

Investor Presentation – November 2023



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Executive Summary

Section I



Introduction to the Executive Team

Members of the Saxon Weald's Executive Team



Steven Dennis
Chief Executive



Michael Chinn
Executive Director
Resources



Kath Hicks
Executive Director
Customer Operations



Becky Utuka
Executive Director
Investment &
Growth*

* Starting on 29 January 2024



Be customer led



Be one team



Be forward thinking



Be inclusive

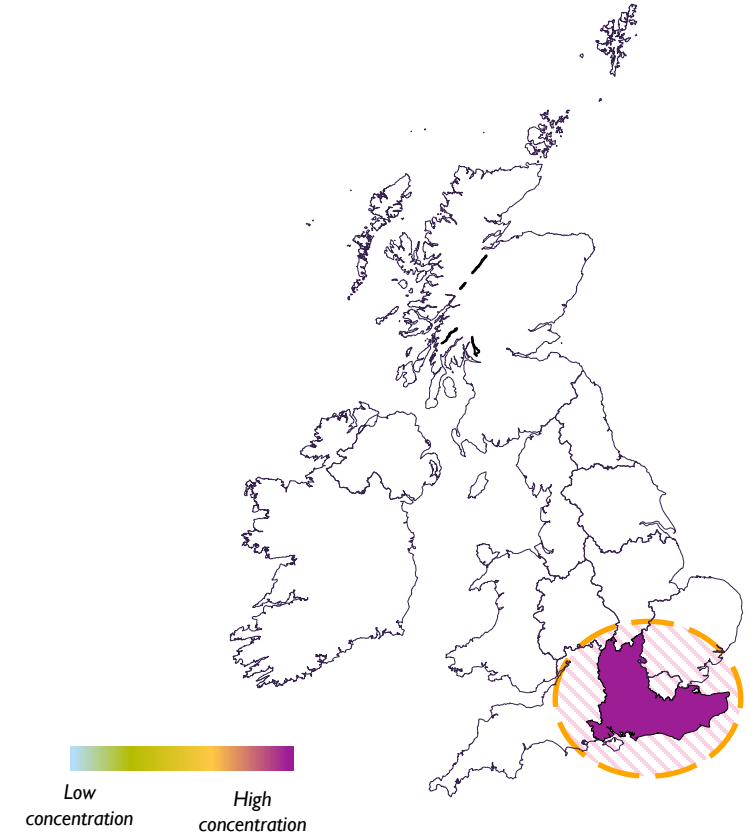


Do the right thing

Saxon Weald at a glance

Saxon Weald is a provider of affordable housing in the southeast, with a clear vision for the future that sees investment into existing assets combined with sustainable delivery of new homes

- c.6,900 homes primarily in West Sussex
- Moody's public monitored rating: Long term rating A3, outlook stable (October 2023)
- Robust governance structure with a clear set of Golden Rules and strong liquidity
- Regulatory rating: G1/V2
- Simple and clear group structure
- Large presence in West Sussex with in-depth market knowledge
- Experienced Executive Team and Board with substantial sector knowledge to draw upon
- Clear strategy to invest in both existing and new homes, with increased focus on energy efficiency



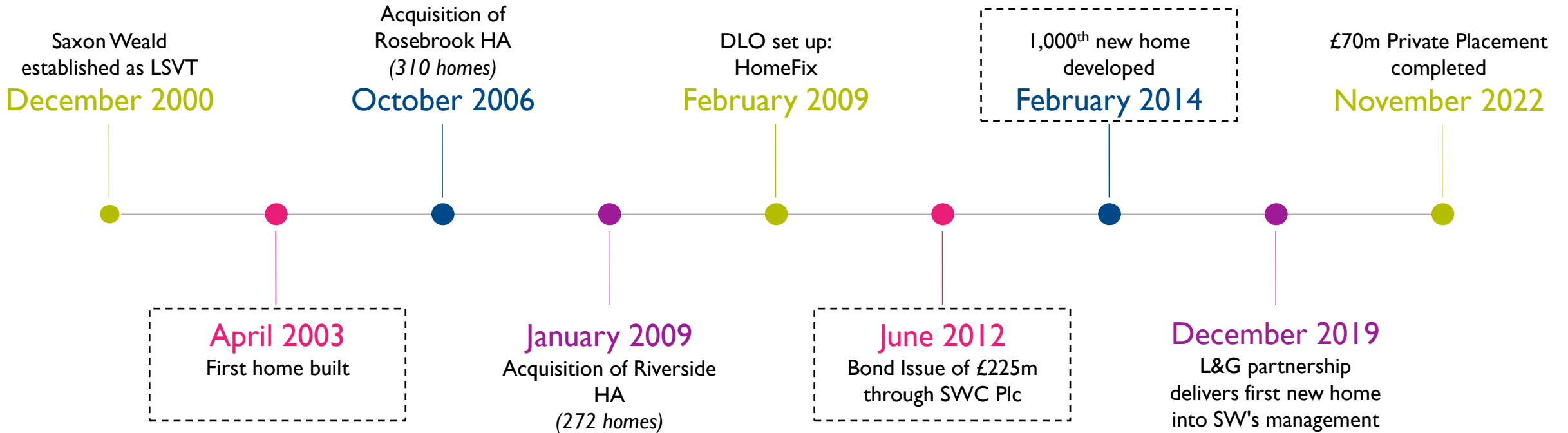
Introduction to Saxon Weald

Section 2



The story of Saxon Weald

Saxon Weald is a significant provider of affordable housing in the southeast, with c. 6,900 homes



'Great homes, building futures'



Be customer led

Start with the customer, putting their needs first. Listen to them carefully, be polite and open in conversation, understand what they really want and do your best to find a solution.



Be one team

We perform better when we work together towards a common goal. Get involved, collaborate and support each other, communicate often and well, share your ideas, help out where you can, and enjoy doing it!



Be forward thinking

Embrace change, try new things, aspire to improve, learn and be curious, be positive and enthusiastic.



Be inclusive

Bringing together different people with different perspectives will give the best outcomes. Celebrate and value our differences and treat everyone equally and with respect.



Do the right thing

Act with integrity and empathy. Show respect, be compassionate and considerate. Take pride in your work, earn the trust of colleagues and customers. Do what is right and do a good job.



Our main commitments

Focus on our customers

Customer Strategy 2023-26

Delivering a positive customer experience through:

- A customer focussed culture
- Trusted, reliable services with a clear service offer
- Listen to our customers
- Understand and deliver on customer needs



Invest in our homes

Asset Management Strategy 2023-26

Focused on six main themes:

- Safe, warm and weathertight homes
- Energy performance
- Active asset data management
- Property safety
- Property disposal
- Customer engagement



Be a great place to work

People Strategy 2023-26

Aim to attract, develop and retain people who will deliver excellent services to our customers and support us to achieve our aims through focussing on:

- Culture
- Leadership
- Recruitment, reward and engagement
- Performance, learning and development
- Health and wellbeing
- Equality, diversity and inclusion

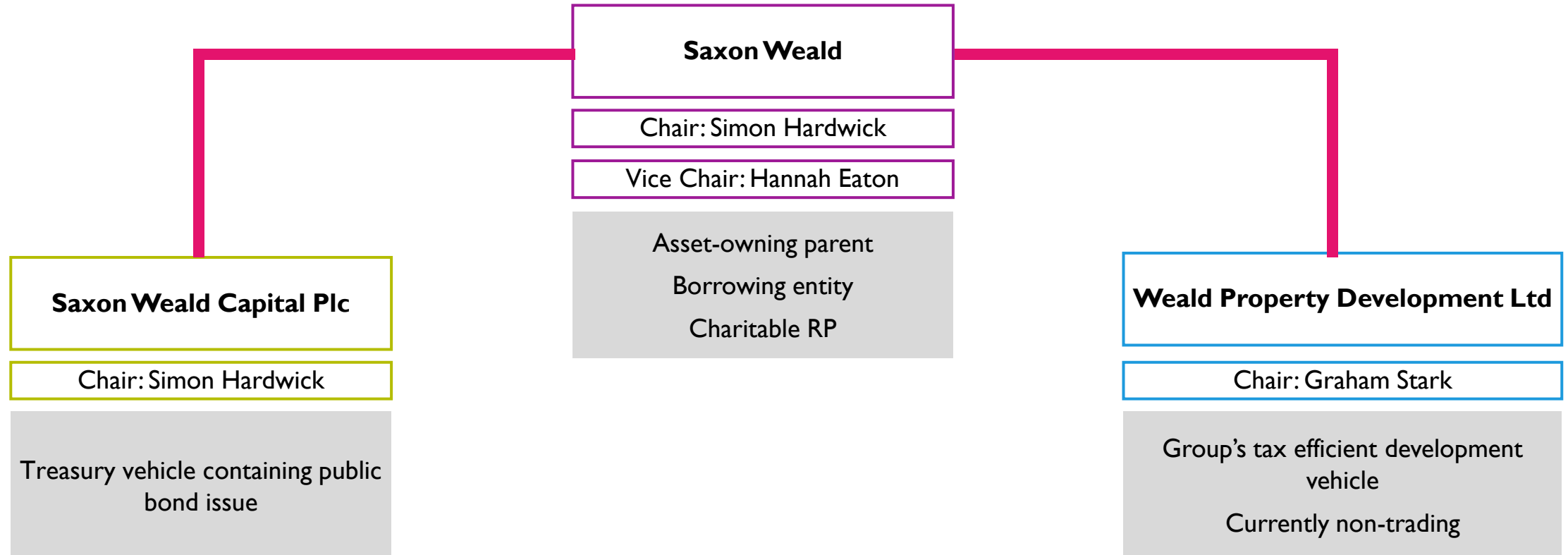


Governance

Section 3




Overview of key commercial entities



A highly experienced Board (1/2)

 Emergency Committee

 Audit and Risk Committee

 Customer Experience Committee

 Remuneration Committee

 Asset Management & Development Committee



Simon Hardwick
Board Chair



- Appointed in March 2021. Simon is a lawyer specialised in commercial property.
- He was a partner at PWC until 2015 and has held non-ex Chair and director roles in private and publicly owned businesses.



Steven Dennis
Chief Executive

- Appointed CE in July 2018, Steven joined Saxon Weald in 2001.
- For 17 years, he held roles within the organisation developing a deep knowledge of the business and social housing industry.
- Chairs PHA Homes in Petersfield.



Michael Chinn
Executive Director

- Joined in March 2020. A qualified accountant, he has previously held senior finance roles across a number of RPs.
- Michael has served as a Board member of other HAs and is currently a Board member of Eldon Housing in London.



Hannah Eaton
Vice Chair



- Appointed in November 2020, Hannah has been a tenant for eight years.
- Hannah has worked in public services for 20 years within homelessness, performance management and commissioning,



Susan Morris




- Appointed in October 2021, Susan has been a tenant for over 10 years.
- Susan co-owns / runs a business that specialises in psychoeducation and coaching for individuals with autism, ADHD, trauma and mental health issues.
- Susan has worked in the charity, education and research sectors in roles ranging from teaching, special educational needs to youth advisor.



A highly experienced Board (2/2)

 Emergency Committee

 Audit and Risk Committee

 Customer Experience Committee

 Remuneration Committee

 Asset Management & Development Committee



Kalwant Grewal



- Appointed in August 2023, Kalwant is currently in a senior leadership role for one of the largest NHS Trusts in England.
- Kalwant operates at strategic, operational, and financial leadership levels and has considerable sector specific and relevant cross sector Board and Committee Chair experience.



Joanne Sonin



- Appointed in September 2021, Joanne is a senior executive at a global property company, and has previously worked internationally at major investment banks.
- Joanne holds an MBA at MIT, PHD in classics at university of Cambridge and upcoming PHD in company Law at LSE.



Julian Chun



- Appointed in March 2023, Julian is currently Executive Director of Homes for a south-west London housing association.
- He is a Chartered Member of the Chartered Institute of Housing (CMCIH) and has spent most of his career leading service improvements across asset and housing management services for several housing providers.



Graham Stark



- Appointed in September 2021, Graham is a Development Director for a privately owned investment and development company based in London.
- He has 25 years of experience in property development managing large portfolios and projects. He has also led Imperial College London's innovation district at White City.



Jo Boswell

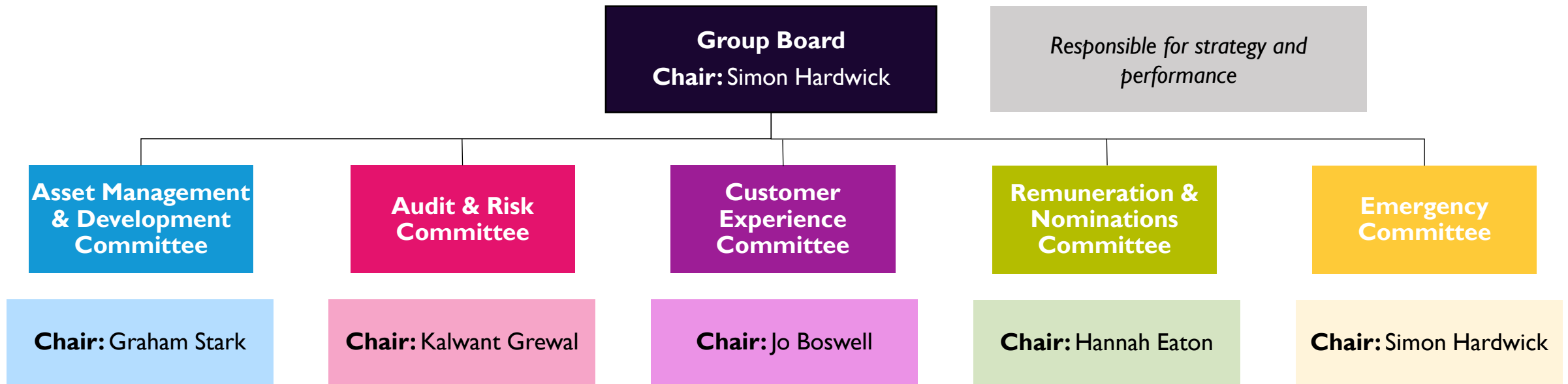


- Appointed in July 2022, Jo has previously been an executive at British Airways and now runs her own consulting business providing advisory and coaching services in transformation and customer experience.
- Jo is an independent member of the Customer Services Committee at Town and Country Housing.



A clear and effective Board and Committee structure

1. **Saxon Weald Board is committed to following and complying with NHF guidelines and best practice.**
2. **Board members are selected on a skills basis, which provides a wide range of expertise to the Board.**



Operational Performance & Profile

Section 4

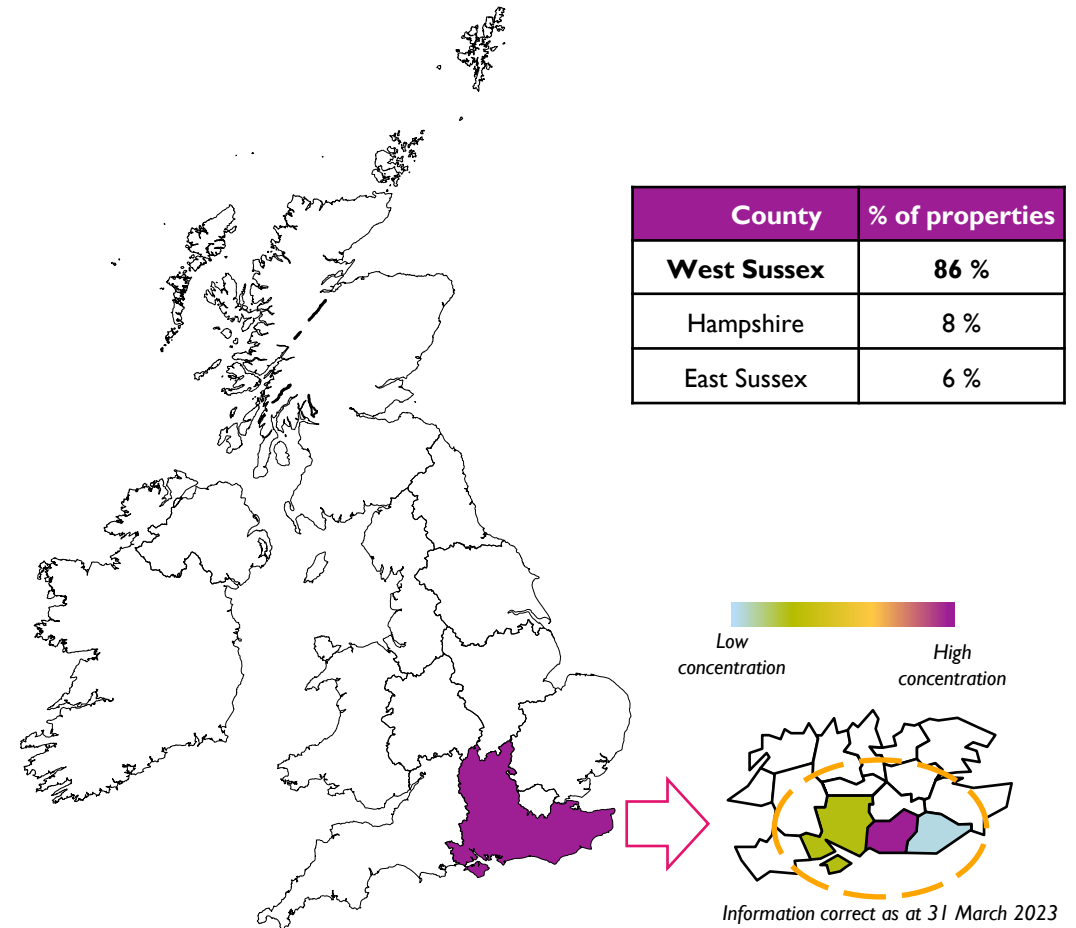
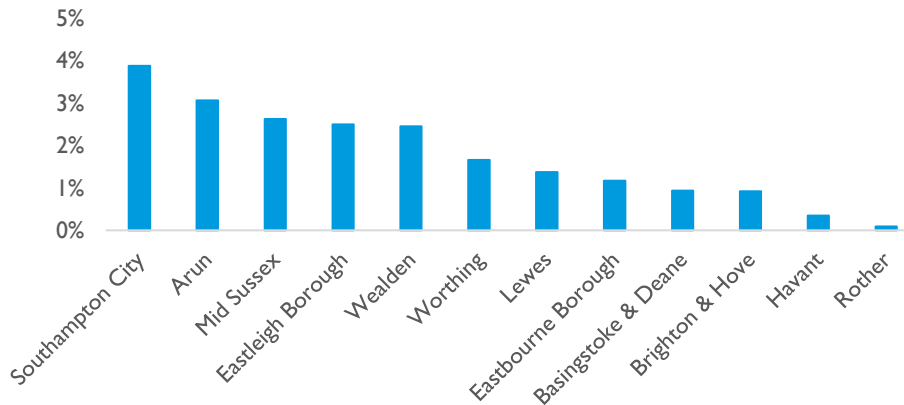
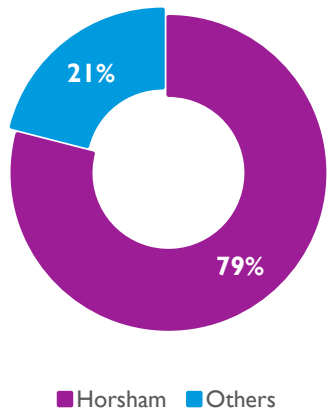


Geographic focus

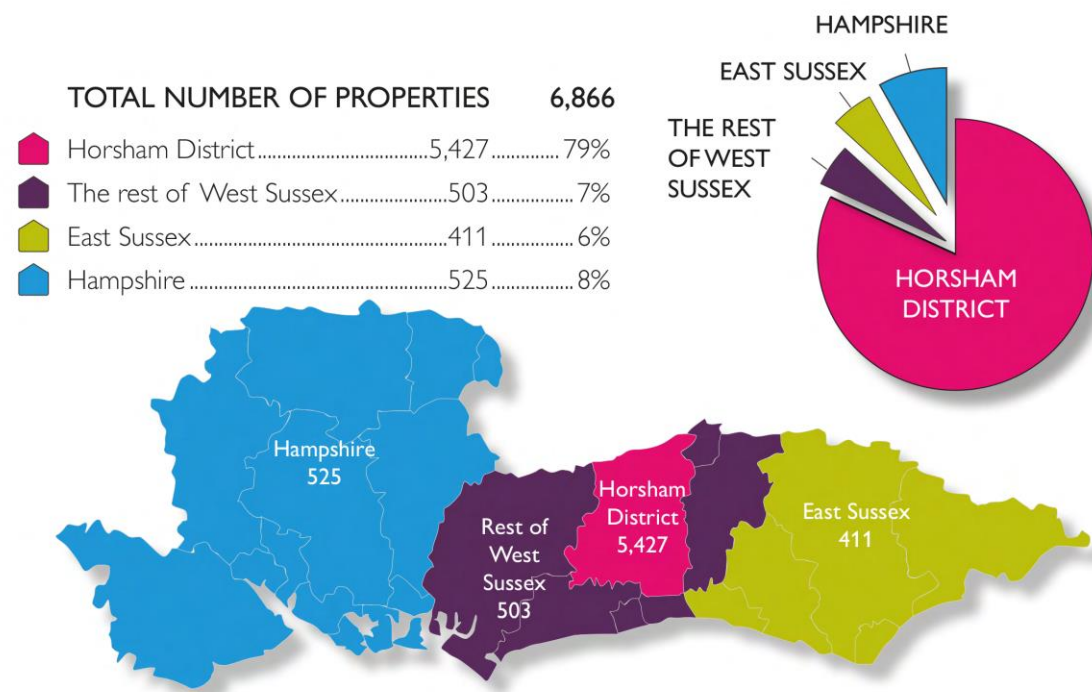
Saxon Weald provides c. 6,900 affordable homes focused in West Sussex

- Core operating area across West Sussex and Hampshire, with largest local authority area being Horsham (79% of total stock), reflecting the original stock transfer.
- Future development plan is focussed on our core geography.

Local authority areas (% of units)



Our homes & who lives in them



TENURE OF HOMES

Social / affordable rented homes	5,781
Leasehold owned homes	536
Shared ownerships homes	284
Shared equity homes	157
Market rent homes	108

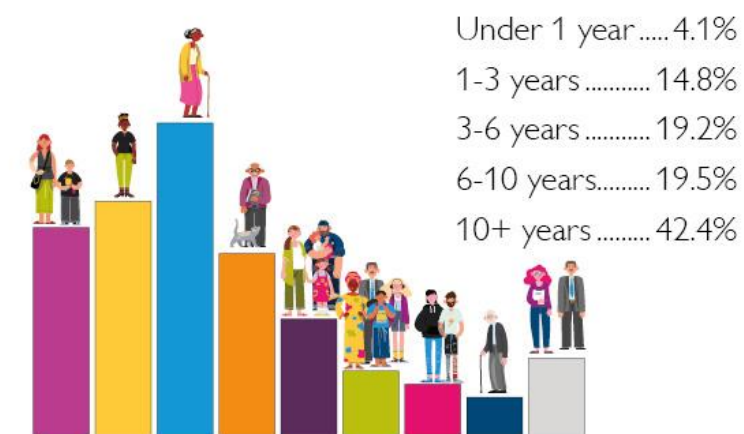
NUMBER OF PROPERTIES LET

Total homes let last year	469
Existing homes re-let	395
New build homes let	41
Legal & General lets	33

CUSTOMER HOUSEHOLD TYPE

Single families with children	16.0%
Single person	18.0%
Over 65 Retirement	24.0%
Over 65 General needs	15.0%
Family with young children	9.0%
Family with older children	5.0%
Shared owners	4.0%
Shared equity	3.0%
Couples	6.0%

LENGTH OF TIME AS A RESIDENT



Information correct as at 31 March 2023

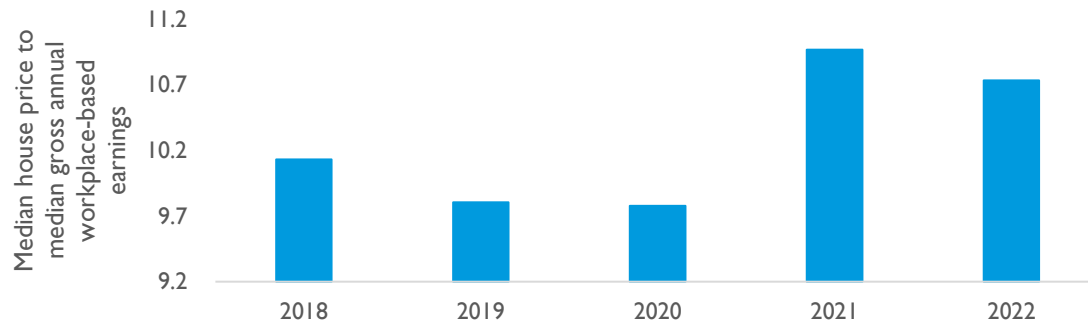
Macroeconomic environment

Strong demand for social housing in the southeast

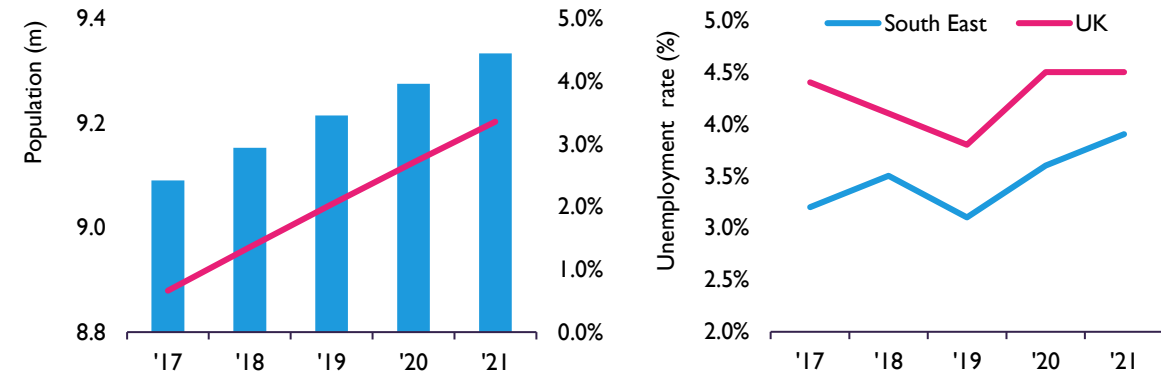
Core operational areas of high housing demand and low housing affordability

- Saxon Weald operates in an area with strong demand for housing, with an estimated population annual growth rate of 0.66% from 2017 to 2030.
- Saxon Weald's average rent is comfortably submarket. For the year ending March 2023:
 - Average affordable rent equates to 72% of the median market rent
 - Average social rent equates to 47% of the median market rent
 - As an overall average, rent is 64% of LHA

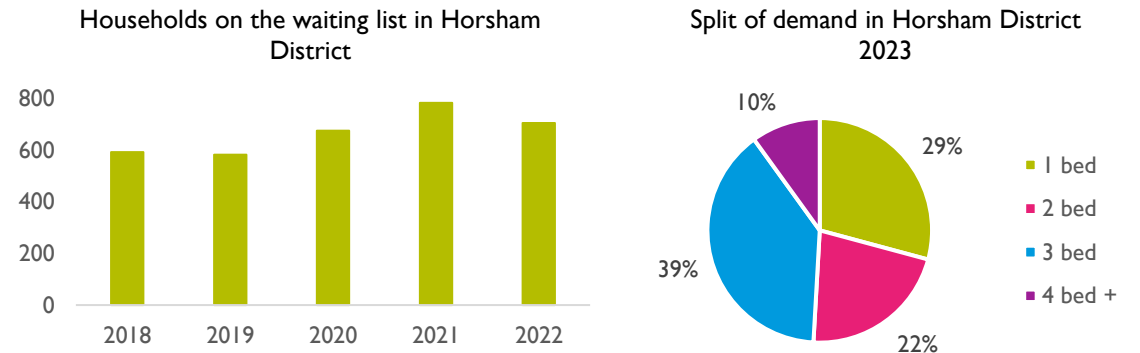
Affordability in the southeast is worsening



Operating in area of growing population but lower than average unemployment



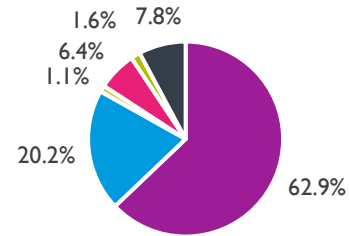
Waiting lists remain significant with a high demand for 1-2 beds in Horsham



Our existing stock – insights

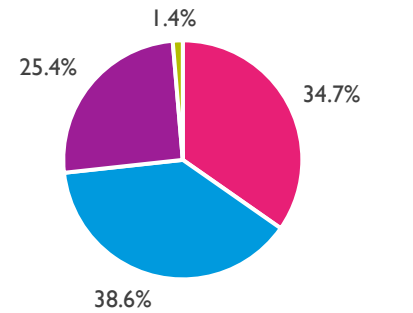
Portfolio is weighted to general needs housing and with a focus on 2 and 3 bedroom properties

Tenure of properties



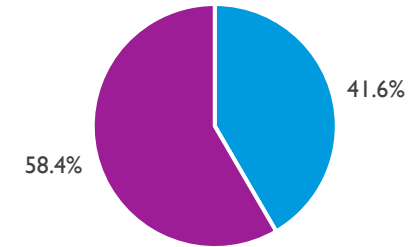
- General Needs
- Supported Housing
- Market Rent
- Housing for Older People
- Shared Ownership / Shared Equity
- Leasehold Flats

Size of properties



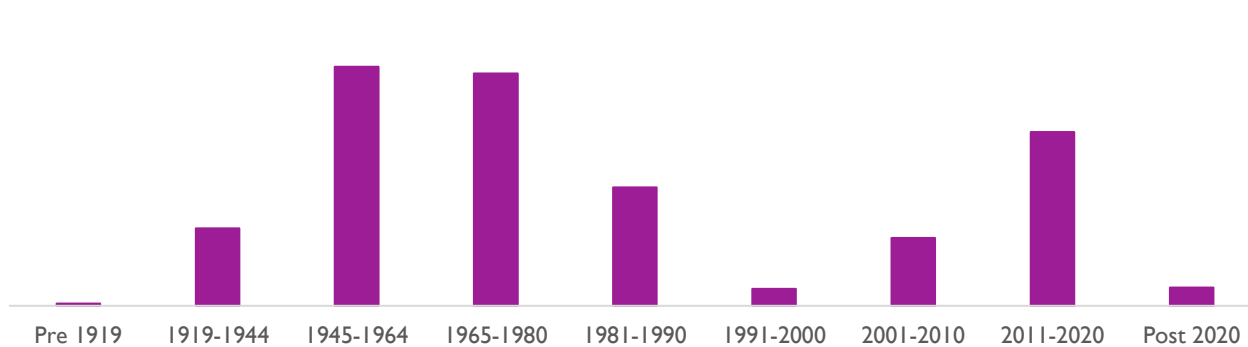
- Bedsit + 1 bed
- 2 bed
- 3 bed
- 4 bed

Type of properties

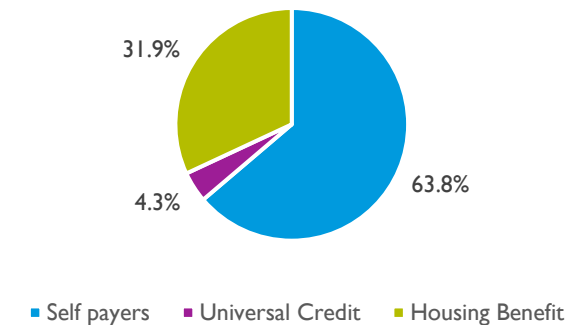


- House / Bungalow
- Flat

Age Profile



How customers pay



- Self payers
- Universal Credit
- Housing Benefit

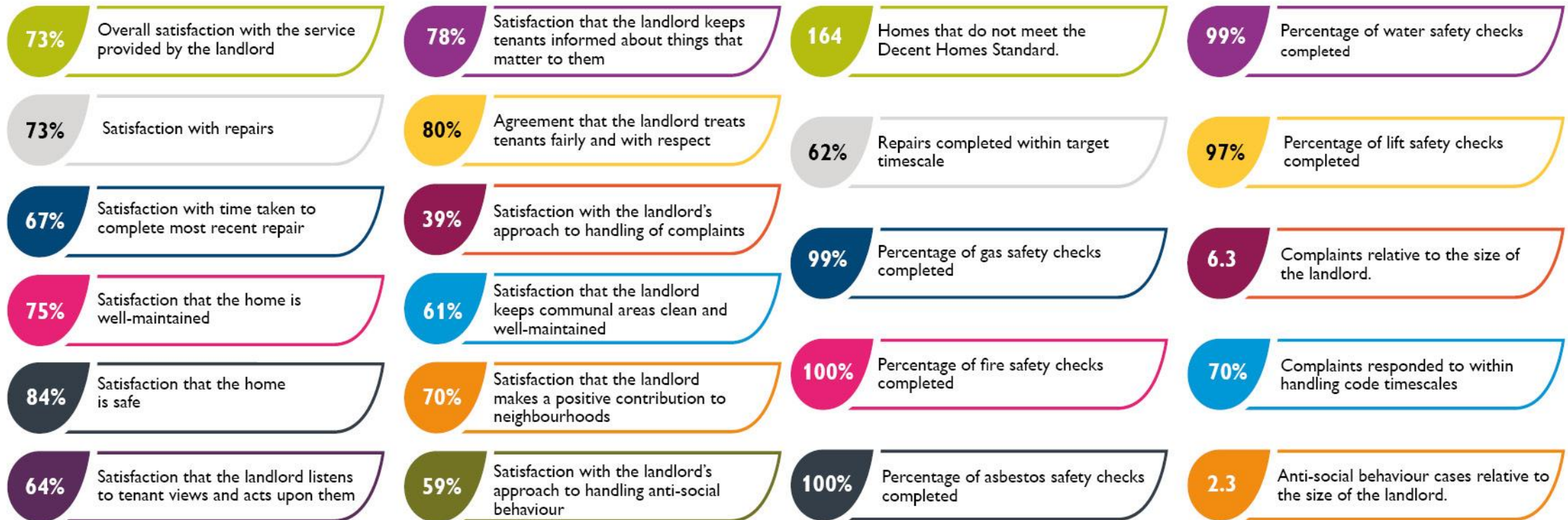
Information correct as at 31 March 2023

Tenant Satisfaction Measures (TSMs)

The Regulator of Social Housing has created a new set of measures with an aim to improve standards across the social housing sector.

22 measures are monitored and reported:

- 12 are based on customers' feedback and collected via a telephone survey
- 10 are based on how we are performing as a landlord and are scored from the data we collect across the business



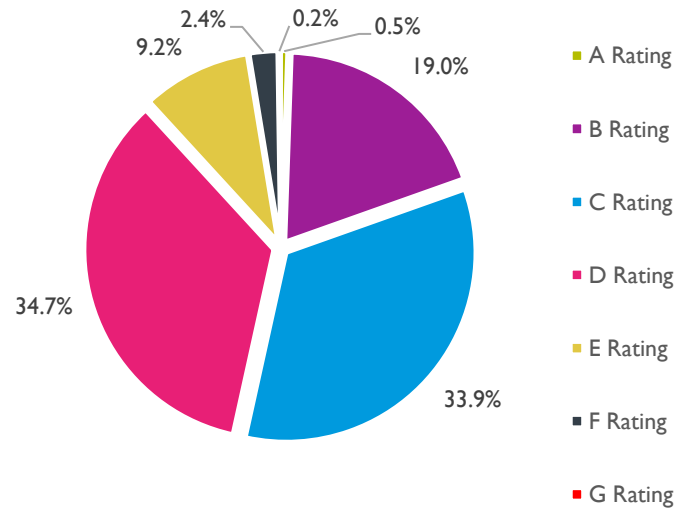
Information correct as at 31 March 2023

ESG embedded in our strategic direction (1/3)

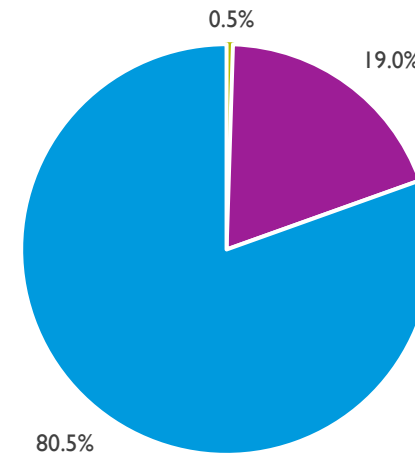
ISO 45001 accreditation achieved in October 2023

Environmental

53% of stock at EPC (C) and above



Targeting all homes being EPC C by 2030

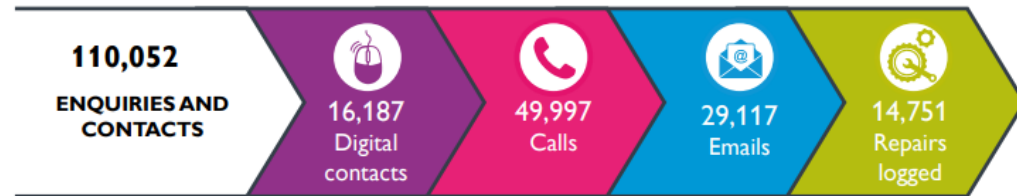


Information correct as at 31 March 2023

ESG embedded in our strategic direction (2/3)

Social

Customer care

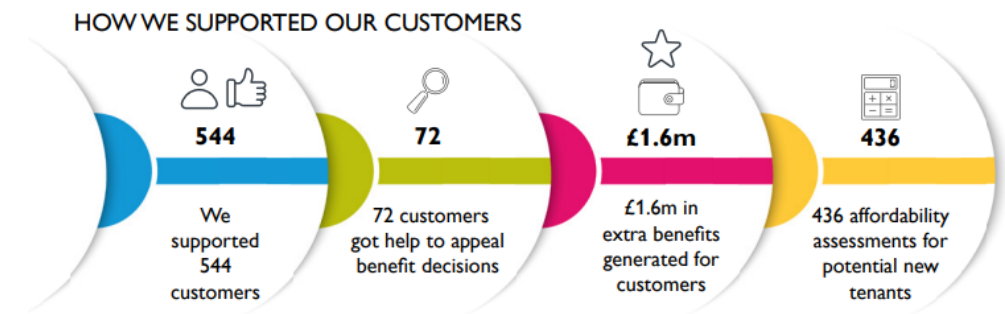


The team handled over 110,052 enquiries during the financial year.

New Customer Strategy approved in July 2023. A member of the National Housing Federation's Together with tenants Charter.

1,925 neighborhood maintenance jobs were undertaken in this financial year, of which 560 were estate inspections.

Affordability



- We have a £100k per year Financial Support Fund. Last year this supported 301 customers.
- Horsham Matters referrals – supported SW tenants to the value of £89,562 – five times more than the previous year.
- We have a dedicated Tenancy Sustainment Adviser, who can offer support to any customer with difficulty or concerns about aspects of their tenancy. Last year they supported 142 customers.

Information correct as at 31 March 2023

ESG embedded in our strategic direction (3/3)

Governance

New Customer Experience Committee

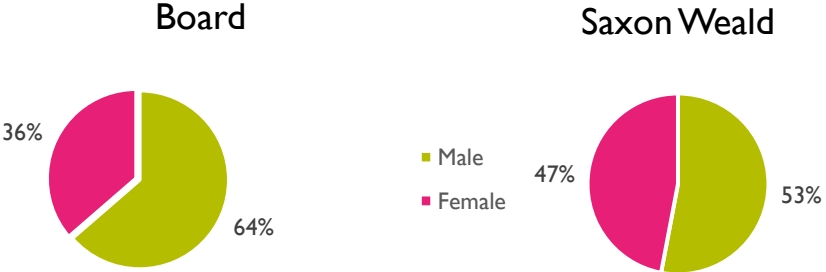
- Approved by Board in September 2023.
- Chaired by Jo Boswell – Board member with substantial experience in this area.
- Main role of the committee is to:
 - Provide enhanced oversight of service delivery and customer engagement
 - Ensure customer voice is heard at Board level
 - Ensure service design and delivery is in line with regulatory requirements

Customer representation on our Board

Hannah Eaton, appointed in November 2020, has been a shared owner providing for 5 years.

Susan Morris, appointed in October 2021, has been a tenant for over 10 years.

Good balance of male and female staff



Diversity and inclusivity: relevant points for Saxon Weald

- We have an EDI action plan following an independent audit and review of our policies, procedures and practice.
- Implementing the ‘Rooney Rule’ to increase the diversity of candidates shortlisted where there is under-representation.
- Working towards Disability Confident Employer level 2.

Asset Management

Section 5



Investing in our stock is a key priority

Asset Management Strategy 2023-26

Safe, warm and weathertight homes

We want to ensure that our homes are safe to live in, have modern double-glazed windows and doors, structurally sound walls and weathertight roofs which keep the wind and the rain from penetrating the fabric of the home.

Energy performance

We want to ensure that all our homes meet EPC-C by March 2029. Whilst most of our homes have an EPC rating, some of the data is now out of date owing to subsequent investment work or is cloned, and we will ensure that the accuracy of the data we hold will improve.

Active asset data management

We will ensure that we have the most up to date records of our homes and what is in them internally and externally, so that we can plan for replacement. We will liaise with customers on when individual components will be improved and inform our internal and external suppliers about when this is likely to happen.

Property safety

We want to ensure that our homes and buildings are safe for our customers to live in.

Property disposal

Whilst we want to bring all homes up to a minimum standard of EPC-C, we recognise that it will not be economically viable for some of them. Additionally, some of our homes have low demand owing to their type or location and can be costly to maintain. The revised business plan identifies a requirement to dispose of up to 30 homes each year for the next 3 years.

Customer engagement

We will engage with our customers to help develop our Saxon Weald property standard.



Fire safety

Regulator has issued the Fire Safety Remediation Survey (FSR)

- We have 4 blocks notifiable to the Regulator of between 11 metres and 18 metres in height OR which have 5 or 6 storeys.
- All 4 blocks have been assessed as having life critical defects:
 - Work is now complete on 2 of the blocks
 - The remaining 2 blocks have remedial works scheduled
 - The work primarily relates to works to fire doors
 - The estimated cost is £100k
 - Works scheduled to complete by April 2024



Charter Place



Highwood Mill



Bentley Grange



Edward Street



Future Development

Section 6



Development programme



Delivery: We plan to deliver up to 395 new homes over the next 5 years. The majority is expected to be through s106.

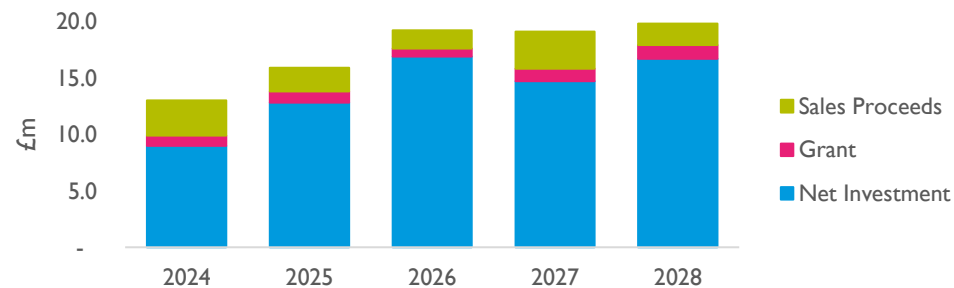


Grant: We will receive £4.9m to deliver this programme.

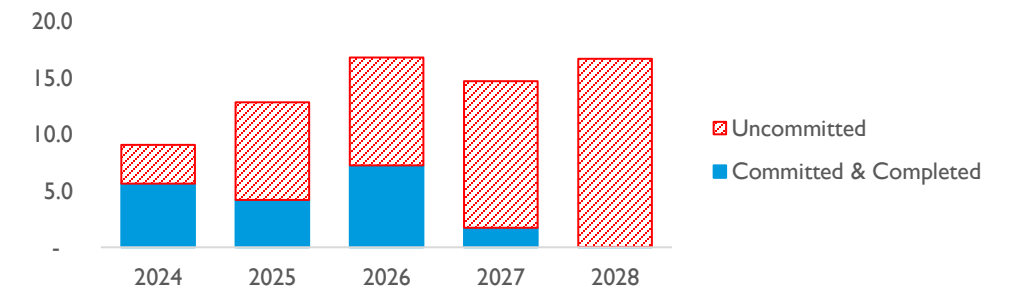


Investment: Total net investment of £70.1m required over the next 5 years to fund our development programme.

Gross investment profile (£87.0m)



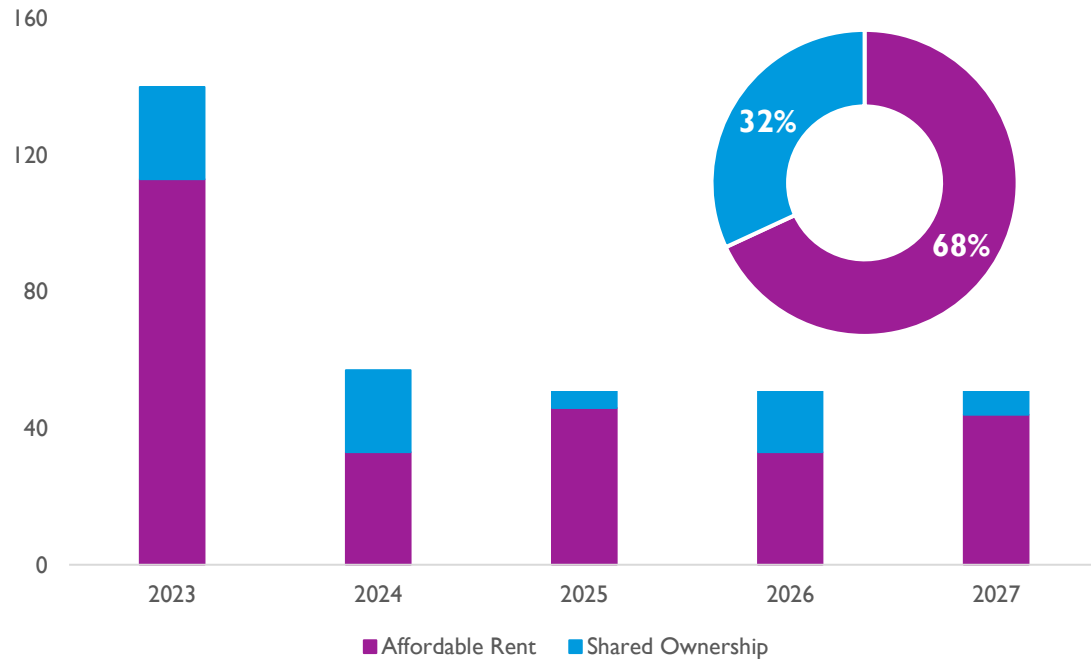
Net investment profile (£70.1)



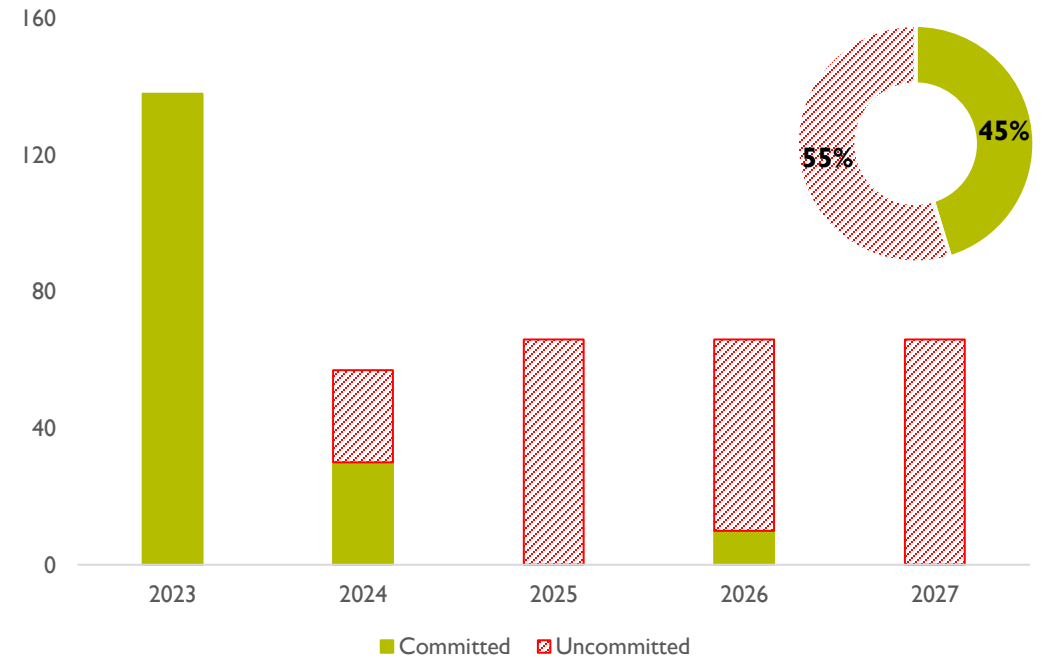
What are we building?

A development programme focused on **Affordable Rent** and **Shared Ownership** homes

Development profile by type of home (units)



Development profile by degree of commitment (units)



Financial Performance

Section 7



Financial performance

£m	2019	2020	2021	2022	2023
Statement of Comprehensive Income					
Group – Total					
Turnover	47.7	52.2	47.0	48.5	54.4
Operating Expenditure	(26.1)	(29.3)	(30.1)	(33.1)	(39.0)
Operating Surplus	21.6	22.9	16.9	15.4	15.4
Operating Margin	45%	44%	36%	32%	28%
Group – Social Housing Letting					
Turnover	39.8	40.5	41.1	42.0	45.5
Operating Expenditure	(25.9)	(27.0)	(28.5)	(31.5)	(36.4)
Operating Surplus	13.9	13.5	12.6	10.5	9.1
Operating Margin	35%	33%	31%	25%	20%

Operating margins dropped in 2023 as a consequence of:

- Rent cap
- Cost inflation:
 - Materials cost increases
 - Increased utility costs following global rise in gas and oil costs



Covenant performance

Loan Covenant Performance 2023

Covenant	Target 2022/23	Actual 2022/23	Target Met?
Tightest lender interest cover covenant Covenant: 130%	150%	289%	✓
Tightest lender gearing covenant Covenant: 75%	65%	56%	✓

- Interest cover covenants standardised to EBITDA only during 2022/23.
- Our historic cost gearing metrics are higher than the sector average as a result of our LSVT background – initial transfer values were low.

£m	2019	2020	2021	2022	2023
Statement of Comprehensive Income					
EBITDA	28.3	29.8	23.5	21.8	22.1
Capitalised Major Repairs	(6.0)	(5.8)	(2.5)	(5.5)	(4.9)
EBITDA-MRI	22.3	24.0	21.0	16.3	17.2
EBITDA Interest Cover	2.2x	2.3x	1.9x	1.8x	2.8x
EBITDA-MRI Interest Cover	1.7x	1.9x	1.7x	1.3x	2.1x
Debt	220.8	220.9	221.1	225.0	265.0
Gearing (Net Debt : Historic Cost)	60 %	55 %	55 %	55 %	54 %



Business Plan stress testing

Saxon Weald has the ability to mitigate the severity and impact in each of these cases

Individual tests		
Risk Factor	Code	Test
Government policy changes on rent increases	1a	4 & 10 year rent freeze
	1b	4 & 10 year 1% rent reduction
	1c	4 & 10 year CPI only rent increase
Inflation	2	Inflation reduced to 5% for September 2023
		Inflation reduced to 0% for September 2023
Welfare reform and the cost of living crisis causes an increase in bad debts, arrears and voids	3	Double & quadruple arrears, bad debt and void assumptions
An increase in interest rates	4	2 fold and 5 fold increase in SONIA rates
An increase in maintenance costs	5	+5% & +20% in costs, both revenue and capital
An increase in management costs	6	+ 5% & +20% in management support and others
Pension Costs	7	+£1m on pension costs for 10 years
An increase in development build costs	8	+10% & +20% in uncommitted dev scheme costs
Sales market	9	-15% & -50% sales prices on all homes sold
Disposals	10	Reduce disposals to 10 & 1 per year

Multiple variable tests																							
Scenario	A						B						C										
Sensitivity included (Code)	3	4	5	6	8	9	10	1a	3	4	5	6	8	9	10	1c	3	4	5	6	8	9	10

- Key emerging risks:
- Rent settlement 2025 onwards
 - Repairs volumes
 - Development risk
 - Inflation risk

Treasury

Section 8

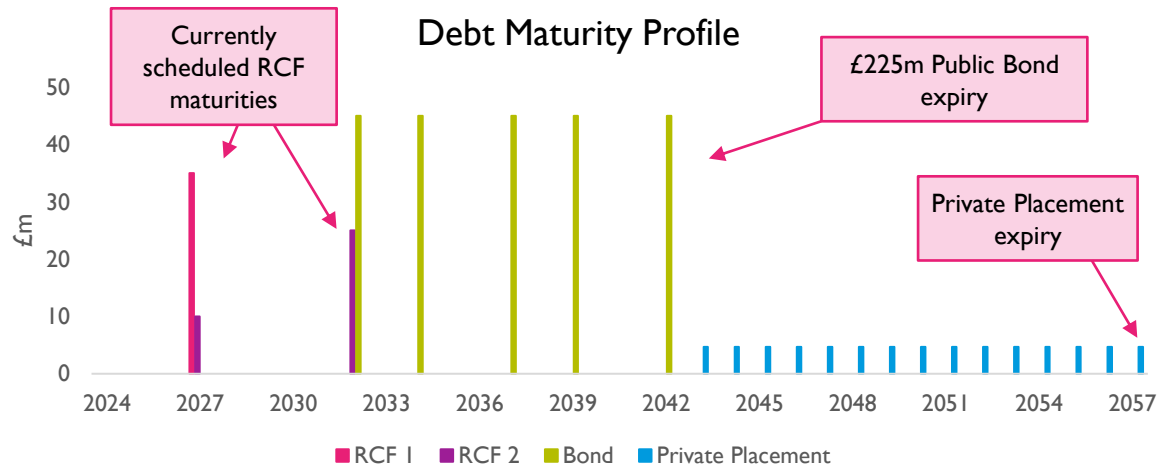


Capital structure

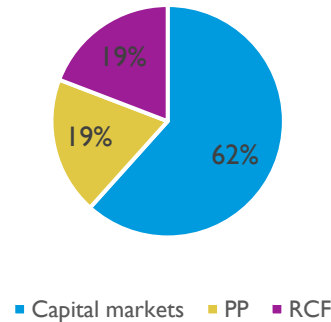
A mature portfolio totaling £365m that supports our business objectives

- Saxon Weald Capital Plc is a treasury vehicle within the group with total facilities of £225m.
- £70m Private Placement signed in November 2022 with a Weighted Average Life (WAL) of 27 years.
- Two RCFs available to draw, providing liquidity of £70m.
- Saxon Weald's group portfolio is comprised of 4 lenders with a WAL of c. 15.2 years.

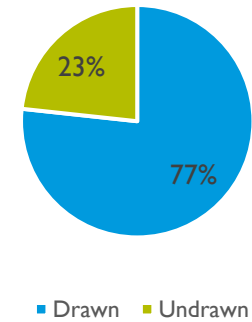
As at 30 September 2023	Facility (£m)	Drawn (£m)	WAL (Years)
Bank Facilities – RCFs	70.0	0.0	6
Private Placement	70.0	55.0	26
Total DCM	225.0	225.0	14
Total Facilities	365.0	280.0	15



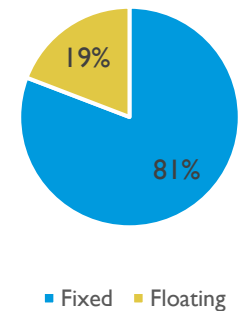
Diversified Capital Structure



Sufficient Liquidity Available



Hedging Ratio – all facilities



Security overview

Ample security headroom

	Total Properties Secured	EUV-SH Total Valuation (£m)	MV-T Total Valuation (£m)	MV-SO Total Valuation (£m)	OMV Total Valuation (£m)	Excess / Unallocated (£m)	Estimated Release (*) (£m) – MV-T
Capital Markets Facilities	3,403	292.7	-	-	-	32.6	-
Private Placement	1,105	11.9	174.5	5.8	-	104.8	93.9
Bank Facilities	1,257	6.5	177.3	12.5	-	100.9	79.9
Charged – Unallocated	197	-	6.4	8.5	26.1	41.0	-
Uncharged	171	0.3	16.3	6.4	-	23.0	-
Total	6,133	311.4	374.5	33.2	26.1	302.3	173.8

- During the year, an exercise was successfully completed to uplift stock to MV-T.
- The private placement was secured using a combination of previously uncharged stock, as well as some properties previously charged to the bond.
- An exercise is currently ongoing to release some of the excess security from the private placement and bank facilities (*)

Information correct as at 31 March 2023



Robust set of Treasury Golden Rules

Increasing financial risk transparency through adoption and adherence to Golden Rules and Trigger Points

- Treasury Golden Rules are set at levels that retain capacity for Saxon Weald to take remedial action and focus on protecting social assets, maintaining liquidity, facilities and covenant headroom as well as ensuring value for money.
- Rules are assessed and reviewed at least annually by the Board as part of the Treasury Management Policy to ensure they remain relevant and appropriate.

Rule	Internal financial rules	Compliant March 2023
Interest Cover	>150% expressed as EBITDA (20% above the tightest covenant)	✓
Gearing	<65% (10% headroom below the tightest gearing covenant)	✓
EBITDA-MRI	>115% in 2023/24, moving to >130% thereafter	✓
Asset Cover	>120% expressed as EUV-SH basis as a percentage of long-term debt	✓