

# Results for the year ended 31 March 2022

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August 2022

Presentation also available at  
<https://www.livewest.co.uk/about-us/for-investors>

**LiveWest**  
A home for everyone

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### **Melvyn Garrett, Deputy Chief Executive and Executive Director of Finance**

- Joined LiveWest in 2013 (then Devon and Cornwall Housing (DCH))
- Previously Europe, Middle East and Africa Finance and Operations Director at Motorola Mobility
- Previously held finance, strategy and chief executive positions in the transport, electronics and distribution sectors; with eight years spent in the USA



### **Andrew Hart, Director of Corporate Finance**

- Joined LiveWest in 2014 (then Devon and Cornwall Housing (DCH))
- 30 years' finance experience including 10 years in corporate finance consultancy
- Previously Managing Director at a consultancy specialising in housing sector treasury risk management



### **Glynnis Poole, Planning Technical and Sustainability Director**

- Joined LiveWest in 2016 (then Devon and Cornwall Housing (DCH))
- 22 years' experience with Local Government, Environment Agency and PLC Housebuilding
- Organisational lead for environment and Modern Methods of Construction alongside Chairing the LiveWest Environment Group

# Agenda

- Credit Highlights
- Operations & ESG
- Development Performance
- Financial Performance
- Conclusion

# Credit Highlights

- ✓ South West based
- ✓ Strong interest cover
- ✓ Low Gearing
- ✓ A2 Moody's rated
- ✓ G1/V1 rated (IDA March 2022)
- ✓ Focus on ESG
- ✓ Strong Liquidity

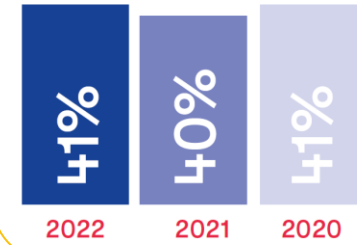
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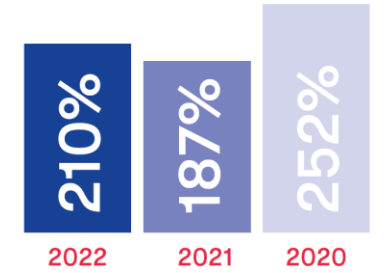
## Turnover



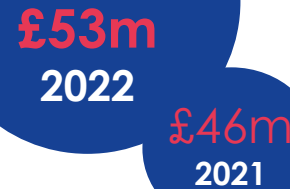
## Gearing



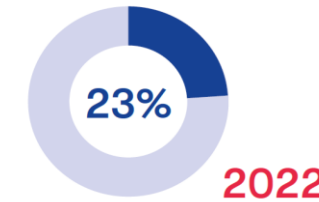
## EBITDA – MRI



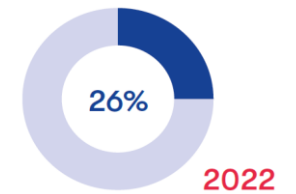
## Net Surplus



## Operating Surplus (excluding property disposals)



## Operating Surplus (Social housing lettings)



## Homes



# A2

Moody's Rating



# Operations & ESG



## Back yard nature



We have collaborated with a consortium of other housing associations and Semble to deliver the Backyard Nature programme, with the aim to support children, young people and the wider community to engage with green spaces around their homes. Back Yard Nature have just been

awarded lottery funding of £120k for the i-will programme focussing on young people. During the pandemic, this relationship has been more important than ever with millions of young people facing lockdown and a lack of access to the green spaces at school and local parks.



# A Geographically Focused Portfolio

## New homes developed in 2021/22

General needs - social	272
General needs - affordable	270
Shared ownership	258
<b>Total affordable homes</b>	<b>800</b>

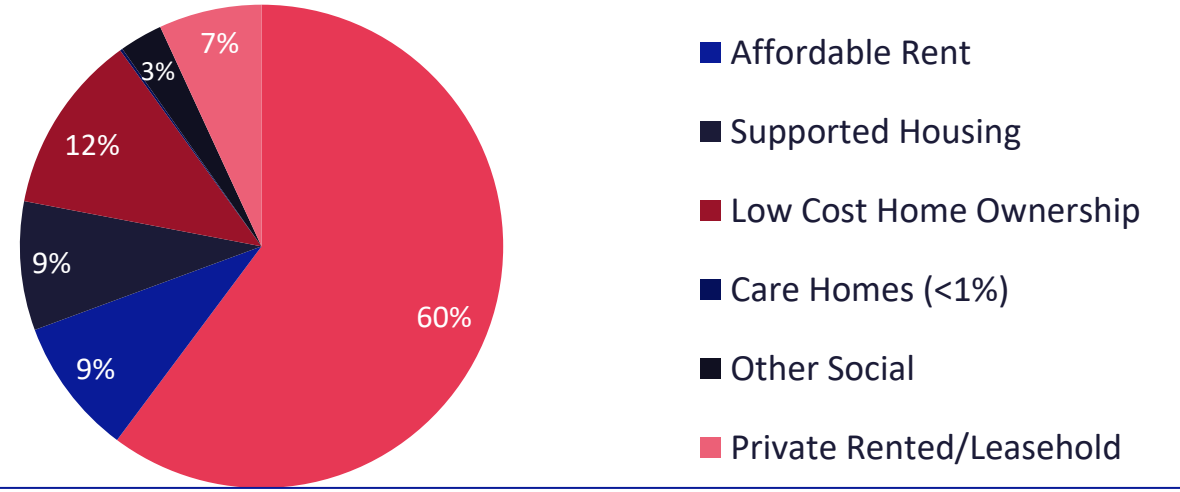
## LiveWest housing stock

2020	37,384
2021	37,820
2022	38,481

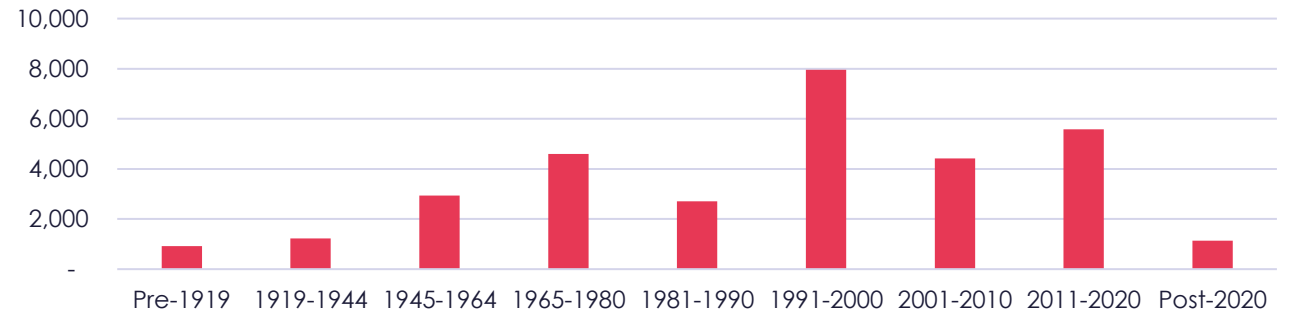
## Local authority

Local authority	Affordable housing completions 2021/22	Affordable housing under development at 31/03/2022	Homes owned and managed
Bath and North East Somerset	5	73	1,012
Bristol	78	138	2,673
Cornwall	164	388	10,064
East Devon	107	63	2,075
Exeter	16	267	994
Mendip	6	43	1,095
Mid Devon	22	66	431
North Devon	31	-	1,076
North Somerset	35	39	1,650
Plymouth	10	85	3,083
Sedgemoor	23	107	1,136
Somerset West and Taunton	9	483	1,931
South Gloucestershire	85	179	1,750
South Hams	40	81	3,957
South Somerset	105	25	918
Teignbridge	16	284	859
Torbay	8	2	577
Torridge	-	-	793
West Devon	30	91	1,923
West Dorset	10	-	69
Other	-	-	415
<b>Total</b>	<b>800</b>	<b>2,414</b>	<b>38,481</b>

## Total Stock – 93% affordable tenures



## Rented Stock Age Profile



- Average LiveWest rents below 70% of Private Rented Sector across all local authorities in our operating area indicating long term demand for stock
- All rents are below LHA (30<sup>th</sup> centile)

# Operational Performance Update

## BUILDING SAFETY

- Customer Safety is our top priority, ensuring that our customers are safe in their homes
- LiveWest has 7 Higher Risk Buildings (HRBs) that fall under scope of the new Building Safety Act which are more than 18m in height or 7 storeys or more
- Dedicated Building Safety Team now embedded managing fire and structural risks
- Specialist fire engineering consultants are providing us with proportionate remediation plans for HRB external wall systems in line with the new PAS 9980 guidance
- Embarked on an extensive programme to inspect and remediate internal fire compartmentalisation in all buildings more than 11m in height
- Ensuring fire doors in all our blocks of flats in line with new fire safety regulations

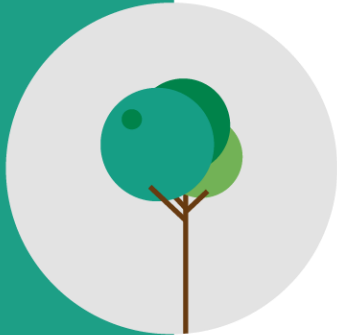
	March 2022	March 2021	March 2020
<b>Valid Gas Safety Certificates</b>	99.99%	99.98%	100%
<b>Fire Risk Assessments Complete</b>	100%	100%	99.45%
<b>% of homes meet the Decent Homes Standard</b>	100%	99.99%	99.91%

## RENT COLLECTION

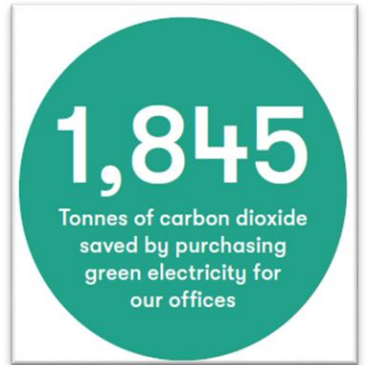
- Continued low rent arrears despite pandemic
  - Tenancy Sustainment team continues to provide support to our customers
- Continued low void rent loss levels
- Increasing numbers of tenants claiming Universal Credit
  - c.50% of tenants in receipt of housing benefit or UC
  - 62% estimated migration to date

	March 2022	March 2021	March 2020
<b>Rent arrears</b>	2.03%	2.02%	1.93%
<b>Void rent loss (general needs)</b>	0.56%	0.47%	0.64%
<b>No. of tenants in receipt of Universal Credit (% rented tenants)</b>	10,279 (33%)	9,474 (31%)	6,960 (23%)

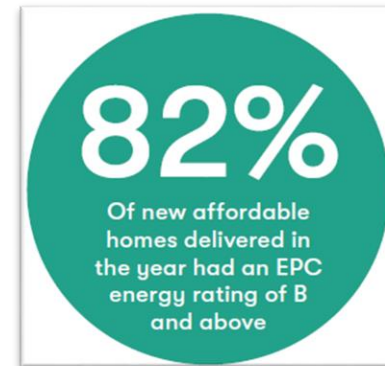
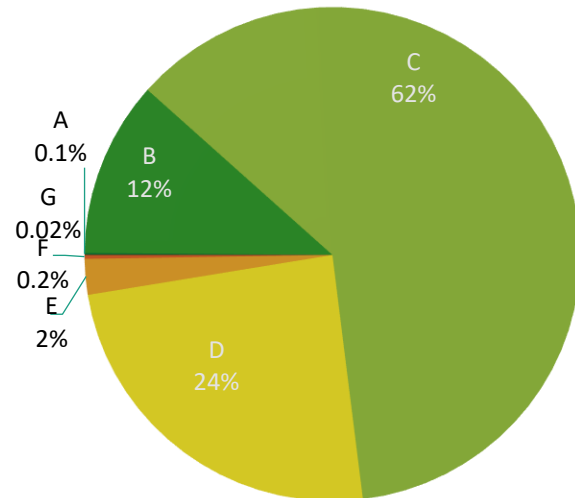




- Early adopter of the Sustainability Reporting Standard (SRS) – October 2021
- SRS October 2022 – commitment to publish our Scope 3 carbon emissions from our homes by March 2024
- Cby28 Retrofit Programme – LADs, SHDF funding to supplement LiveWest investment and aligning stock investment with the retrofit investment
- Net Zero ready new rented homes – no/low regrets investment now
- Commitment to a 15% reduction in pre-covid business mileage
- Pilot of low carbon vans within the internal fleet 2022/23
- Internet Of Things (IOT) Pilots
- Modern Methods of Construction (MMC) – Building Better Board Member, Homes England strategic partner
- Looking forward – launch of the LiveWest roadmap to 2050 in late 2022



EPC Rating Total Stock





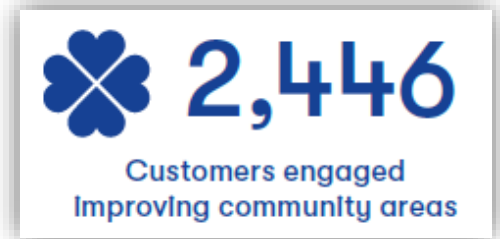
- Aligned to ICMA Green, Social and Sustainable Bond Principles
- Core Components
  - Use of Proceeds
  - Process for evaluation and selection
    - New Homes Group and Active Asset Management Group recommend inclusion
    - Environmental Group approve
  - Management of Proceeds – responsibility of LiveWest Treasury Team
  - Reporting
    - annually (with annual report) following issue off the framework



ICMA Category	Eligibility criteria
Green Buildings	<ul style="list-style-type: none"> <li>• New Buildings of EPC B or above</li> <li>• Retrofit of buildings to EPC B</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>• Onsite Solar PV or wind power systems (&lt;100gCO<sub>2</sub>/kWh)</li> <li>• Certified green energy for offices</li> </ul>
Energy Efficiency	Includes: <ul style="list-style-type: none"> <li>• 20% increase in energy efficiency</li> <li>• Two notch EPC Uplift</li> <li>• Uplift to EPC B</li> </ul>
Affordable Housing	<ul style="list-style-type: none"> <li>• Affordable housing for moderate and low income households</li> </ul>

**Social Initiatives:**

- Dedicated Community Investment and Tenancy Sustainment teams, both of whom have been vital to improving our customers wellbeing and our communities during the pandemic.
- Aim to create long-term sustainable communities where people want to live and where there are opportunities to thrive and become resilient to increasing local and global impacts
- Appointed Energy Awareness Officer to support our customers with advice on energy costs
- Early adopter of the “Together with Tenants” charter ensuring customers receive timely, accessible information





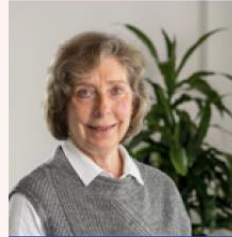
**Board Members**



**Antony Durbacz**  
Chair of ARC, Member of TC



**Jacqueline Starr**  
Member of CSC and ARC



**Jenefer Greenwood**  
Chair of RC, Member of DC



**Joanna Crane**



**John Newbury**  
Senior Independent Director,  
Member of ARC, RC  
and CSC



**Linda Nash**  
Group Chair, Member of RC



**Melvyn Garrett**  
Deputy Chief Executive and  
Executive Director of Finance,  
Member of TC



**Paul Crawford**  
Chief Executive



**Phil Stephens**  
Chair of DC, Member of TC



**Rahul Jaitly**



**Tom Vaughan**  
Chair of CSC, Member of RC



**Tony MacGregor**  
Chair of TC, Member of ARC

- Recruitment exercise appointed Rahul Jaitly and Joanna Crane as Non-Executive Board Members in addition to five Committee Members
- Andrew Wiles retired in the year
- G1/V1 Rated (IDA March 2022)
- Comply with NHF Code of Governance 2020
- InFocus, our customer scrutiny group, has a diverse membership across our geography which reflects our communities.

Board Statistics	
Gender Ratio (M:F)	67:33
Average Age	58
Average Tenure	5 years
Maximum Tenure (non-executives)	9 years
Percentage Non-Executive	83%
Regulator Grading	G1/V1

**Committee Members**



**Andrew Smith**  
Member of TC



**Anh Duong**  
Member of TC



**Christopher Balch**  
Member of DC



**Emma Toms**  
Member of CSC



**Mark Sowden**  
Member of RC



**Parveen Rai**  
Member of CSC

ARC = Audit and Risk committee      DC = Development committee  
 CSC = Customer Services committee      RC = Remuneration and Nominations committee  
 TC = Treasury committee

# Development Performance



We built 800 much needed affordable homes for rent and shared ownership sale during the last year.

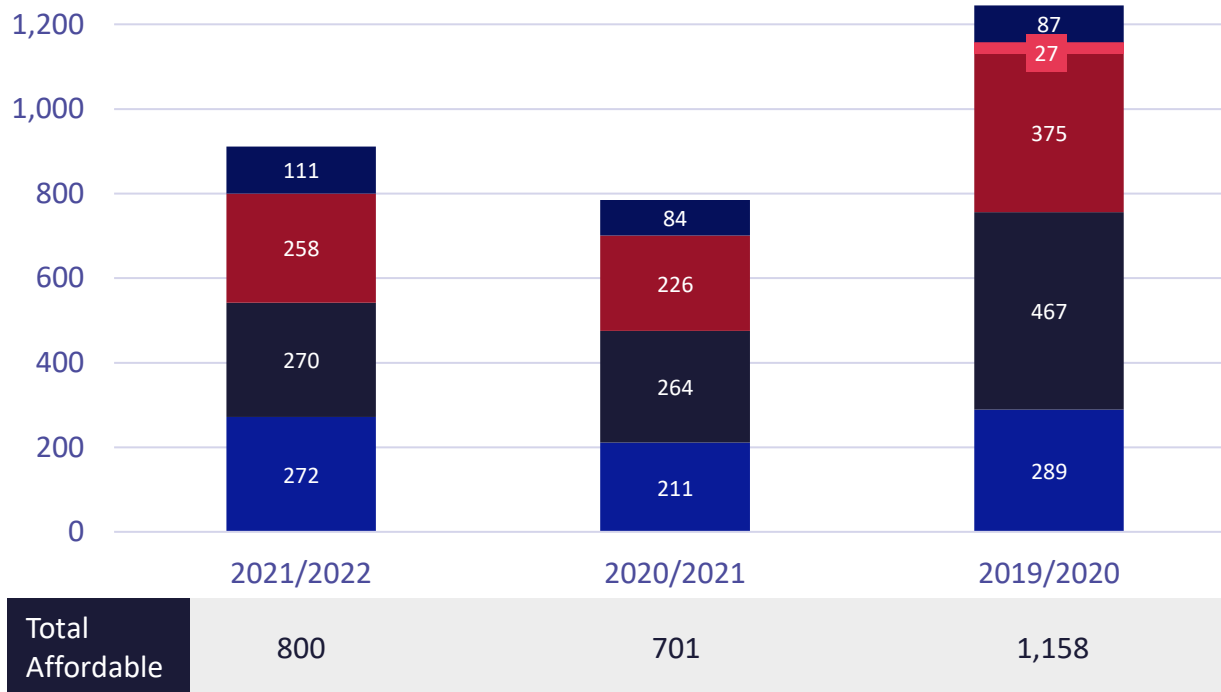


## Development: Delivery & Sales

### March 2022 performance

- Delivery remains challenging
- 800 affordable homes completed
- £146m invested in delivery of our housing programme
- Strong sales margins and low stock levels
- Sales as % of Turnover – 26% well within Internal Financial Framework limit of 30%

### Units Developed



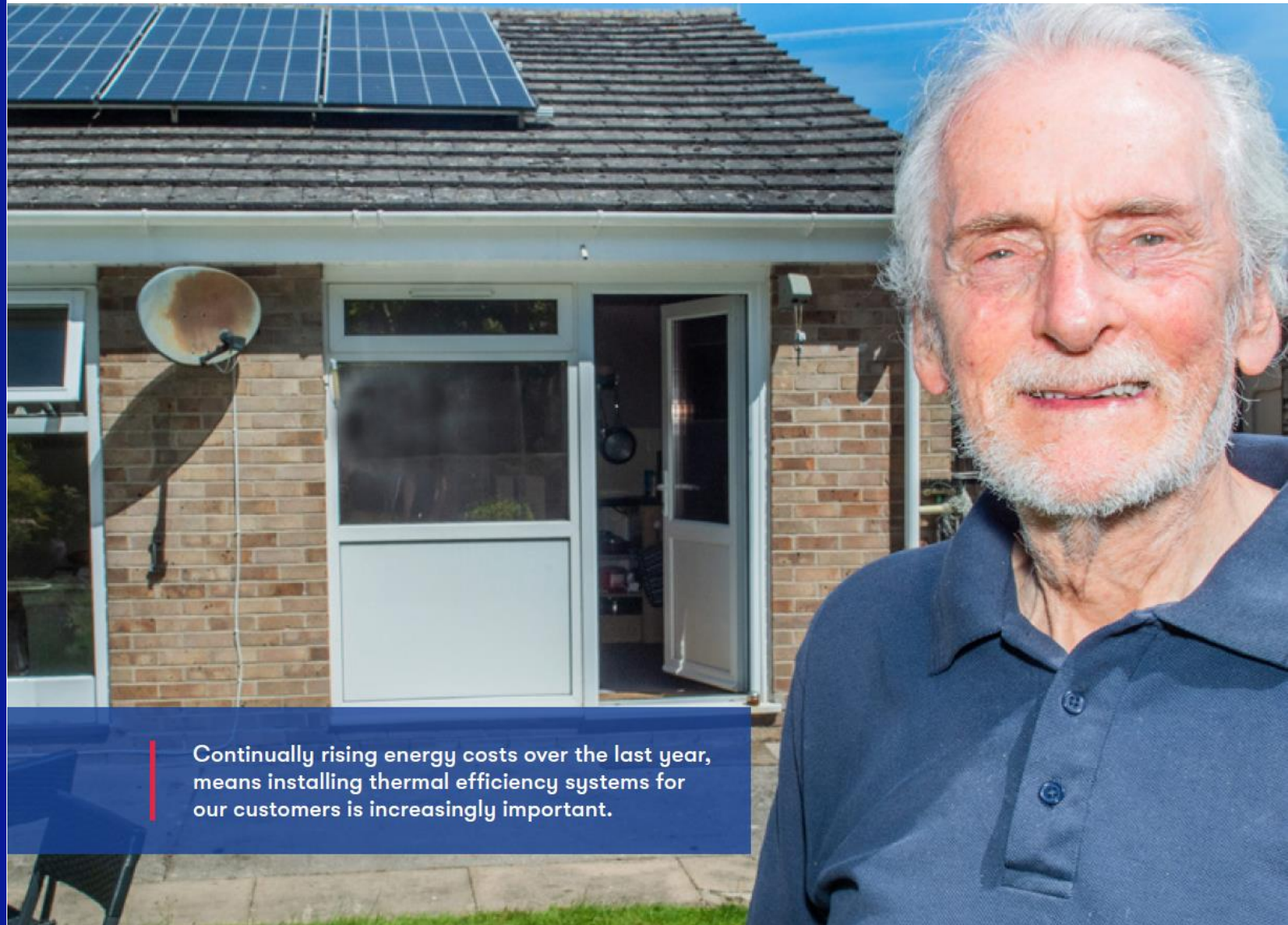
■ Social Rented ■ Affordable Rented ■ Shared Ownership ■ Supported ■ Non Social

Sales Performance	2022			2021
	Shared Ownership	Open Market	Total	Total
Sales (£000s)	31,024	38,967	69,991	50,465
Units Sold	294	109	403	335
Sales as % of Turnover	12%	14%	26%	21%
Stock	64	10	74	108
of which, unreserved	13	3	16	36
of which, unreserved > 3 mths	0	0	0	5
Gross Profit (£000)	6,372	8,060	14,432	10,930
Gross Profit Margin	21%	21%	21%	22%
Profit (£000)	4,959	6,278	11,237	7,679
Profit Margin	16%	16%	16%	15%

- Target of 6,912 new homes for development in the next 5 years (61% rented, 27% shared ownership, 13% open market/market rent)
- Contracted pipeline of 2,414 affordable and 918 open market homes
- Strategic Partner for Homes England Wave Two to deliver 2,550 homes by 2028



# Financial Performance

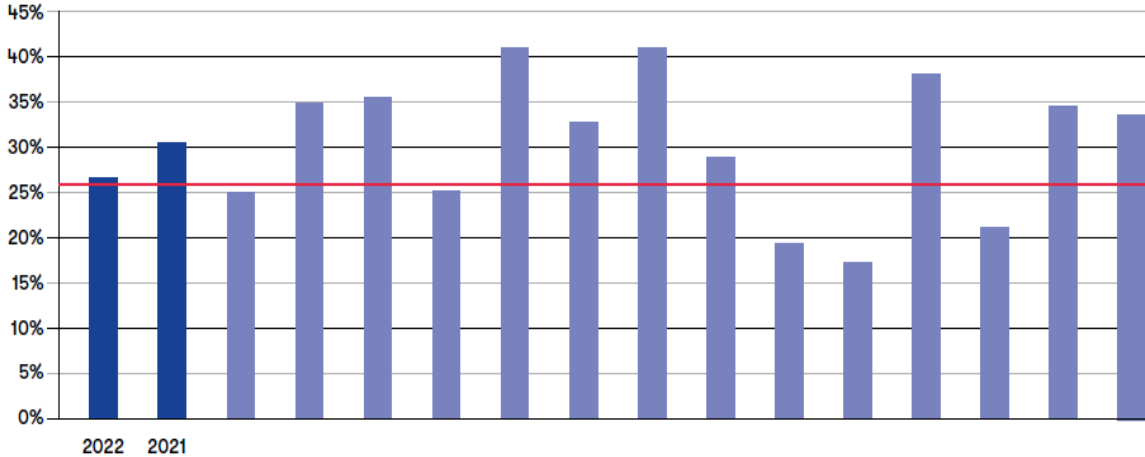


Continually rising energy costs over the last year, means installing thermal efficiency systems for our customers is increasingly important.

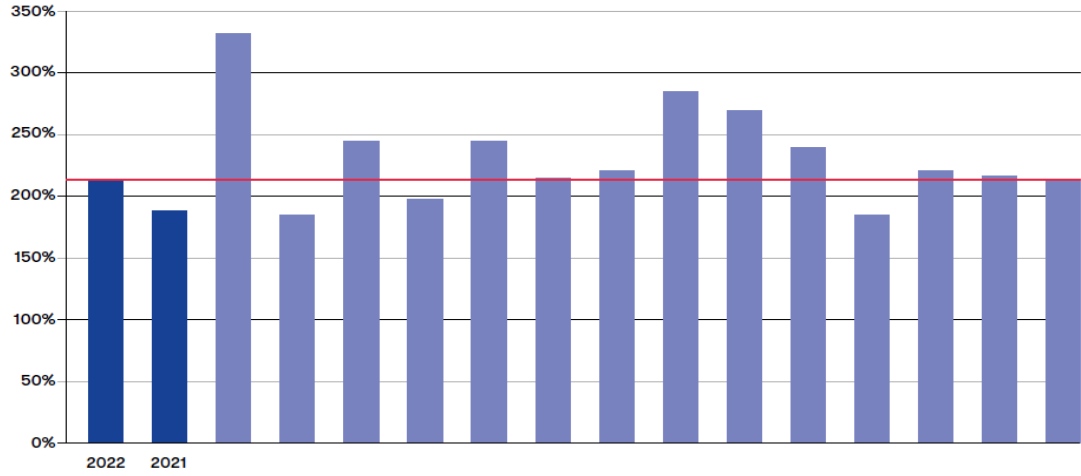
## Financial Performance

	2022	2021	2020
Total Turnover - £m	271	244	249
Social Housing Lettings Turnover - £m	192	186	180
Social Housing Lettings Surplus - %	26%	30%	33%
First Tranche Shared Ownership Sales - £m	31	24	32
Open Market Sales - £m	39	27	29
Total Property Sales (S/O + OMS) as % of Turnover	26%	21%	24%
Operating Surplus - £m (pre asset disposals)	61	62	70
Operating Surplus - £m (post asset disposals)	83	82	90
Operating Margin % (pre asset disposals)	23%	25%	28%
Net Surplus - £m	53	46	59
Gearing %	41%	40%	41%
EBITDA-MRI Interest Cover %	210%	187%	252%
Housing & Investment Properties net of Depreciation - £m	2,253	2,164	2,106
Net Debt - £m	913	851	849

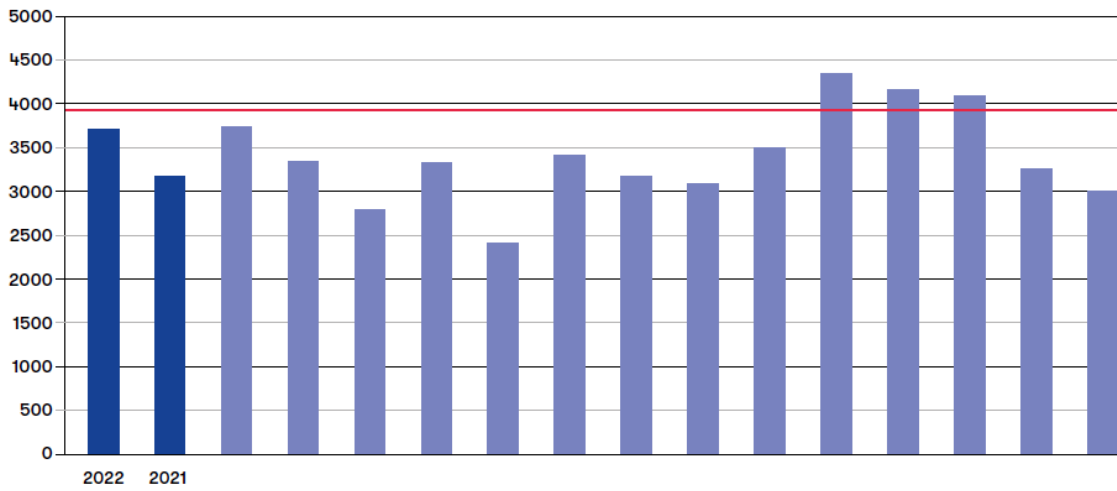
Operating margin – social housing lettings



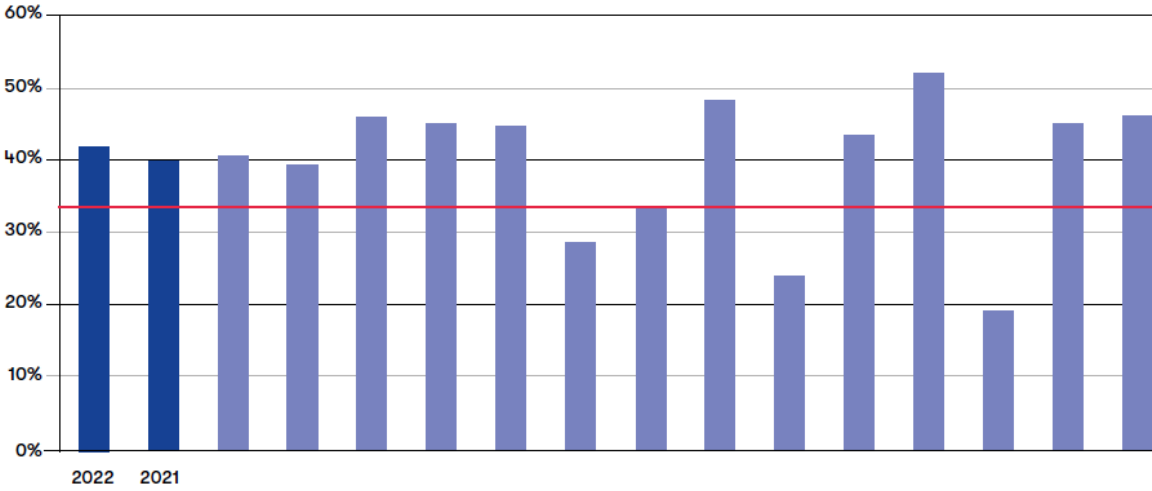
EBITDA – MRI Interest Cover %



Headline social housing Cost Per Unit (£)



Gearing %



- Comparing LiveWest against a selection of Moody’s rated housing associations using HouseMark data (at 2021)
- Comprises of current A2 or higher rated associations

Source: LiveWest 2021/2022 Annual Report

## Debt and Security: Portfolio – March 22

	Loans	Swaps	Net loans	%
Fixed	671	263	934	98%
Floating	275	(275)	-	0%
Index linked	-	12	12	2%
<b>Total Debt</b>	<b>946</b>	<b>-</b>	<b>946</b>	<b>100%</b>
Cash and liquid investments	(33)	-	(33)	
<b>Net Debt</b>	<b>913</b>	<b>-</b>	<b>913</b>	

### Available Security

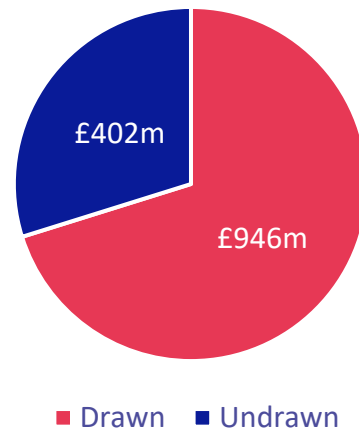
Stock uncharged or held as excess security and available to secure future borrowings:

- 13,793 properties
- Security value of £1.2bn

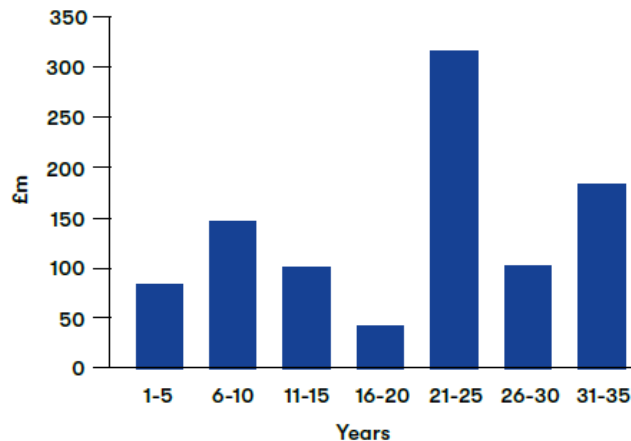
### Swaps

- MTM Liability - £58m (2021: £83m)
- Liability is fully secured (Including buffer against rate movement)
- Average Maturity – 9 years

### Debt Facilities



### Debt repayment profile



### EMTN

- Established Sustainable Finance Framework in December 2021
- Demonstrated ability to respond to reverse enquiries with £30m retained sale in December 2021

# Credit Highlights

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- ✓ Strong Liquidity

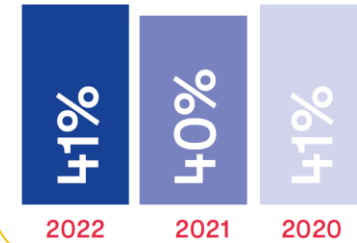
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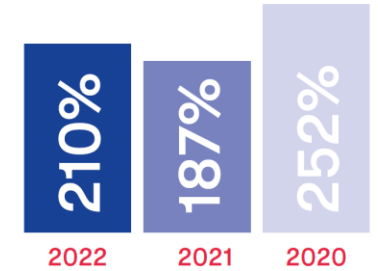
## Turnover



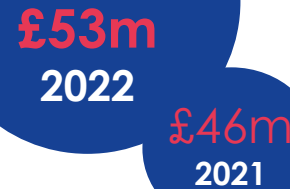
## Gearing



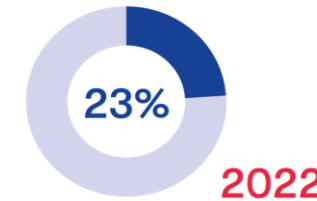
## EBITDA – MRI



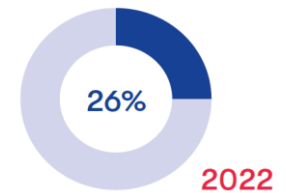
## Net Surplus



## Operating Surplus (excluding property disposals)



## Operating Surplus (Social housing lettings)



## Homes



A2

Moody's Rating





# Appendix: Organisational Structure

During the year we launched our  
Sustainable Finance Framework.





# Appendix: Corporate Structure and Funding

LiveWest Homes Limited  
(Regulator of Social Housing  
registration number: 4873)



\*Parent Company Guarantee  
from LiveWest Homes

\*\* Company Limited  
by Guarantee

- LiveWest Capital Plc and Arc Developments South West will become inactive and dormant

## Appendix: Executive Team

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Melvyn Garrett  
Deputy Chief Executive / Executive  
Director of Finance



Paul Crawford  
Chief Executive



Russell Baldwinson  
Executive Director of Development



Ian Fisher  
Executive Director of Digital  
and Business Change



Suzanne Brown  
Executive Director of Operations