



# Investor Presentation

15 January 2025

**Nicholas Harris**

Chief Executive

**Anne Costain**

Chief Financial Officer

**Isabelle Kirk**

Assistant Director – Treasury

# Disclaimer

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The information set out in this Presentation has been prepared as at **31 March 2024** or such other date as is indicated in this Presentation.

# Presenting Team



**Nicholas Harris**  
Chief Executive

Nicholas became CEO in 2016, having previously been CEO of Raglan Housing Association. Before this, he was CEO at Raven Housing Trust and Group Operations Director for Swaythling Housing Group. He has extensive experience in the social housing sector and local authorities, and considerable knowledge in socio-economic regeneration matters.



**Anne Costain**  
Chief Financial Officer

Anne is a qualified Chartered Accountant and Corporate Treasurer, who joined Stonewater after working as Interim Director of Resources at Thrive, following seven successful years moving through senior roles at Radian Housing Association. Before making the move to housing, Anne worked for SME, Fortune 500 and FTSE 250 manufacturing companies.



**Isabelle Kirk**  
Assistant Director – Treasury

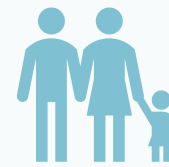





Isabelle is a qualified Accountant and Treasurer who has worked for Stonewater in the Finance team for nine years. She has worked mainly in the financial reporting team delivering the statutory and management accounts. Before joining Stonewater Isabelle worked in the NHS and a private accountancy practice.



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# Key Highlights

Our Business			Our Highlights		
c. 40,000 Homes	c. 93,000 Customers	132 Local Authorities	Focus on affordable tenures 	100% of new homes delivered in 2024 were affordable	
G1 / V1 Regulatory Rating (Nov 24)	A- (S&P) Credit Rating	Gold SHIFT 2023/24	Sustainability 	SHIFT <b>Gold rating</b> and ESG Report Published	
Our Performance			Proactive business planning 	Robust liquidity over <b>£300m</b> of available facilities as at Sep-24	
£271.2m Group Turnover	19% Operating Margin <sup>1</sup>	77.8% Homes EPC C or above	High quality stock 	Average age of <b>37 years</b> and only 3 buildings 7 storeys or higher	
£60.6m Operating Surplus	87% Revenues: SH Lettings	209 Homes retrofitted to EPC C	Rebased development ambitions 	Focus on <b>committed schemes</b> with increased grant	
1,185 New homes built	53% Gearing (VfM)	£36.9m Social value created	Customer centred services 	Key pillar of 2022-2030 strategy with <b>83.4%</b> overall customer satisfaction (Mar-24)	
£2.9bn <sup>2</sup> Housing Properties	0.79x EBITDA MRI ICR (VfM)	84,704 tCO <sub>2</sub> e Scope 1,2 & 3 emissions			

Reference<sup>1</sup>: Excluding surplus on disposal of fixed assets  
Reference<sup>2</sup>: Housing properties less depreciation

# About our business

Stonewater is one of the largest social housing providers in the UK, owning and managing around **40,000 homes** for more than **93,000 customers**

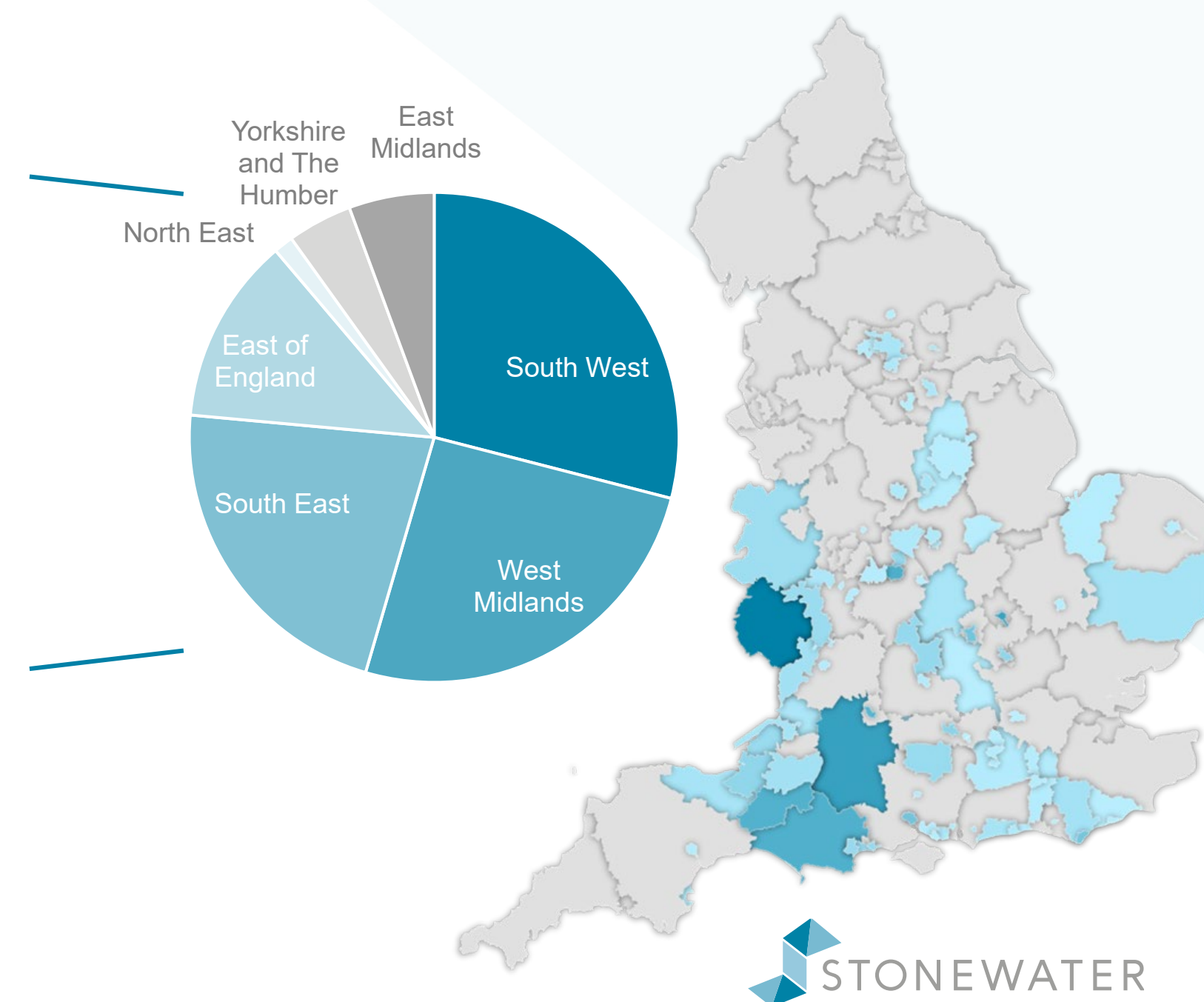
Strategy concentrated around sustainable **customer-centred services**, **quality homes** and **neighbourhoods** - maximising value

Operating in **132 Local Authority Areas across England**, with no presence in London

Region	% of total stock	Local Authority Waiting Lists	Mean Monthly Private Rent
South West	29%	130,604	£987
West Midlands	26%	112,004	£796
South East	22%	118,397	£1,148
East of England	12%	89,461	£1,009
North East	1%	75,985	£621
Yorkshire and The Humber	4%	149,602	£731
East Midlands	6%	84,027	£747
<b>Total</b>	<b>100%</b>	<b>760,080</b>	<b>-</b>

Per Unit	Weekly 22/23	Weekly 23/24	Weekly 2023/24 vs Private Rent
Average Social Rent	£105.32	£113.83	36.2%
Average Affordable Rent	£145.57	£158.35	50.4%

Reference: Statistical Data Return 2023 (excludes privately owned houses, but includes leasehold flats)  
Office For National Statistics Private rent and house prices, UK - Office for National Statistics



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# Our Strategy, Risk & Governance

# Our Board



**Sheila Collins**  
**Chairman**

Previously Chairman of the Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust



**Jennifer Bennet**  
**Chair of Remuneration Committee & Governance and Assurance Panel**

Previously Non-Exec Director of Portsmouth Hospitals NHS Trust



**Andrew Lawrence**  
**Chair of Risk and Assurance Committee**

Previously finance director in the commercial & international development sectors



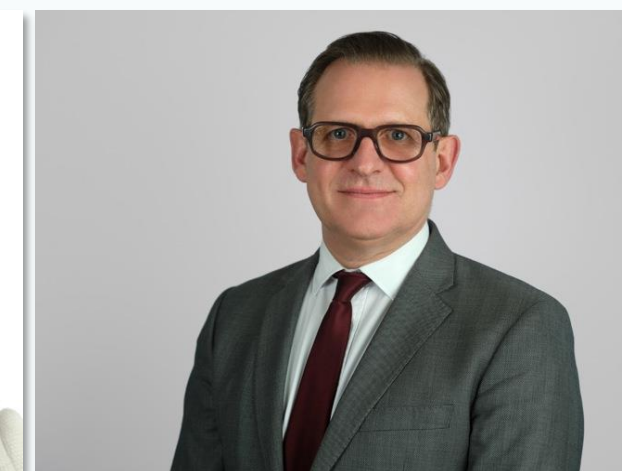
**Martin Large**  
**Chair of Greenoak Housing Association Ltd**

Chair of Mount Green & Greenoak's Common Board



**Jane Scott**

Experienced business leader with a specialism in information technology and digital transformation



**Angus Michie**  
**Chair of Assets & Development Challenge & Assurance Panel, Stone' Developments Limited, Stone' Commercial Limited**



**Heather Bowman**

Previously Chief Operating Office at Sovereign. Currently a Board member of Raven Housing Trust and Housing Plus



**Juliana Crowe**  
**Chair of Customer Experience Challenge and Assurance Panel**

Previously housing director for a Midlands-based housing group



**Barry Hoffman**

Experienced FTSE group HR director and corporate governance expertise. An experienced non-exec director



**Hursh Shah**

Currently Head of Capital Markets at British Land. Also involved in the formation and operations of joint ventures



**Chris Edis**  
**Chair of Stone' Funding plc & Finance Challenge and Assurance Panel**

Current finance director of LBCM plc



**Nicholas Harris**  
**Chief Executive**

Previously CEO of Raven Housing Trust and Group Operations Director for Swaythling Housing Group



# Our Chief Officer Group



**Nicholas Harris**  
Chief Executive

Previously CEO of Raven Housing Trust and Group Operations Director for Swaythling Housing Group



**Jonathan Layzell**  
Chief Officer for  
Customer Experience  
and Growth

Responsible for the strategic delivery of Stonewater's housing development programmes, including the implementation of innovative affordable rental and shared ownership schemes



**Patrick Chauvin**  
Chief Officer Safety,  
Assets and  
Sustainability

Highly experienced property and asset management professional holding senior management positions across a range of disciplines within the housing sector



**Anne Costain**  
Chief Financial  
Officer

Qualified Chartered Accountant and Corporate Treasurer and has worked in housing for over 10 years. Before working in housing, Anne worked in manufacturing for a number of organisations from SME to Fortune 500 and FTSE 250



**Gareth Lloyd**  
Chief Information and  
Transformation  
Officer

Joined Stonewater as Chief Information & Transformation Officer in 2023, bringing 18 years' experience as a CIO, COO and CDO in both the private and public sectors, working in the UK and internationally



**Chief Operating  
Officer**

To be appointed

# Key Strategic Objectives

- By 2030, we will deliver our three strategic objectives to achieve our Strategic Plan
- These are regularly reviewed and monitored to ensure that we continue to focus on the things that will add the most value for our customers and that we adapt to changes in our operating environment

Customer-centred Services	Quality Homes and Neighbourhoods	Maximising Value
<ul style="list-style-type: none"> <li>• Be a customer-led business</li> <li>• Take a more proactive approach to our services</li> <li>• Be efficient and effective in the delivery of services</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to grow</li> <li>• Provide safe, connected &amp; efficient homes</li> <li>• Work with our customers and partners to develop happy and healthy neighbourhoods</li> </ul>	<ul style="list-style-type: none"> <li>• Provide excellent value</li> <li>• Maximise the social value attained across all activities and partnerships</li> <li>• Minimise our impact on the environment, and support our customers to do the same</li> </ul>

- Delivery of objectives supported by a number of strategic enablers that provide the tools, principles, and practices required to succeed, including:

**Governance and Viability**  
Sector-leading governance & viability

**People and Culture**  
An employer of choice; agile and driven by Values & Customer Promise

**Partnerships and Innovation**  
Developing sustainable partnerships, driving innovation

**Data and Technology**  
Positively Digital in the delivery of our objectives

# How Partnerships Continue to Shape our Business

We take a **measured, selective** and **strategic** approach to growth through development, joint-ventures and M&A:

- Key is to enhance Stonewater’s financial and operational resilience
- Careful due diligence is performed to assess opportunities both in terms of impact on operations and the impact on the financial plan

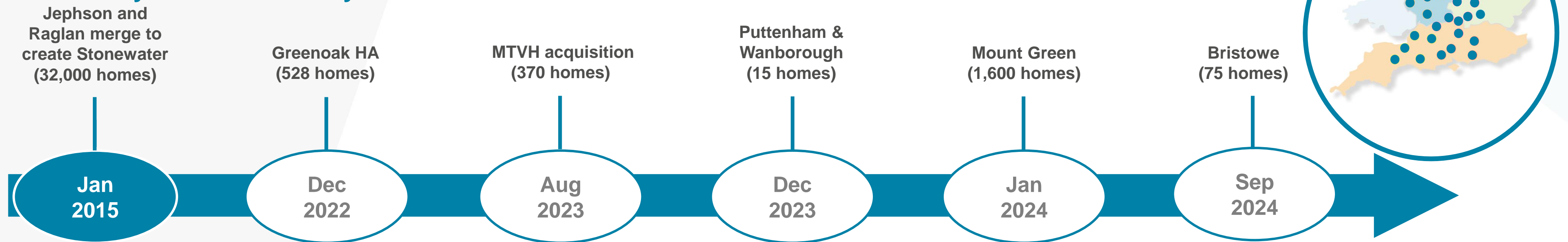
**Greenoak Housing Association:** owns and / or managed c.600 homes across Surrey and East and West Sussex. The partnership created a new national Centre of Excellence for zero carbon development and retrofit. As a pilot scheme we will expand the small internal repairs service to serve all Stonewater\Mount Green Surrey based properties.

**Mount Green Housing Association:** owns and / or manages around 1,600 homes across Surrey and North Sussex. The partnership combines Mount Green’s local knowledge and understanding, with Stonewater’s operational scale.

**Stock Acquisition:** Stonewater acquired 370 homes in Oxfordshire and Bedfordshire from Metropolitan Thames Valley Housing in 2023.

**Joint-venture with Thakeham:** Stonewater is currently a 50% owner of a partnership with Thakeham. The partnership has been formed to develop a site at Newick, East Sussex, delivering 39 homes in total, with 86% of homes currently sold or reserved.

## A summary of recent activity:



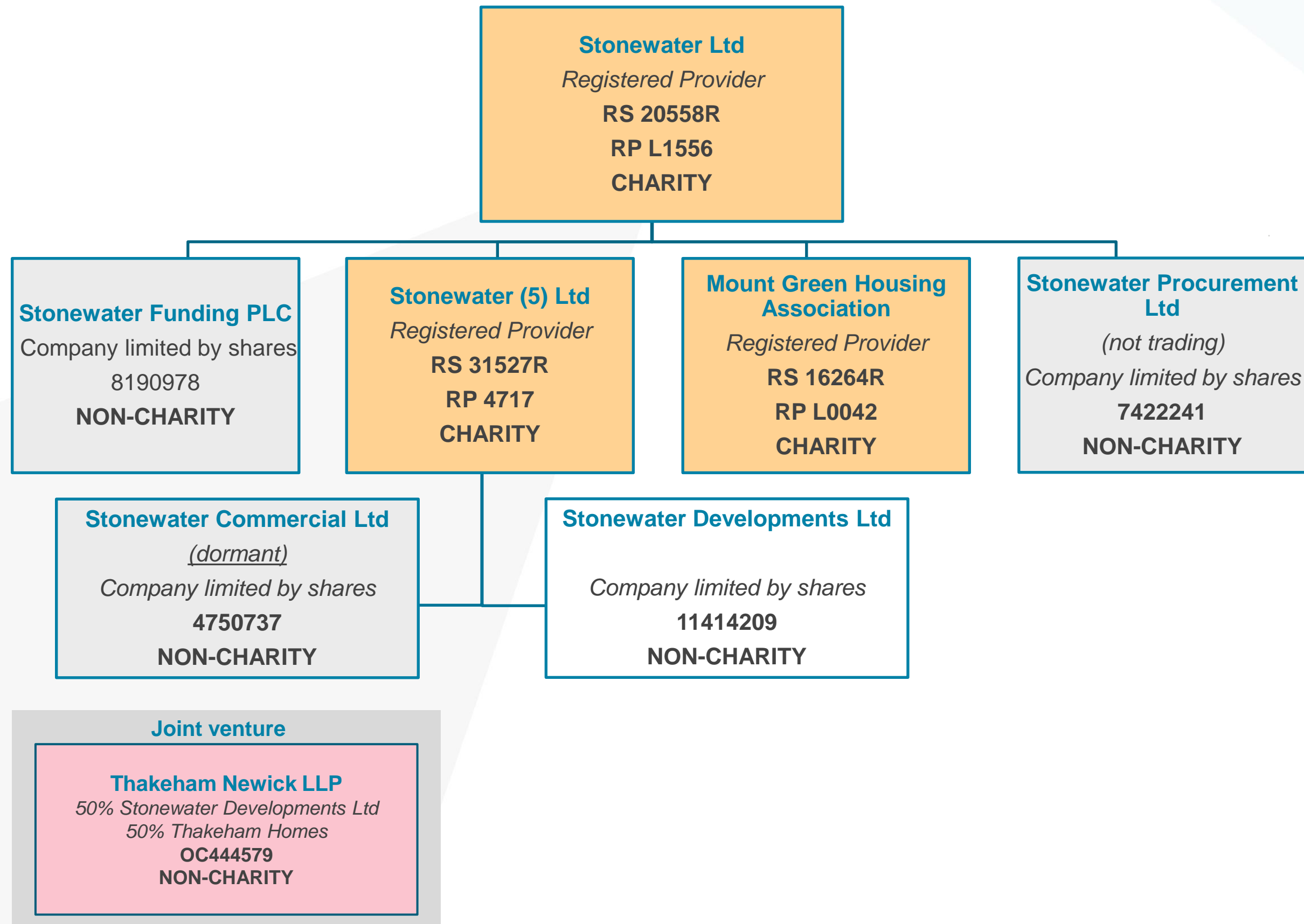
# Key Strategic Risks

The Board is continuing to monitor the dynamic operating environment and implement further actions to ensure that the risks arising are managed appropriately and activities remain within the agreed risk appetite.

- In our [Annual Report 2023/24](#), we outline the actions that have been taken to mitigate key strategic risks and strengthen controls
- Key strategic risks that the Board considers and monitors outlined below

High Risk	Risk Description	Medium Risk	Risk Description	Low Risk	Risk Description
<b>Health &amp; Safety</b>	Failure to meet our obligations as a landlord, employer, developer and provider of care support	<b>Damp &amp; mould strategy</b>	To not implement an effective strategy	<b>Meeting environmental objectives</b>	Failure to meet objectives/ mitigate climate change impact upon Stonewater and customers
<b>Cyber Security</b>	Resilience of our IT systems to cyber attacks	<b>Governance structures fit for purpose</b>	Our governance structures and processes are not aligned to the evolving regulatory environment	<b>Uncertainty within government</b>	Strategic planning impeded by uncertainty about government priorities and regulatory expectations
<b>Investment Decisions</b>	Not giving appropriate weight to competing strategic agendas e.g. environment	<b>Effective partnerships</b>	Our partnerships and supply chain relationships do not deliver objectives	<b>Embedding customer insight</b>	Customer insight is not embedded in business design and service review processes
<b>Financial Capacity</b>	Limiting the delivery of growth and business transformation	<b>Embracing new technology</b>	Failure to embrace new technology and to invest in appropriate technological solutions	<b>Effective leadership</b>	Stonewater's leaders do not have the capacity to set and deliver the strategic plan

# Stonewater Corporate Structure



- Simple corporate structure
- One joint-venture with Thakeham to develop one site of 39 homes
- All capital market funding is raised through Stonewater Funding PLC with most bank funding raised through Stonewater Ltd
- Standardised covenant package and strong relationships with funders
- Greenoak transferred its engagements pursuant to section 110 of the Co-operative and Community Benefit Societies Act 2014 into Stonewater 5 on 30 September 2024
- Stonewater will consider future simplification as appropriate

# Our Credit Rating: S&P A- (Stable)

**S&P Global**  
Ratings

RatingsDirect®

Research Update:

**U.K.-Based Social Housing Provider Stonewater Ltd.  
Downgraded To 'A-'; Outlook Stable**

November 27, 2024

**Overview**

- We forecast that U.K. social housing provider Stonewater Ltd.'s investment in its properties will weaken debt metrics and further delay the recovery we expected previously.
- In line with our previous expectations, Stonewater will scale back its new homes development program, which we believe will lead to contained debt buildup.
- Nevertheless, Stonewater's debt metrics are lower than we previously assumed and potential recovery has been delayed.
- We therefore lowered our issuer credit rating on Stonewater Ltd. to 'A-' from 'A'. The outlook is stable.

**Rating Action**

On Nov. 27, 2024, S&P Global Ratings lowered its long-term issuer credit rating on Stonewater Ltd. to 'A-' from 'A'. The outlook is stable.

We also lowered our issue ratings to 'A-' from 'A' on the three senior secured bonds issued by Stonewater Funding PLC, and on Stonewater Funding's £1 billion senior secured and unsecured medium-term notes program. We consider that Stonewater Funding was set up for the sole purpose of issuing bonds and lending the proceeds to the group, and we view it as a core subsidiary of Stonewater.

**Outlook**

The stable outlook reflects that the scaling back of new home construction will contain the debt buildup, mitigating the pressure from a high level of investment in existing homes.

**Downside scenario**

We could lower the rating if Stonewater cannot efficiently rein in costs, or if it significantly

www.spglobal.com/ratingsdirect

November 27, 2024 1

**PRIMARY CREDIT ANALYST**

**Tim Chow, CFA**  
London  
+44 2071760684  
tim.chow  
@spglobal.com

**SECONDARY CONTACT**

**Noa Fux**  
London  
+ 44 20 7176 0730  
noa.fux  
@spglobal.com

**ADDITIONAL CONTACT**

**Sovereign and IPF EMEA**  
SOVIPP  
@spglobal.com

- 27<sup>th</sup> November 2024: S&P A- (Stable) rating
- Significant investment scheduled in existing homes
- Scaling back new homes construction
- Board fully briefed on rating trajectory with detailed shadow rating analysis
- Focused on maintaining an “A” credit rating
- Currently undertaking a credit rating strategy:
  - Exploring the possibility of adding a second rating
  - Potential to convert unsolicited rating with Moody's



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# Our Customers and Sustainability

# Our Customers

- We aim to become a truly customer-driven organisation by building a relationship built on respect, honesty, transparency, and a commitment to equality, diversity and inclusion
- Our strategy to deliver customer centre services and utilising our customer experience challenge and assurance panel is delivering improved customer satisfaction scores

## Our Customers

- A considerable proportion (38.7%) of our general needs customers are families with dependent children.
- 38.2% of our customers are older people (55+)
- 63.7% of our tenancies last for five years and longer
- Our specialist housing provides support for many vulnerable groups within our society, this includes young people, young families, those with mental health issues and learning disabilities, and those suffering domestic abuse
- We also provide accommodation on behalf of a number of support agencies across the country, who use our properties to deliver services to people including those who are homeless, suffering domestic abuse, have mental or physical support needs, young people, drug and alcohol recovery, and ex-offenders



# Committed to Supporting our Customers

We are in close contact with all our partners to support where we can, ensuring the strength of our operating and financial performance remains

The **Longleigh Foundation** supports residents and our communities through hardship grants, and projects and research grants. Longleigh offers **five** different grants to customers and **one** to Stonewater employees. The grant distributions in 2023/24 were:



**665**

approved grants



**538**

Hardship Grants



**£566,221**

distributions



**12**

Education, Training and Employment Grant



**51**

Crisis and Disaster Grants



A grant-making partner for the social housing sector

Our **supported living services** deliver support and accommodation services for young people, those fleeing domestic abuse and those with mental health needs. 2022/23 customer snapshot:

- 100** supported into work
- 79** supported into independent living
- 77** supported into education
- 48** supported into employment

We strive to provide safe accommodation, activities and interventions that allow customers fleeing **domestic abuse** to rebuild their lives and those of their children. 2022/23 customer and children snapshot:

- 626** supported by our domestic abuse services
- 226** supported with their mental health & wellbeing
- 159** supported into education/employment/training
- 110** supported into independent and secure places



# Our Customers: Tenant Satisfaction Measures

## Aspiration to deliver efficient, consistent and reliable services

- In 2023/24, we directly engaged with over 1,500 customers, working with them to shape our services and gain an understating of their needs
- New Customer Guide to Engagement developed, which is helping to get even more customers involved in improving Stonewater's services
- Customer Scrutiny Panel is at the heart of our approach – in 2023/24 the Panel worked with Stonewater to review our approach to managing Anti-Social Behaviour and to improve our communication around rents and service charges
- Our priority for the coming year is promoting inclusion and accessibility and embedding new locality action plans across our communities
- In 2023/24, we further developed our online platforms so even more customers can have their say
- Given our focus on customers, we have seen WIP from repairs fall and higher levels of responsive repairs. We are exploring innovative ways to optimise our service delivery; an example being optimising the benefits from our in house repairs service pilot to develop a more localised housing management offering

**60.6%**  
Overall satisfaction  
(LCRA)<sup>1</sup>

**71.1%**  
Treated fairly & respect  
(LCRA)<sup>1</sup>

**41.1%**  
Overall satisfaction  
(LCHO)<sup>2</sup>

## Management Information

Building Safety – Homes, Proportion of homes for which all required			
<b>BS01</b>	Gas safety checks have been carried out (LCRA and LCHO)	99.8**	
<b>BS02</b>	Fire risk assessments have been carried out	99.9%*	
<b>BS03</b>	Asbestos management surveys or re-inspections have been carried out	96.8%***	
<b>BS04</b>	Legionella risk assessments have been carried out	99.8%**	
<b>BS05</b>	Communal passenger lift safety checks have been carried out	91.3%***	
Repairs			
<b>RP01</b>	Proportion of homes that do not meet the Decent Homes Standard	0.2%*	
<b>RP02</b>	Proportion of non-emergency responsive repairs completed within the landlord's target timescale	69.1%***	
<b>RP02</b>	Proportion of emergency responsive repairs completed within the landlord's target timescale	82.1%*	
Neighbourhood Management – Customer Experience			
<b>NM01</b>	Number of anti-social behaviour cases, opened per 1,000 homes	10.1*	
<b>NM01</b>	Number of anti-social behaviour cases that involve hate incidents opened per 1,000 homes	0.4*	
Complaint Handling – Customer Experience			
		LCRA	LCHO
<b>CH01</b>	Number of stage one complaints received per 1,000 homes	110.2***	58.3***
<b>CH01</b>	Number of stage two complaints received per 1,000 homes	26.3***	17.3**
<b>CH02</b>	Proportion of stage one complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales	82.9%***	82.7***
<b>CH02</b>	Proportion of stage two complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales	95.8%*	95.5%*

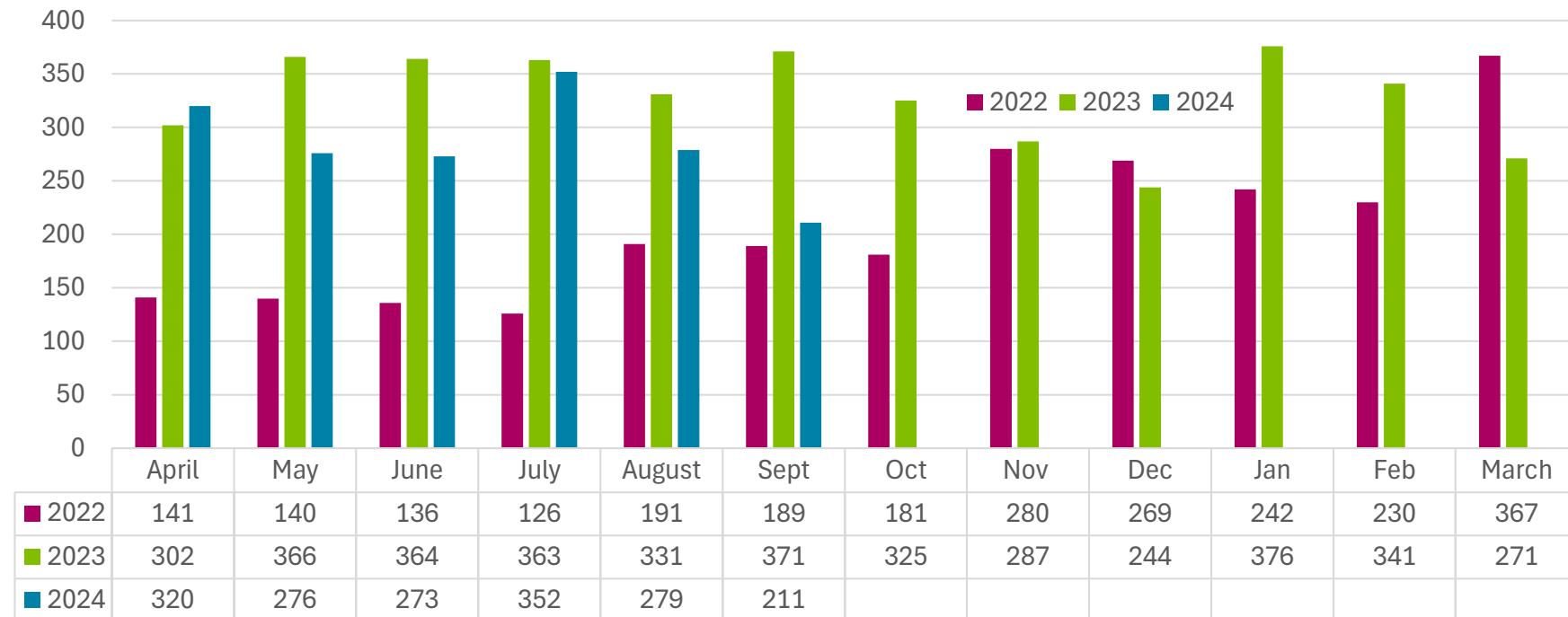
\*Met \*\*Nearly met \*\*\*Did not meet

# Customer Complaints Performance

## Trends in Customer Complaints

- An initial increase in customer complaints during 2023/24 was representative of an increase across the sector
- The Housing Ombudsman Service (“HOS”) reported a 91% increase in cases received in 2023/24 and expects an additional increase in demand between 50% and 80% for 2024/25. (source: HOS 2024-25 Business Plan)
- Stonewater initially saw a 50.45% increase in complaints in 2023/24 but have since seen a 20% reduction in new complaints for the first two quarters of current year.
- Key factors include:
  - Specialist Customer Liaison officers within our reactive repair contractors
  - Improved reporting and insight have meant we can focus our complaint learning and prevent areas of high complaints
  - From December 2023 a new compensation policy and process was created. This process was audited and received substantial assurance with no management recommendations
  - Creation and implementation of a new quality monitoring framework
  - Increased business wide training, including quarterly complaint sessions for all staff

## Complaint Comparison 2022, 2023, 2024



### Customer Satisfaction with Complaints:

2023/24  
40.2%

2024/25 YTD  
56.1%

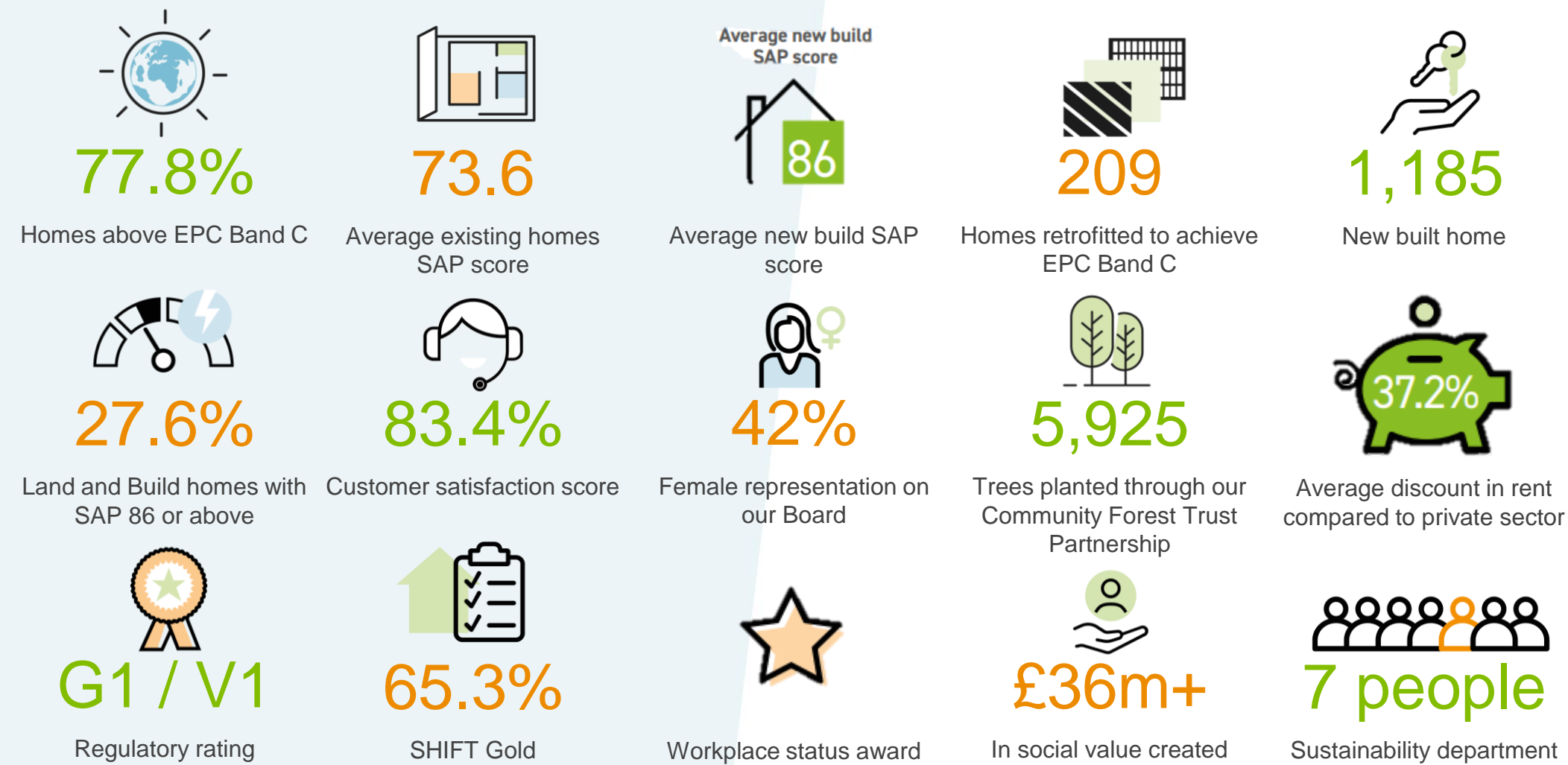
2024/25 Q2  
60.6%

- HOS’ maladministration rate was lower than the national average in 2022/23 and 2023/24. 66% maladministration rate in 2023/24 compared to 73% nationally
- No Complaint Handling Failure Orders (CHFO) received in 2023/24 or 2022/23, which speaks to our high performance of complaint management. The HOS issued 156 in total in 2023/24
- The HOS recognised Stonewater’s approach to merging with Greenoak as best practice in their Q1 2023/24 Complaint Handling Failure Order report. In particular, the report highlighted the successful use of the self-assessment to ensure complaint services were prioritised through our new partnership



# Our ESG Performance

## Environmental and Sustainability Performance 2023/24



## 2023/24 Streamlined Energy & Carbon Reporting<sup>1</sup>

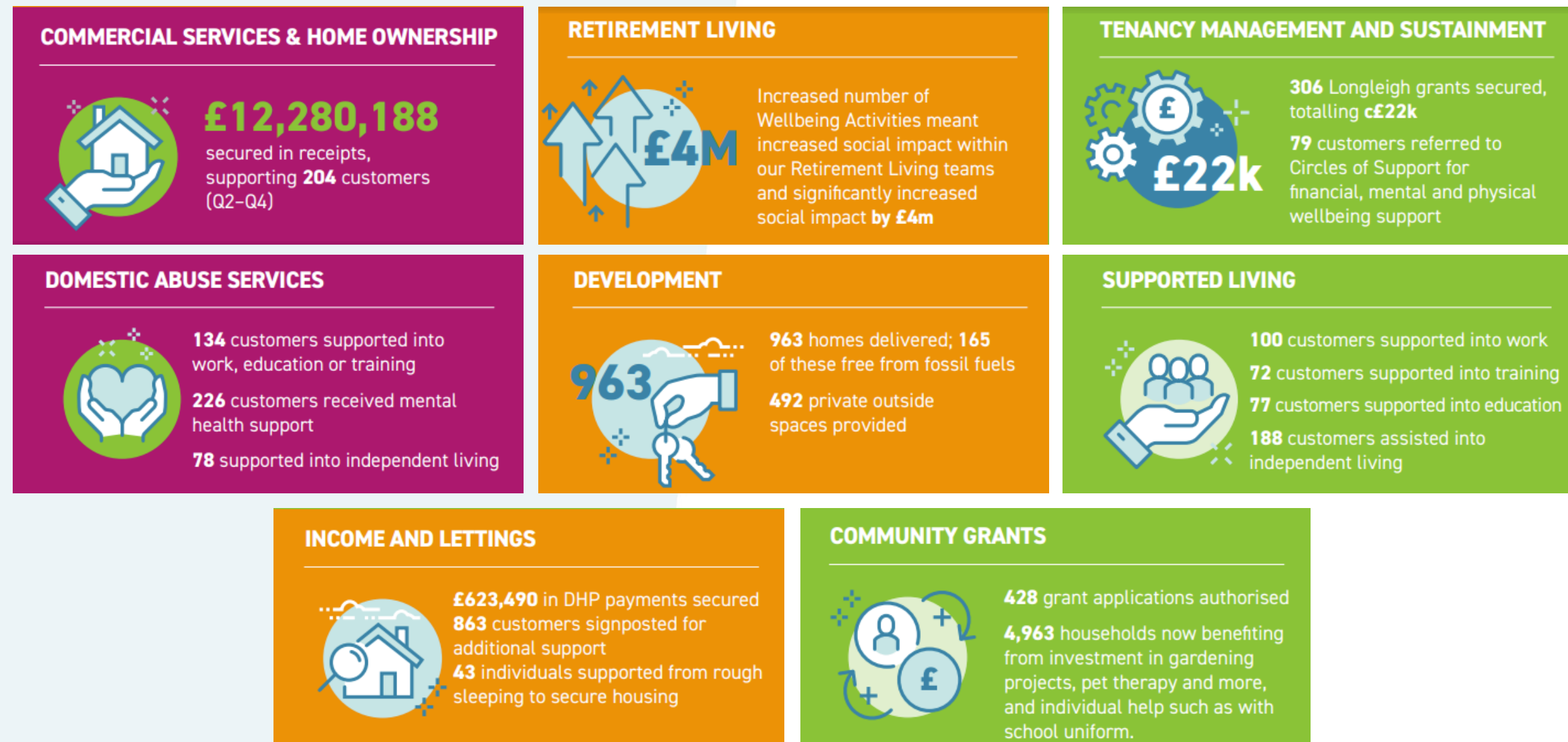
Scope 1	Scope 2	Scope 3	Total	Intensity Ratio
2,495 tCO <sub>2</sub> e	1,886 tCO <sub>2</sub> e	80,323 tCO <sub>2</sub> e	<b>84,704 tCO<sub>2</sub>e</b>	<b>2.39 tCO<sub>2</sub>e per property</b>



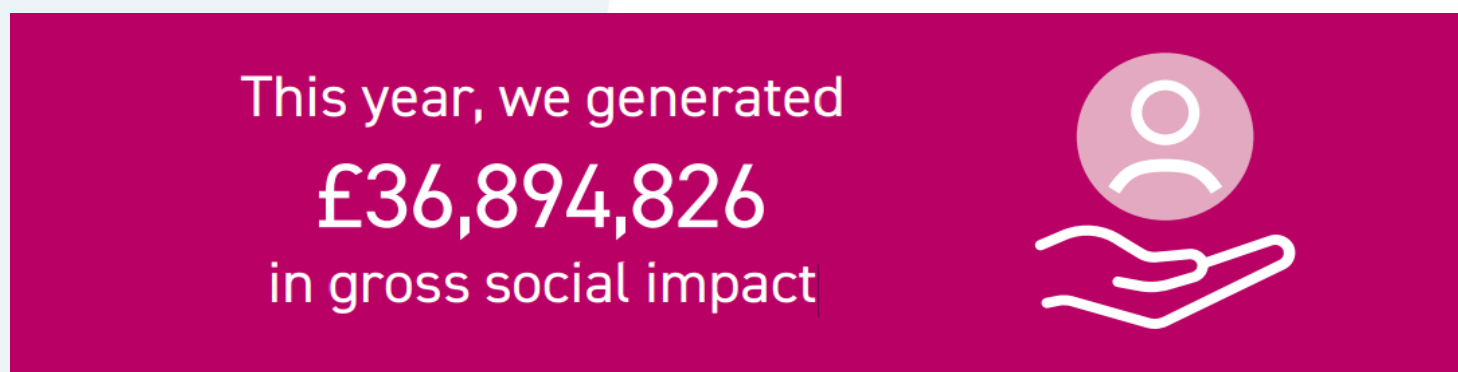
Reference<sup>1</sup>: Championing a more sustainable future: Environmental, Social & Governance (ESG) Report 2023/24  
 Reference: Impact Report 2022/23

# We are Proud of our Achievements

## Social Value and Impact 2022/23<sup>1</sup>



## Social Value and Impact 2023/24



## Double recognition - Ethnicity Awards 2024

- The prestigious national Ethnicity Awards ceremony, paid tribute to individuals and organisations that support Black, Asian, and diverse Ethnic communities
- The top 10 achievement marks the fourth consecutive year that Stonewater has been praised for its ethnicity and inclusivity work
  - Head of Equality, Diversity, and Inclusion, Cordelia Johnney, was also selected as one of the Top 10 individuals in the Exceptional Inclusion category
- Gareth Lloyd, Chief Information and Transformation Officer, shared his pride in this recognition, saying: “This is an outstanding achievement for Stonewater, ranking us alongside numerous Blue-Chip companies for our efforts in this area. It was clear to see on the night how much respect there is for both Cordelia and Stonewater amongst the Ethnicity Matrix community.”



Stonewater celebrates achieving a top 10 place in two categories at the Ethnicity Awards 2024



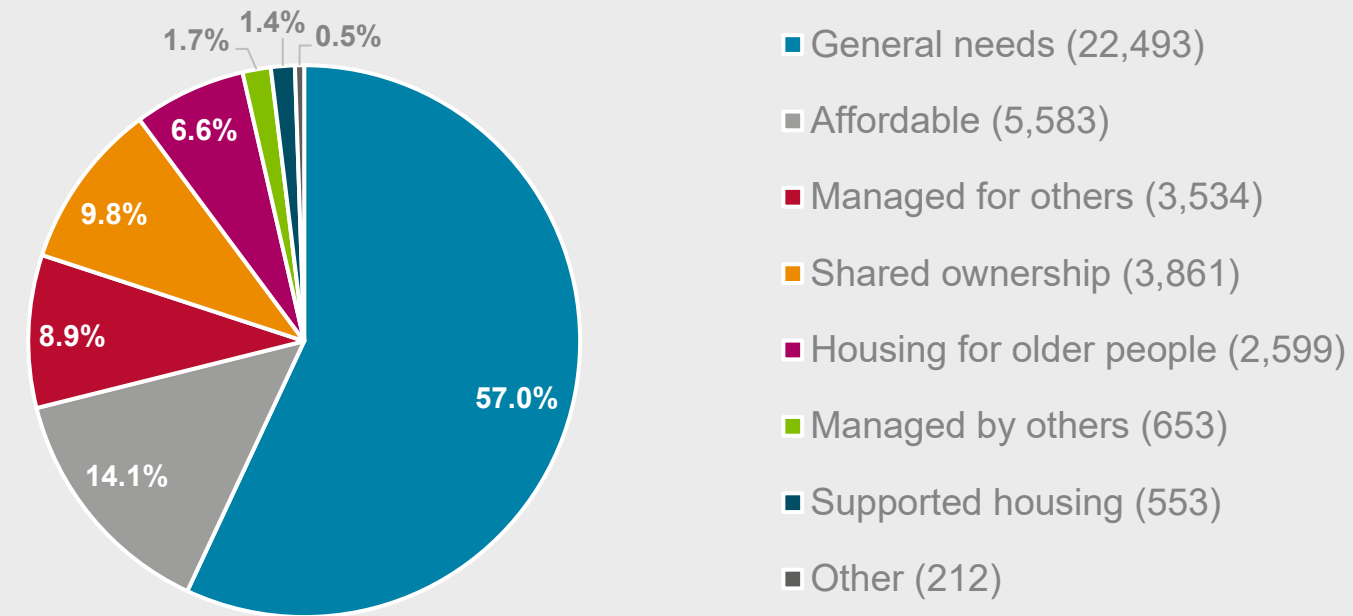
Reference: Championing a more sustainable future: Environmental, Social & Governance (ESG) Report 2023/24  
 Reference<sup>1</sup>: Impact Report 2022/23

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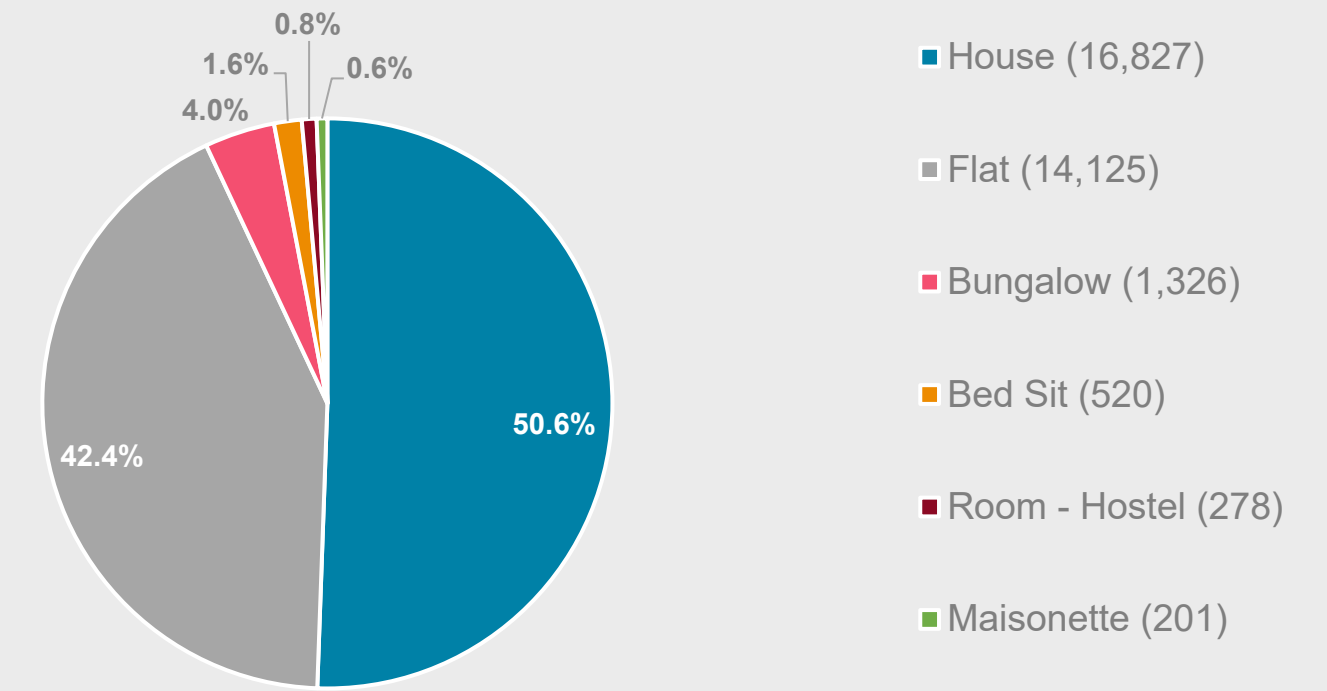
# Our Homes

# Homes Profile

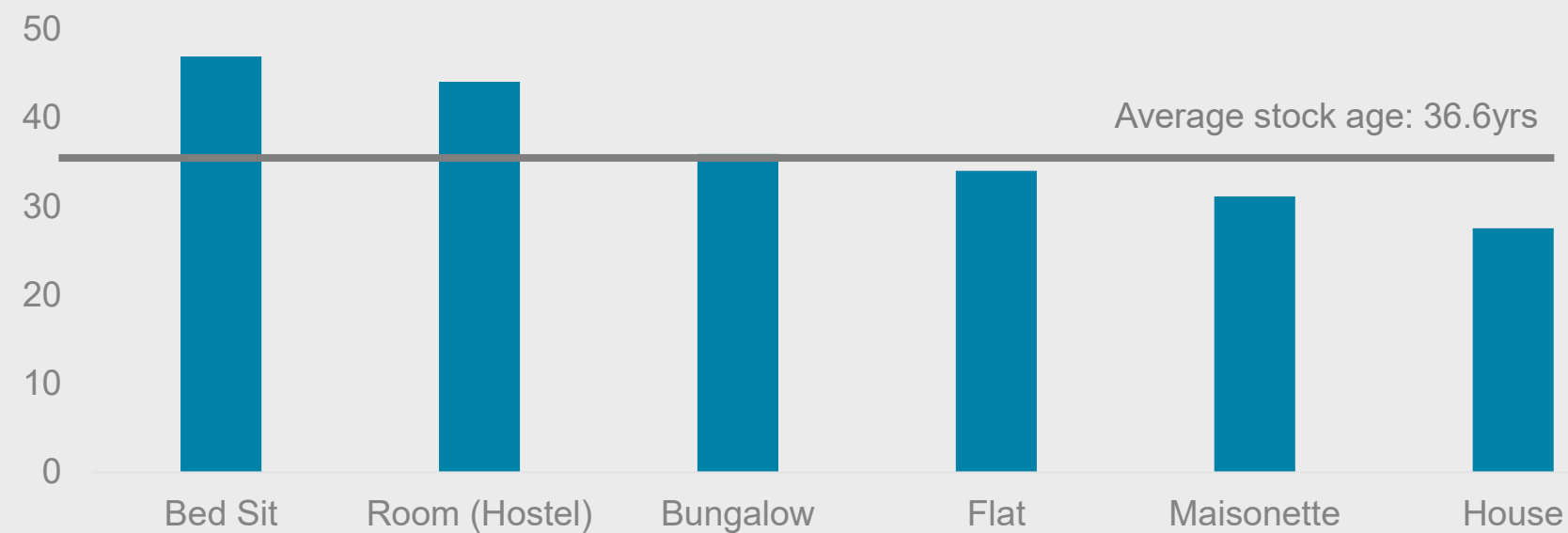
## Split of our 39,488 units<sup>1</sup>



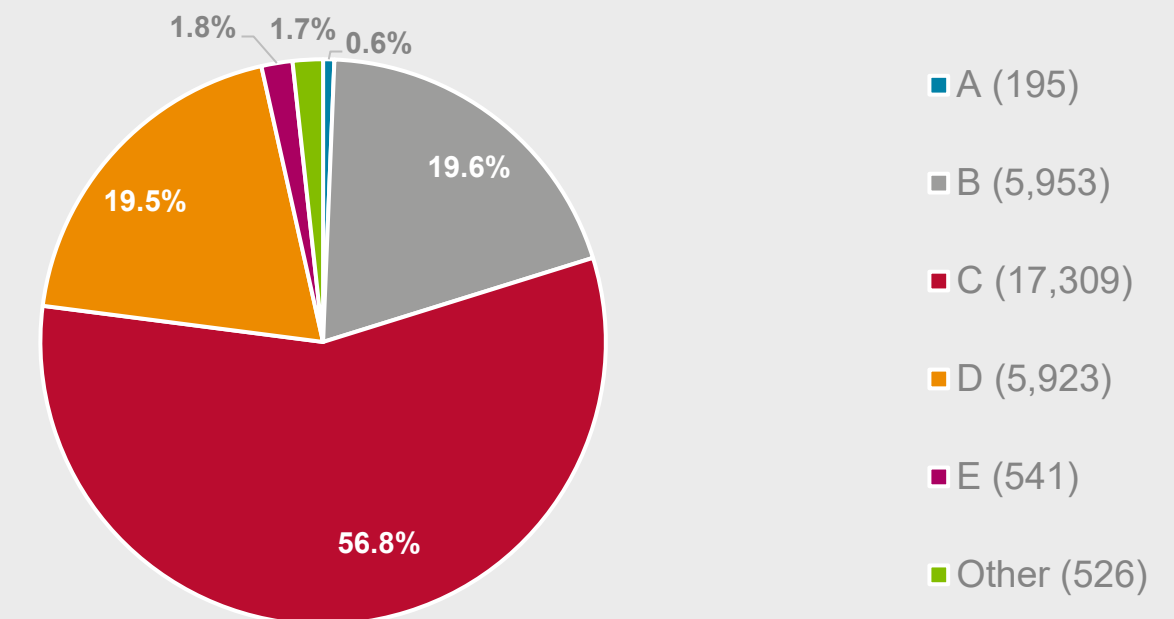
## Property Type<sup>2</sup>



## Property Age Profile<sup>2</sup>



## EPC Rating Breakdown<sup>3</sup>



Reference<sup>1</sup>: Annual Report and Accounts 2023/24  
 Reference<sup>2</sup>: Statistical Data Return 2023 (excludes privately owned houses, but includes leasehold flats)  
 Reference<sup>3</sup>: August 2024 SAP Scores

# Building Safety Update

- Stonewater is fully compliant with current legislation with no outstanding actions resulting from assessments
- We employ a qualified, dedicated team to oversee Health & Safety Compliance

## Damp and mould

- Proactive approach to damp and mould through stock condition surveys
- Humidity monitors installed to gain data insights
- Ongoing training provided to all frontline staff on damp and mould commenced 2022

## Limited exposure to high-rise buildings

- We have three blocks over 18m currently tenanted
- No ACM cladding identified
- No leased blocks with landlord responsibilities
- None in the development pipeline

## Reinforced autoclaved aerated concrete (RAAC)

- We have no RAAC within the portfolio

## Compliance statistics:

	2022/23	2023/24
<b>Up to date gas safety checks</b>	99.84%	99.82%
<b>Fire risk assessments</b>	99.3%	1 outstanding
<b>Decent Homes Standard</b>	99.8%	99.95%
<b>Asbestos management surveys</b>	99.41%	96.8%*
<b>Legionella risk assessments</b>	87.33%	99.8%
<b>Lift safety checks</b>	88.88%	91.3%*

- All homes below the Decent Homes Standard or missing a check are being actioned as priorities
- Fire Risk Assessments and other statutory risk checks have been undertaken on all eligible properties

- Fire Safety Spend – Actual and Budgeted is shown below:

2022/23	2023/24	2024/25	2025/26	2026/27
£3.6m	£4.2m	£4.8m	£5.0m	£5.3m

- Harbour Sail and Harbour Court – capital remediation spend: 2021/22 £3.0m, 2022/23 £5.1m. All works now complete we are in negotiation for sale of Harbour Sail with interested buyer





# Decarbonisation and Net Zero

## Environmental and Sustainability Strategy

### Reduce our net carbon emissions:

- Have no homes with an EPC rating below Band C (SAP 69) by 2030
- Develop a credible strategy for reducing our carbon emissions – in next financial year
- Estimated costs of EPC B by 2045 upgrade on stock included in Business Plan
- Developing a standard for net zero (operational emissions) new homes on land led developments
- Delivered non carbon heating in all land-led schemes since April 2021
- We have secured more than £9m in funding to make energy efficiency improvement works to more 800 homes across England. The funding from the Department for Energy Security and Net Zero (DESNZ)'s and SHDF Wave 2 will improve the energy efficiency and reduce running costs for customers, contributing to lowering the carbon footprint

### Distribution of EPC ratings across existing homes

EPC Band	2023/24	2022/23	Change %
A	190 (<1%)	73 (<1%)	↑ 100%
B	5,903 (20%)	3,501 (12%)	↑ 61%
C	17,174 (58%)	18,280 (64%)	↓ 10%
D	5,879 (20%)	6,518 (23%)	↓ 13%
E	500 (2%)	207 (<1%)	↑ 143%
F	169 (<1%)	54 (<1%)	↑ 200%
G	5 (<1%)	2 (<1%)	n/a
Unknown	70 (<1%)	68 (<1%)	0%

### Distribution of EPC ratings across new homes

EPC Band	2023/24	2022/23	Change %
A	178 (15%)	42 (4%)	↑ 241%
B	911 (77%)	882 (92%)	↓ 16%
C	96 (8%)	39 (4%)	↑ 103%

Average SAP of existing homes:

**73.6**



Homes EPC Band C and above:

**77.8%**

# Development Update

- In 2023/24, we built **1,185 homes** (2022/23: 963):
  - 867 affordable rent, social rent, rent to buy
  - 318 shared ownership

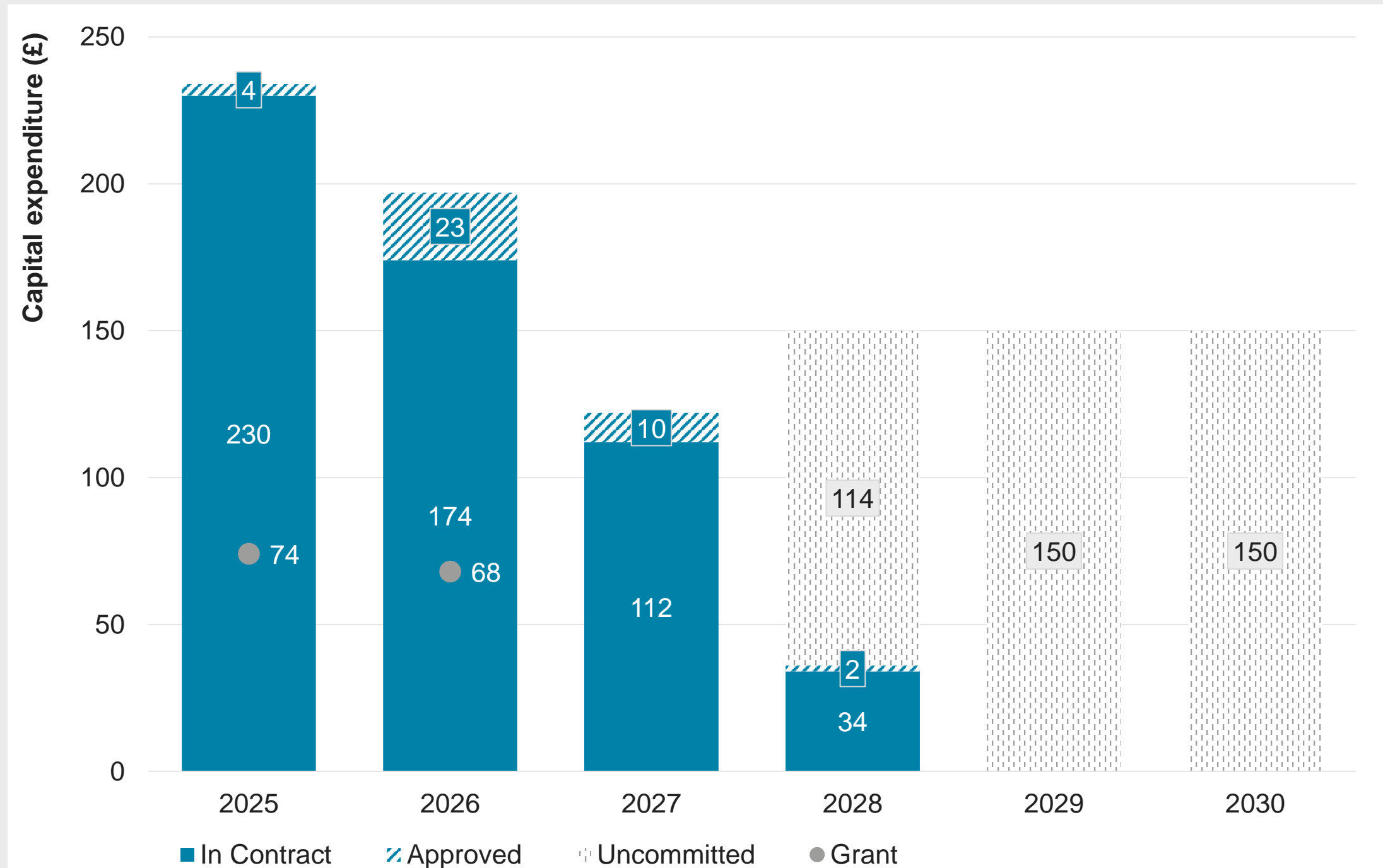
## Development ambitions moderated

- Reduction in aspirational plan from 1,500 per annum to being more linked to capital expenditure – further ability to scale back as appropriate
- From a development expenditure perspective, this has been reduced over the next three years from **~£900m to ~£570m**
- Team downsized by **10%** to reflect reduced ambition but retaining capacity and capability
- Pragmatic approach to development with focus on committed schemes with increased grant
  - Development reflects includes the remaining Strategic Partnership Programme (SPP) units, as well as the initial period of SPP2
  - Over the next 2 years £142m of grant will support the development programme.

## Development plan:

- ✓ No market sales
- ✓ 100% of development plan to 2028 is affordable tenures
- ✓ 28% of the plan to 2028 is shared ownership
- ✓ 78% of the plan to 2028 is land-led schemes

## Development profile



# Development Risk Management

## Development Risk Management

- Amended delivery numbers to reflect environment

## Projects approval process and basis

- Each new development is scrutinised using a framework of delegation, looking at demand, costs, rent levels and financial viability
- This approval process is regularly reviewed and scrutinised
- Updated targets and thresholds

## Contractor selection process

- Rigorous process undertaken
- Contractor failures have seen limited impact to delivery
- We monitor contractor risk and have exposure levels for a single contractor
- We regularly review existing schemes

## Strategic Growth Areas

- Organic Growth is underpinned by an ambition to maximise the number of social houses built, within the constraints of the current economic climate and the competing commitment to de-carbonisation
- Opportunities are a mixture between S106 and land and build schemes
- Land and build schemes are delivered as part of the Strategic Partnerships (phase 1 & 2) with Homes England and the Guinness Partnership

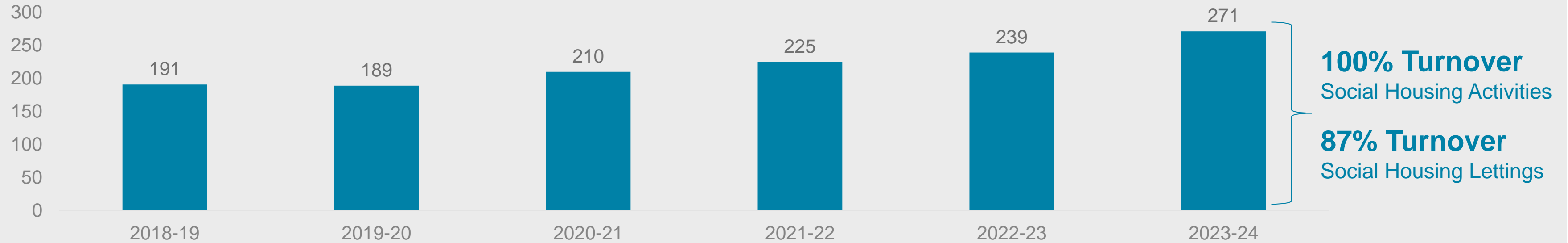


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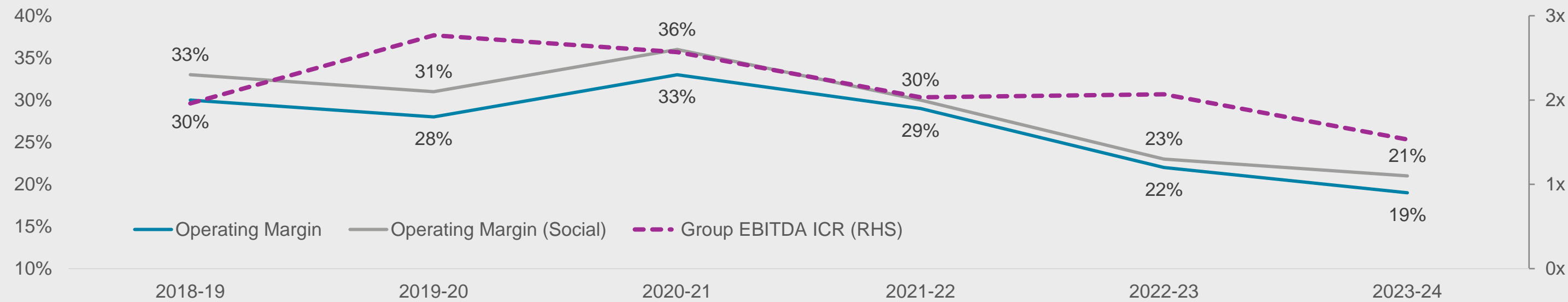
# Our Performance

# Historic Performance

## Turnover (m)



## Operating Margin (%) and EBITDA Interest cover (x)

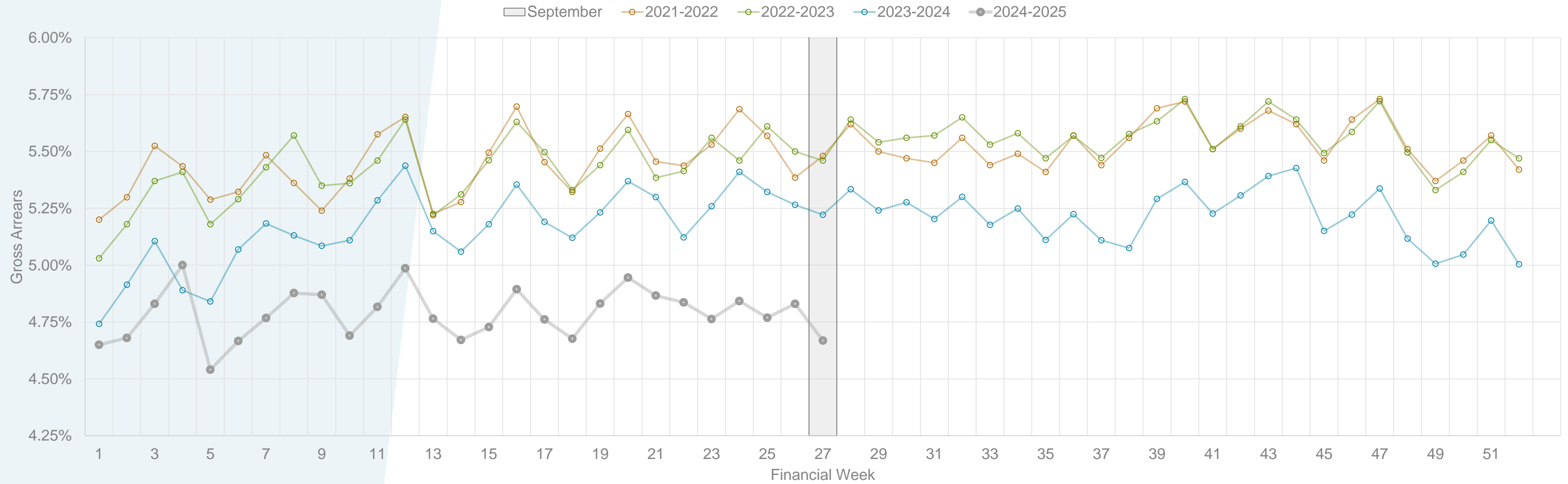


- In recent years we have seen sector-wide margin reductions due to the challenges facing Housing Associations
- We have a clear plan in place to improve the margin in future years
- All banking covenants are now EBITDA only

# Key Performance Indicators

## Arrears performance<sup>1</sup>

Gross Arrears - Year on Year Overview



**Rent Collection**  
99.5% Target

100.17%  
Sept 2024

99.32%  
Sept 2023

98.41%  
Sept 2022

**Average re-let time (all homes)**

19.2 days  
2024

19.0 days  
Target

**Tenancy Sustainment - % customers leave tenancy in first 2 years**

0.30%  
Sept 2024

0.63%  
Sept 2023

0.85%  
Sept 2022

**Void Loss**  
1.00% Target

0.9%  
Sept 2024



Reference<sup>1</sup>: Greenoak included from June 2023

# Trading Update: 30 September 2024

## Financial and Operating Performance<sup>1</sup>

	2024/25 (HY) Actuals £'000	2023/24 (HY) Actuals £'000	
Turnover from social housing lettings	133,273	115,526	
Total turnover	152,768	133,361	
Operating surplus	33,212	35,593	← Reduction in operating surplus is a combination of lower gains from asset disposal, specifically the sale of fewer staircasing units, and increased operational costs in areas such as salaries and service charges and repairs and maintenance
Overall operating margin	20.6%	24.9%	
Operating margin on first tranche sales	12.1%	15.5%	
Operating margin on asset disposals	43.5%	48.5%	
EBITDA MRI interest cover	86.6%	145.3%	
Social housing interest cover	108.4%	101.0%	
Gearing	51%	49.2%	
Cash and undrawn facilities	£344m	£445m	← Agreed a £254m funding package with five lenders, which will support our investment in new and existing affordable homes. Existing lenders Barclays, NatWest, Nationwide, and new partners, ABN AMRO, HSBC
18-month liquidity replacement	£240m	£231m	
Overall customer satisfaction	87.3%	82.5%	← Introduced a training programme for customers who are interested in learning about sustainability - personal interest or to help upskill in their job
Gross arrears	4.8%	5.3%	
Void loss	1.0%	1.3%	
New homes	437 units	378 units	
First tranche sales	162 units	135 units	
Capital investment in new homes	£89.4m	£135.5m	← 262 new homes built to EPC Band B or above, which represents 99.6% of all new homes built. 143 homes were retrofitted to C or above
Capital investment in existing homes	£8.7m	£11.5m	

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Treasury



# Treasury Portfolio

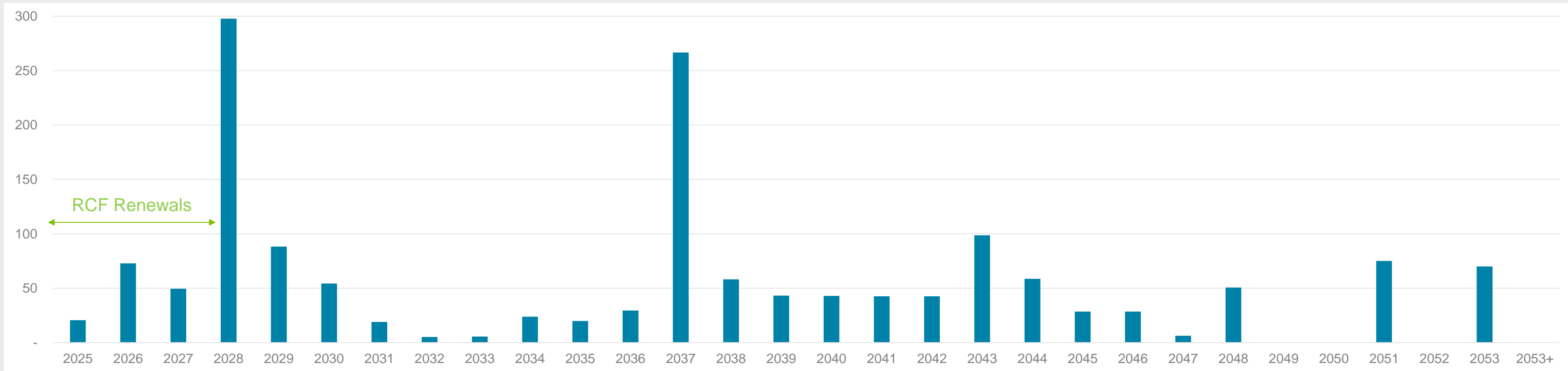
## Key Highlights from 2023/24

- Maintained robust liquidity position bolstered by securing £254m of competitively priced and flexible revolving credit facilities from new and existing funders
- Transitioned full banking portfolio to EBITDA only interest cover covenants
- Strategic refinancing of four banking relationships to ensure supportive funder relationships and provide certainty over funding costs into the future
- Four loans have ESG KPIs embedded in the agreements to gain a margin reduction if KPIs are met
- Completion of a swap novation of a £56m swap portfolio and execution of further embedded fixed rate hedging

**Weighted Average Cost of Debt: 4.48%<sup>2</sup>**

**Weighted Average Life: 12.3 years<sup>2</sup>**

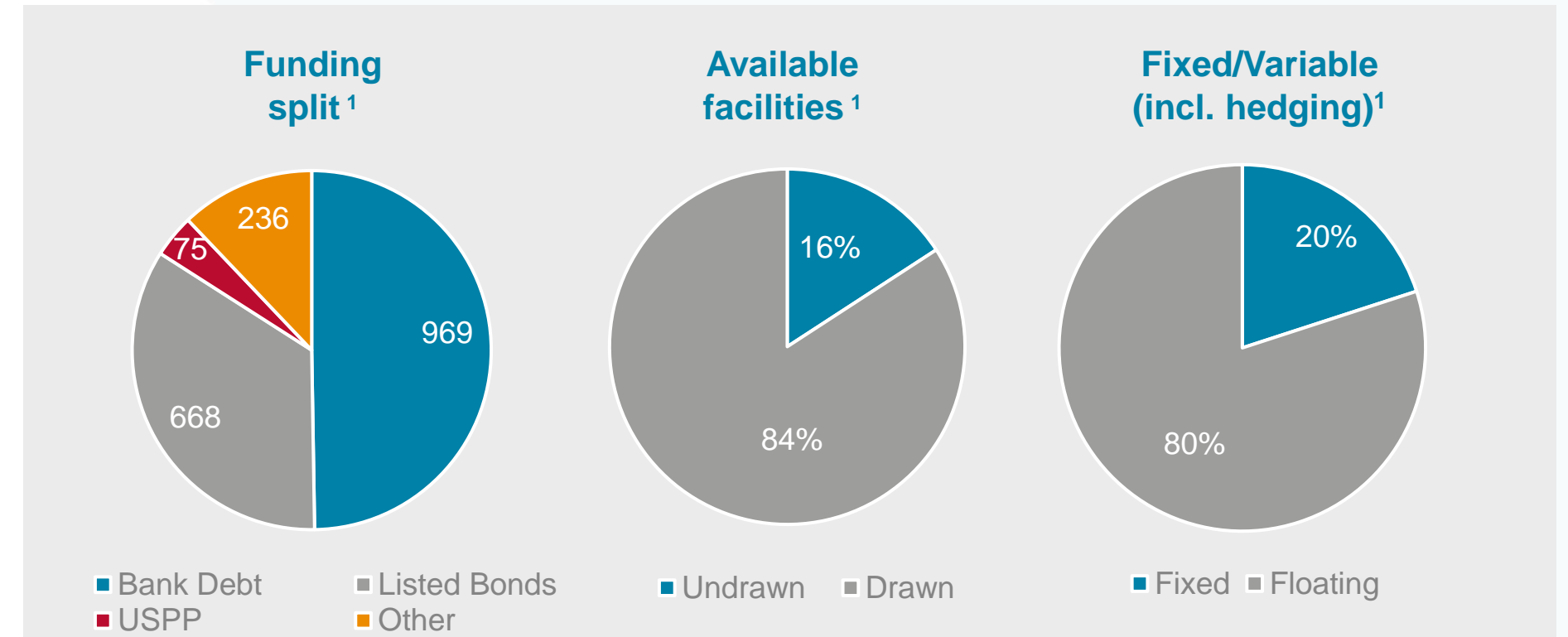
## Balanced maturity profile



Reference: Internal Treasury Management System as of March 2024  
 Reference<sup>2</sup>: Internal Treasury Management System as of September 2024

# Our Strong Liquidity Position

- We have very strong levels of liquidity in place through undrawn committed facilities and cash balances
- Cash management strategy and policy ensures security of liquidity for the group
- Our policy maintains:
  - A **minimum level of cash and undrawn committed facilities** to cover committed development plans net of grant and contracted sales for a minimum **of 18 months**, with additionally, sufficient unencumbered assets for the full contracted development cash flows
  - Liquidity and highly certain cashflow to cover a **minimum of 1.25x of 12 months** debt service and capital expenditure
- We ensure there are sufficient safe counterparties for surplus cash, with exposure limits based on short-term credit rating
  - Bank deposits are short-term or instant access
  - Use of money market funds



## Liquidity position

Measure (£m)	Mar-23	Mar-24
<b>Total Loan Facilities (drawn and undrawn)</b>	1,861.0	1,965.2
<b>Undrawn Committed Facilities</b>	476.9	353.1
<b>Cash Balances</b>	53.4	49.7
<b>Restricted Cash</b>	7.2	6.7
<b>Cash and Committed Facilities exceeding Group's contracted obligations</b>	237	193
<b>Derivative Exposure</b>	12.0	7.6

Reference<sup>1</sup>: Internal Treasury Management System as of September 2024

# Current and Future Funding Requirements

## Business plan is fully funded to March 2028

- Our liquidity policy will ensure we have funding in place at least 18 months before (October 2026)
- Stonewater has significant access to bank and both private and public debt capital markets in own name, aggregated and government guaranteed form:

**£1bn EMTN Programme**  
Current and readily accessible

**£72m retained bonds**  
2045s

**USPP market**  
Proven access

**Bank funders**  
Supportive and diverse group

- Further potential access to government supported funding – e.g. AHGS and National Wealth Fund

## Secured Bonds and Notes

Sustainability bond	Bond	Bond
1.625% due Sep-2036	5.034% due Sep-2042	3.375% due Nov-2045
EMTN	Stand-alone	Stand-alone
£250m outstanding	£125m outstanding	£178m outstanding
£0 retained	£0 retained	£72m retained

# Security Overview

	Value (m)	Units
Properties Charged for Current Facilities	£1,332	16,331
Properties Charged for Bond Issuances	£1,188	12,120
Unencumbered Properties <sup>1</sup>	£298	3,426
<b>Total Security</b>	<b>£2,818</b>	<b>31,874</b>

- Unencumbered properties are in the process of getting ready for charging

	Units
<b>Total Security</b>	<b>31,874</b>
Potentially Chargeable Assets	2,906
Greenoak	322
Mount Green	662
Managed for Others (unable to charge)	3,724
<b>Total Owned and Managed Accommodation</b>	<b>39,488</b>

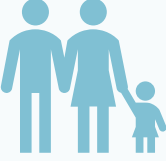







Celebrating the opening of a new development of 60 affordable homes in Fairford, Gloucestershire



The Harding family in their new home in Wincanton, Somerset

# Key Highlights

Our Business			Our Highlights		
c. 40,000 Homes	c. 93,000 Customers	132 Local Authorities	Focus on affordable tenures 	100% of new homes delivered in 2024 were affordable	
G1 / V1 Regulatory Rating (Nov 24)	A- (S&P) Credit Rating	Gold SHIFT 2023/24	Sustainability 	SHIFT <b>Gold rating</b> and ESG Report Published	
Our Performance			Proactive business planning 	Robust liquidity over <b>£300m</b> of available facilities as at Sep-24	
£271.2m Group Turnover	19% Operating Margin <sup>1</sup>	77.8% Homes EPC C or above	High quality stock 	Average age of <b>37 years</b> and only 3 buildings 7 storeys or higher	
£60.6m Operating Surplus	87% Revenues: SH Lettings	209 Homes retrofitted to EPC C	Rebased development ambitions 	Focus on <b>committed schemes</b> with increased grant	
1,185 New homes built	53% Gearing (VfM)	£36.9m Social value created	Customer centred services 	Key pillar of 2022-2030 strategy with <b>83.4%</b> overall customer satisfaction (Mar-24)	
£2.9bn <sup>2</sup> Housing Properties	0.79x EBITDA MRI ICR (VfM)	84,704 tCO <sub>2</sub> e Scope 1,2 & 3 emissions			

Reference<sup>1</sup>: Excluding surplus on disposal of fixed assets  
Reference<sup>2</sup>: Housing properties less depreciation

Thank you