

Sanctuary



affordable homes,
sustainable
communities

Investor Update

07 July 2023

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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



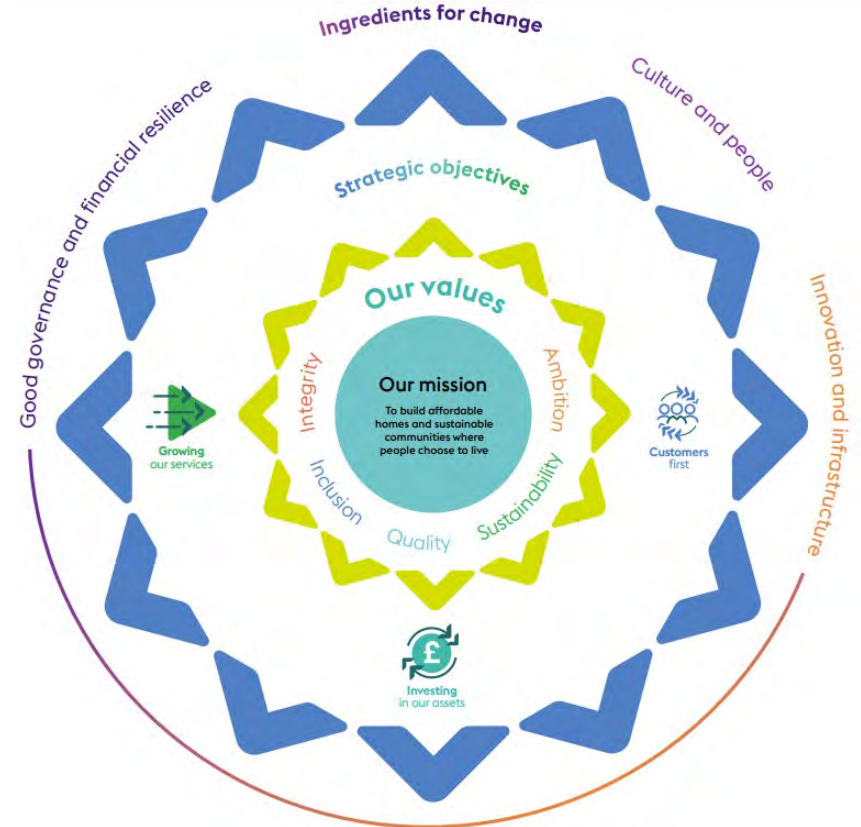
About Sanctuary

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

Key Credit Highlights:

119,695 ≡ Homes in Management	£5.66bn ≡ Total Assets
£943.8m ≡ Group Revenue	£199.6m ≡ Group Operating Surplus
33.1% ≡ RSH Operating Surplus Margin - SHL	120.3% ≡ RSH EBITDA MRI Interest Cover
£58m ≡ Underlying Surplus	73% ≡ Customer Satisfaction
A2 / A ≡ Moody's / S&P Credit Ratings	G1 / V2 ≡ Regulatory Ratings
72 ≡ Average SAP Rating	2.37 ≡ CO2e per Employee

New Corporate Strategy 2023-2026 launched in January:



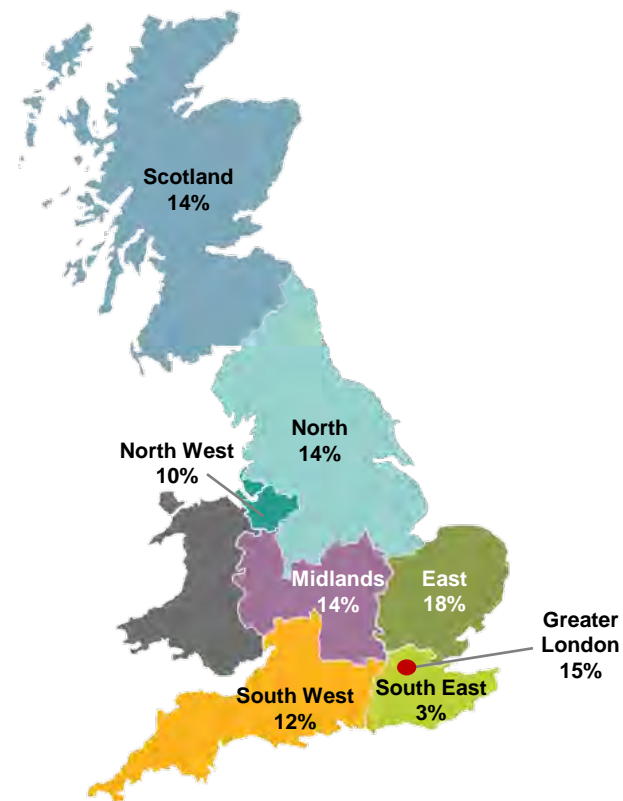
“To be a trusted partner where customers are at the heart of all we do”

Where we operate

Our geographical and business diversity gives balance to our core operations and mitigates concentration risk

A breakdown of our geographical footprint:

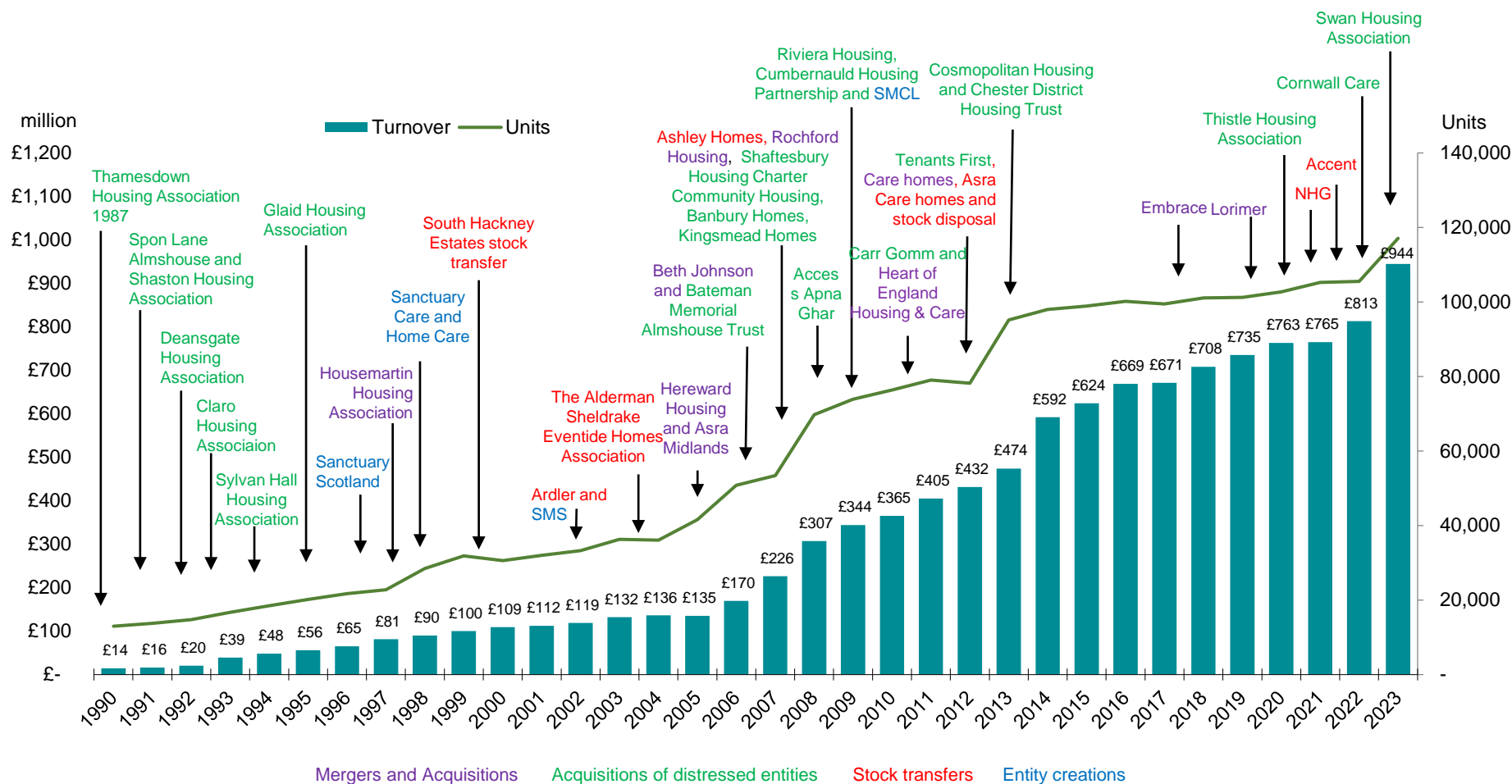
Region	Number of units				Total
	Affordable housing	Care	Student & non social	Supported living	
East	17,771	116	1,590	1,857	21,334
Greater London	12,794	827	3,208	948	17,777
Midlands	14,898	1,383	30	720	17,031
Scotland	11,581	716	4,161	-	16,458
North	12,423	805	1,788	1,236	16,252
South West	12,122	1,147	471	838	14,578
North West	9,104	393	2,213	466	12,176
South East	3,067	60	230	732	4,089
Total	93,760	5,447	13,691	6,797	119,695¹
% of total assets	78%	5%	11%	6%	100%



¹ Inclusive of Swan

Mergers – Unrivalled Track Record in Distressed Acquisitions

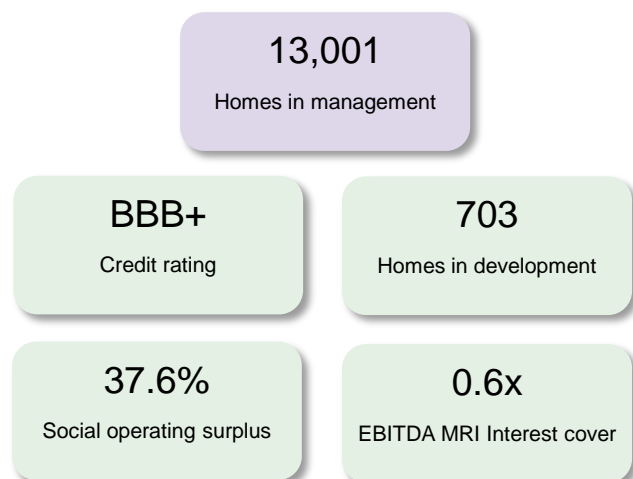
Growth in Turnover and units: 1990 - 2023



Mergers – Key to our Growth

8 February 2023: Swan Housing Association became a wholly owned subsidiary of Sanctuary Housing Association

Swan summary



The focus on Swan integration

How Swan fits:

- ✓ Already operating in **17 of 19** Local Authorities known to Swan
- ✓ Strong **RSH support** for Sanctuary
- ✓ Established local **partnerships**
- ✓ **Untapped** financial capacity

Our objectives:

- ✓ Back to **basics**
- ✓ **Conventional build** (close factories)
- ✓ **Traditional** construction for existing plan
- ✓ **Asset disposals / reduce debt**
- ✓ **Simplify** debt structure
- ✓ Realise **synergies** and **efficiencies**

Operational integration:

- ✓ **Stabilise** Swan's operations
- ✓ Apply Group **controls**
- ✓ Align to Sanctuary's **operating model**
- ✓ Transfer Swan operations onto **SAP**
- ✓ **Collapse** entities
- ✓ Transfer of engagements

Stakeholder engagement:

- ✓ Engage with **local resident groups**
- ✓ Meet with **Homes England & Greater London Authority**
- ✓ Engage with **Local Authority** stakeholders
- ✓ **Harness and retain talent** within Swan



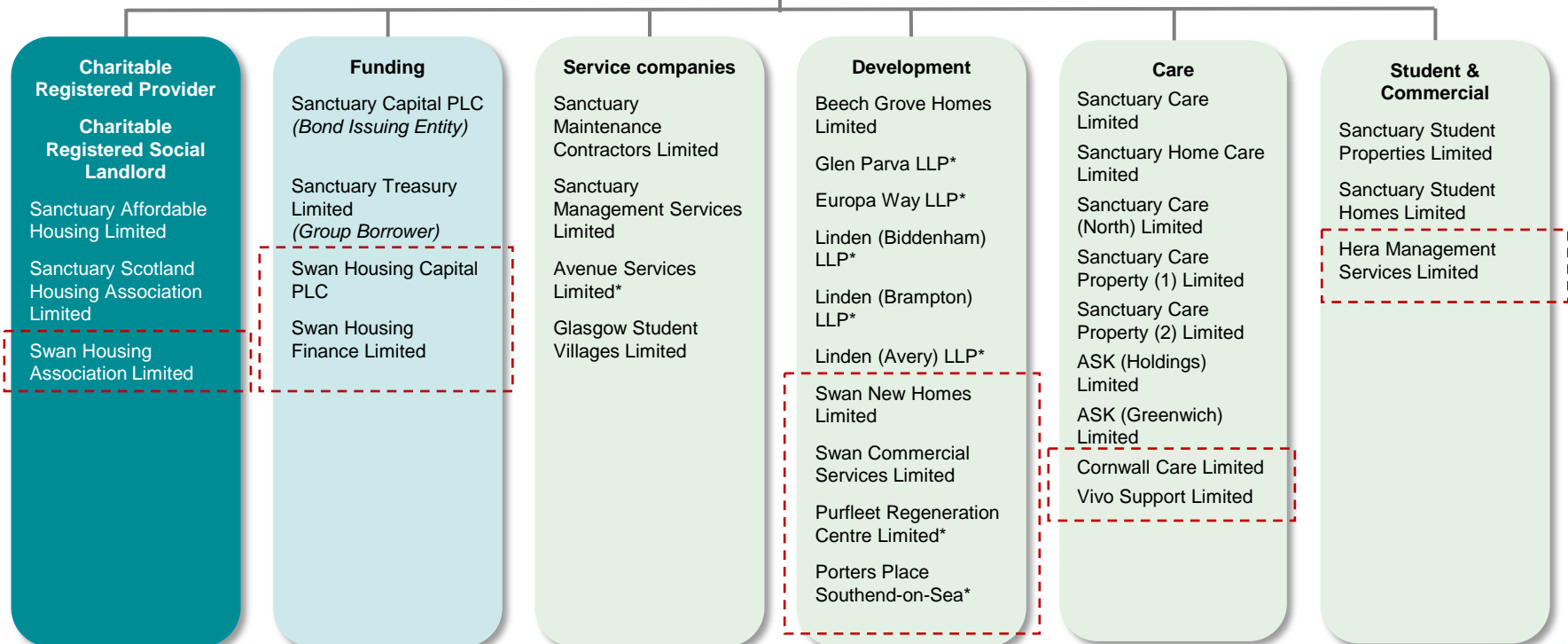
19 June 2023: Potential business combination announced. JJH is a not-for-profit housing association that manages almost 5,000 homes across the North West, North East, Yorkshire and Derbyshire, and provides telecare services through its Astraline brand. FY 2021/2022 metrics below:



Our Governance & Organisational Structure

- Sanctuary Housing is a G1 / V2 rated organisation
- Our Board has 10 members with a variety of skills and experiences - six are male, four are female and one Group Board member represents 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)



Environmental, Social & Governance

Sanctuary



ESG at Sanctuary

When it comes to our sustainability strategy, our customers are also fundamental to our work

- In June 2023, we published our **second Sustainability Report**
- When it comes to our sustainability strategy, our customers are also **fundamental** to our work
- We seek to make a positive difference in society and ultimately that means a positive impact for our customers. We recognise:



Environment

The impact delivering our services has on the environment and the need to **adapt** in response to climate change



Society

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



Governance

We have a range of other responsibilities not least as a large employer and purchaser of goods and services, and to set a **good example** in the way we operate

Our 2022/23 achievements:



£1.5m

invested in
communities



41%

reduction in
operational carbon
emissions



1,170 tonnes

of carbon dioxide
equivalent being
saved each year



Sanctuary has also joined up with four founding members (Abri, Home Group, Anchor Hanover and Hyde Group) to launch the **Greener Futures Partnership**, to work together to reduce fuel poverty and improve living conditions for more than 600,000 residents.



In 202/23, we led a successful Greener Futures Partnership bid for **Wave 2.1 funding**, being awarded £40.4m total grant across the consortium. Of this, Sanctuary will receive **£12.5m** to retrofit more than **2,000** homes over the next two years.

Our Environmental Impact

We have set the target of being net zero carbon by 2050 at the latest and of halving our operational carbon emissions by 2030

Our Scope 1,2 & 3 emissions:

	Emission category	2019/2020 (Baseline year)	2021/2022	2022/2023
Operational carbon emissions	Scope 1	37,071	35,345	33,356
	Scope 2	19,497	6,202	0
	Scope 3	1,010	588	655
	Total	57,578	42,135	34,011
Extended carbon emissions	Scope 3 (remainder)	419,902	433,879	482,127

Operational Carbon Footprint:

The emissions from gas we use to heat our buildings and fuel used within our company fleet (Scope 1 emissions); electricity we use within our company buildings from nonrenewable sources (Scope 2 emissions); and carbon generated by business travel (a Scope 3 emissions category)

Extended Carbon Footprint:

Contains all other material sources of carbon emissions indirectly generated by our activities (the remainder of Scope 3). This includes areas such as the emissions from the homes we rent to our customers or from our supply chain when we buy goods

EPC ratings across Sanctuary's housing operations

> A	2021/2022 0.20% (136)	2022/2023 0.18% (116)
> B	2021/2022 17.90% (10,693)	2022/2023 16.71% (11,023)
> C	2021/2022 49.20% (29,372)	2022/2023 48.88% (32,253)
> D	2021/2022 28.20% (16,818)	2022/2023 29.23% (19,286)
> E	2021/2022 4.10% (2,442)	2022/2023 4.51% (2,975)
> F	2021/2022 0.36% (213)	2022/2023 0.47% (308)
> G	2021/2022 0.03% (20)	2022/2023 0.03% (24)

Unknown (8,119)

Percentage is based on stock with EPC excluding unknowns

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

Average SAP rating improved to 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 via a cycle of surveyor visits.

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

2022/23 highlights:



Our Safety:

Compliance performance remains consistent with last year, with improvements in water hygiene inspections reflecting a new contract that went live in April 2022 and a continued focus in this area.

As a Group, in addition to the below highlights we have internal benchmarks in place for electrical (EICR) and lift safety (LOLER).

2022/23 highlights:



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

We were one of the first in the sector to **stop offering fixed tenancy agreements** for general needs social housing. **99%** of our social housing tenancy agreements are lifetime tenancies.

2022/23 highlights:



Sanctuary

All figures based on Sustainability Report 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 and services

Our Colleague wellbeing:

Our Employee Volunteering scheme enables colleagues up to two days each year to volunteer with the communities where we live and work.

We encouraging our colleagues to give time to local causes, share and learn new skills, the programme helps our team to gain a wider understanding of the diverse communities that we work in.

2022/23 highlights:



Our Learning and development:

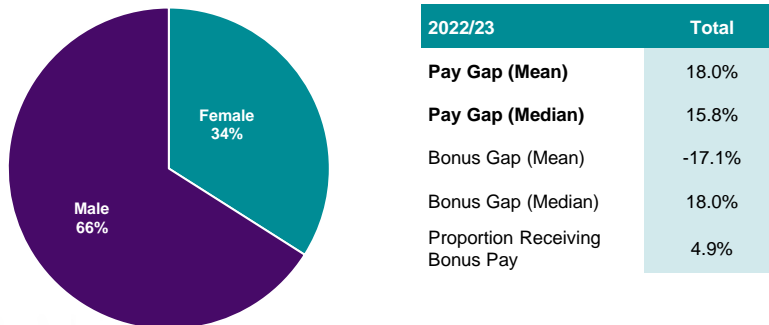
Providing high-quality learning and development opportunities continues to be a priority for us.

We remain committed to developing our colleagues through apprenticeships like the Nurse Associate, Chartered Surveyors, Fire Security, and Senior Leaders (Masters Level 7) programmes.

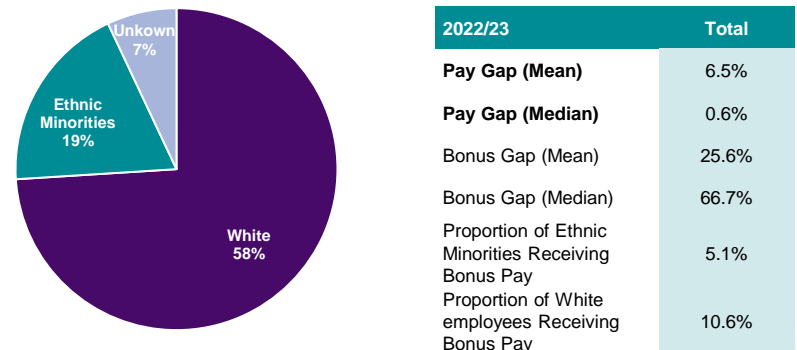
2022/23 highlights:



Our Pay by gender (Sanctuary Housing Association)



Our Pay by ethnicity (Sanctuary Group)



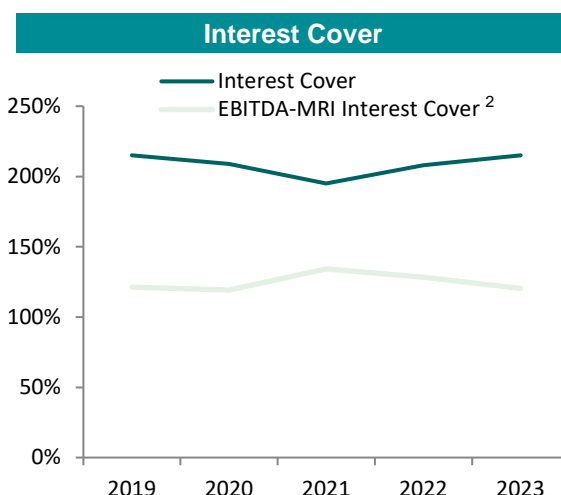
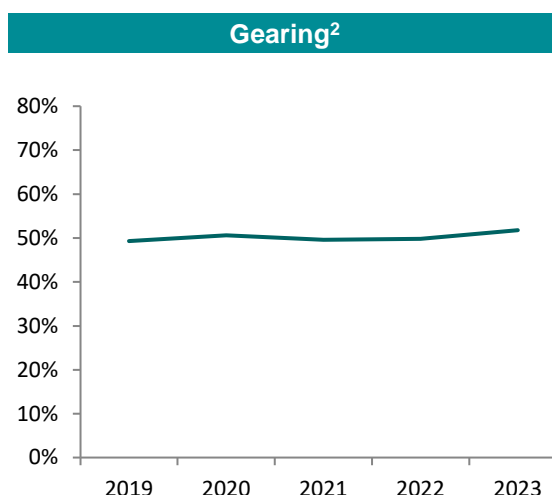
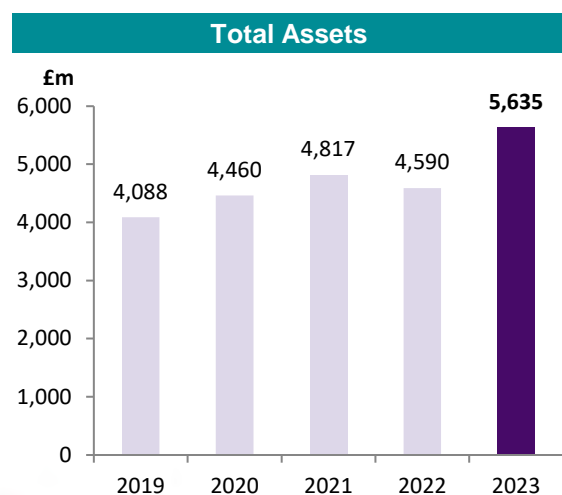
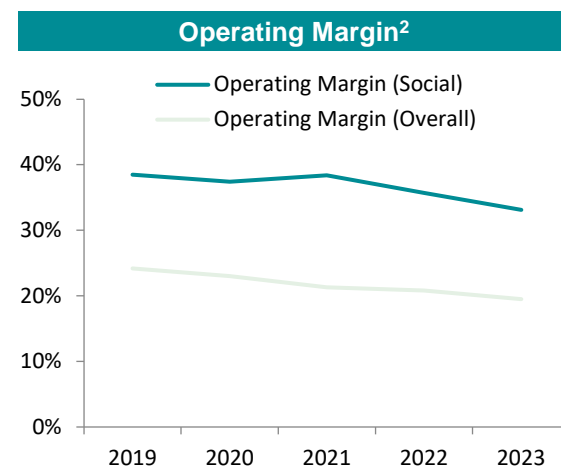
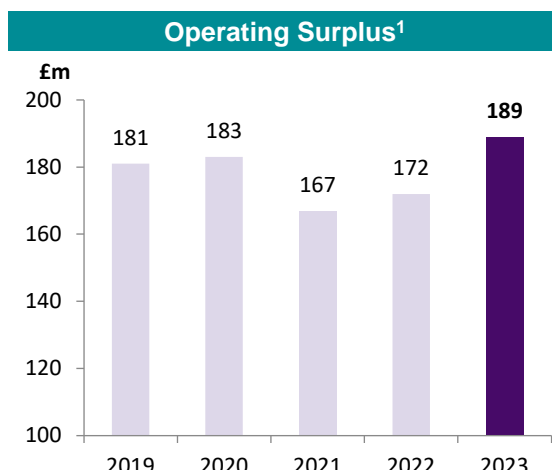
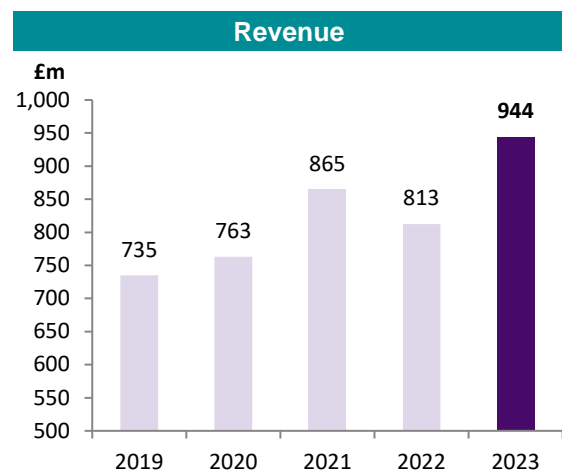
Financial & Operational Performance

Sanctuary



Sanctuary Group Performance

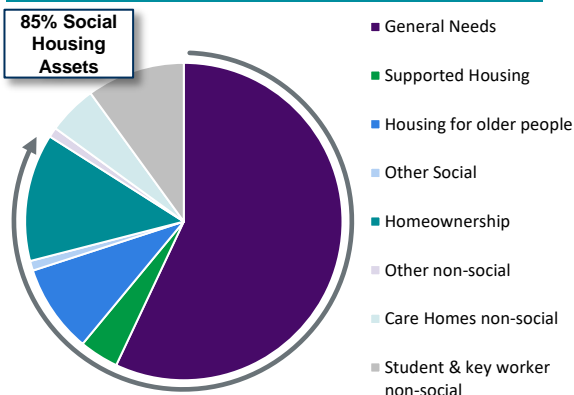
- **Revenue growth** across all business areas leading to a **16.2% increase** versus 2022
- **Operating surplus** has **climbed 9.6%** versus 2022, reflecting continued growth, recovery from the pandemic and business efficiencies



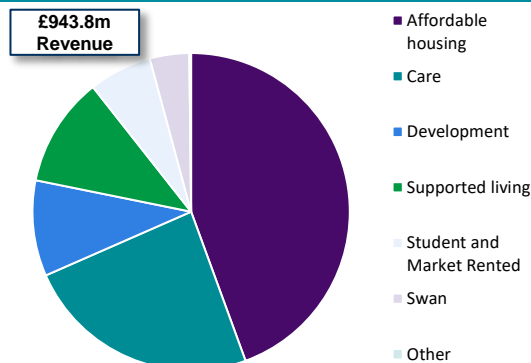
Stock and Tenant Profile

85% of our stock is social housing assets with the majority being low rise flats and houses

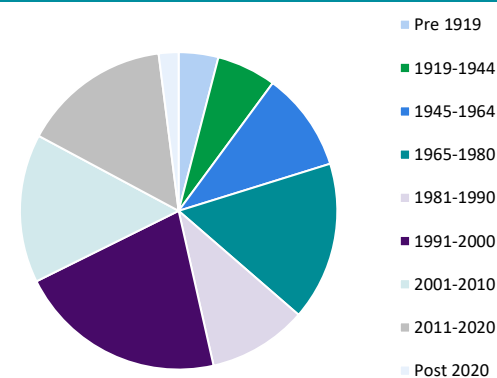
Stock Split by Tenure Type (Units)



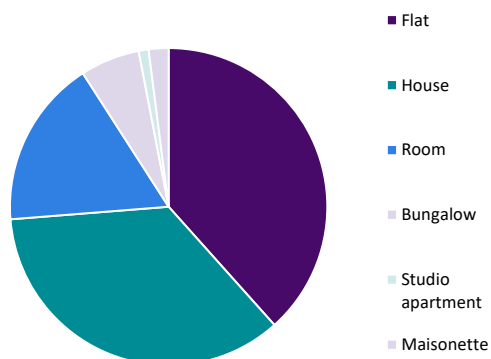
Revenue Split by Tenure



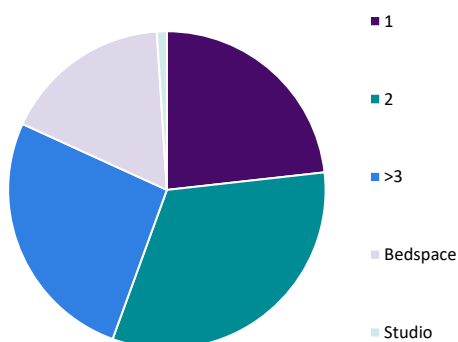
Stock Split by Property Age



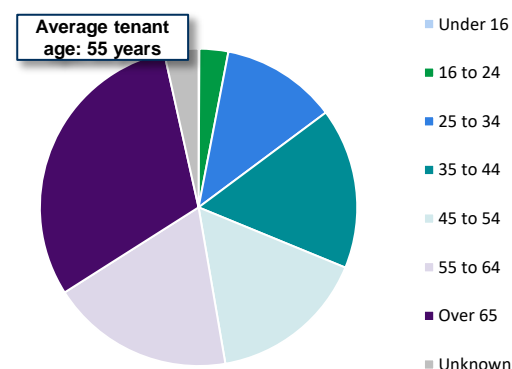
Stock by Property Type



No. of Bedrooms



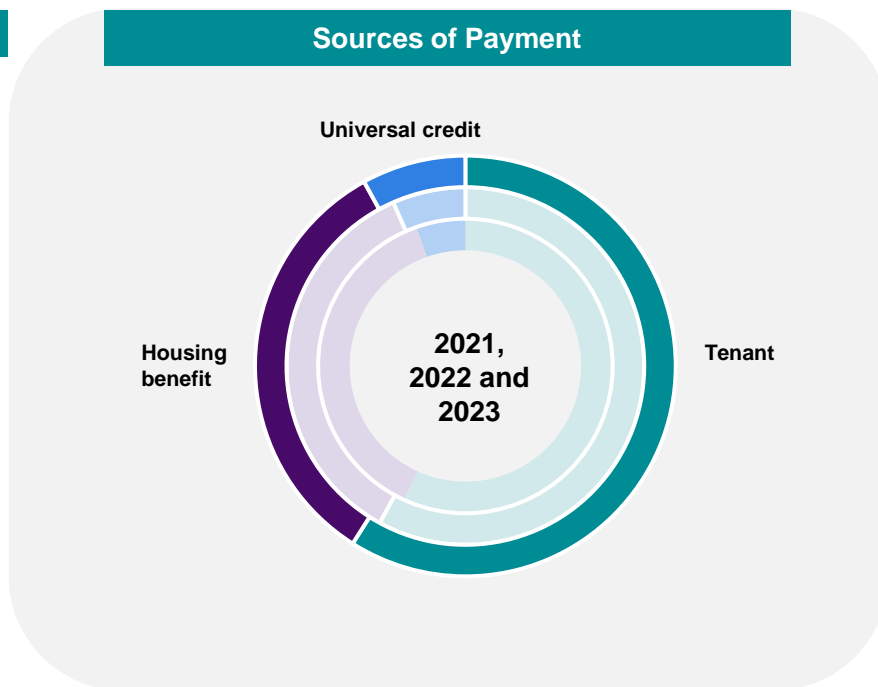
Tenant Age Profile (non-Swan)



Resilient operational performance

Sanctuary has returned to pre-pandemic performance and demonstrated resilience to cost of living pressures

	2023	2022	2021	2020	2019
Void Loss (%)	1.63%	1.75%	1.58%	1.12%	1.30%
Rent Arrears (%)	3.25%	3.21%	3.16%	3.68%	3.80%
Re-let Days (England)	43	47	38	24	25
Re-let Days (Scotland)	39	30	39	22	24
Vacant Stock (available)	750 (802 with Swan)	707	703	619	393
Student Occupancy	92%	90%	79%	94%	95%
Care Occupancy	88.4%	83.7%	80.6%	91.1%	90.3%



- Strong and improving operational metrics continue to underpin our financial performance
- Despite wider economic pressures on our tenants, rent arrears remained stable and low due to strong operational management at **3.25%**
- Occupancy rates demonstrate a strong recovery from the pandemic

Health and Safety

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

Fire Safety:

Excluding Swan, we own 48 buildings over 18 metres tall. Following extensive surveys, there was only one that required remediation (a student building with works to be completed Aug 2023). We have reviewed all properties over 11 metres in England and have fully remediated three buildings with works ongoing in respect of one further property. We have assessed all of Swan's properties over 18 metres and are assessing the remediation works including actively pursuing developers to fully fund any remediation activities.

In line with Government guidance, regulations and best practice, Sanctuary's approach is focused on creating a '**golden thread**' of fire and structural safety information for our buildings.

There is strong and robust governance through an established **Building Safety Programme** that oversees the measures put in place to manage risk.

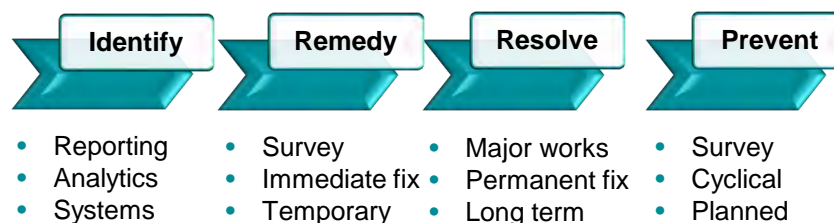
Building Safety Programme:

Reports directly to the Executive Committee, and progress against the plans has been audited and reported to the Group Audit and Risk Committee. Programme has so far (excluding Swan):

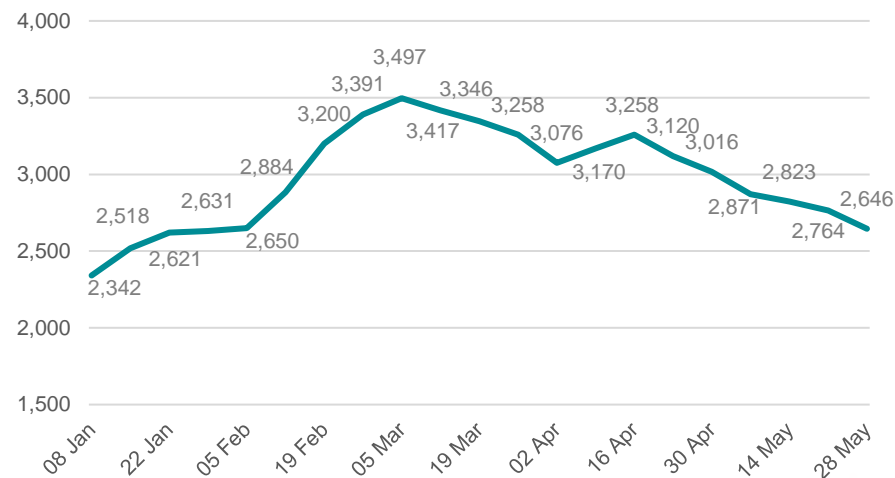
1. Reviewed the fire safety measures in all our high-rise buildings and completed a review of all buildings over 11 metres
2. Progressed works to the small number of buildings requiring remediation
3. Updated fire risk assessments and reviewed our existing evacuation plans; and
4. Completed a programme to retrofit sprinklers in all high-rise social housing accommodation in England

Damp and Mould:

Sanctuary is acutely aware of the importance of having robust controls and procedures in place to strengthen customer safety by identifying and ultimately preventing damp and mould



Instances of Damp and Mould - 2023



Our Divisional Performance

Sanctuary



Affordable Housing Divisional Overview

We continue to deliver customer first services alongside having one of the leading margins within the sector at 33.1%

- The Sanctuary Affordable Housing division currently has **82,653** homes in management, including general needs properties, affordable housing and housing for older persons along with shared ownership and homeownership properties
- Increasing cost inflation has put pressure on our EBITDA margins resulting in the margin deteriorating from **50.4% to 49.9%**
- Customers are front and centre in our operating model and ensuring we invest in our homes is vital. Our capital reinvestment programme has increased from **£59.3m to £77.7m**

Affordable Housing: Excluding Swan	2023	2022
Homes in management at the year end	82,653	81,784
Revenue (£m)	419.3	402.3
Divisional EBITDA (£m)	209.4	202.6
Divisional EBITDA margin (%)	49.9	50.4
Internal Maintenance team utilisation (%)	72.6	72.8
Social operating surplus (%) – VFM metric	33.1	35.7
Capital Investment (£m)	77.7	59.3

Case Study: Greater Engagement Than Ever Before



A key aim of our new Resident Engagement Strategy is to strengthen strategic engagement. Our new **Resident Advisory Panel (RAP)** and **Resident Scrutiny Panel (RSP)** are great examples of us doing just that. These two new bodies complement one another. The RAP has been created to look forward at the things we want to plan to do and help influence those decisions. The Panel will work closely with senior colleagues to develop new policy, strategy and ways of working, while ensuring our residents' voice is heard by our Group Board and Executive Committee to help influence decision making.

The RSP will review the things we have done, to see how we might do them better in the future, bringing together the diverse views from residents to help shape future services and make sure resident views influence the quality of service we deliver. More than **500 residents** applied to join either the RAP or RSP, bringing lots of fresh and diverse customer insight to help strengthen engagement and improve our services

Supported Living Divisional Overview

In 2023/2024 we aim to deliver service improvement and enhanced wellbeing approach across our retirement communities' portfolio

- 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
- Sector leading Supported Living CQC score of **98%**. Margin has deteriorated due to income from local authorities not aligning with cost base rises (staff) and utilities
- Our quality-of-service provision and colleague support has been recognised across various award nominations, including the **Great British Care Awards** and retention of **Investors in People Gold status**, for which we are very proud

Supported living	2023	2022
Homes in management at the year end	6,618	6,674
Revenue (£m)	105.7	102.2
Divisional EBITDA (£m)	9.1	9.7
Divisional EBITDA margin (%)	8.6	9.5
Capital Investment (£m)	7.4	4.6
Care Quality Commission rating (%)	98	100

Case Study: Helping People Eat Well For Less



Sanctuary Supported Living has been helping people with the cost-of-living crisis through the launch of a **new recipe book**. Organised by the Hospitality and Catering team, who manage the in-house Taste restaurants at Sanctuary's retirement communities, its aim is to support customers with their financial wellbeing by providing them with more accessible and **budget friendly recipes**. It forms part of a wider 'helping you eat well for less' campaign which is providing helpful information and advice to customers and colleagues across the country on healthy eating to a budget.

The **free** cookbook, which features firm favourites like chicken curry and cottage pie, focuses on helping people to keep up with a balanced diet despite pressure on household budgets, as well as important messages about using leftovers and batch cooking. Will Childe, Hospitality Services Manager, said: "We created the recipe book because we wanted to try and relieve some anxiety for people as inflation is currently pushing up food and other prices."

Care Divisional Overview

The business has recovered well in 2023 from the pandemic with full occupancy recovery expected Q4 2023/2024

- Sanctuary Care has been delivering care to older people for over 25 years and currently manages **108** care homes and a supported living care service, across England and Scotland.
- During the third quarter of 2022/2023, the business added **13 additional care homes to the portfolio, following our acquisition of Cornwall Care.**
- The 2022/2023 financial year has seen a steady recovery of occupancy, following the significant impact of the Covid-19 pandemic. With occupancy in the existing business growing by **3.7%** during the year. Occupancy ended the year at **88.4%**, only 3.0% behind the pre-pandemic average of 91.4%.

Care	2023	2022
Number of bed spaces in management at the year end	5,447	5,069
Revenue (£m)	226.5	193.0
Divisional EBITDA (£m)	18.3	15.2
Divisional EBITDA margin (%)	8.1	7.9
Care Quality Commission rating (England)% ¹	94	90
Care Inspectorate rating (Scotland)%	63	50
Average weekly rates (£)	931	874
Occupancy (%) – average for year ¹	85.9	82.2
Occupancy (%) – at year end ¹	88.4	83.7
Capital Investment (£m)	10.3	14.5

Case Study: Enriching Lives – Elsie Whittaker



Resident Elsie Whittaker lives at our Barony Lodge Residential Care Home in Nantwich where she plays a key role in supporting the team to deliver the best possible care. As **resident ambassador**, Elsie supports the team with tasks including interviewing potential staff and showing people around the home. For Elsie, having a very **active role** to play in how the home is run is very important to her, providing her with a sense of significance and purpose. “I enjoy doing it – I think it’s very important and it makes me feel really good, like I really belong here,” she says.

The role Elsie plays in the home forms part of our **Enriching Lives framework** and approach to delivering the best possible care to our residents that enriches their lives. Through commissioned independent research, we discovered residents need to have ‘six senses’ met to feel fulfilled and content in our homes – **security, belonging, continuity, purpose, achievement and significance.**

¹Excludes Cornwall Care

Student and Market Rented Divisional Overview

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. We deliver high-quality purpose-built student, keyworker and commercial accommodation in **14** of the UK's top university cities
- Occupancy for London and Manchester locations remains at over **99%**, occupancy challenges were experienced for sites housing students from lower ranked universities or areas of oversupply. Nevertheless, this has created an opportunity, and a high degree of success has been achieved by offering short-term contracts for locations in Liverpool and Bradford.
- As a result, **92%** occupancy was achieved for properties available to let, an improvement on 2022. Revenue increased by **£3.2m**

Student and Market Rented	2023	2022
Homes in management at the year end	11,976	11,982
Revenue (£m)	60.6	57.4
Divisional EBITDA (£m)	28.6	27.3
Divisional EBITDA margin (%)	47.2	47.6
Occupancy (%) – Student (available units)	92	90
Capital Investment (£m)	8.0	3.4

Case Study: Supporting Students' Wellbeing



Over recent years, the increase in **mental health and emotional needs** of the students living in Sanctuary properties has moved to the forefront of activities as we look to support students throughout their university experience. The long-lasting impact of Covid-19 and associated isolation, disruption and insecurity combined with students' becoming more in-tune of the state of mental health has highlighted a number of initiatives and procedures Sanctuary can provide.

Sanctuary has partnered with **Health Assured** to provide 24/7, 365 days a year online or telephone support and counselling service to staff and this service has been extended to students living in a Sanctuary property. The service has seen an **increase in usage** year-on-year as students look to external support outside of their university and the NHS on a number of topics including mental health support, financial, legal and family advice. Since the introduction of the process in 2019, more students continue to log a request year-on-year as they rely on Sanctuary colleagues to help support them and their peers.

Swan Divisional Overview



We continue to deliver customer first services alongside having one of the leading margins within the sector at 33.1%

- We are currently working through plans to fully integrate Swan and embed its services into the organisation on an achievable timeframe
- In the post-combination period since February 2023, Swan and its subsidiaries contributed revenue of **£37.9m** and an **£9.2m** EBITDA
- A number of active development programmes. Sales of **£26m** reflect:
 - 21 private sales at Beechwood Village, Basildon
 - 29 private sales at Blackwall Reach, Tower Hamlets
 - 5 shared ownership sales at Cordage Works, Waltham Forest
- At the year end Swan had **703** homes on site and in development

Swan	2023
Homes in management at the year end	13,001
Revenue – development sales (£m)	26.0
Revenue – housing, supported and other (£m)	11.9
Divisional EBITDA (£m)	9.2
Divisional EBITDA margin (%)	24.3
Social operating surplus (£m)	1.6
Social operating surplus (%)	17.2
Capital Investment (£m)	2.8

Case Study: More Support Options for Customers



Our **Sustainable Communities** programme plays an important role in delivering our mission of building affordable homes and sustainable communities where people choose to live. We are committed to investing in projects that have a long-term positive impact for our customers. During the last 12 months, we have developed a suite of national customer support offers which offer immediate support to our social housing residents.

The support offers include access to a **Hardship Fund** and **Welcome Offers** for new tenants to furnish their homes and help to sustain their tenancies. Funding has been drawn through our own Sustainable Communities Fund, corporate charitable donations and our supply chain partners. Marie-Claire Wattison, Head of Community Investment, said: “This goes beyond helping people in a moment of hardship, it’s a route to building resilience. These offers help to build our relationship with customers, in turn helping them to take pride in their home, to have dignity in choice and connect to their community.”

Development Strategy

Sanctuary



Development Pipeline

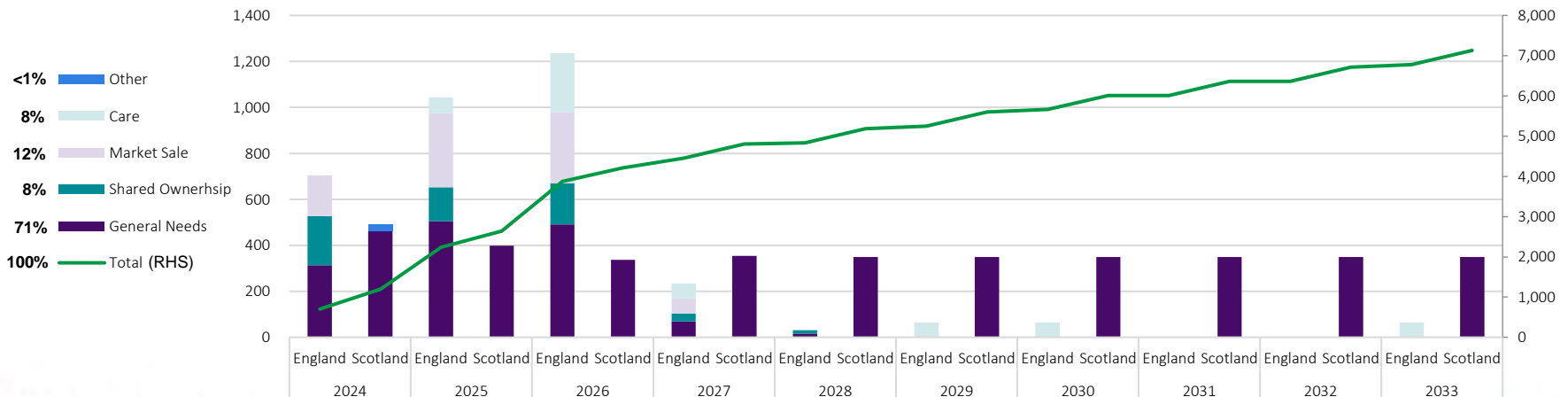
Development team builds new homes and communities and regenerates existing communities across England and Scotland

- Completed **963** new homes, of which **539** were for social or affordable rent, **174** for affordable home ownership and **250** for open market sale. This was **195** more than 2021/2022
- Started on site with a number of new affordable schemes under our **Strategic Partnership with Homes England**
- Performance against our sales strategy remains strong. Revenue increased by **£36.7m** because of an increase in homes for sale and we also achieved an increased margin of **17.3%**, up from 13.7% in the 2021/2022
- Development pipeline of **7,126 homes**. A further **595 homes** to be delivered via JVs c.60 homes per year

Development Sales (excludes Swan)	2023	2022
Homes completed in the year	963	768
Revenue (£m)	92.1	55.4
Cost of sales (£m)	(76.1)	(47.8)
Divisional EBITDA (£m)	15.9	7.6
Gross margin (%)	17.3	13.7
Housing sales	307	238
Homes on-site and in development at the year end	4,057	5,183

Funding for development (excludes Swan)	2023	2022
Expenditure contracted (£m)	254.2	218.0
Authorised expenditure not contracted (£m)	317.4	498.4
Total (£m)	571.9	716.4

Development pipeline

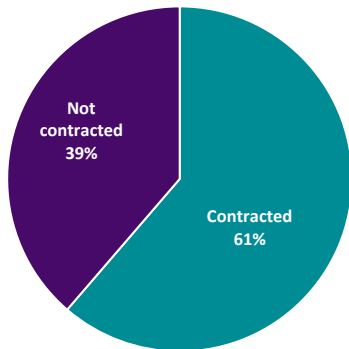


Development Track Record

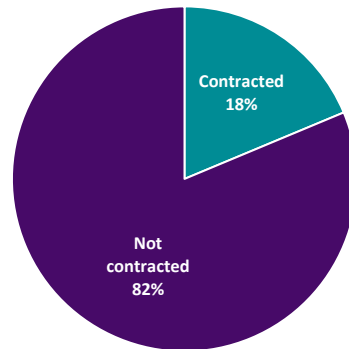
Low outright sales exposure, modest contracted expenditure – retaining maximum flexibility

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
- In Scotland we will continue to secure new sites using additional funding from the **Affordable Housing Supply Programme**, which will strengthen our partnership with the Scottish Government
- Challenging economic conditions forecast for 2023/2024 are leading to a **softening of competition** in the land market so we will aim to take advantage

Case Study: Burns Road, Cumbernauld

- In 2022/2023, Sanctuary completed the final phase of our **10-year, £100 million** regeneration of Cumbernauld's 12 tower blocks
- Burns Road was previously the location of **three high-rise** tower blocks, including the tallest building in Cumbernauld, which have now been replaced by three new six-storey blocks of apartments
- Alongside the homes we have carefully designed the landscaping, improved pedestrian routes across the site and created new, welcoming **outdoor public spaces**
- In total the development provides **131 new two and three-bedroom apartments** as well as a new office from which Sanctuary will be able to provide a range of services to its local customers
- The redevelopment of the Burns Road site marks the culmination of a decade long high-rise regeneration project between **Sanctuary, North Lanarkshire Council and the Scottish Government** to transform much of Cumbernauld's social housing



Treasury



Our Risk Appetite

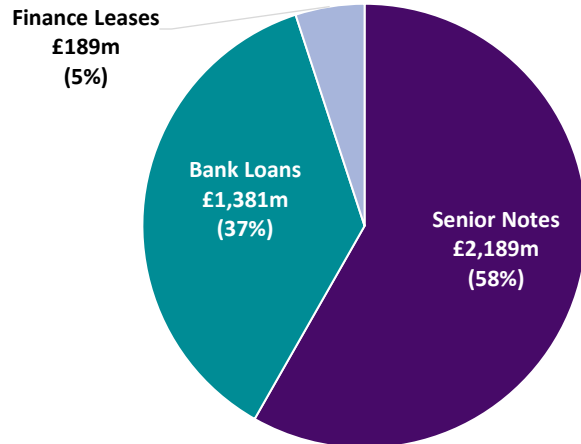
Trigger points provide a clear indicator of when remedial actions may be needed to avoid the Group breaching risk appetite hurdles

- 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 2023	31 March 2022
All outright sales revenue not to be greater than 30% of Group total sales revenue	30.0%	20.0%	10.6%	6.8%
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	£159.1m	£143.1m
Existing cash and available facilities cover at least 18 months of future committed spending requirements	18 months	20 months	19 months (29 months as of Jul-23)	35 months
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%	Tightest covenant is 152% against a covenant of 125% (£24m of headroom)	Tightest covenant is 159% against a covenant of 125% (£28m of headroom)
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	Tightest covenant has £192m of headroom	Tightest covenant has £205m of headroom
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	£1,961m	£1,789m
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%	120.3%	128.4%
Operating margin (Group level)	18.0%	20.0%	20.0%	21.2%
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 = Baa2	S&P = A Moody's = A2	S&P = A Moody's = A

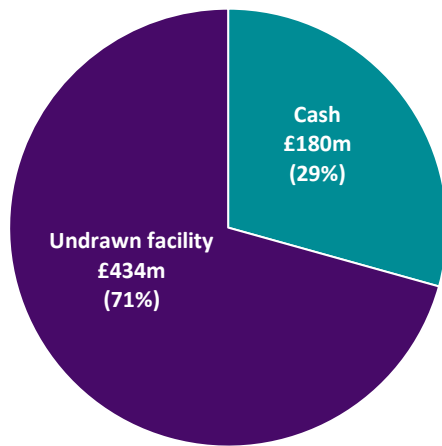
Treasury Management

Group Total Debt - £3.759bn

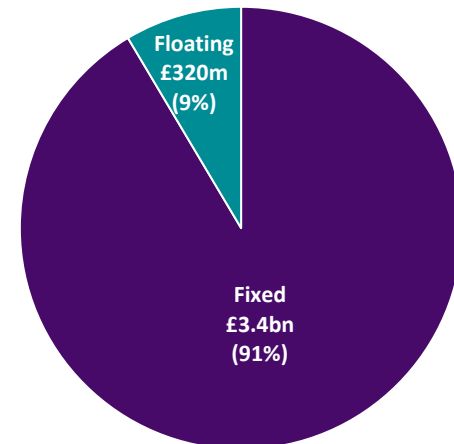


Note: Includes Swan external borrowings at Fair Value

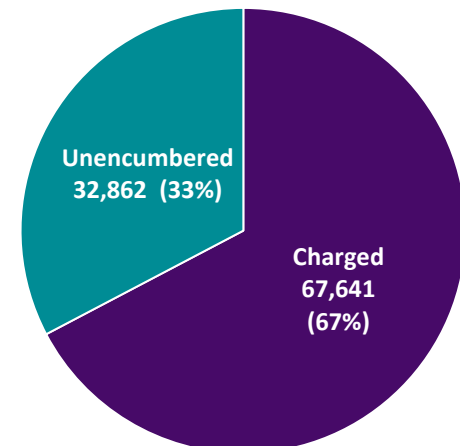
Available Liquidity - £614m



Fixed vs Floating Debt



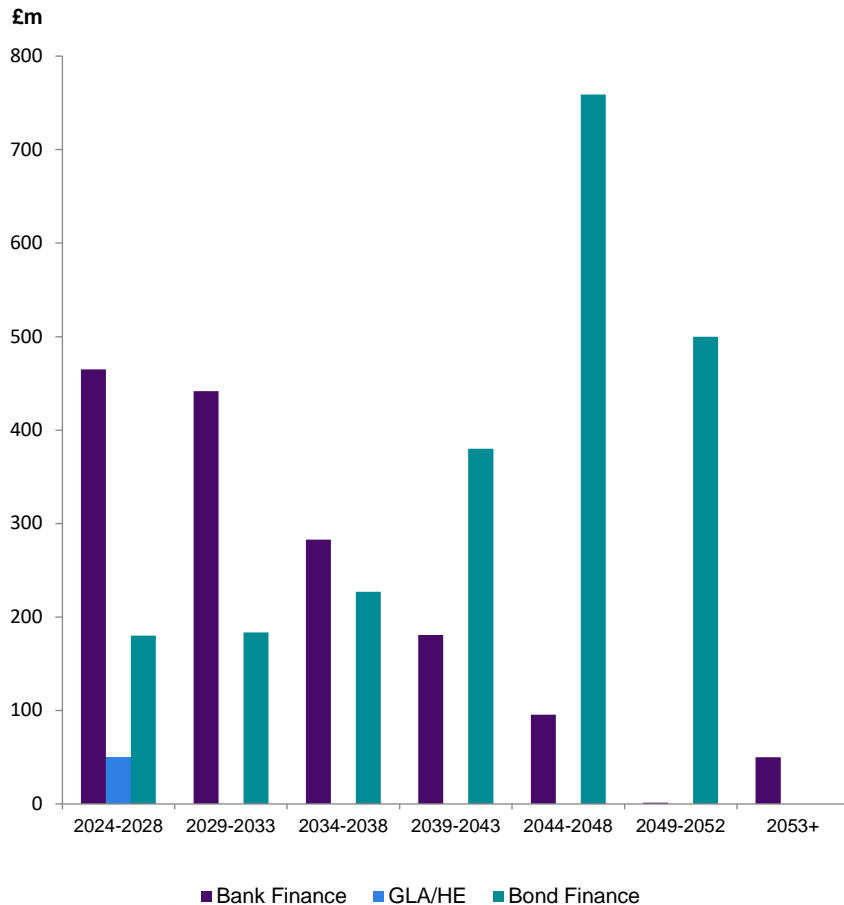
Group Security Position (excluding Swan)



Debt Maturity Profile

We have a mature debt maturity profile

Debt Maturity Profile



Future focus: 2023/2024

- **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 **debt issuance programme**

Credit Highlights

Our financial resilience, geographic diversification and robust governance stands us apart from our peer group



Successfully mitigated many inflationary pressures in FY23

- Hedging on electricity and gas has **mitigated utility rises**
- **Favourable forward pricing** on maintenance contracts and **fixed price** development agreements



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
- Remediating Swan's buildings (including developer contributions) does not materially impact future reinvestment expenditure



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)



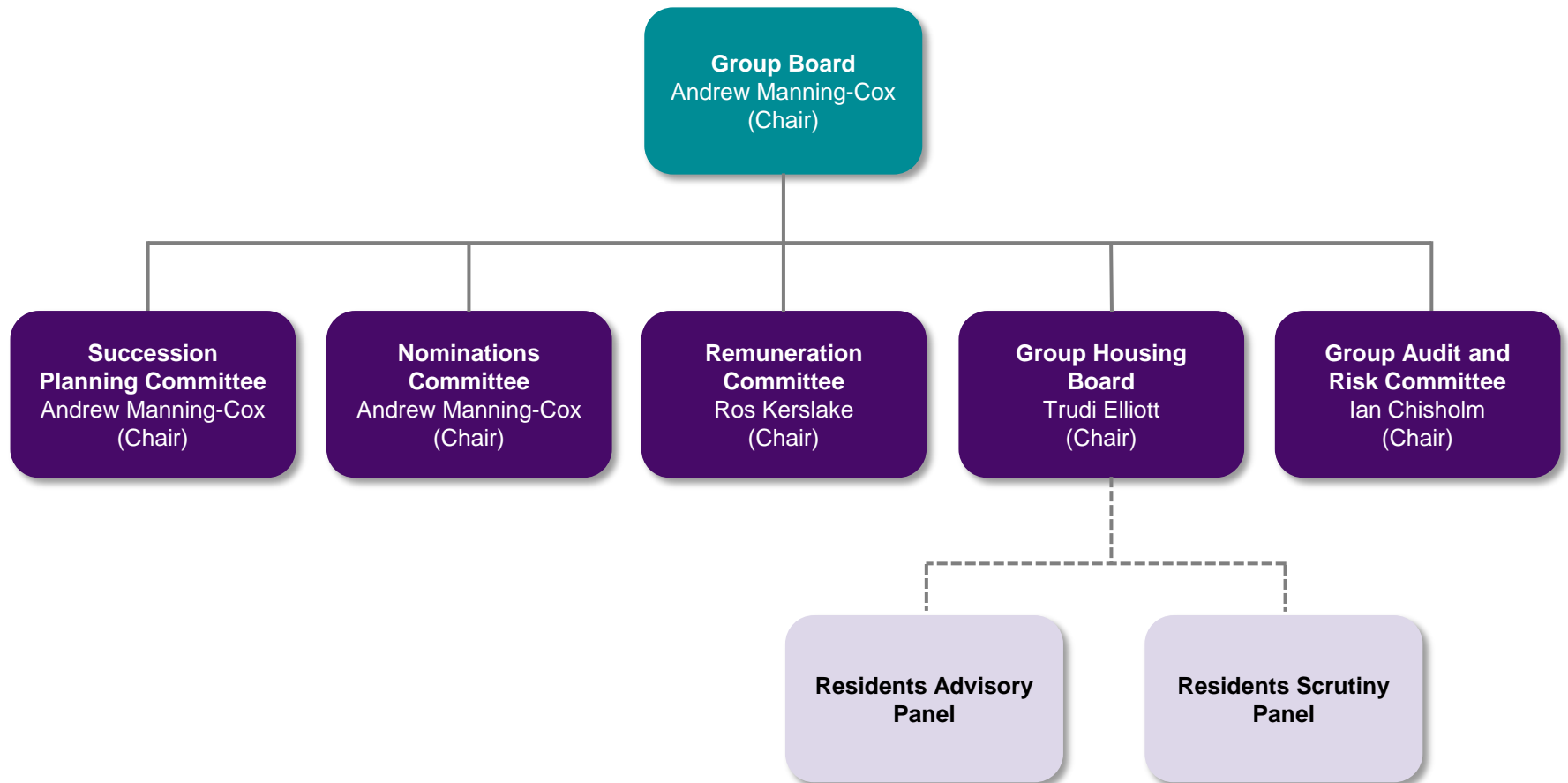
Resilient Business Model and Strategy

- Financial capacity and resilience – **maintaining our credit profile** following the Swan rescue
- Geographic and business diversity – **low concentration risk** by geography or business operation
- **Low exposure to outright sales** - 13% of revenue in FY23 from outright and s/o sales
- Recovered from the pandemic which has fuelled a **record operating profit**
- Reduction in our development programme has **preserved over £250m of cash** over the next 5 years
- Track record of **delivering efficiencies through growth** with a stable management team

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
- Currently 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

Executive Team

Craig Moule, Group Chief Executive¹



- 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 Officer¹



- 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

Nicole Seymour, Executive Director – Corporate Services¹



- 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

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

Kevin Heslop, Chief Information Officer



- Director of Technology since 2014
- He joined Sanctuary in March 2010, working initially as System Development and Support Manager
- Prior to this, he worked in technology consultancy

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

Peter Martin, Group Managing Director – 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

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)

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