Living
- Qualified management accountant, who started career at London International Group (FMCG)

## Chris Norman, Chief Information Officer



- Joined Sanctuary in 2023
- Extensive transformation experience across global brands including 3M, EMC2, Monster Worldwide
- Most recently at Dyson where he spent 12 years as Global IT Director

## Donna Williams, Group Director - Sustainability & Climate Change



- Responsible for leading Sanctuary's transition to net zero carbon by 2050 as well as the strategy for delivering social impact across the organisation
- Joined Sanctuary on the graduate programme. Chartered Marketeer with the Chartered Institute of Marketing and has recently completed an MBA in sustainability