



**Yorkshire
Housing**

Investor Presentation

November 2024

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Agenda

1 Introduction to Yorkshire Housing

2 Our Homes and Customers

3 Development

4 ESG

5 Board & Leadership Team

6 Financial & Operating Performance

7 Treasury & Funding

8 Risks, Mitigations and Outlook

9 Summary

10 Appendices

Highlights

- Our 23/24 Financial Performance was solid in a difficult operating environment.
- Retained our A3 Stable Moody's rating.
- Retained our G1/V2 rating.
- Secured £74m of funding through AHGS at a competitive rate.
- Made good progress with delivering our strategy.
- Completed the development of 689 new homes.
- Went live with the first Salesforce releases.





1

Introduction to Yorkshire Housing

News At Ten Headlines

19,000 homes

13 local authorities

3 Mayoral Combined Authorities

8,000 new homes

850 employees

£139m turnover

£1.2bn asset base/ £1bn facilities

Business Strategy

Our vision and customer promise...

Our customer promise...

Making it possible to have a place you're proud to call home.



Our vision...

To be the UK's best housing provider.

Our strategic priorities...

1 Customer obsessed

Improving our customers' and colleagues' experience.



2 Homes and places to be proud of

Creating places people are proud to call home.



3 Pre-emptive

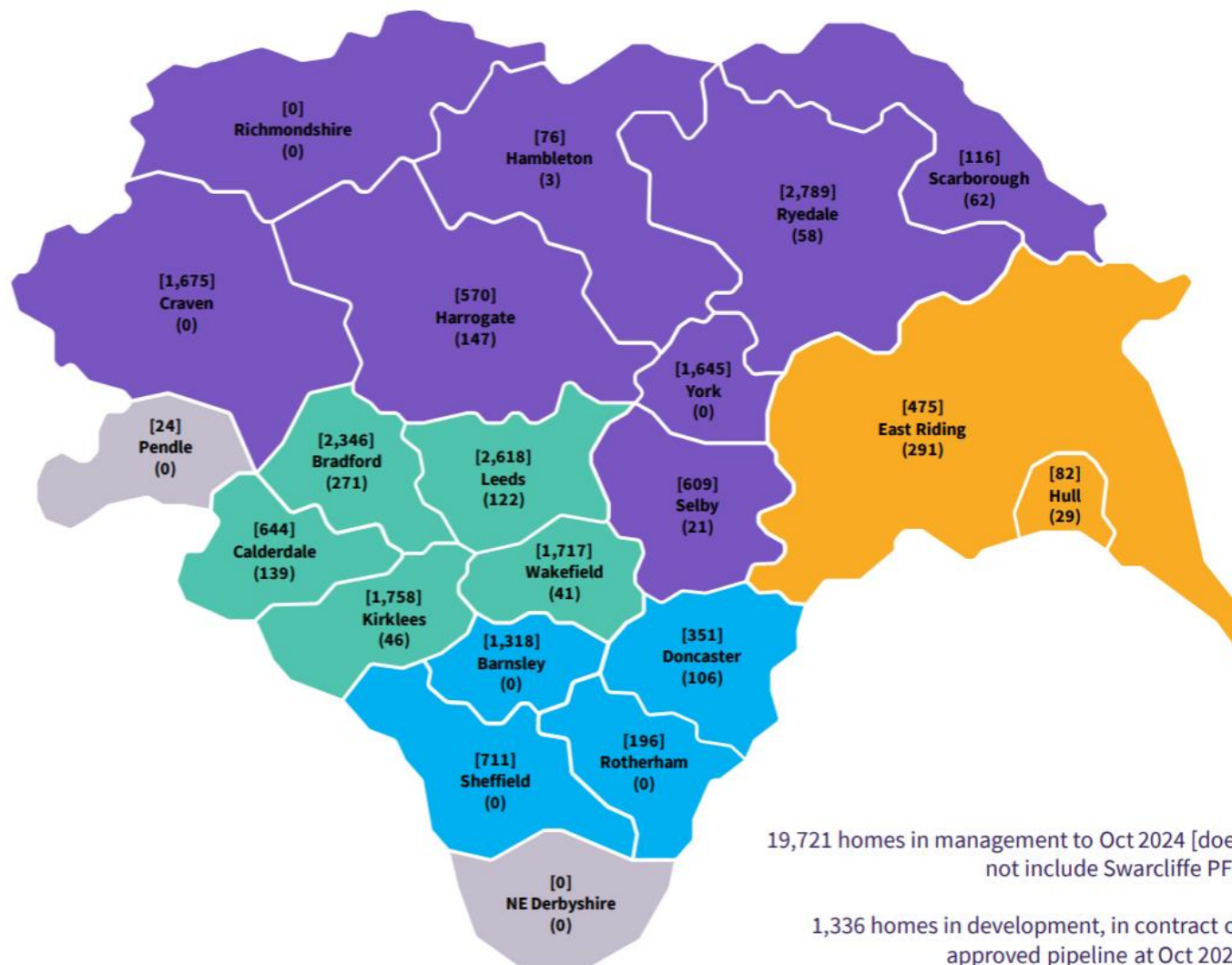
Our game-changing shift to dealing with issues before they happen.



Our Homes and Customers

We operate across Yorkshire

Existing and new homes: Oct 2024



- West Yorkshire Combined Authority
- South Yorkshire Mayoral Combined Authority
- York + North Yorkshire
- East Riding and Hull
- [] Homes in management
- () Homes in development

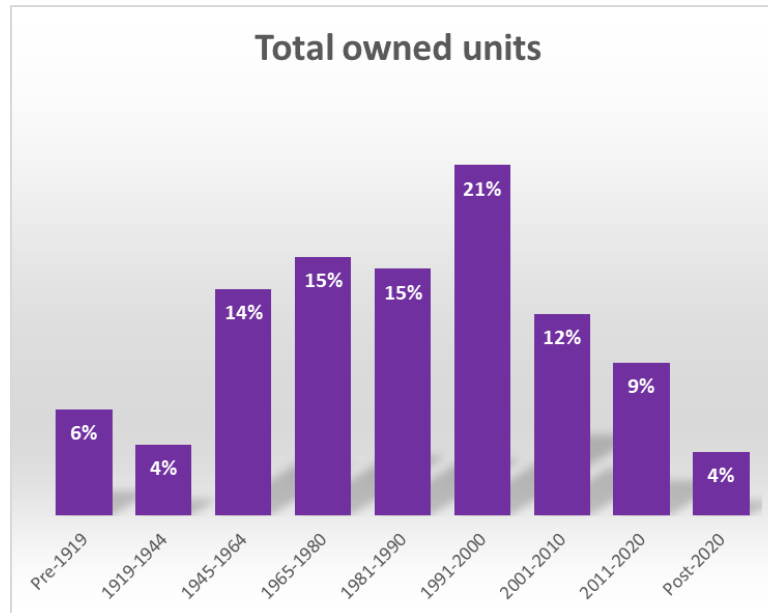
19,721 homes in management to Oct 2024 [does not include Swarcliffe PFI]

1,336 homes in development, in contract or approved pipeline at Oct 2024

Our homes at a glance...

We own or manage nearly 19,000 properties across Yorkshire and Humberside.

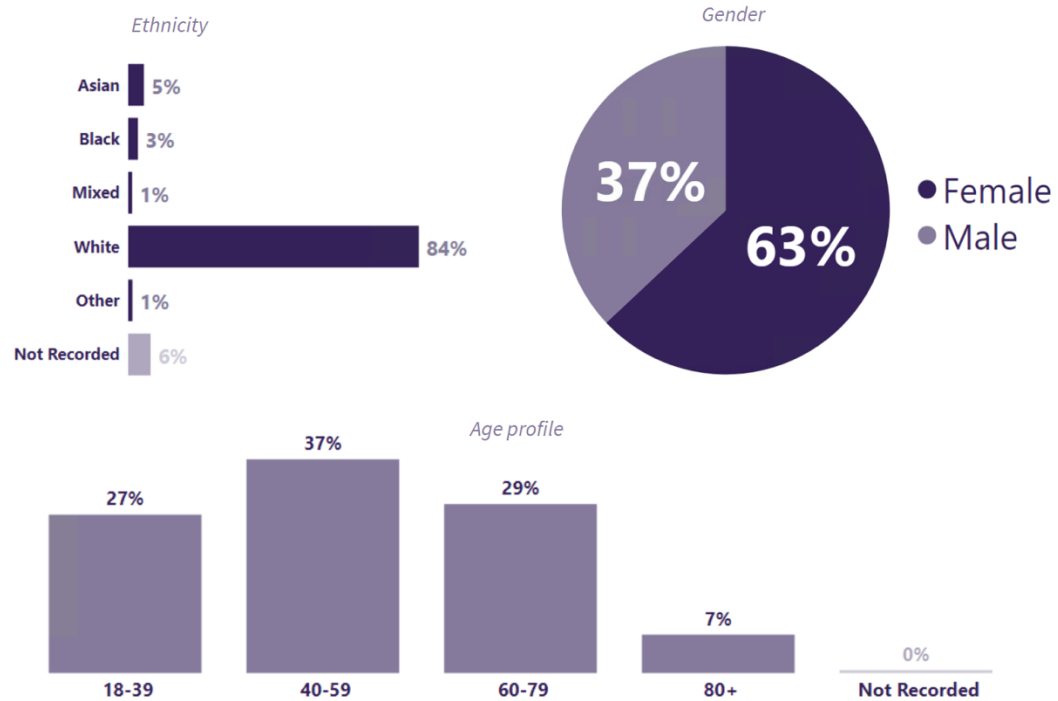
Tenure Type	2024 Year End
General needs	9,481
Housing for older people	837
Affordable properties	4,812
Shared ownership	1,379
Intermediate rent	1,461
Market rent	344
Supported housing	183
Total Managed	18,497



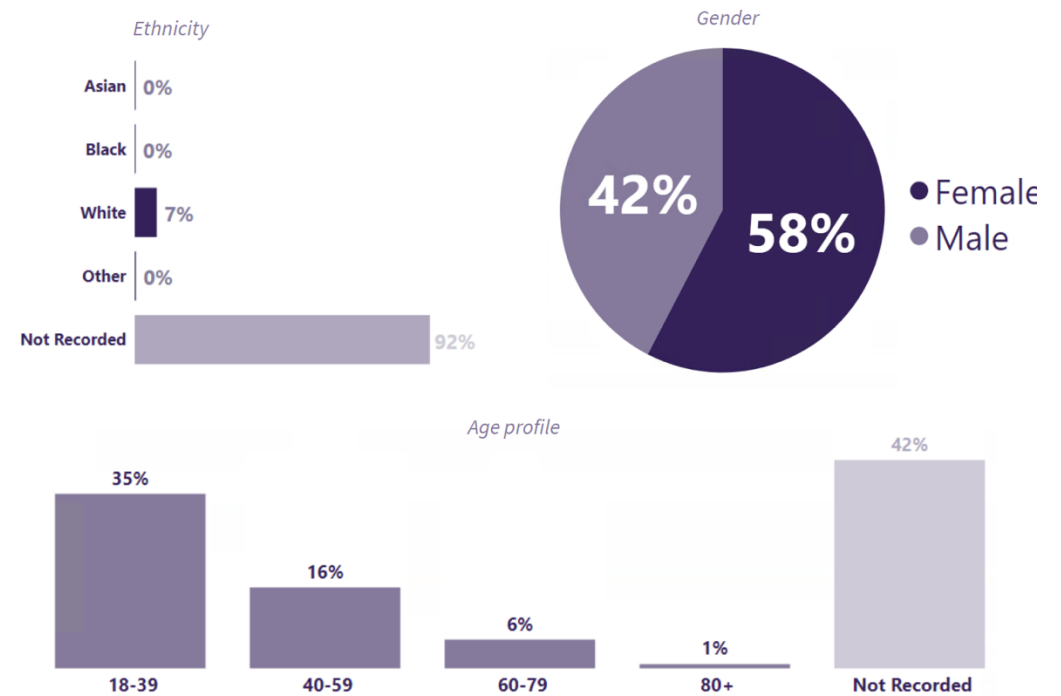
Owned but managed by others 239

Our customers at a glance...

Low-Cost Rental customers



Low-Cost Home Ownership customers



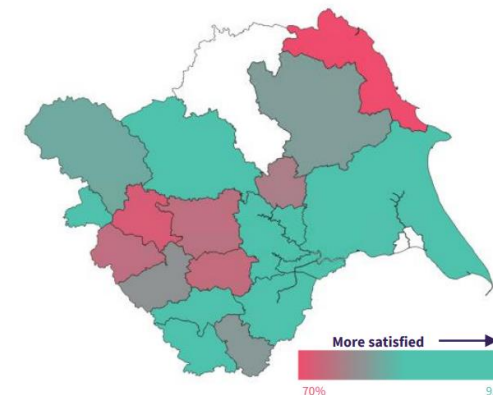
Tenant Satisfaction Measures: What have we learned?

- Rich source of data – opportunity to go much further than just meeting the regulatory requirement
- Customers want to feedback, collecting data not an issue
- Channel approach matters – low cost home ownership didn't respond to phone calls but did to email
- We have to act where the narrative is clear

78%

were fairly or very satisfied with the service provided by Yorkshire Housing **overall**

- Non-English speakers were 6% less satisfied overall than those with English as their main language
- Lowest satisfaction scores were recorded by the Asian community in Bradford (54%)
- Retired customers are 7% more satisfied than those who are not
- The most satisfied local authority was Doncaster (93%), with the least satisfied being Bradford (70%)



Reasons given for not being satisfied:

1. **Lack of communication:** Many complaints about poor communication, with promises made but not kept.
2. **Unresolved repairs:** Reported defects or issues were not fixed or took a long time to resolve.
3. **Poor work quality:** The work done was not up to standard.
4. **Neighbour issues:** Anti-social behaviour from neighbours was a common complaint, with users feeling that nothing was being done about it.
5. **Safety concerns:** Some users felt unsafe in their homes due to various issues and felt unsupported.

Mood/feelings of unsatisfied customers:

1. **Frustration and discontent:** Unresolved repairs, poor work quality, or lack of communication
2. **Annoyance with Neighbours:** Issues with neighbours, including anti-social behaviour. Customer concerns aren't being adequately addressed.
3. **Safety Concerns and Unease:** Some residents feel unsafe in their homes.
4. **Financial Discontent:** Complaints about service charges suggest that people are unhappy with the costs and perceive little benefit in return.
5. **Dampness and Ongoing Problems:** The recurring complaint about dampness in living rooms reflects ongoing frustration. It's likely affecting residents' quality of life.

Tenant Satisfaction Measures: What was interesting?

- Not all our services are perceived to have landed in the same way
- Where English wasn't the first language customers were less satisfied
- Regional differences – where repairs took longer to happen didn't always mean less satisfied. Getting completed a bigger factor!
- Early benchmarking indicates performance above average
- We have been able to glean mood and feelings using AI

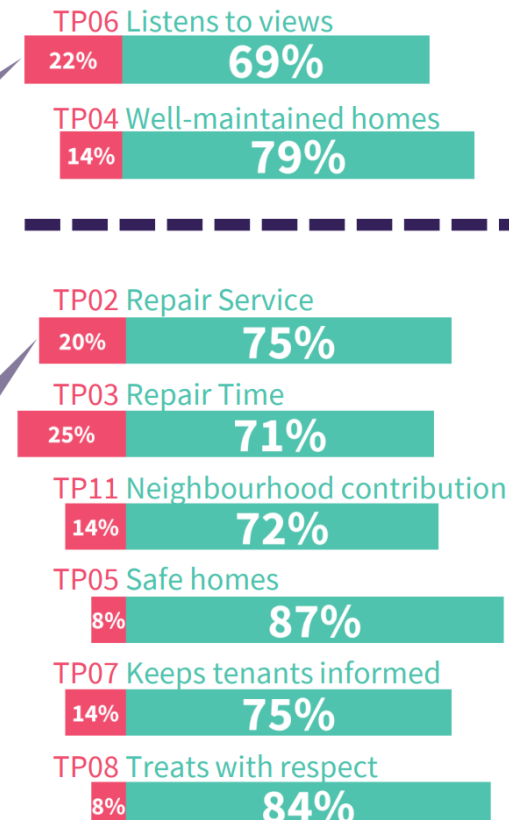
Responses to these questions were more likely to correlate with overall satisfaction. i.e. Customers satisfied that Yorkshire Housing listens to them were more likely to be satisfied overall.

Individual satisfaction with Yorkshire Housing listening to views and acting upon them correlated closer to overall satisfaction than any other question.

It is worth noting it had the lowest satisfaction of the questions open to all customers and was mentioned in the supporting comments of almost every other question.

Although 68% of customers replied "Yes [YH] had carried out a repair... in the last 12 months", 67 of those customers have had no repair in over 2 years.

Incidentally, customers who have had no repair, were less satisfied with those "repairs"



...what matters to customers



Development

Demand for affordable housing

There are 150,000 households on the waiting list for affordable homes in Yorkshire and Humberside.

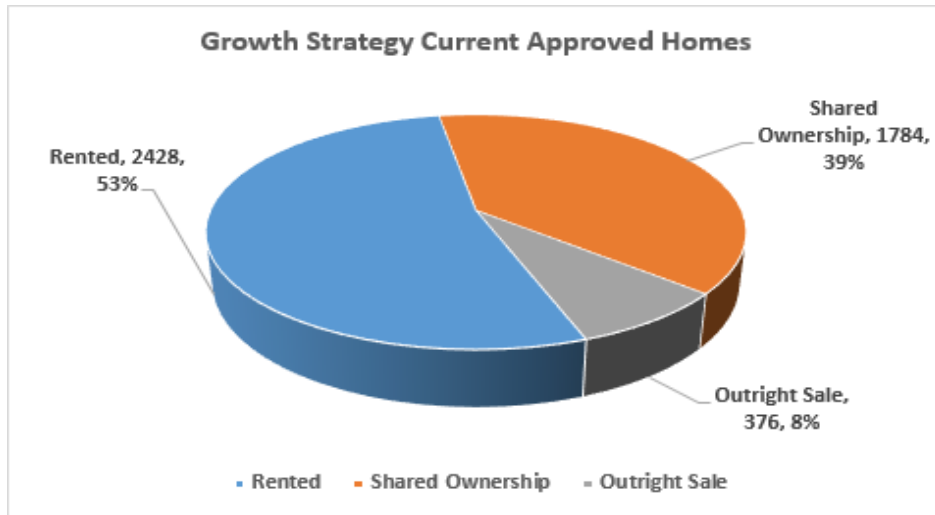
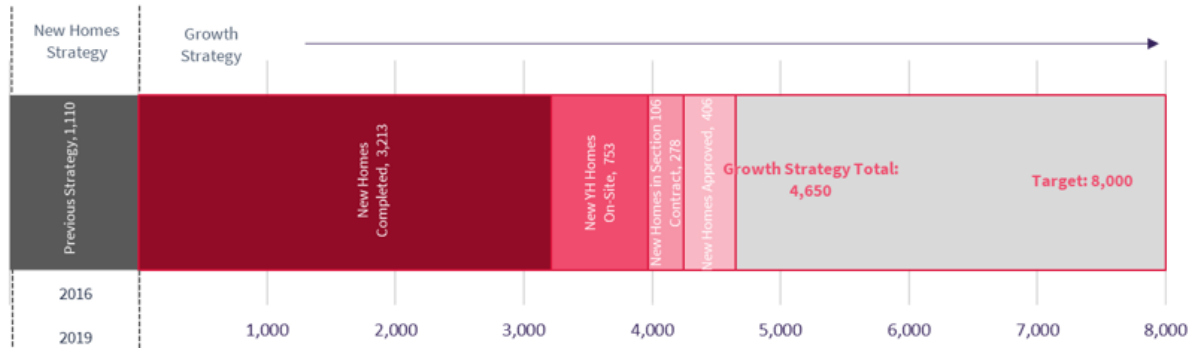
Our supply:

- We have over 15,000 properties that are subject to the rent regulation regime and these are spread across all parts of Yorkshire.
- We have a pipeline of new affordable housing to help meet the demand in Yorkshire & Humberside.
- On average our properties that are subject to rent regulation were rented out at 62.9% of the median private rental.



Growth strategy

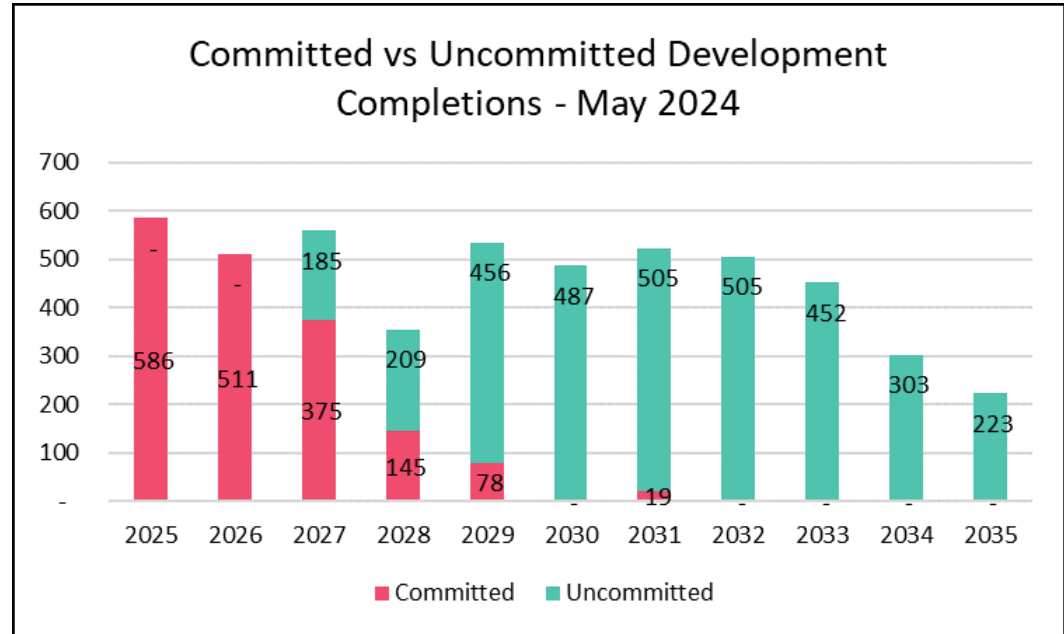
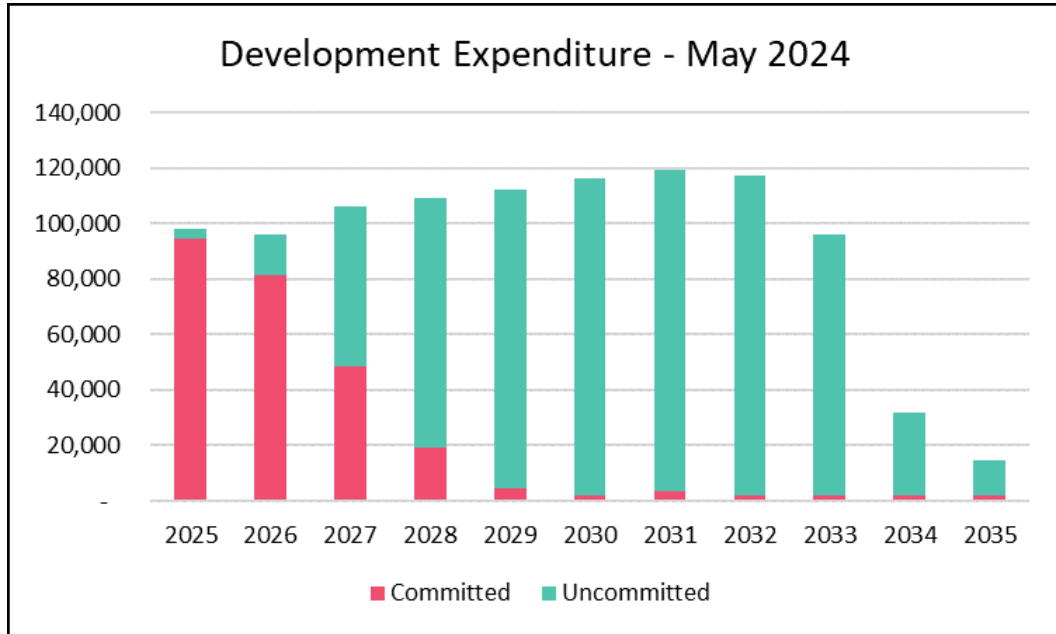
New homes secured towards 8,000 target



Headlines:

- We plan to build 8,000 high quality new homes by 2035 with and without the use of grant and subsidy.
- We're now more than halfway to reaching this ambition.
- We aim to deliver low carbon homes which are more efficient to build and reduce the running cost for our customers.
- We will offer a wider range of homes which meet local needs and demands of our customers.
- No further outright sale homes are being added to the pipeline.

Growth strategy – Future plans

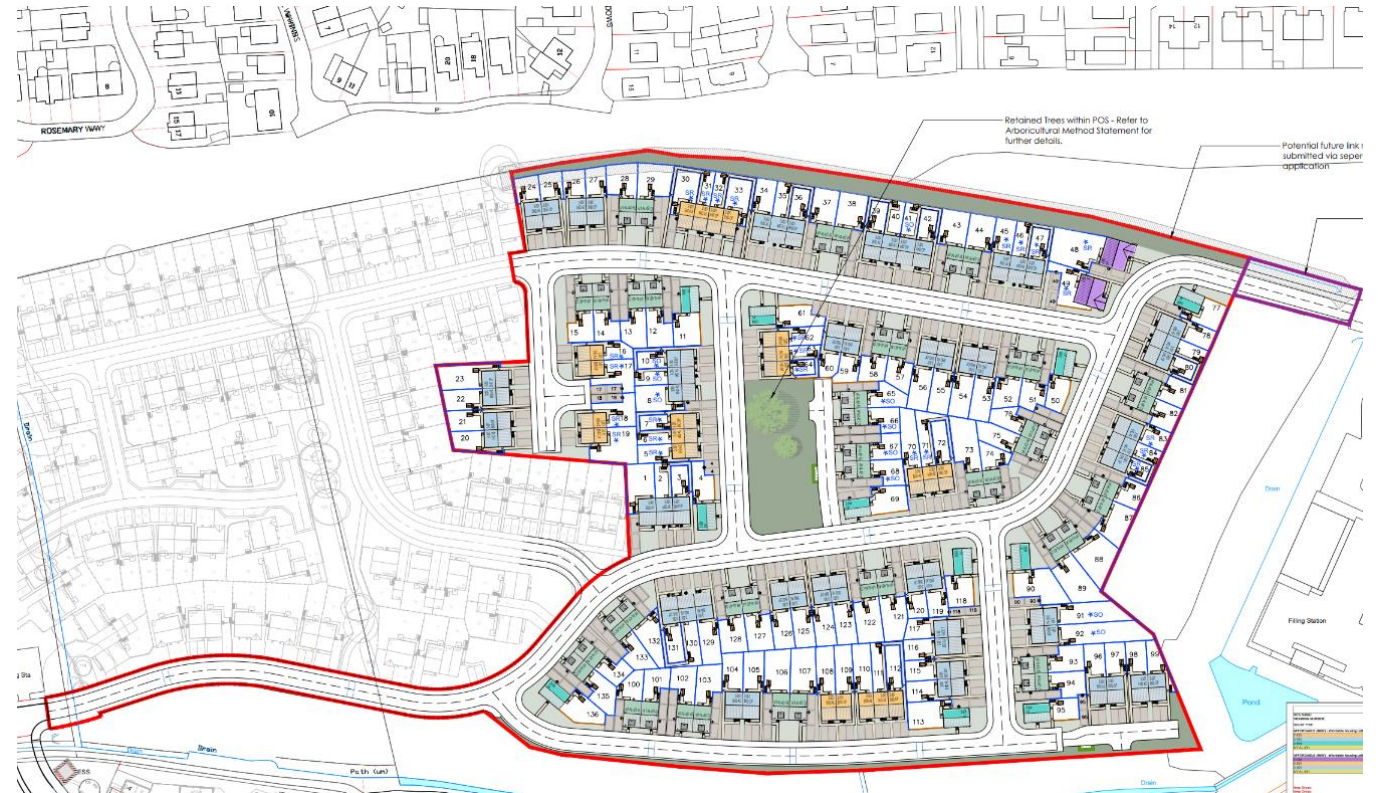


Market sales represents < 10% of our overall development over the next 3 years and we have taken out all uncommitted market sale from our latest plans.

We remain flexible on the timing and tenure of our uncommitted development, though assume 60% of it will be affordable rent and 40% shared ownership for planning purposes.

Minster Way, Beverley

- **Construction type** - Traditional Build
- **Contractor** - Strata
- **136 new homes**; 51 social rent, 66 shared ownership- 66 and 19 rent to buy. Mix of 24x two bed, 68x three beds and 44x four beds.
- **Acquisition** – April 2024
- **SoS** – May 2024
- **Completion** – June 2027
- **Total build cost** – £29.0m
- **Land value** - £5.0m
- **TSC** - £37.6m



Pinfold Lane, Bridlington

- **Construction type** - Mix of Traditional and MMC. Zero gas scheme with ASHP & PV.
- **Contractor** - Esh
- **54 new homes**; 24 affordable rent, 24 shared ownership and 6 rent to buy. Mix of 4x One beds, 22 x three beds, and 28x three beds
- **Acquisition** - September 2024
- **SoS** - September 2024
- **Completion** - August 2026
- **Total build cost** – £9.8m
- **Land value** - £1.2m
- **TSC** - £12.2m





ESG

ESG – Sustainable Reporting Standard

We've produced our third SRS report for 2023/24 and recently published this on our website.

At Yorkshire Housing we're committed to improving our impact on the environment, supporting our customers and providing a high standard of governance.

By reporting against the same measures as others in the sector we hope to demonstrate our commitment to ESG and contribute to the transparency of the whole sector on ESG.

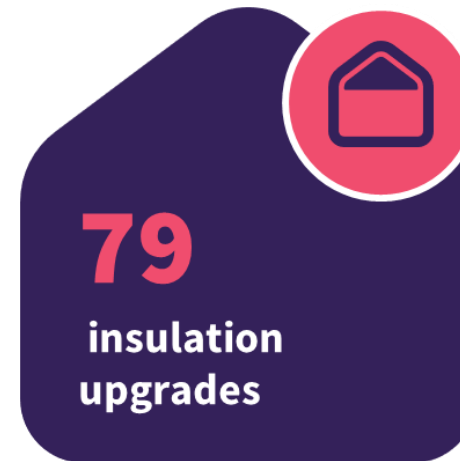
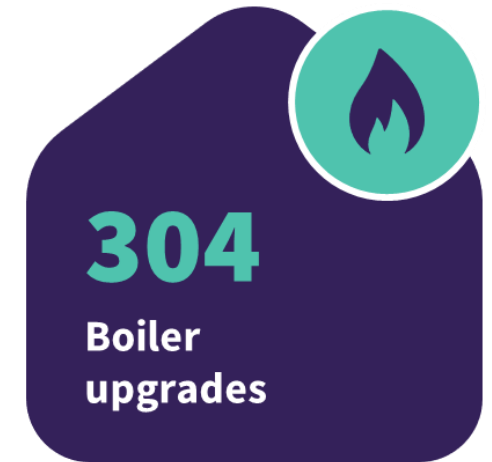
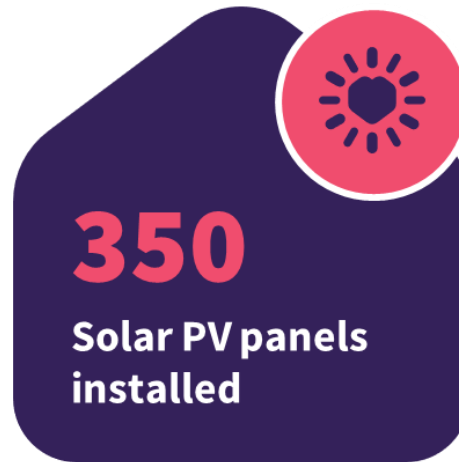


Environment – Key Facts

In 2023/24 we have continued to deliver our Active Asset Management Strategy investing £18m over the next 5 years to improve our homes. We also secured an additional £0.9 million in external funding to support his work through central government and combined local authority grant streams.

We have made amazing progress along our EPC C and Net Zero Carbon roadmap. In 2023/24 we retrofitted 1,802 Homes, seeing 346 homes meet that all important EPC C target and 1,456 homes taking a step or two closer!

That's a massive 49% of the homes we need to improve to EPC band C by 2030.



Environment – Energy Efficiency



**EPC rating of our existing
16,598 homes**

EPC Rating Existing Homes	Number	%
A	6	0.0%
B	1,161	7.0%
C	11,909	71.8%
D	3,103	18.7%
E	389	2.4%
F	17	0.1%
G	2	0.0%
TBC	11	0.0%
Total	16,598	



**EPC rating of our 415 new
homes built in 2023/24**

EPC Rating New Homes	Number	%
A	2	0.5%
B	412	99.3%
C	1	0.2%
Total	415	



We continue to make good progress in our ambition to ensure all our homes are at least EPC C by 2030 with 1,802 of our existing homes having a positive improvement in SAP score and all our new homes built meeting our EPC C target.

At the end of last year, nearly 79% of our homes were at least EPC C.

Social: Customer Support

Our coaches are on hand to help customers who are finding it tough with issues like hoarding, finding employment and the increasing price of gas and electric bills.

929 

Customers referred for coaching

£1.5m 

Total customers were better off financially

312 

Customers improved wellbeing

274 

Increased their money management skills

76 

Customers had urgent needs resolved

103 

Customers sustained their tenancies

This year we've worked with over 600 customers and over 500 told us they'd their reached personal goals!

We saw the cost of living result in an increase in customers coming to us who are in work but struggling financially. We've worked with customers who've moved into new tenancies, split from partners, were fleeing domestic abuse, had changes to their benefits or were moving onto Universal Credit, those that are close to pension age and looking at retirement and more – each customer has a unique money and tenancy story.

Social: Customer Engagement

We offer a range of opportunities for customers to feedback, influence decision making and service provision

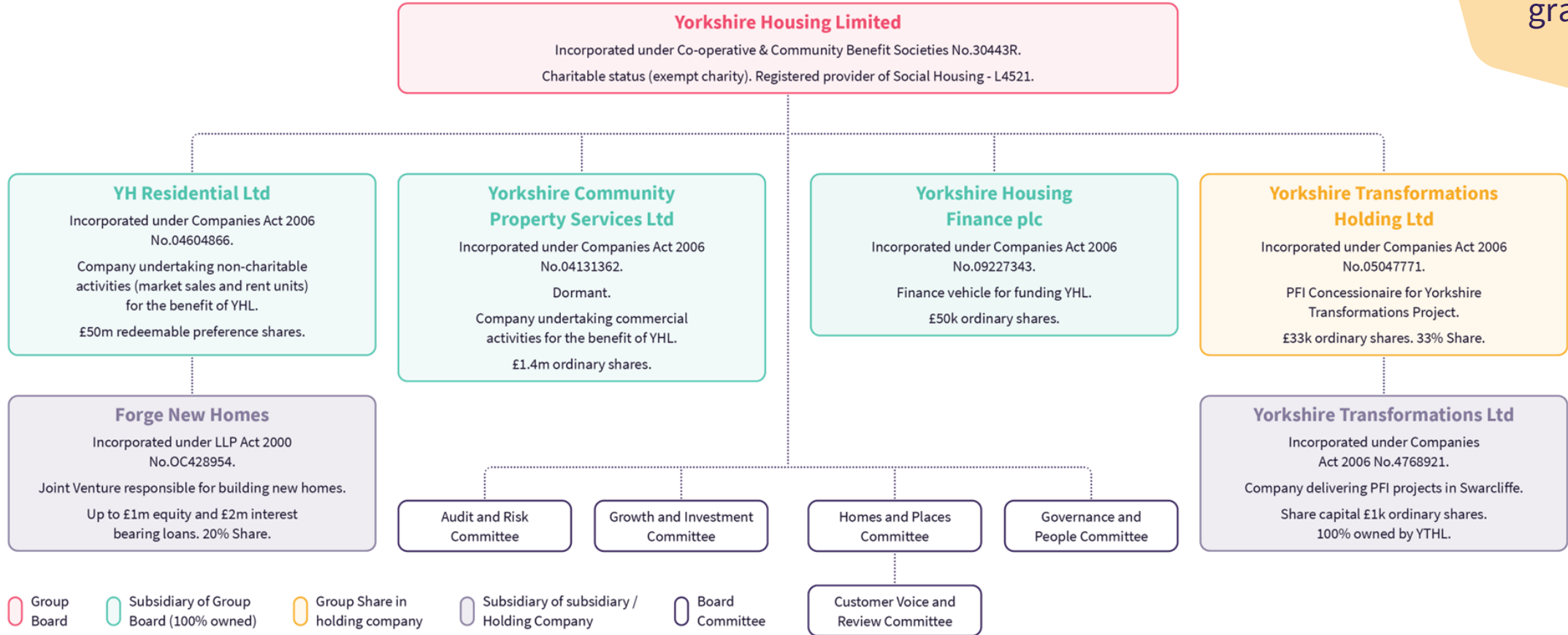
- The Customer Voice and Review Committee (CVRC) has been established to review operational performance, carry out scrutiny projects and provide input to service re-design. A committee of 14 customers from all tenures and geographies in Yorkshire. They have undertaken scrutiny in the repairs service and ASB services during the last year.
- Your Voice Matters – a panel of 300 Yorkshire Housing customers who take part in surveys and focus groups.
- Customer Complaints Forum – who review and check customer complaints and ensure that lessons learned translate into service improvements.
- Chair of CVRC sits on our Homes and Places Committee, who are responsible for providing the Board with assurance on the quality of our service offer.
- Customer engagement strategy in place to provide opportunities for customer involvement. This includes a customer climate change group which has reviewed our approaches to tackling climate change.



Governance - Our Structure

Our corporate structure is straightforward and supports good governance

G1 / V2
Regulatory
grading





Board & Leadership Team

Board members



Ingrid
Fife
(chair)



Leann
Hearne



Eleanor
Stead



Ian
Costigan



Nicky
Passmore



Jacqueline
Esimaje-Heath



Russell
Galley



Matthew
Blake



Lisa
Bradley



Sarah
Atta-Nugent

Full biographies are available on our website: www.yorkshirehousing.co.uk

Executive team



Nick Atkin
Chief Executive

tbc
Executive Director
Growth & Assets



Andy Oldale
Executive Director
Finance & Governance



Nina Evison
Executive Director
Culture & Performance



Sarah Evans
Executive Director
Customer Experience



Financial & Operational Performance

Financial Performance 23/24 – Key ratios

Solid financial performance in 23/24

Statement of comprehensive income	12 months to 31st March 2024 Actual	12 months to 31st March 2023 Actual
Turnover from social housing lettings	£105.2m	£96.2m
Turnover	£138.8m	£145.8m
Operating surplus (excluding asset sales)	£29.4m	£28.8m
Net surplus before taxation and refinancing costs	£7.4m	£12.4m

Turnover from social housing lettings benefitted from a 7% rent increase, new rental properties and fewer empty homes.

Although operating surplus was up on last year, despite lower turnover, this was more than offset by higher interest costs.

Key financial ratios	12 months to 31st March 2024 Actual	12 months to 31st March 2023 Actual
EBITDA / MRI interest cover (exc refinancing costs)	87%	123%
EBITDA interest cover (exc refinancing costs)	193%	212%
Social housing lettings interest cover (exc refinancing costs)	66%	81%
Gearing	57%	54%

EBITDA Interest cover is key IC ratio as ties into tightest banking covenant.

- Golden Rule > 175%
- Covenant is 155%

Financial Performance 23/24

Group statement of comprehensive income

	Note	2024 £'000	2023 £'000
Turnover	3	138,757	145,795
Cost of sales	3	(15,850)	(32,926)
Operating costs	3	(98,756)	(90,672)
Other income	3	852	100
Gain on disposal of fixed assets	6	4,362	6,464
Operating surplus		29,365	28,761
Interest receivable and dividends	7	1,148	1,053
Interest and financing costs	8	(23,161)	(17,382)
Other financing costs - refinancing & break costs	8	-	(1,888)
Surplus before taxation (on ordinary activities)		7,352	10,544
Taxation on surplus	11	-	-
Deferred tax	11	(65)	(66)
Surplus for the financial year after taxation		7,287	10,478
Other comprehensive income:			
Actuarial (loss) on defined benefit pension scheme	31	(1,560)	(1,408)
Movement in fair value of hedged financial instruments	36	(628)	2,900
Total comprehensive income for the year		5,099	11,970

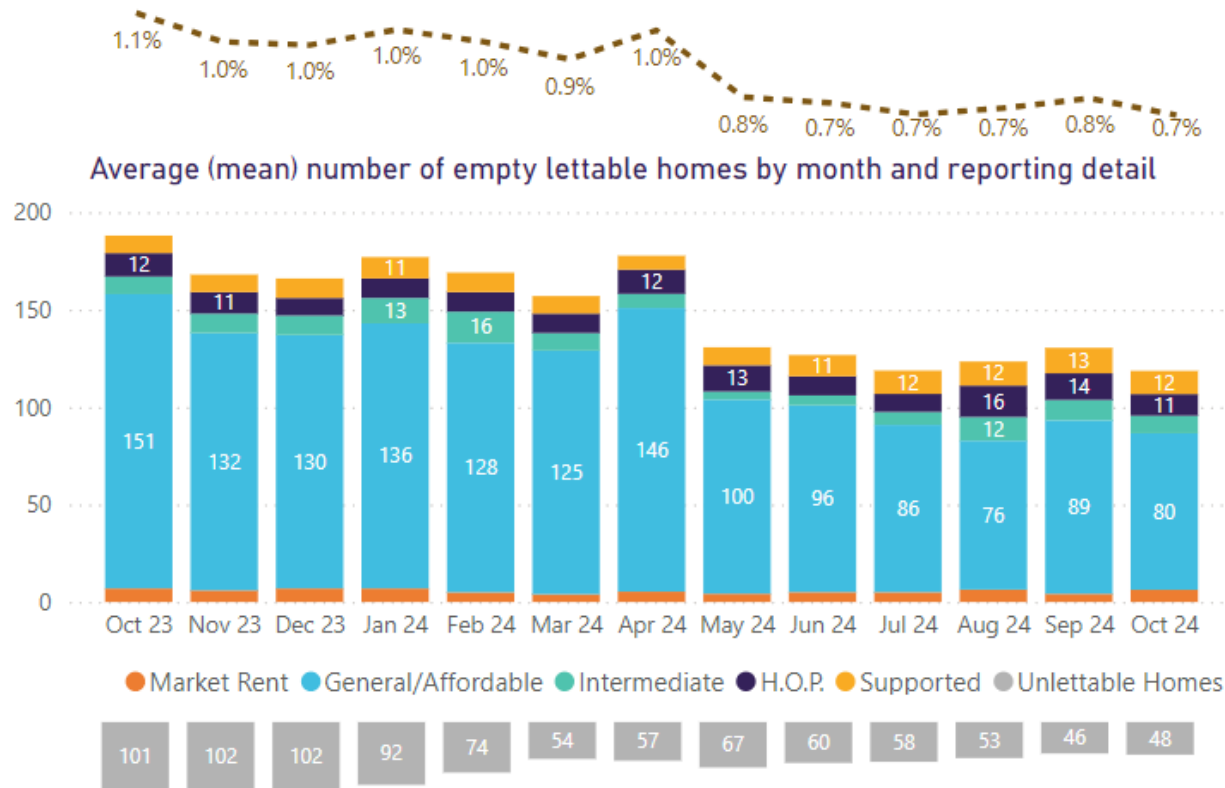
Solid financial performance in 2023/24, despite economic conditions, key points:

- Overall operating margin improved from 15.3% to 17.4%.
- Social housing lettings margin improved from 13.9% to 15.5%.
- Shared ownership turnover was down from £25.2m to £21.9m, though margin improved from 18% to 29%, given the mix of properties.
- Market sale turnover was down from £12.4m to £1.1m, with only 3 properties sold.
- Gain on disposals was £2.1m down on last year, including; £0.8m staircasing, £0.5m asset disposals and £0.5m office sale in 22/23.

Source : Audited Financial Statements – Group Statement of Comprehensive Income

Operating Environment – Empty Homes

We have significantly reduced the number of empty homes over the last 12 months.



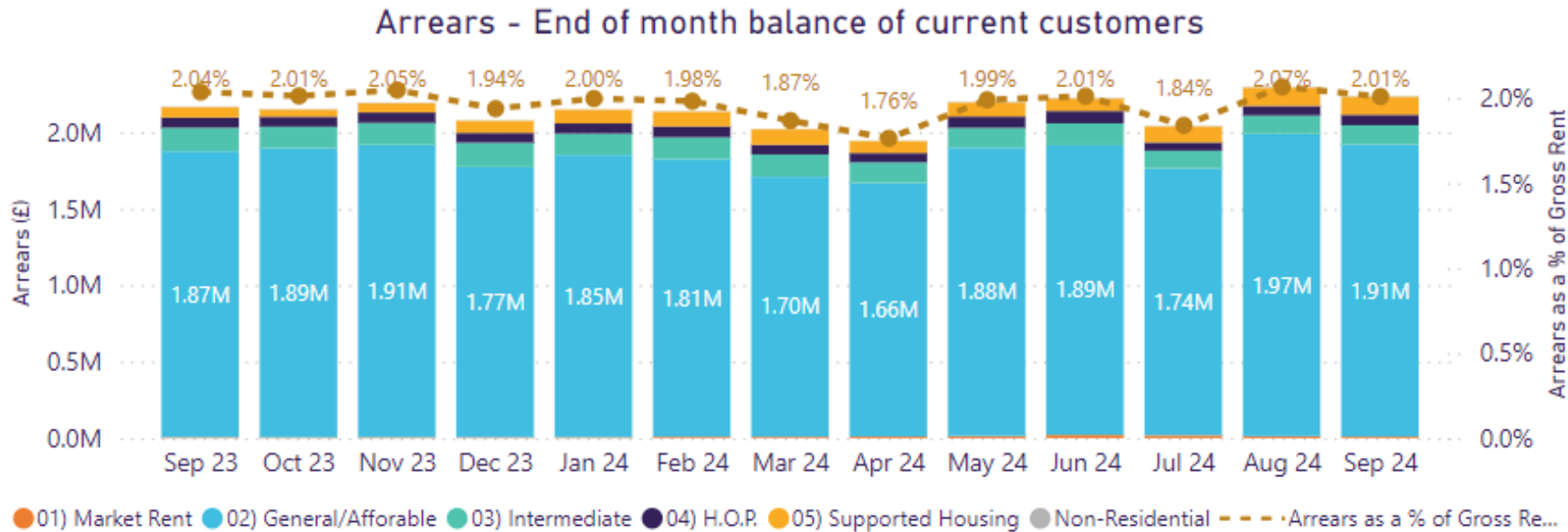
Headlines:

- Lettable empty homes are now running at their lowest level since before the pandemic.
- We have also reduced the number of unlettable empty homes over the last year, through active asset management.
- We have a dedicated empty homes repairs team to ensure we turn round empty homes as quickly as possible.

Source : Power BI Reporting

Operating Environment – Rent Arrears

We have seen little movement on our rent arrears over the course of the year



Source : Power BI Reporting

Headlines:

- Our level of arrears has been steady at c. 2%, despite cost of living pressures on customers.
- We attribute this to careful monitoring of the level of arrears and the pro-active work we do with customers who are struggling to pay.

Financial Performance 24/25 – Key ratios

Improved financial performance in 24/25

Unaudited Financial Metrics

Statement of comprehensive income	6 months to	6 months to
	30th September 2024	30th September 2023
	Actual	Actual
Turnover from social housing lettings	£58.0m	£50.5m
Turnover	£83.7m	£70.7m
Operating surplus (excluding asset sales)	£20.2m	£14.2m
Net surplus before taxation	£11.3m	£6.2m

Turnover on lettings has benefitted from the rent increase and additional properties and fewer empty homes.

Overall turnover includes an increase of £4.4m and £0.4m in market sale and shared ownership first tranche respectively.

Key financial ratios	6 months to	6 months to
	30th September 2024	30th September 2023
	Actual	Actual
EBITDA / MRI interest cover	138%	142%
EBITDA interest cover	259%	225%
Social housing lettings interest cover	111%	88%
Gearing	57%	55%

EBITDA Interest cover is key IC ratio as ties into tightest banking covenant.

- Golden Rule > 175%
- Covenant is 155%



Treasury and Funding

Credit Rating

We have retained our A3 (Stable) Credit Rating with Moody's

Summary

The credit profile of [Yorkshire Housing Limited](#) (Yorkshire, A3 stable) reflects its adequate debt metrics as well as its solid liquidity. The rating also takes into account the deteriorated margins, Yorkshire's significant development programme and a high exposure to market sales relative to peers. Yorkshire benefits from the strong regulatory framework governing English housing associations, and our assessment that there is a strong likelihood of the government of the [United Kingdom](#) (Aa3 stable) intervening in the event of Yorkshire facing acute liquidity stress.

Credit strengths

- » Debt metrics expected to remain in line with peer medians, despite increasing debt
- » Sound management underpins good liquidity metrics
- » Supportive institutional framework

Credit challenges

- » Deteriorated operating performance
- » Ambitious development program and high market sales exposure, although both reduced compared to previous forecast

Debt and Liquidity

YH has good levels of liquidity, but these include sale of retained bonds

Liquidity	31st March 2024 Actual	31st March 2023 Actual
18 month liquidity requirement	£118.4m	£98.3m
Cash and undrawn facilities	£352.7m	£365.6m
Liquidity ratio	298%	372%
Secured liquidity (months)	24 mths	22 mths
Ratio of fixed rate debt	87%	86%
Weighted Average Cost of Debt	4.1%	3.7%

Undrawn facilities include £145m of retained bonds (4.125% coupon).

We have sufficient liquidity in place until January 2027, when one of our existing facilities is repayable.

We issued £74m of 10yr bonds through the Affordable Housing Guarantee Scheme (AHGS) in November 2023 at an all-in rate of 4.93%.

Current gilt rates means that our retained bonds would be expensive, alternative options are being explored.

Debt and Liquidity

Some key facts and figures at the end of June 2024

Debt

- Debt at the end of June 2024 amounted to £690.8m against committed facilities of £1,004.3m.
- In addition to undrawn facilities of £314m, the Group held cash balances of £14m, providing total liquidity of £328m

Security

- The Group also retains a further 4,110 unencumbered units. These have been valued on a desktop basis at an Existing Use Value (EUV) of £416m.

Interest

- The fixed/floating ratio of debt was 85%/15%, and the weighted average cost of capital was 4.13%.
- The current cost of variable debt is 6.33% and continues to increase in line with interest rates on SONIA linked loans.

Compliance

- We have good headroom on all covenants, with EDITDA Interest Cover being our key covenant.



8

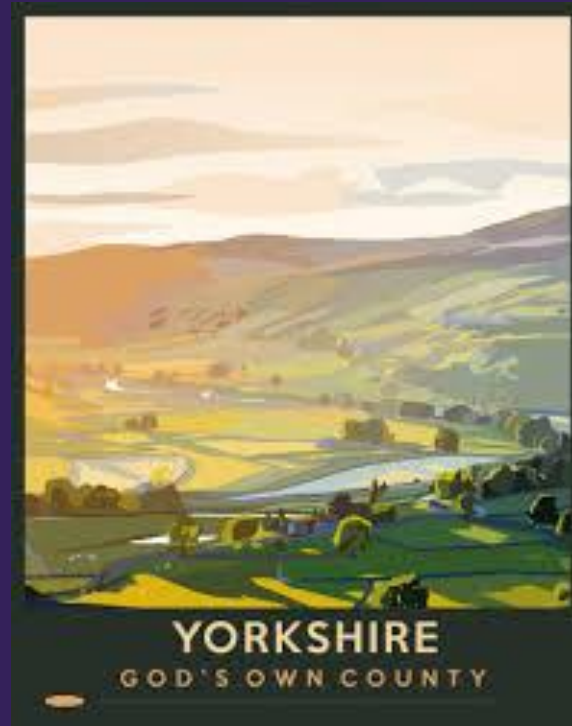
Risks, Mitigations and Outlook

Principal risks, mitigations & outlook

	Adverse Economic Climate	Counterparty	Customer Experience	Cyber Security
Risk Overview	Financial performance is significantly impacted by the external economic situation e.g. increases in inflation, interest rates or impacting costs.	Inability to deliver the business plan due to the failure of third-party suppliers fulfilling their contractual obligation to YH.	Failure to deliver appropriate, timely, tailored and value add services to existing and future customers.	Systems and data are inadequately protected against theft, loss and corruption arising from cyber security breach.
Mitigations	<ul style="list-style-type: none"> • Treasury Strategy & thresholds. • Prudent sales assumptions. • Enhanced Tenancy Services. • Board agreed stress tests, sensitivity, analysis and early warning triggers. • Detailed mitigations plan. • Risk based appraisals. • Supplier framework agreements. • Assurance and technical advisory. • Markets indicators analysis 	<ul style="list-style-type: none"> • Maximum of 33% of development programme with one supplier. • Credit checks at investment appraisal stage (with a guarantee scheme in place). • New supplier process with credit checks. • Treasury policy includes minimum credit rating of banking partners. • Centralised procurement team ensure procurement rules are followed. • Finance team review of investment appraisals. 	<ul style="list-style-type: none"> • Great Customer Experience and Homes and Places Strategy. • Comprehensive policy framework. • Customer experience embedded in teams' performance framework. • Dedicated insight function. • Monthly customer surveys. • Enhanced tenancy services. • Performance and feedback clinics. 	<ul style="list-style-type: none"> • IT Strategy and full policy suite. • Encryption and cloud services. • Mobile Device monitoring. • Multi-Factor Authentication. • Security testing. • Disaster recovery and Business Continuity plans & test cycle. • Training & awareness programmes. • Specialist technical security resources and 3rd party assurance
Outlook	Inflation now reducing and interest rates slowing down but economic downturn an increasing risk.	Ongoing vigilance with development contractors as many struggle with current trading conditions.	Increased regulatory focus on customer and introduction of new consumer standards. Expansion of Housing Ombudsman.	Continued growth in cyber attacks. Greater sophistication as well as greater frequency.

9

Summary





Appendices

Our history

Yorkshire Housing History

- Yorkshire Housing was formed in 2008 through the formal merging of stock transfers Ryedale Housing Association and Craven Housing both with homes across North Yorkshire along with Yorkshire Metropolitan Housing Association and Brunel and Family Housing Association (whose homes were mainly in West and South Yorkshire).
- The four organisations together had a combined stock of about 13,500 homes.
- Yorkshire Housing has grown and diversified significantly over the last 12 years. We now have around 18,000 homes in management across Yorkshire and aim to be one of the best providers of homes and support.

