

October 2021

Orbit

Investors
Presentation



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Overview

Credit highlights

- ✔ **Over 45,500 homes and established in 1967**, with wide geographic spread. Orbit is recognised as one of the UK's largest social housing providers.
- ✔ **Financially robust association** – strong and consistent operating margin – strong liquidity position and interest coverage metrics, backed by a sizeable pool of unencumbered assets.
- ✔ **Strong core social housing business** – customer satisfaction 4.2 (out of 5), large proportion of margin from social lettings.
- ✔ **Sustainability is embedded in Orbit's strategy** to lead in building thriving communities. £6m in 2021 was invested directly into the community including carbon reduction measures in place.
- ✔ **History of successful affordable new homes programme** with resilient internal controls supported by a sound risk management and compliance framework. Agile development programme with diverse markets and geographies. Strategic Partnership with Homes England £129m (2018) and £104m (2021).
- ✔ **Experienced Boards and Leadership team** with a mix of strong commercial and sector skills.
- ✔ **Strong governance** – solid framework that includes substantial scenario testing.

Robust board oversight

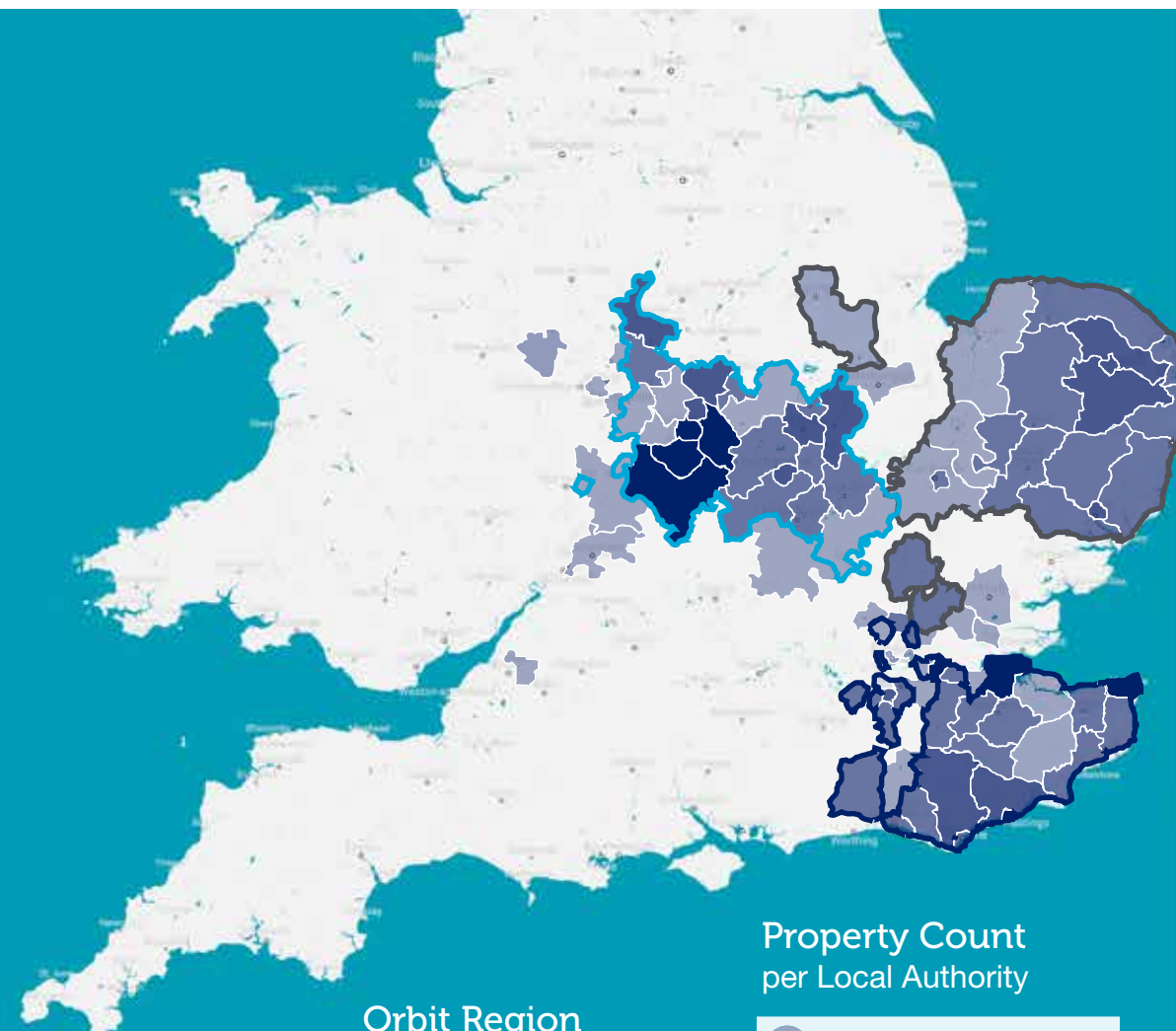
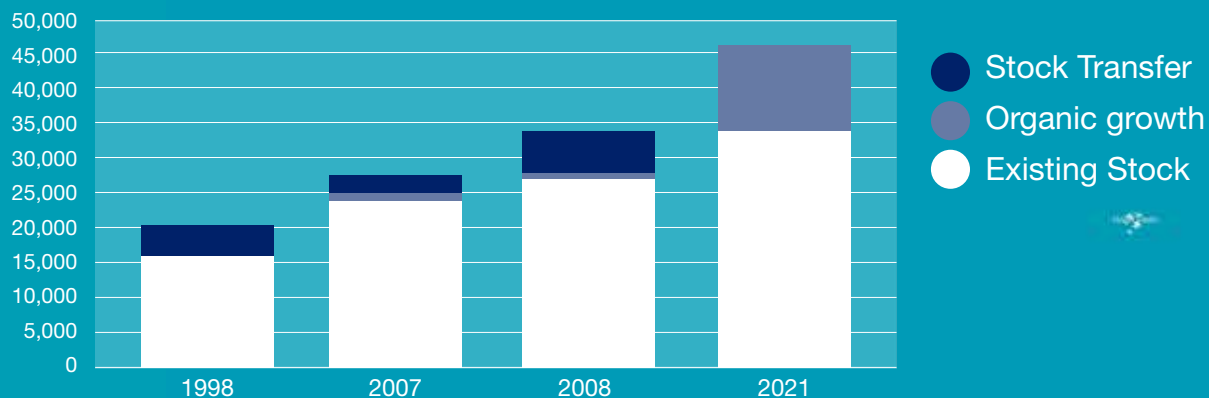
Strong social housing operating profit

Proven track record

History & background

- 1967** Established in 1967
- 1998** 4,500 properties transferred from the London Borough of Bexley
- 2007** Merger with Thanet Community Housing Association, bringing in 2,500 properties Merger to create Orbit South Housing Association
- 2008** Orbit joins South Warwickshire Housing Association, bringing in 5,900 properties Merger to create Orbit Heart of England
- 2013** 2020 Orbit vision launched that delivered 11,591 new homes
- 2020** Over 45,500 managed and owned units
- 2021** Orbit 25 Launched

Stock Growth



Orbit Region based on Physical Area Offices

- East
- Midlands
- South

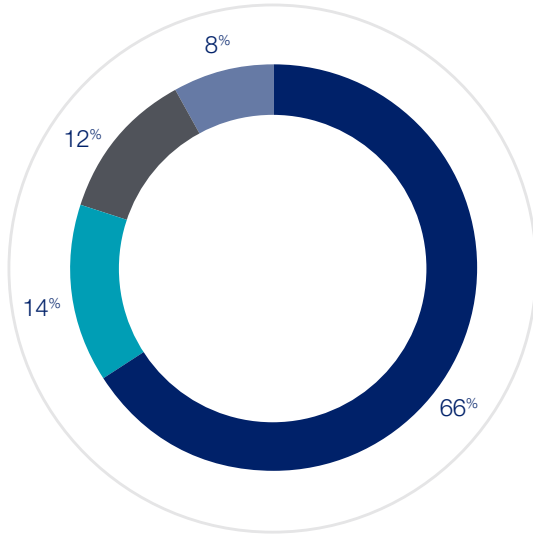
Property Count per Local Authority

- 99 or less
- 100 - 499
- 500 - 999
- 1,000 or more

We operate in 3 regions outside of London: Midlands, East Anglia and South East

Stock profile as 31 March 2021

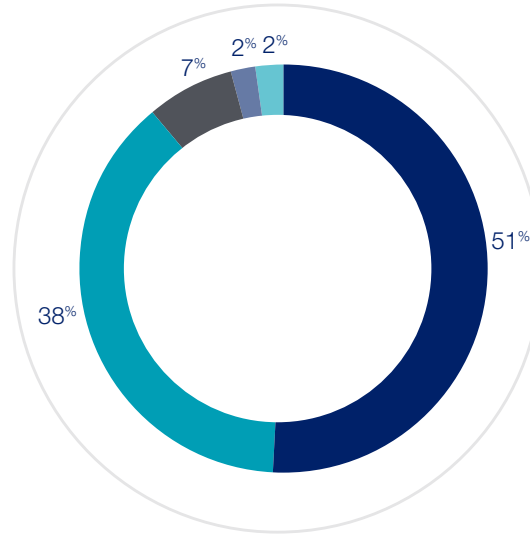
Units by number



- **30,097** General Needs
- **6,310** Leasehold and Other
- **5,482** Shared Ownership
- **3,648** Supported Housing
- **165** Intermediate Rent

Core business is general needs and shared ownership

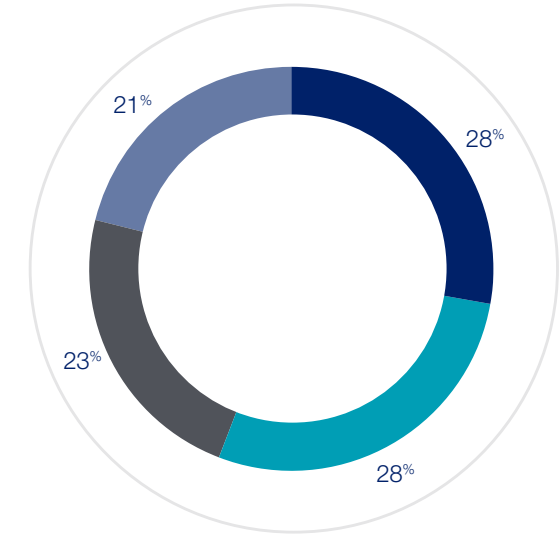
Stock by type



- **23,357** House
- **17,516** Flats
- **2,957** Bungalow
- **957** Maisonette
- **915** Bedsit

95% of portfolio is houses, low rise flats and bungalows

Rental income



- **28%** Housing Benefit
- **28%** Direct Debit
- **23%** Other (Standing orders, cheques etc)
- **21%** Swipe Card

Low reliance on housing benefit, high proportion of rent paid by direct debit

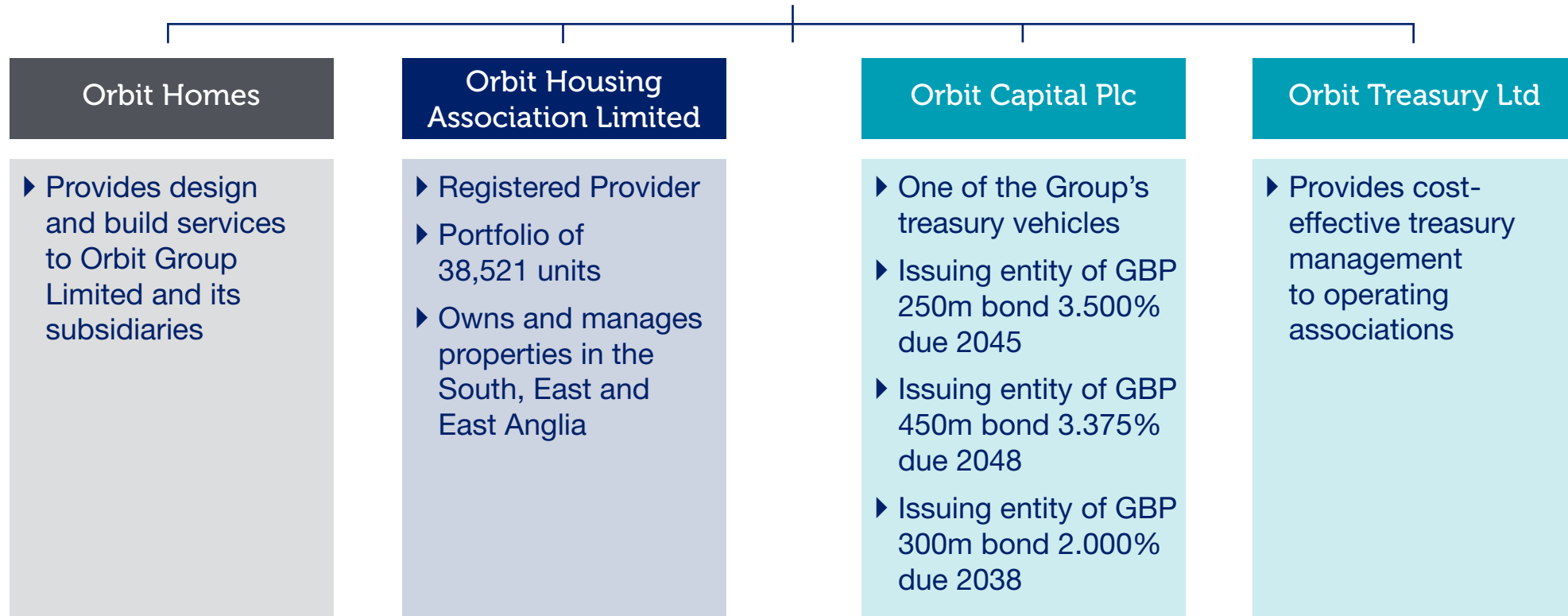


**Structure &
Governance**

Group structure

Orbit Group Ltd

- ▶ The Parent company of the Orbit Group
- ▶ Registered Provider
- ▶ Portfolio of 7,181 units, the majority of which are shared ownership



Effective, closely controlled group

Group board

**The Rt Hon.
Baroness Blackstone**

Group Chair
Chair, Governance
& Remuneration Committee



- Former Minister for Education and Minister for the Arts
- Previously Master of Birkbeck College (University College London) and Vice Chancellor of the University of Greenwich
- Formerly on the governing bodies of numerous organisations including Great Ormond Street Hospital
- Chair, Asthma and British Lung Foundation, Life Peer, House of Lords (member of the Economic Affairs Committee and the Finance Bill Sub-Committee), Chair, Bar Standards Board

Helen Gillett



- Previously Managing Director on the board of Affinity for Business Ltd, an award-winning clean and waste water retailer based in the South-East of England
- Wide-ranging experience in operational and strategic leadership, gained over a 20 year career in IT and Telecoms
- Previously Director of customer service at BT Business, she has worked in both the retail B2B and wholesale sectors and is highly experienced in working in regulated environments

Mark Hoyland
Group Chief Executive



- Extensive senior leadership experience from strategic, commercial and operational roles within the housing, property management and construction sectors
- Previous roles include Managing Director of Balfour Beatty Engineering services and Chief Executive of City West Homes, with a portfolio of 22,000 homes in Westminster

Stephen Howlett
Chair, Customer and
Communities Board



- Extensive experience in housing at senior level including 13 years as Chief Executive of the Peabody Trust. Also previous experience as board member of a number of housing associations
- Chair of the Board, University of Greenwich, Honorary Fellow of the Royal Institute of British Architects

Massy Larizadeh



- Has 30 years' experience within the financial services sector, 17 of which were within commercial real estate, working for companies such as GE Real Estate, Cushman & Wakefield Investors, and Deloitte.
- Is also a non-executive director of London & Partners, the international trade, investment and promotion agency for London, where she Chairs the Remuneration Committee and is a member of the Audit & Finance Committee. She is also a Trustee of One Trust Charity, which provides services to adults with multiple and acute learning difficulties.

Stephen Smith
Chair, Audit and Risk
Assurance Committee



- Has a 25-year track record of operating at Board level as executive, non-executive and adviser across major UK and international public, private and charitable organisations.
- He spent five years as a member of the National Audit Office's Board and as Executive Director with joint responsibility for Financial Audit. Previously he held numerous Partner and leadership roles within KPMG UK and Europe, including leading KPMG's European M&A Transaction Services business and co-ordinating the Firm's response to the banking crisis.
- Has held non-executive roles at Combat Stress, one of the UK's leading veterans' mental health charities, and the Government Legal Department.

Stephen Stone



- Previously Non-Executive Chair of Crest Nicholson, a FTSE 250 company delivering around 3,000 homes and other mixed use developments per year. Previously Chief Executive of the company for 13 years.
- Non-Executive Director of the House Builders Federation and the NHBC. Member of the Construction Leadership Council and the Hackitt Review Panel.

David Weaver
Chair, Orbit Capital plc
and Orbit Capital Limited



- Over 34 years of experience in the financial services sector, most recently as CEO and Chairman of the Board at Jefferies International investment bank in London
- Current board member of Blenheim Chalcot, an investment firm in the digital economy
- Currently a senior advisor to Strategic Value Partners, an investment firm

Established board with spread of skills and experience

Leadership

Mark Hoyland
Group Chief Executive,
Group Board Member



- Extensive senior leadership experience from strategic, commercial and operational roles within the housing, property management and construction sectors
- Previous roles include Managing Director of Balfour Beatty Engineering services and Chief Executive of City West Homes, with a portfolio of 22,000 homes in Westminster

Jonathan Wallbank
Group Finance Director



- Wealth of experience and expertise, including merger implementation, regulatory frameworks, adoption of new accounting standards, robust financial management and management of risk
- Previous roles include heading up the European treasury function for the US retailer GAP Inc and, in addition, he was responsible for cash management of GAP's Hong Kong and Taiwan businesses.
- Chartered certified accountant (FCCA)

Helen Moore
Managing Director,
Orbit Homes



- Responsibility for all operational delivery relating to our new homes business across the three regions, including commercial, private rental sector and sales activities
- Wealth of experience in the residential development sector from her previous senior roles at City and Country Group, Crest Nicholson and Countryside

Paul Richards
Group Director of
Customer and Communities



- Responsibility primarily for Orbit's maintenance and core landlord operations
- Significant experience in the housing and property sector, most recently as Director of Customer Service for FirstPort Property Management (formerly Peverel)

Helen Nicholson-Rhodes
Group Director of People
and Strategy



- Responsibility for teams of professionals in Human Resources, People Development, Reward, Payroll, Communications and Brand
- Wealth of experience in leading major transformation and change management programmes
- Is a Fellow of the Chartered Institute of Personnel Development (FCIPD) and holds an M.Sc. in Human Resource Development

Afzal Ismail
Group Director of
Corporate services

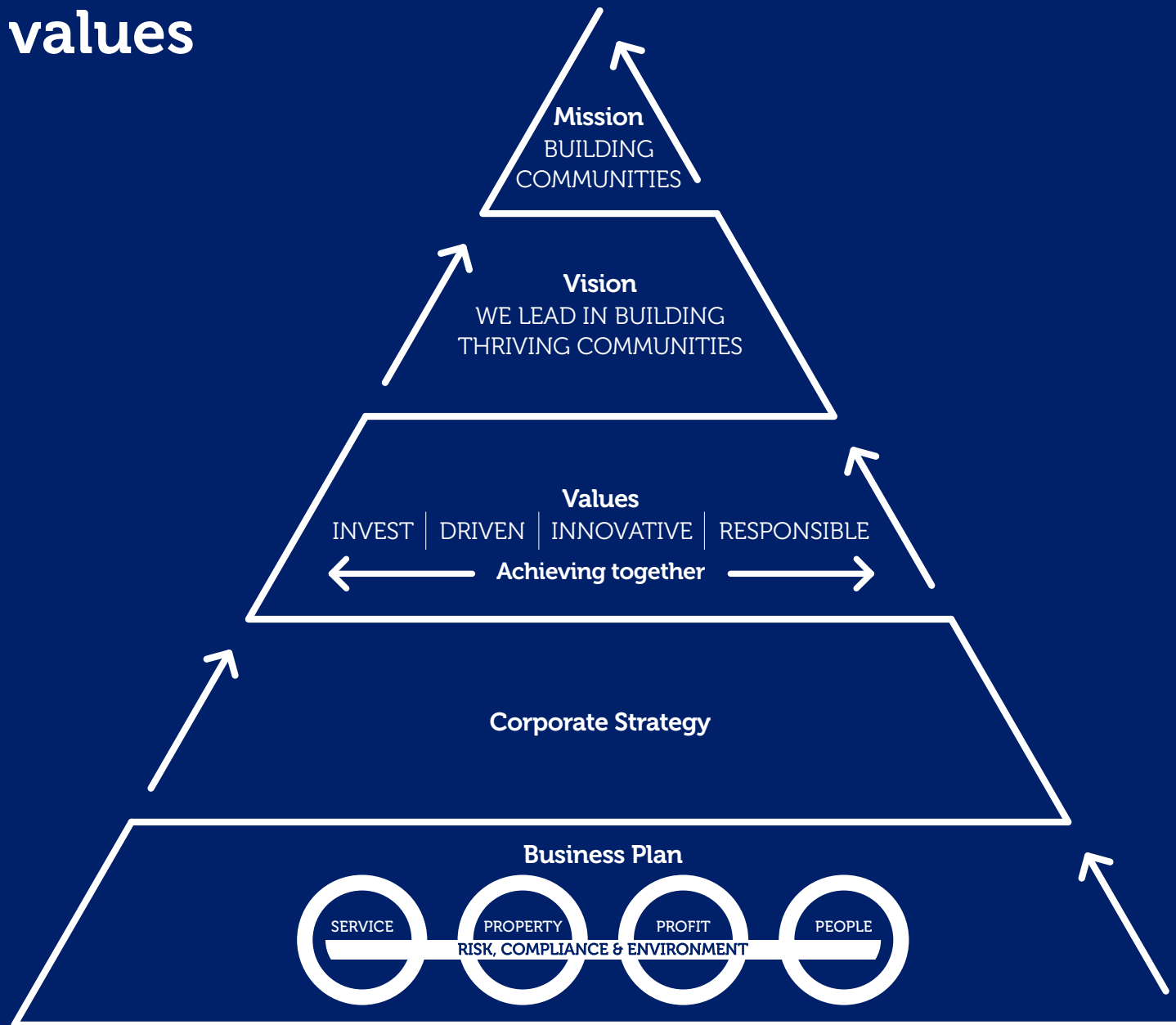


- Responsibility for working to monitoring, driving and delivering professional corporate support services to all parts of Orbit
- Chartered certified accountant (FCCA)
- 20 years with Orbit

Strong executive team with balance of sector and commercial experience

Strategy

Our vision & values



Clear focus on
business goals

Our Orbit 2025 Strategy



Customer Experience

- Informed and engaged residents
- Easy to contact across all channels
- Responding to a changing society
- Affordability through reshaping our stock portfolio

Quality, affordable homes

- Investment in existing homes and estates (£0.4bn over the next 5 years)
- 6,500 new homes, 80% affordable
- Land-led development
- Embracing modern methods of construction techniques

Profit for a purpose

- Invest more in homes, services and communities
- Financial resilience
- Profitable, sustainable growth
- Capitalise on investment in IT infrastructure

Great place to work

- Leading employment experience
- Personal growth, development and well being
- Inclusive and multigenerational employer
- Social and environmental responsibility

Quality & Safety

- High standards

Risk

- Robust governance framework

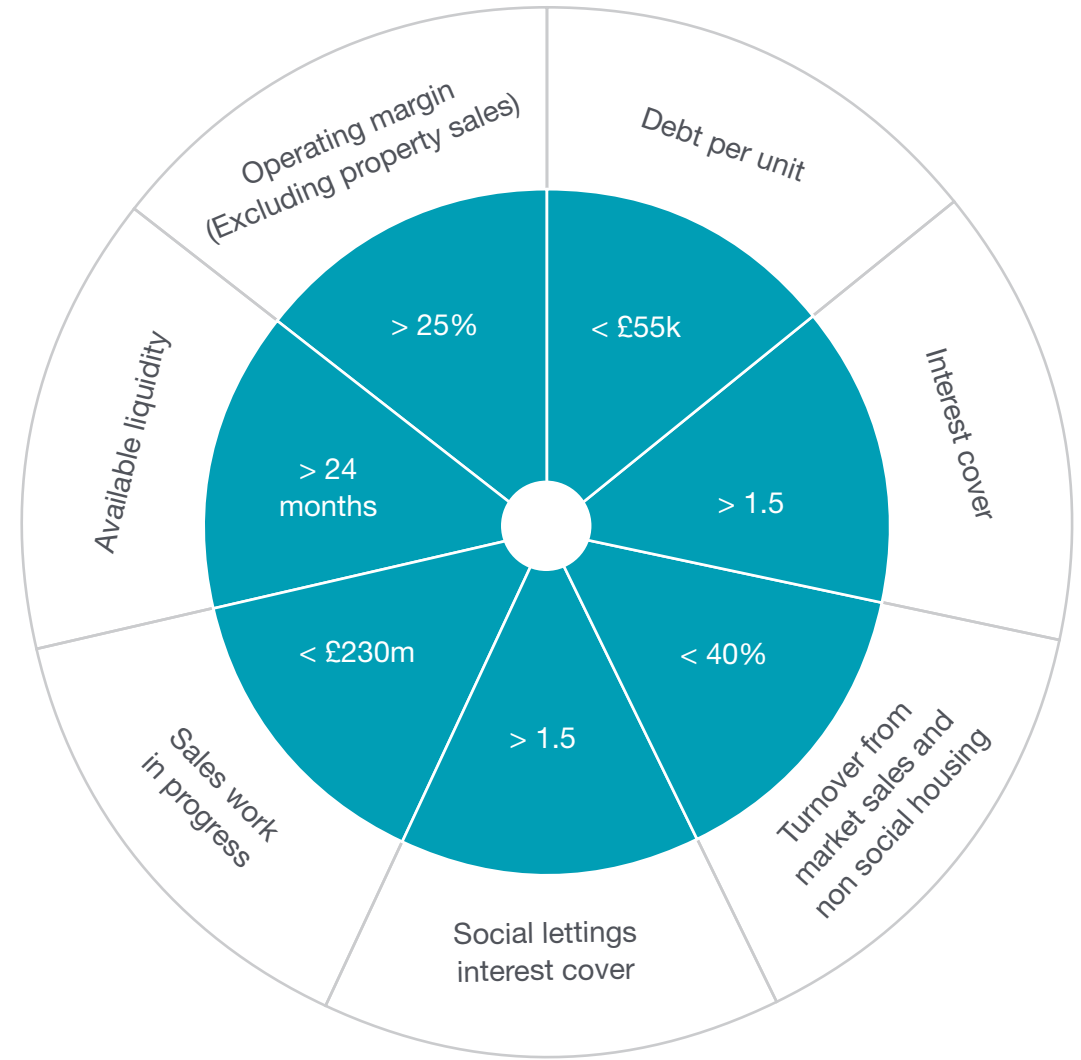
Environmental

- Carbon reduction

Risk strategy



Clearly defined risk appetite



Embedded framework to manage risk with clear mitigation strategies

● Base plan limit

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**New homes
delivery
programme**

New homes delivery programme

- One of the UK's prominent providers of new affordable housing with a strong presence in its chosen markets
 - ▶ **7,410 properties delivered over the past 5 years**
- Orbit has secured a further £104m grant through the government's latest Affordable Homes Programme (2021-2026). The grant will provide funding for an additional 1,500 much-needed new affordable homes and builds upon Orbit's successful Strategic Partnership with Homes England, which was announced in November 2018.

This brings the total number of homes to be delivered under the partnership to over 4,000

- Rescaled development plan
 - ▶ **6,500 units targeted over the next 5 years**
 - ▶ **80% affordable tenures** to be delivered
- Level of grant funding increased from 59% (last 5 years) to **66% (next 5 years)**

Development Strategy

S106

- ▶ Development cost risk borne by builder
- ▶ Capitalises on local relationships

Land-led

- ▶ Flexibility to respond to markets
 - ▶ Control over timing of delivery
 - ▶ Control over cashflows
 - ▶ Control over tenure
- ▶ Management of WIP through options
- ▶ Competitive advantage
 - ▶ Standard housetypes
 - ▶ Capitalises on local relationships

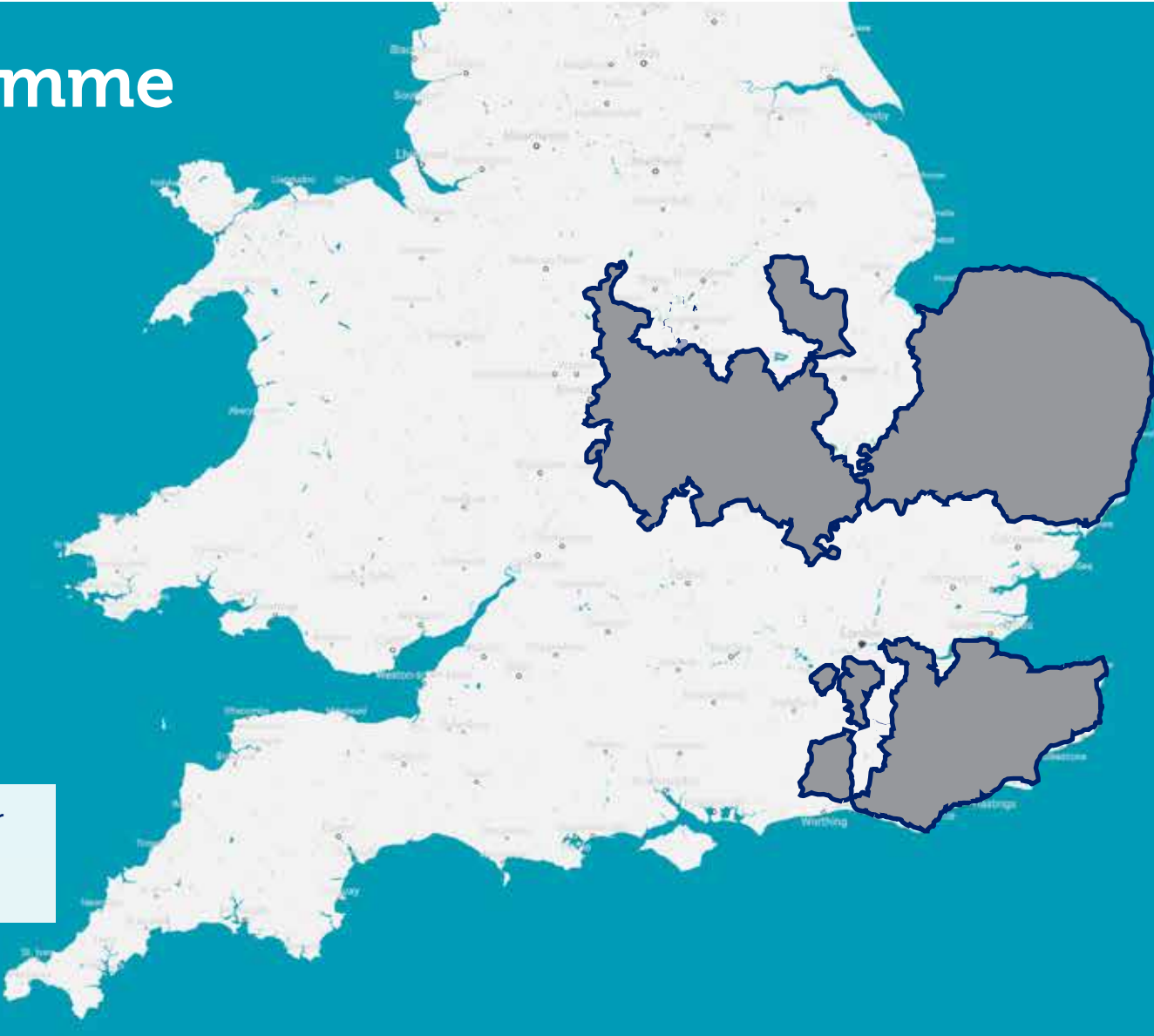
Partnership

- ▶ Working with Homes England and Local Authorities
- ▶ Risk sharing
- ▶ Cost sharing
- ▶ Land availability
- ▶ Leverage of expertise
- ▶ Leverage of others local relationships

Risk based agile new homes programme maximising social housing

New homes delivery programme - target markets

- New homes delivery programme targets our core areas
- Programme not London focused



— Core areas for new homes programme

Agile development programme with diverse markets and geographies

Development risk management

▶ Helen Moore – Group Director of Orbit Homes, heads up an experienced team with a track record of success

- ▶ Costs controlled to within 1% of budget
- ▶ Regional delivery model with clear accountability and ownership

▶ Four levels of appraisal review

- ▶ Homes - Senior Management Team (SMT)
- ▶ Capital Investment Group - Executive Team (ET)
- ▶ Development Committee
- ▶ Group Board

▶ Rigorous appraisal process and criteria

- ▶ Demand studies on market sale
- ▶ Customer and Communities sign off on affordable
- ▶ Expert advice on ground conditions
- ▶ Strict IRR for affordable homes with hurdle rates
- ▶ ROCE and margin for non-social homes

▶ Performance monitoring

- ▶ Weekly - Homes SMT - sales/reservations/visitor levels by site
- ▶ Monthly - Homes SMT - costs to date and costs to complete by site
- ▶ Monthly - ET - sales, stock and WIP
- ▶ Monthly - Property Investment business review
- ▶ Enhanced Reporting - Early Warning Indicators - Triggers for action

Disciplined financial and governance accountability



Strategic asset management

Better quality homes delivers lower costs to Orbit and our customers

Over the next 10 years there is an aim to invest £984m in assets to reduce future energy and repair costs

Now in the 4th year of 5 year target to generate £150m+ from disposal of under-performing and high latent value properties (circa 1,100).
Currently on target

NPV of £36k currently on target.
This is a 30% increase over three years

Actively assessing property portfolio to increase property density in our core areas

Investment

Rationalisation

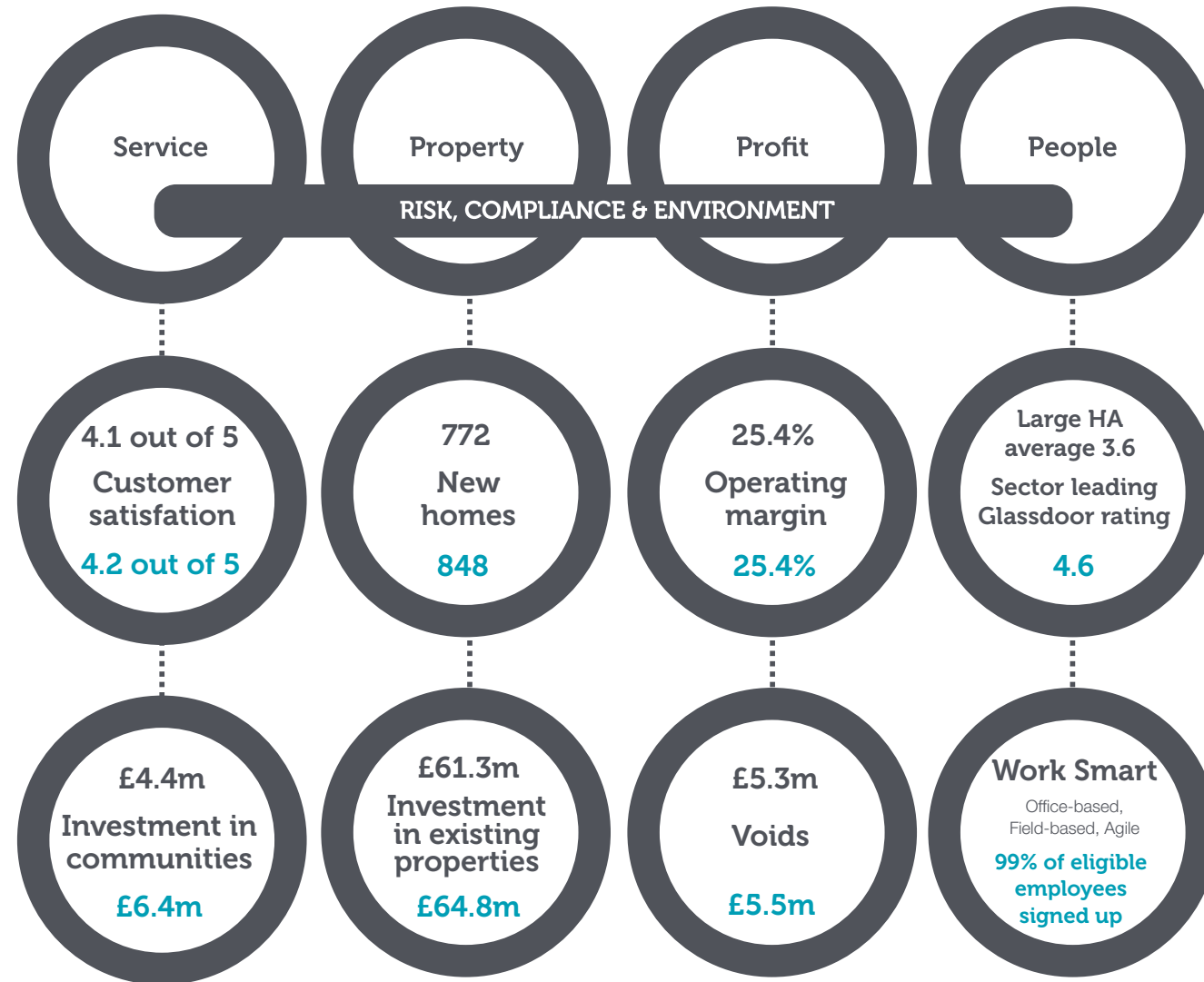
Realisation



A photograph of three people sitting around a table in a meeting room, overlaid with a dark blue circular graphic containing the text 'Operational Performance'. The background is dimly lit and shows office shelves and a whiteboard.

Operational Performance

Our delivery 2020-21



● Target Value ● Actual Value

Balanced delivery plan, with focus on both financials and people

Strategy for sustaining customers and tenancies

- ▶ Risk based tenancy audits where all high-rise flats are visited every 12 months and new tenants are visited within the first three months
- ▶ Community Safety and Anti Fraud team
- ▶ Fixed term tenancy reviews with more flexible tenancies
- ▶ Clear focus on hate crime and safeguarding our customers
- ▶ Task based team focussing on tenancy breaches
- ▶ Coaching model
- ▶ A series of tenancy training courses (budget management, being a good neighbour, life skills)
- ▶ In depth pre tenancy work and tailored services (Digital first)
- ▶ A model that focusses on arrears prevention
- ▶ Help into work, wellbeing support and life skills developed
- ▶ Development of a rewards scheme for customers
- ▶ Customer Hub

Measures of success

- ▶ A reduction in customers leaving Orbit in the first 12 months of tenancy and improved customer satisfaction - 4.2 out of 5.
- ▶ Maintaining the reduction in the number of new customers falling into arrears and remaining in arrears
- ▶ Reduced annual costs to LAs and associated advert costs (currently £220k+)
- ▶ Regular programme of tenancy audits
- ▶ Very low level of bad debts which is also a measure of success for our strategy for sustaining customers and tenancies

Increased tenancy sustainability under new model



Welfare reform changes

Universal Credit – current volumes and arrears position

- ▶ Currently approximately 9,800 customers are claiming Universal Credit
- ▶ DWP have advised that the new date for anticipated completion of Moving to Universal Credit is now September 2024
- ▶ It is prudent to assume that by the time 'Move to Universal Credit' is actually rolled out most of our customer base will have transitioned over to UC anyway due to a potential change of circumstance within the next year
- ▶ Rent arrears down to 2.6% at March 2021 from 2.9% at March 2020



Rent arrears down from 2.9% to 2.6% for the year to 31st March 2021



Compliance and risk

100% Compliance across the key areas of:



Fire Safety

- ▶ None of our high rise tower blocks have ACM cladding that was present at Grenfell Tower
- ▶ Only national housing provider to achieve BS 9997 accreditation, which is recognised as the UK's highest fire safety management standard. This standard was introduced in 2019 as a response to the Grenfell tragedy
- ▶ All meet fire safety standards and are independently verified
- ▶ Partnership with the West Midlands Fire Service
- ▶ For the 3rd consecutive year, received ROSPA gold awards for Group Health and Safety and Customer Safety
- ▶ Jayne Lombardi, Orbit's head of health, safety and insurance has also received a Highly Commended personal award for Inspirational Influencer. Jayne Lombardi was also recognised as Health and Safety Influencer of the year in 2019 and Neil Yeomans, our Head of Customer Safety, was awarded as Health and safety Influencer of the year in 2020
- ▶ Launch of industry-first fire safety app



ESG



ESG strategy launched



Our Customers and Communities

We support our customers and communities to thrive

We will improve the communities where we work by building safe and sustainable living environments and places that contribute to our customers' happiness, health and wellbeing.



Our People

We enable our colleagues to maximise their potential

We will create an engaged, safe, skilled and motivated workplace.



Our Partners

We create partnerships for good

We will create partnerships for good, working with our supply chain and supporting social enterprises that live our values.



Our Environment

We have a responsibility to protect our planet

We will adapt to the changing climate, whilst actively enhancing our environment, creating and improving places and spaces for communities to thrive.

Orbit Earth



Our commitments:



Climate action to become net zero carbon



Enhancement of outdoor spaces to improve the quality of natural resources including biodiversity, land, water and air

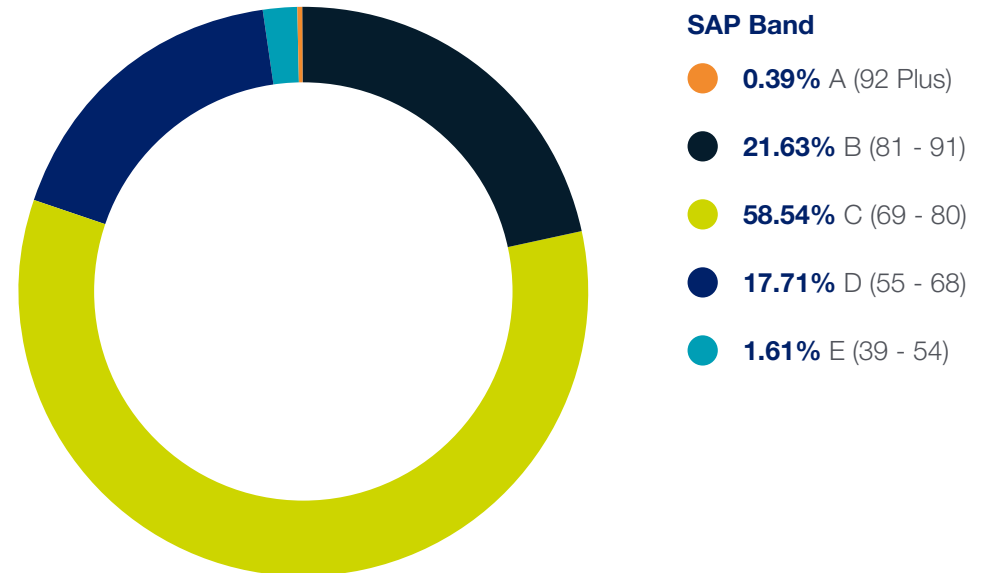


Sustainable consumption to manage resources, materials and products responsibly

Highlights:

- ▶ 21% reduction in carbon footprint since 2018/19 base line
- ▶ Over 80% of stock EPC C and above
- ▶ Renewable electricity office programme
- ▶ Sector-first partnership with the Wildlife Trusts to enhance the biodiversity of our estates
- ▶ Electrification of fleet and estates equipment
- ▶ EV charging programme for offices and for customers
- ▶ Construction waste reduction and lower environmental impact
- ▶ Working with customers to make net zero carbon a reality - report launched in partnership with the Chartered Institute of Housing, exploring customer priorities around net zero carbon
- ▶ Launching Net Zero Carbon Roadmap in November 2021

EPC ratings by EPC band as at end September 2021:



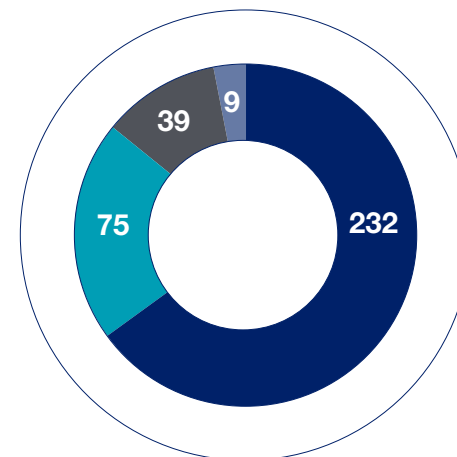
A woman with dark hair, wearing a dark blue polka-dot shirt, is smiling and looking at a laptop screen. The background is a solid blue color. A large, semi-transparent blue circle is overlaid on the image, containing the text "Financials & Treasury" in white. The woman's hands are visible on the laptop keyboard.

Financials & Treasury

Five year summary of financial highlights

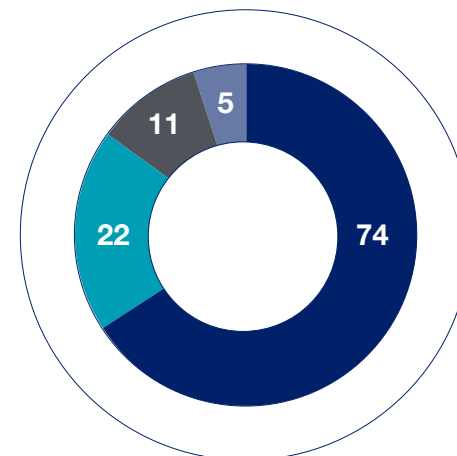
Statement of comprehensive income	2020-21 £m	2019-20 £m	2018-19 £m	2017-18 £m	2016-17 £m
Turnover	355	323	316	357	333
Operating costs and cost of sale	(265)	(238)	(230)	(266)	(249)
Operating profit (excluding sale of housing)	90	85	86	91	84
Operating margin %	25.4	26.3	27.2	25.5	25.2
Profit on sale of housing	22	45	30	25	23
Operating profit (Including sale of housing)	112	130	116	116	107
Operating margin %	31.5	40.2	36.7	32.5	32.1
Profit for the year *	62	72	41	85	65
Statement of financial position					
Fixed assets	2,788	2,688	2,524	2,394	2,272
Creditors due after >1 year	2,453	2,280	2,175	1,957	1,928
Revenue reserves	740	689	601	573	487
Gearing %	49.5	51.3	51.4	48.4	49.3
Key indicators	2020-21	2019-20	2018-19	2017-18	2016-17
Properties	45,702	44,753	43,470	42,417	40,610
New homes built	848	1,520	1,266	2,030	1,788
Debt per unit (£k)	45.8	39.7	38.9	33.4	33.1
Interest cover	2.11	2.38	2.39	3.09	3.07
Months cash/secured loans available	36	36	36	36	36

Turnover by type £m



- Social Housing Lettings (65%)
- Market Sale (21%)
- Shared Ownership (11%)
- Non Social and Other (3%)

Operating profit by type £m



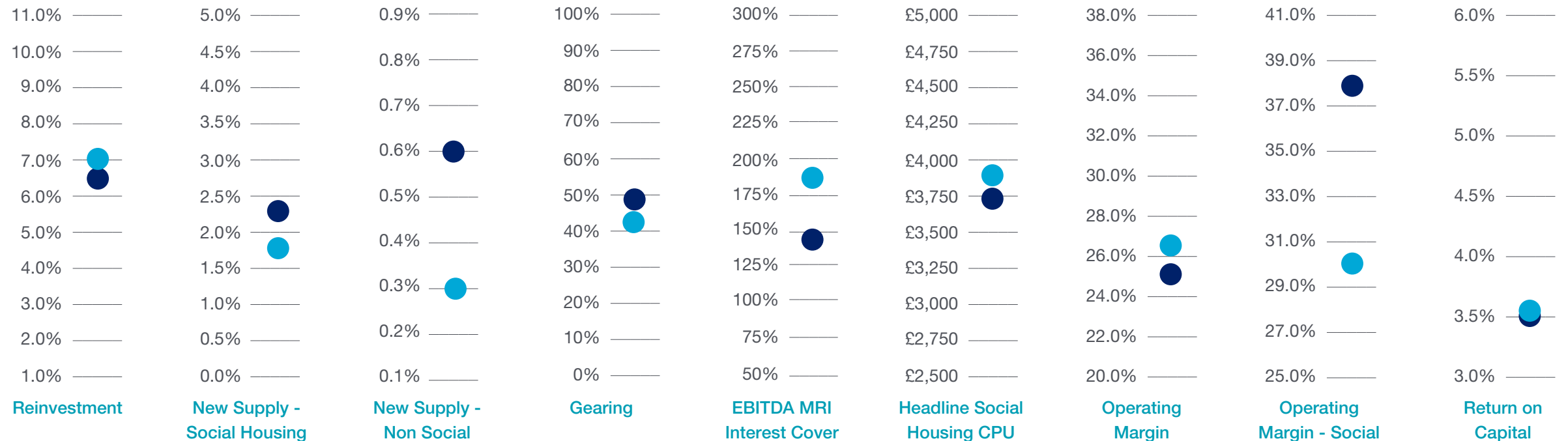
- Social Housing Lettings (66%)
- Sale of Housing (20%)
- Market Sale (10%)
- Shared Ownership (4%)

* £28m exceptional costs in respect of swap breakage for legacy loan in 2019

Robust financial position maintained

Value for money overview, 31 March 2021

● Orbit ● Median > 30,000 Social Units



- Building new homes and creating thriving communities remains a core element in Orbit's Board approved strategy. We continue to develop homes to meet a variety of needs
- Orbit has actively chosen to increase the level of investment in our existing stock to improve the quality of our properties and estates – this helps futureproof Orbit's existing stock
- Cost per unit has been driven by Orbit's commitment to improve the quality of its estates and deliver against design standards, increase investment within Customer Hub, driving improved satisfaction, as well as the one off costs associated with SHPS pension exit

* Source December 2020 Global Accounts

Treasury strategy

Objective “The purpose of our treasury strategy is to act as an enabler to the long-term objectives of the wider corporate business strategy”



▶ **Portfolio structure**

- matching of asset and liability characteristics
- banking partners

▶ **Funding plan**

- new funding
- refinancing

▶ **Risk management**

- interest rates
- liquidity

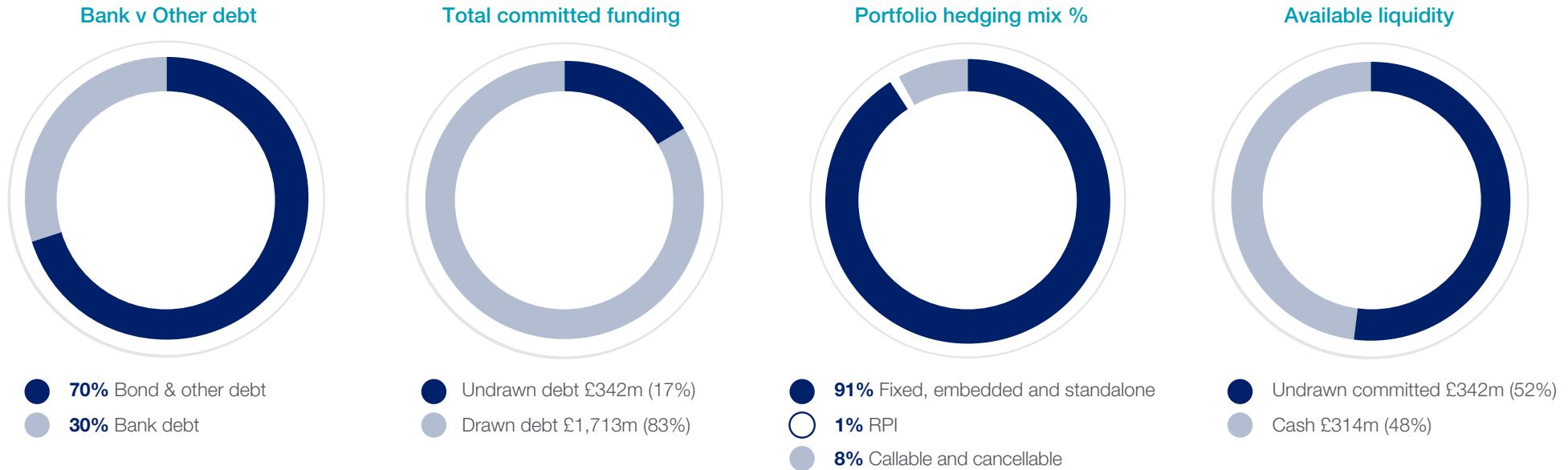
▶ **Investor relations**

- engagement
- information

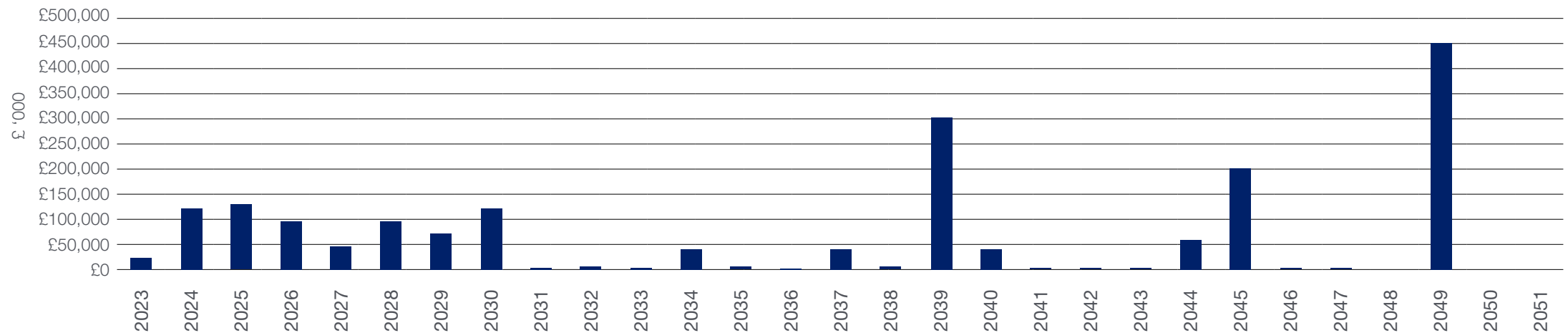
▶ **Security**

- governance process
- utilisation

Capital structure - borrowing and hedging, 31 March 2021



Debt maturity profile



Balanced debt portfolio through both bank and debt capital market funding

Property security utilisation

Security	Units	£m	%
Charged security - existing loans/bond	26,977	£2,658m	72%
Charged security - swaps	2,023	£163m	4%
Unencumbered	9,989	£888m	24%
Unable to charge	6,667	-	-
Total	45,656	£3,710m	100%

- Charged security valued on a mix of Existing Use Valuation (EUV-SH) and Market Value Tenanted (MVT-ST)
- Unencumbered property (£888m) is shown at an average of EUV-SH and MVT-ST
- Unable to charge – exercised RTB/RTA properties, fully staircased shared ownership, private retirement schemes, commercial units, managed units

Significant unencumbered stock to support both funding and mark to market



Conclusion

Credit highlights

- ✔ **Over 45,500 homes** and **established in 1967**, with wide geographic spread. Orbit is recognised as one of the UK's largest social housing providers.
- ✔ **Financially robust association** – strong and consistent operating margin – strong liquidity position and interest coverage metrics, backed by a sizeable pool of unencumbered assets.
- ✔ **Strong core social housing business** – customer satisfaction 4.2 (out of 5), large proportion of margin from social lettings.
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- ✔ **History of successful affordable new homes programme** with resilient internal controls supported by a sound risk management and compliance framework. Agile development programme with diverse markets and geographies. Strategic Partnership with Homes England £129m (2018) and £104m (2021).
- ✔ **Experienced Boards and Leadership team** with a mix of strong commercial and sector skills.
- ✔ **Strong governance** – solid framework that includes substantial scenario testing.

Robust board oversight

Strong social housing operating profit

Proven track record

Disclaimer

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