



Half Year Results September 2024

Disclaimer

The information contained in this investor presentation including the presentation slides and any related speeches made or to be made by the management of Midland Heart Limited, any questions and any answers thereto, or any related verbal or written communications in respect thereof (the Presentation) has been prepared to assist interested parties in making their own evaluation of Midland Heart Limited and Midland Heart Capital plc (the Issuer) (together, Midland Heart).

This Presentation is believed to be in all material respects accurate, although it has not been independently verified and does not purport to be all-inclusive. Midland Heart does not undertake to update or revise this Presentation, which is neither recommendation nor advice. This Presentation and its contents are strictly confidential, are intended for use by the recipient for information purposes only and may not be reproduced in any form or further distributed to any other person or published, in whole or in part, for any purpose.

Failure to comply with this restriction may constitute a violation of applicable securities laws. By reading this Presentation, you agree to be bound by the following limitations. Neither Midland Heart nor its representative directors, officers, managers, agents, employees or advisers nor any agent involved in any offering of any bonds by the Issuer or the irrelative affiliates, advisers or representatives, makes any representations or warranty (express or implied) or accepts any responsibility as to or in relation to the accuracy or completeness of the information in this Presentation (and no one is authorised to do so on behalf of any of them) and (save in the case of fraud) any liability in respect of such information or any inaccuracy therein or omission therefrom is here by expressly disclaimed, in particular, if for reasons of commercial confidentiality information on certain matters that might be of relevance to a prospective purchaser has not been included in this Presentation.

No representation or warranty is given as to the achievement or reasonableness of any projections, estimates, prospects or returns contained in this Presentation or any other information. Neither Midland Heart nor any other person connected to Midland Heart shall be liable (whether in negligence or otherwise) for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this Presentation or any other information and any such liability is expressly disclaimed.

This Presentation may include certain statements, estimates and projections prepared and provided by Midland Heart's management with respect to the anticipated future performance of Midland Heart and its group. Such statements, estimates and projections reflect various assumptions by Midland Heart's management concerning anticipated results and have been included solely for illustrative purposes. No representations are made as to the accuracy of such statements, estimates or projections or with respect to any other materials herein. [Financial results quoted are unaudited.] Actual results may vary from the projected results contained herein.

This Presentation is made to and is directed only at persons who are (a) "investment professionals" as defined under Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order) or (b) high net worth entities falling within article 49 (2) (a) to (d) of the Order (all such persons together being referred to as relevant persons). Any person who is not a relevant person should not act or rely on this Presentation or any of its contents. Any investment or investment activity to which this Presentation relates is available only to and will only be engaged in with such relevant persons.

Agenda

- Introduction
- Operational Performance
- Statement of Comprehensive Income
- Value for Money
- Building Compliance
- Property Investment
- Sustainability
- Treasury Dashboard
- Housing Delivery
- Summary



Executive Summary

Founded in 1925, we are a leading housing organisation in the Midlands that has successfully consolidated thirteen Housing Associations over a period of 50 years.

We own and manage c.35,000 homes and provide a range of quality services for c.70,000 customers.

Our purpose is to be a leading housing association, delivering homes and services across the Midlands that enable people to live independently.

We remain committed to our founding charitable aims, focused on delivering:



Core landlord service

We are focused on delivering a high-quality landlord function, with no market sales development plans.



Delivering affordable homes

We will grow, modernise and concentrate our asset base through an ambitious new build programme alongside strategic stock acquisition and disposal.

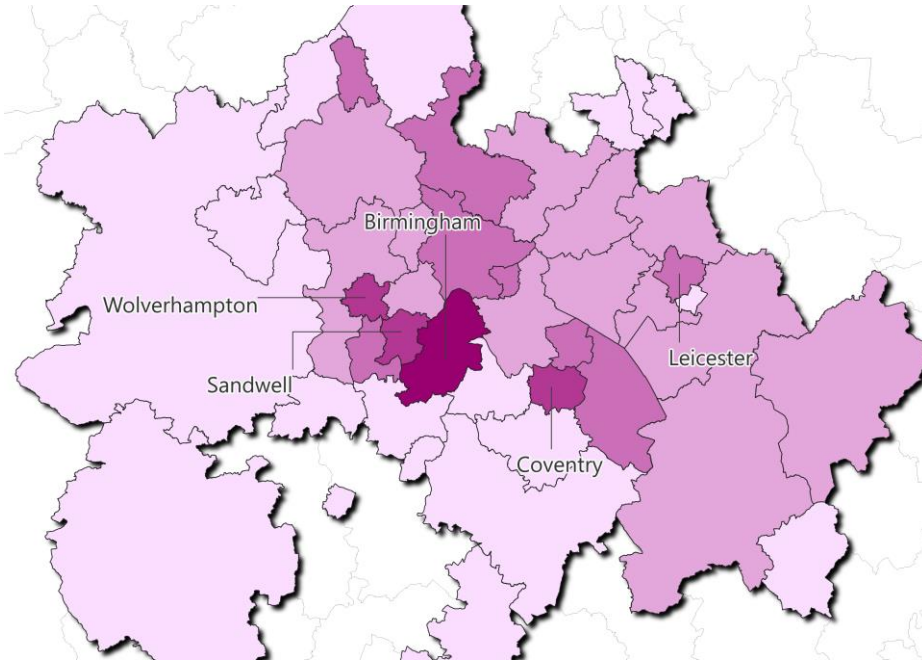


Net zero landlord by 2050

We are deeply committed to our ESG agenda and an early adopter of ESG and pay equality reporting



Homes Portfolio



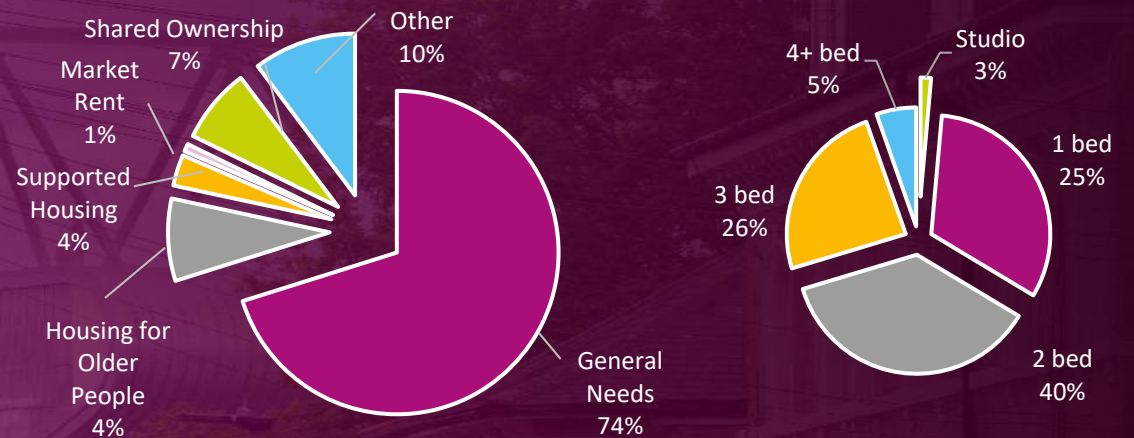
c34k* properties in c51 local authorities **39%** of GN rented stock pre first world war

65% of properties in 5 local authorities

We operate in **7** of the most deprived wards in England

* Sold 1567 Extra Care units

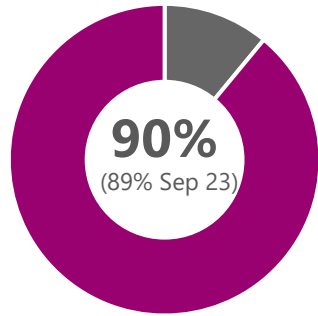
Core business



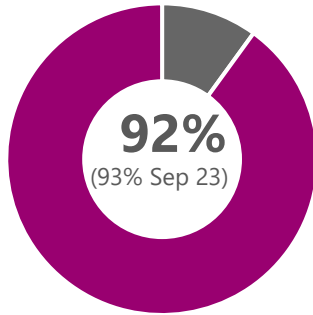
We have a concentrated geography in the Midlands

Top 5 Local Authorities	Total
Birmingham	37%
Coventry	12%
Wolverhampton	7%
Sandwell	5%
Dudley	4%

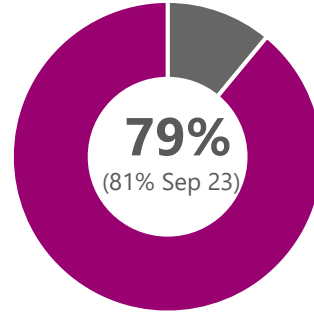
Operational Performance



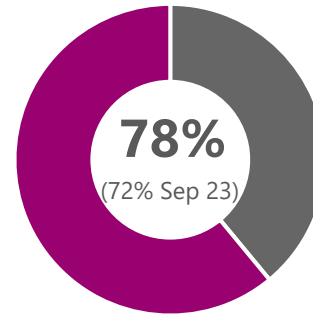
Customer satisfaction



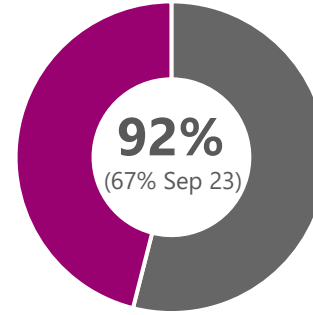
Repairs satisfaction



Colleague engagement



Properties at EPC C or above



3,467/3,750 new homes built



Re-let days

21.3 (16.2 Sep 23)



Arrears

4.33% (4.58 Sep 23)



Void loss

1.02% (0.96% Sep 23)



Regulatory grade

G1/V1 (G1/V1 Sep 24)

Statement of Comprehensive Income

	Sept 2023	Sept 2024	
	£'000	£'000	
Turnover	114,317	125,213	Increase in rents, property numbers and additional first tranche sales
Operating expenditure	(82,881)	(87,568)	Increased cost of salaries, maintenance and depreciation. Plus additional cost of properties being sold.
Surplus on disposals of property, plant and equipment	2,967	22,876	One-off sale of retirement living properties
Operating surplus	34,403	60,521	
Interest receivable	2,041	1,353	
Interest and financing costs	(13,282)	(14,411)	Rising interest rates
Surplus before tax	23,162	47,463	
Taxation	(84)	(116)	
Surplus for the period	23,078	47,347	

Value for Money

Metric	Low quartile (all HA's 22/23)	Upper quartile (all HA's 22/23)	Midland Heart (2023/24)	Midland Heart (6 months to Sept-23)	Midland Heart (6 months to Sep-24)
EBITDA MRI interest cover	0.87	1.69	1.96	2.16	2.31
Headline social housing cost per unit	£4,082	£5,847	£4,612	£2,136	£2,229
Operating margin (SHL)	14.4%	25.5%	28.2%	28.7%	33.2%
Operating margin (overall)	12.0%	23.0%	27.0%	27.5%	30.1%
Gearing	33.4%	53.7%	30.5%	30.8%	27.0%
Reinvestment %	4.3%	9.4%	9.3%	4.3%	3.9%
ROCE	2.2%	3.6%	3.4%	3.5%	6.0%



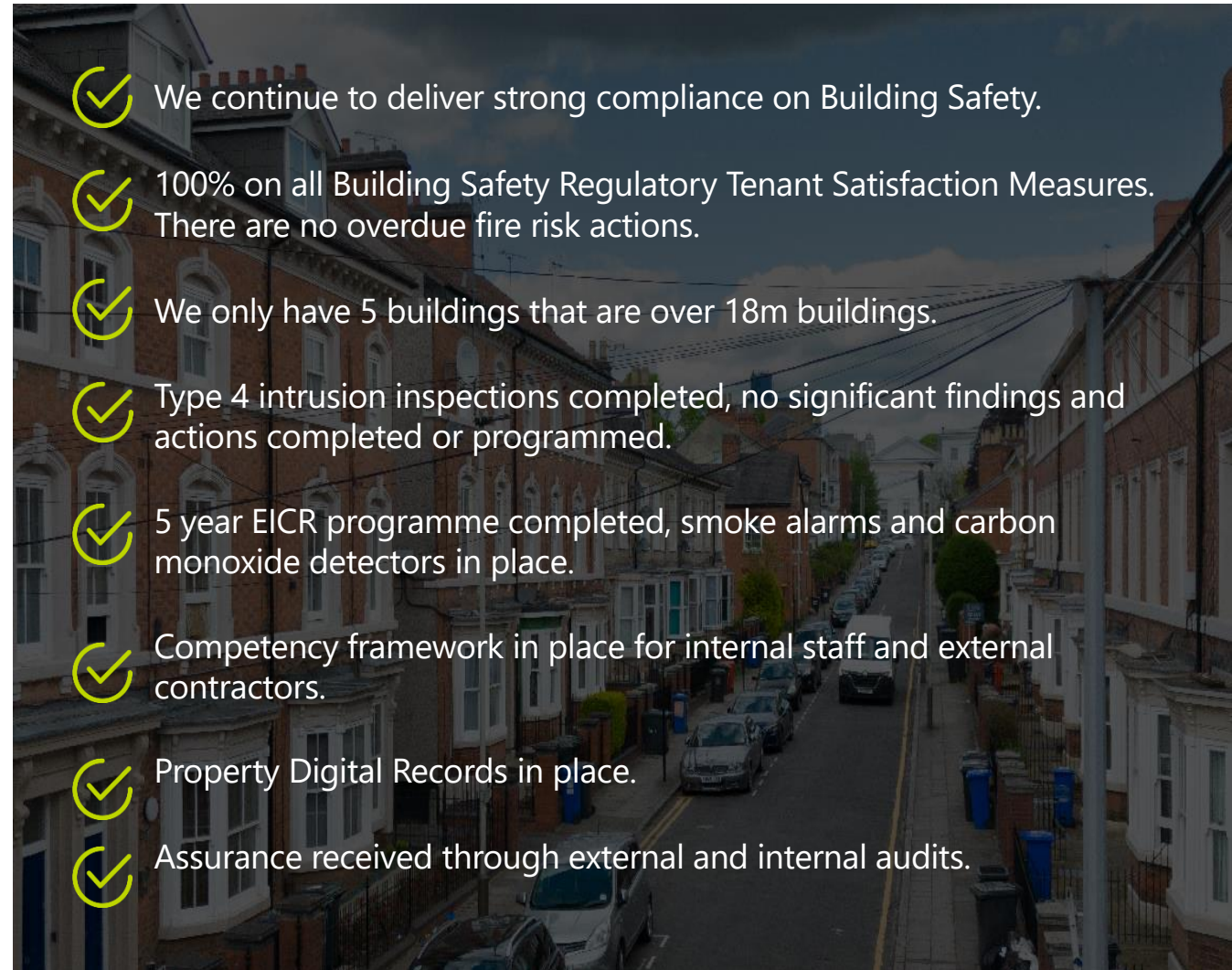
Building Compliance

We continue to consistently deliver on our statutory and regulatory compliance obligations on Building Safety.



Compliance Sep-2024

- ✓ Gas Servicing 100%
- ✓ Fire Risk Assessment 100%
- ✓ Periodic Electrical Testing (EICR) 100%



- ✓ We continue to deliver strong compliance on Building Safety.
- ✓ 100% on all Building Safety Regulatory Tenant Satisfaction Measures. There are no overdue fire risk actions.
- ✓ We only have 5 buildings that are over 18m buildings.
- ✓ Type 4 intrusion inspections completed, no significant findings and actions completed or programmed.
- ✓ 5 year EICR programme completed, smoke alarms and carbon monoxide detectors in place.
- ✓ Competency framework in place for internal staff and external contractors.
- ✓ Property Digital Records in place.
- ✓ Assurance received through external and internal audits.

Property Investment

Closing WIP
6,057

Completion of
1,459 Components

No
Category A HHSRS
Failures

Non-Emergency Repairs
(TSM)
85.4%

First Time Fix
90.2%



- ✓ We are actively addressing aged WIP with daily reviews, working closely with Tenancy Services given the complexity of cases.
- ✓ Our Customer Liaison Officers are engaging with tenants before cases reach three failed access attempts, helping to mitigate the risk of these jobs becoming aged.
- ✓ Our properties are on track to be completed for the modernisation pilot for November 2024, with 34 currently onsite.

Sustainability Performance



SHDF Wave 2.1 delivery

105 homes in construction to deliver energy efficient retrofit to uplift 312 homes to EPC C or above through £2.4m SHDF Wave 2.1 grant funding

99.9%
EPC D

18 remaining EPC Es

78.4%
EPC C

77.2% EPC C at
March 31st, 2024

115 homes
uplifted to **EPC C** or
above through
direct **£900k**
investment

269 new energy
efficient
affordable homes

18 homes above EPC
SAP 85

**New fleet
electric vehicle
(EV) Plan
approved for
2025**

**Offices solar PV
generated c16.4
MWh since July**

c3,500 kg CO₂
equivalent

Social Value in delivery

c£1m to be invested into some of our oldest homes to enable modern living

Our first Modernisation pilot homes have been handed over to tenants:

- 89% of tenants now feel the home suits their needs
- 85% of tenants now feel their home can keep them warm
- All homes will achieve EPC C as a minimum

Our Money Advice Team has supported our tenants by:

- Receiving over 1,200 tenant referrals
- Managing c£110,000 of debt relief
- Maximising income worth £2m
- Sustaining 100% tenancies



Our Treasury Performance September 2024



Cash & Liquidity

Cash: £132m
Available facilities:
£267m
Total: £399m



Drawn Debt

Outstanding loan
balance: £625m



SWAPS

£120m fully hedged and
collateralised by
property/credit threshold
Gross MTM £14m



Unencumbered Assets

£658m (MVT)
7,966 units



Interest Cover
453%
Target >150%



Gearing
41%
Target <70%

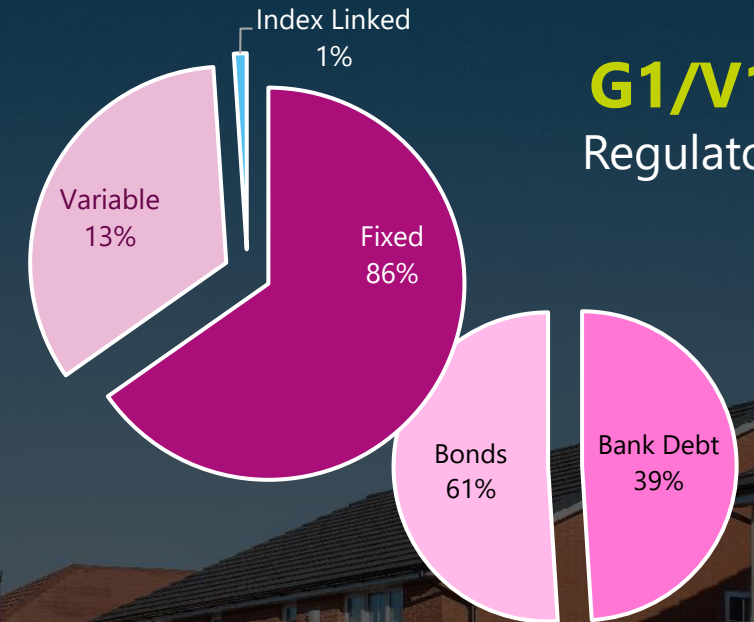
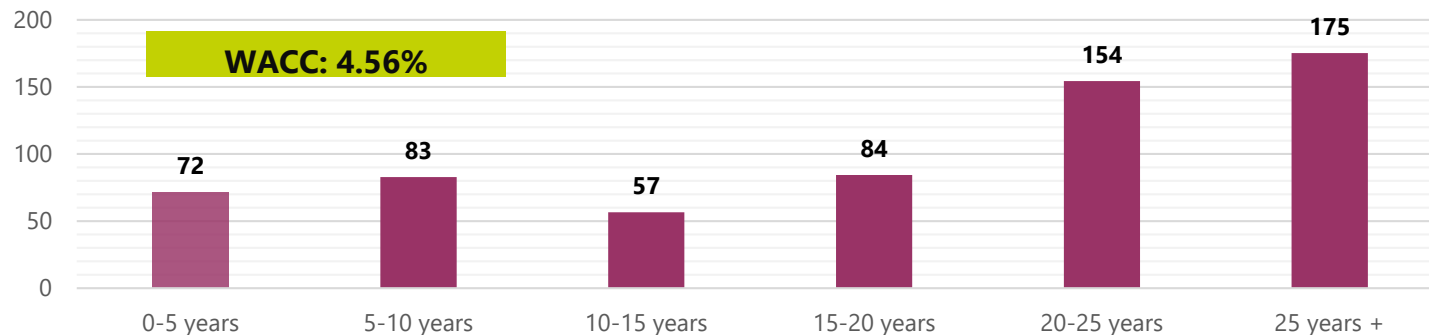


Liquidity
50 months
Target >18 months



A1
Moody's

Debt Repayments £m

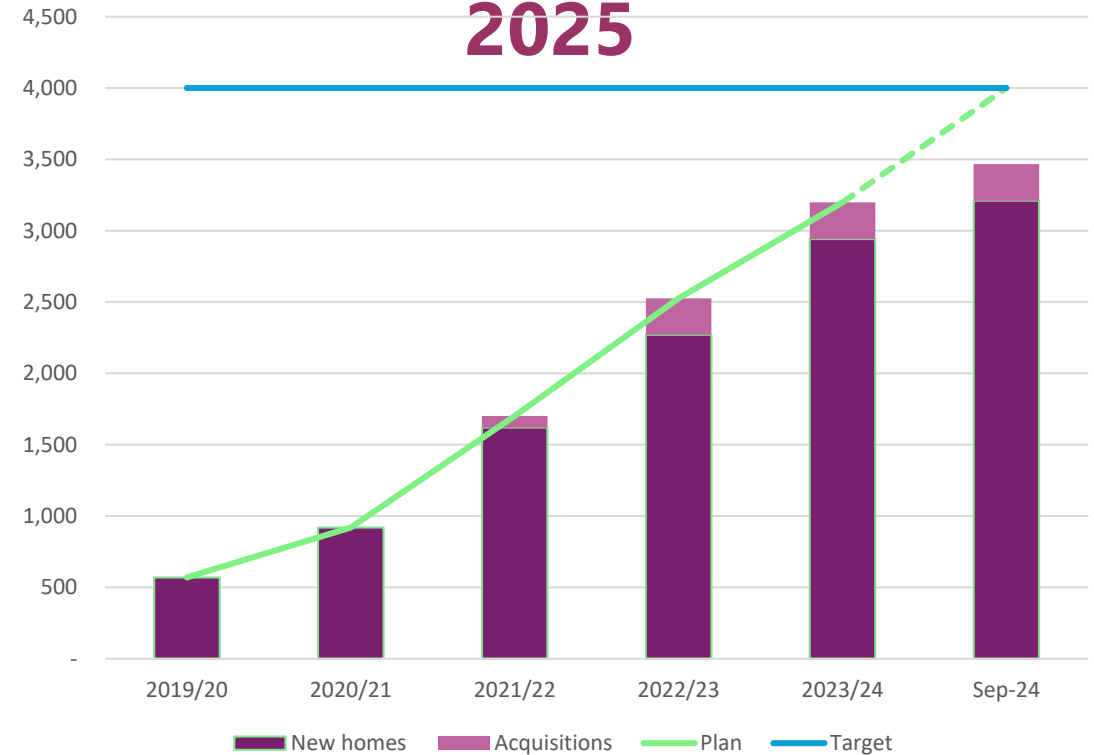


Immediate availability of **£399m**
of cash & undrawn facilities
plus **£75m** retained bond

Housing Delivery Strategy

- ✓ On target to deliver **4,000 build and acquire new homes** by 2025.
- ✓ **809 social housing completions** required in 2024/25.
- ✓ **269** new homes completed in 6 months period to September 2024.
- ✓ **No outright sale or market rent** homes in our current development portfolio – growing through our core offering.
- ✓ **Strategic Partner** with Homes England securing **£112.9m** of funding.
- ✓ **Sold 96 first tranche share ownerships** in the first half of 2024/25 with a surplus **£1.1m**

New homes: 2019 - 2025



Summary

MAKING WHAT **MATTERS**
Brilliant



Strong

Resilient performance
Strong track record in compliance



Simplified

Simple governance structure
Focus on core landlord services



Growing

Plan to deliver 4,000 homes by 2025



Conscious

Strong ESG credentials
Commitment to net zero