

21

21

21

21



Presentation to Fixed Income Investors

September 2018

Bruce Moore, Chief Executive Officer

Paul Weston, Chief Financial Officer

Shageel Akram, Head of Treasury

housing&care21

Disclaimer

The information contained in this investor presentation (the "Presentation") has been prepared to assist interested parties in making their own evaluation of Housing&Care21. This presentation of Housing&Care21 is believed to be in all material respects accurate, although it does not purport to be all-inclusive. 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 Housing&Care21 nor any of its representative directors, officers, managers, agents, employees or advisers 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 hereby 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 Housing&Care21 nor any other person connected to it 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 includes certain statements, estimates and projections prepared and provided by the management of Housing&Care21 with respect to its anticipated future performance. Such statements, estimates and projections reflect various assumptions by Housing&Care21'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. 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.

This Presentation does not constitute or form part of, and should not be construed as, an offer to sell, or the solicitation or invitation of any offer to buy or subscribe for, Bonds in any jurisdiction or an inducement to enter into investment activity. No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

The distribution of this Presentation in certain jurisdictions may be restricted by law and persons into whose possession this Presentation or any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Presentation and any materials distributed in connection with this Presentation are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. Housing&Care21 does not accept any liability to any person in relation to the distribution or possession of this presentation in or from any jurisdiction.

Contents

1. Who We Are and Our Market Position
2. Our Structure, Governance and Assurance
3. Our Business Streams and Stock Profile
4. Our Strategic Priorities
5. Financial Performance and Treasury
6. Closing Remarks

Executive Team



Bruce Moore
Chief Executive Officer

- Prior to joining Housing & Care 21 in 2013, Bruce was Chief Executive for Hanover Housing Group, a post held since 2006. He has also been Chief Executive of Wolverhampton Homes and Deputy Chief Executive of Anchor Trust
- Bruce has served as a board member for a number of housing associations and charities including acting as a Housing Corporation appointee. Bruce has recently completed a PhD in the governance of Registered Providers of Social Housing



Paul Weston
Chief Financial Officer

- Paul, who has 30 years of experience in finance, joined Housing & Care 21 in 2012 after a six month role as the Interim Chief Financial Officer of the Home Group. He previously worked for The Allied Healthcare Group (2004–2012), an AIM/NASDAQ listed concern and was their Chief Financial Officer. Paul is also currently a Non Executive Director of The Wrekin Housing Group and Churches Association of Dudley and District (Chadd). He was previously a Non Executive Director of a NHS Trust
- Prior to joining Allied Healthcare in 2004 Paul's previous experience included SSL International plc, a worldwide manufacturer and distributor of healthcare and consumer brands, Fruit of the Loom and Arthur Andersen.



Tony Tench
Chief Operations Officer

- Tony joined Housing & Care 21 in 2014. He is a business and marketing graduate. His career in housing and care services for older people began with Anchor Trust in 1998
- He joined Hanover Housing Association in November 2007, where he held three successive roles – Extra Care and Services Director, Strategy and Improvement Director and most recently Retirement Housing and Property Director
- Tony is currently a Non Executive Director of The Community Housing Group and Oakleaf Commercial Services Ltd.

Who We Are and Our Market Position

housing&care21

Who are we – Housing & Care 21

Our corporate purpose is to provide **contemporary housing and care services** and solutions to meet the needs of **older people of modest means**.

- The largest provider of Extra Care housing (10% market share) and leading provider of affordable and contemporary retirement housing in England
- Minimal exposure to welfare reform
- Strong customer base growing at 1.9% per annum (people aged 65 or above)
- Social care services but no clinical or extensive nurse-led care
- HCA's top Financial Viability and Governance rating of V1 and G1
- A+ credit rating from S&P
- Own and/or manage over 20,000 Retirement (71%) & Extra Care (29%) housing units*
- Serve over 23,000 customers in over 200 local authority areas



Focused on Core Purpose

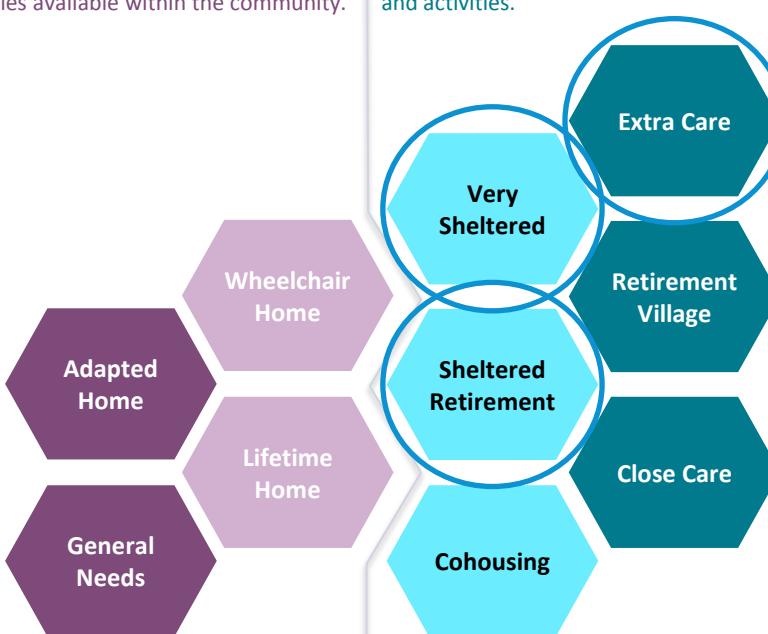
Over the last few years, the business has reshaped to focus on older people housing provision with limited related care services, allowing us to focus on our core purpose and providing a more stable footing for further growth.

2015/16
2016/17
2017/18
2018/19

- Gained V1/G1 ratings
- Obtained Investors in People Silver award
- Started to implement devolved operating model (e.g. repair service)
- Merger discussions with Sanctuary Group terminated – new direction agreed
- Disposal of non-core Home Care business
- Launch of Strategic Plan (2017-21)
- A+ credit rating from S&P
- £250m secured bond Issue
- Acquisition of 563 Sheltered properties from Your Housing Group
- Achieved Investors in People Gold accreditation
- Acquisition of Seagrave Court form Midland Heart



Where We Fit in the Market Place

Mainstream Housing	Specialised Housing	Care Homes
<p>Individual homes to buy or rent – not designated for any specific user group though Lifetime Homes includes age-friendly features and wheelchair housing is specially designed. Personal care, support, other services and amenities available within the community.</p>  <pre> graph TD subgraph Mainstream_Housing [Mainstream Housing] A[Adapted Home] B[General Needs] C[Lifetime Home] end subgraph Specialised_Housing [Specialised Housing] D[Very Sheltered] E[Sheltered Retirement] F[Extra Care] G[Retirement Village] H[Close Care] I[Cohousing] end subgraph Care_Homes [Care Homes] J[Dementia Care Home] K[Nursing Home] L[Residential Care Home] M[Hospice] N[Hospital] end A --- D B --- D C --- D D --- E E --- F E --- G E --- H E --- I </pre>	<p>Groups of homes (usually flats) to buy or rent – designated for older people (typically 55+). Personal care and support usually arranged or provided within the development together with shared facilities and activities.</p>	<p>Residential care rather than independent living.</p>

The Market

- Strong customer base growing at 1.9% per annum (people aged 65 or above)
- Links and interdependence of: Housing – Care – Health
- 74% of household growth will come from households with occupants aged over 65
- Numbers of older people living with chronic and multiple health conditions which is putting pressure on health and social care systems
- Importance of Partnership Working

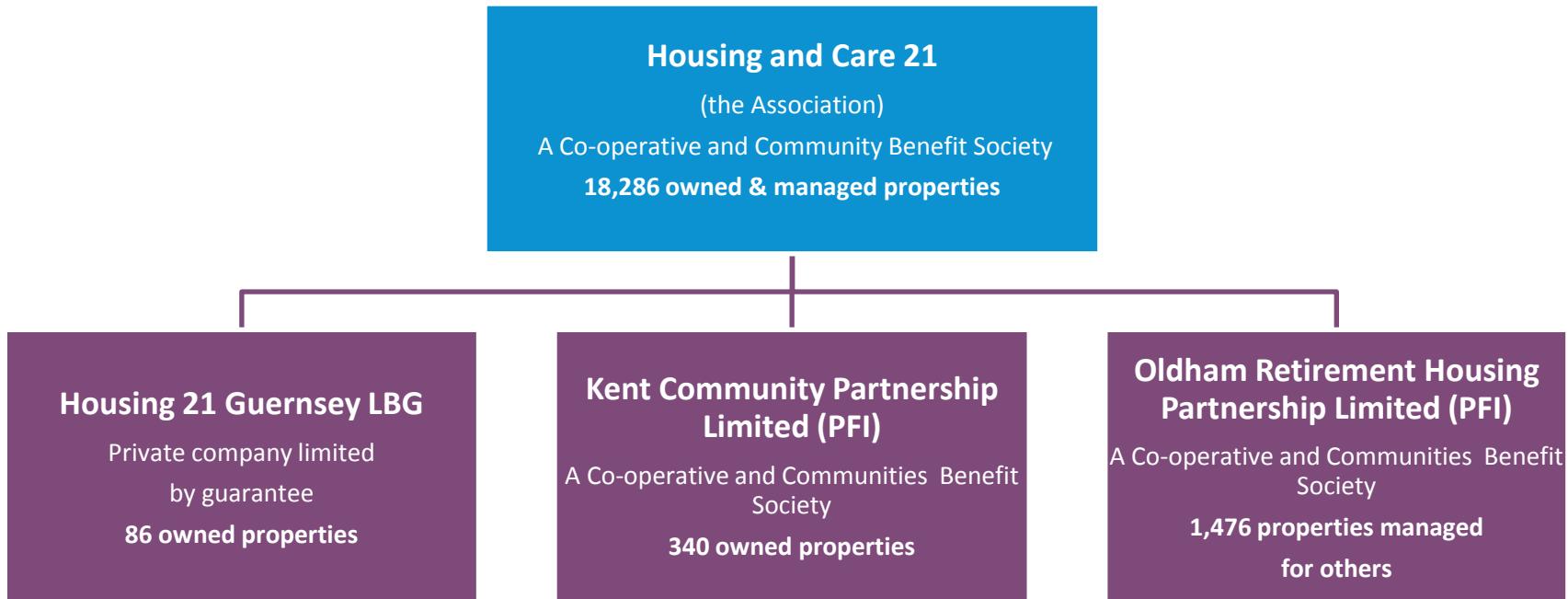


Our Structure, Governance and Assurance

housing&care21

Corporate Structure

- ✓ A simple and transparent corporate structure i.e. no separate development or funding vehicle
- ✓ Two ring-fenced PFI subsidiaries and one scheme (86 units) in Guernsey



Notes:

- All subsidiaries are wholly owned by Housing & Care 21

Governance Structure



Stephen Hughes, Chair Designate

Extensive local government experience and ex-CEO of Birmingham City Council. He brings considerable knowledge and experience of housing and PFI projects.



Ann Turner, Chair ARMC

Over 25 years of experience in executive positions at three large housing association, Ann has served on numerous CIPFA and NHF committees.



Michael McDonagh

Held several leadership roles at KPMG and led the Public-Sector Audit practice. Michael has a history of mentoring across the business.



Stephanie Heeley

A resident board member who passionately believes that the focus of the organisation should always be on the resident



Neil Revely

With over 30 years in social services for local authorities, Neil provides consultancy across health, housing and adult services.



Kathleen Boyle

Kathleen is the Deputy National Leader of L'Arche with an extensive background in housing and care. She is a board member of Croydon Churches HA.



Liz Potter

With over 30 years of housing experience, Liz is currently the Chair of Curo and has been involved in recovery action plans with the HCA.



Michael Knott

Over 30 years of progressive experience from consumer goods through engineering to health and social care. He was previously MD of Shaw Healthcare.



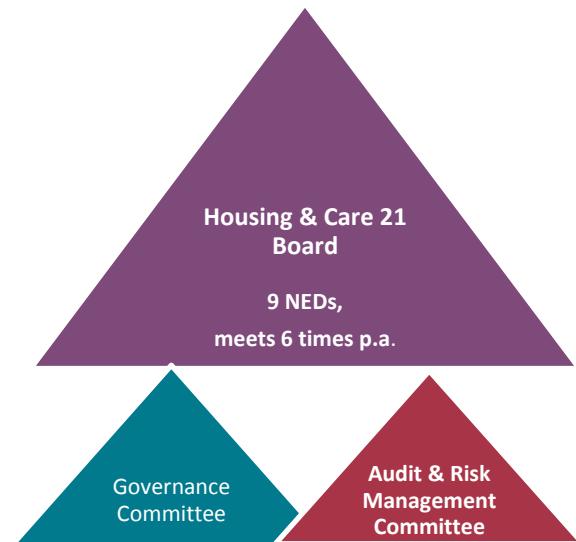
Jenny Owen CBE

With broad experience of social care in local authorities, central govt. and regulation, Jenny is non-executive director at the Royal Free Hospital.

Board members retiring in Sep-18

1. Lord Ben Stoneham, Chair
2. Sanaya Robinson
3. Richard Humphries

- ✓ Simple structure
- ✓ Robust Governance



Stephen Hughes, Chair Designate

- ✓ Following a rigorous selection process, Stephen Hughes has been appointed as the new Chair of the Board, succeeding Lord Ben Stoneham who completes his agreed term of office in September 2018.
- ✓ Stephen has extensive local government experience and has been a Board member at Housing & Care 21 for four years. He was previously Chief Executive of Birmingham City Council and was involved in a number of significant property developments including New Street Station and the Library of Birmingham.



Assurance & Risk Management

Key External Risks	Mitigants
1% rent reduction	New 5-year rent settlement of CPI + 1% from 2020
Welfare reforms	Minimum impact - focus on housing older people of 65+
Housing market	Minimal outright sales, focus on affordable housing tenures, financially resilient
Grant funding	SOAHP bid successful for 1,050 units, Additional £2bn funding (total £9bn commitment) announced by government
Sheltered rent and LHA cap risk	Proposals dropped
BREXIT	Local workforce

Corporate Risk Register

➤ **2017 top two challenges / risks**

- LHA Cap
- System refresh project (PEBBLES) not achieving the desired benefit/change

➤ **2018 top two challenges / risks**

- Development aspiration
- System refresh project (PEBBLES) not achieving the desired benefit/change

Our Business Streams & Stock Profile

housing&care21

Our Key Business Streams



Retirement Housing | 14,290 properties

- Promoting independence and choice for older people of modest means through self-contained flats/houses organised in “Courts” with a communal lounge and on-site court manager service
- Most courts have a Court Manager who offers advice, arranges help if necessary and manages the building
- Alarm system provides out-of-hour support to 24/7 call centre

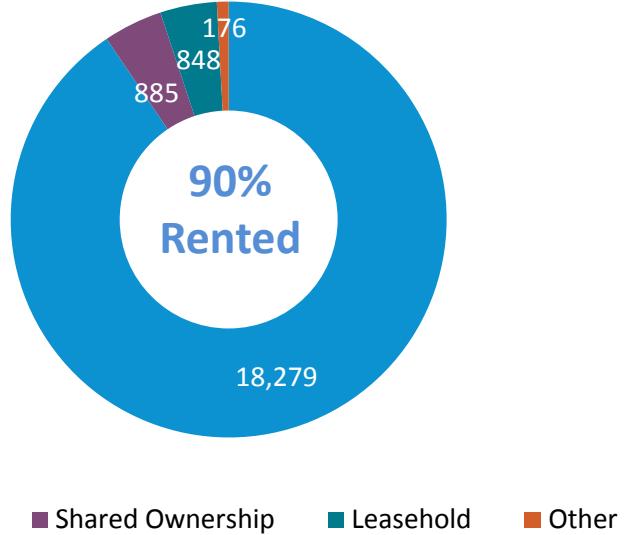


Extra Care Housing | 5,898 properties | c. 40,000 hrs/week of Extra Care

- Purpose-built apartments with 24-hour on-site support and care services tailored to meet individual needs
- Typically an Extra Care scheme is made up of 60 to 80 units where residents enjoy communal facilities such as restaurants, hairdressers and shops
- Schemes link up with schools, businesses and healthcare providers – ensuring residents feel part of the wider community
- Housing & Care 21 is the largest provider of Extra Care housing with c. 10% market share
- Approx. 40,000 hours of social care per week in Extra Care schemes

Our Stock

- ✓ The vast majority of our stock is rented social housing, with only 4% stock on Shared Ownership basis
- ✓ Average age of property portfolio is 29 years



- ✓ Six buildings have over 6 floors but none have ACM cladding
- ✓ Sprinkler installation for three tower blocks (with over 8 floors)
- ✓ 100% fire risk assessments in the last 15 months (high rises 12 months)



Extra Care



Retirement Housing

- ✓ Operating nationally across over 200 local authorities

Our Strategic Priorities



housing&care21

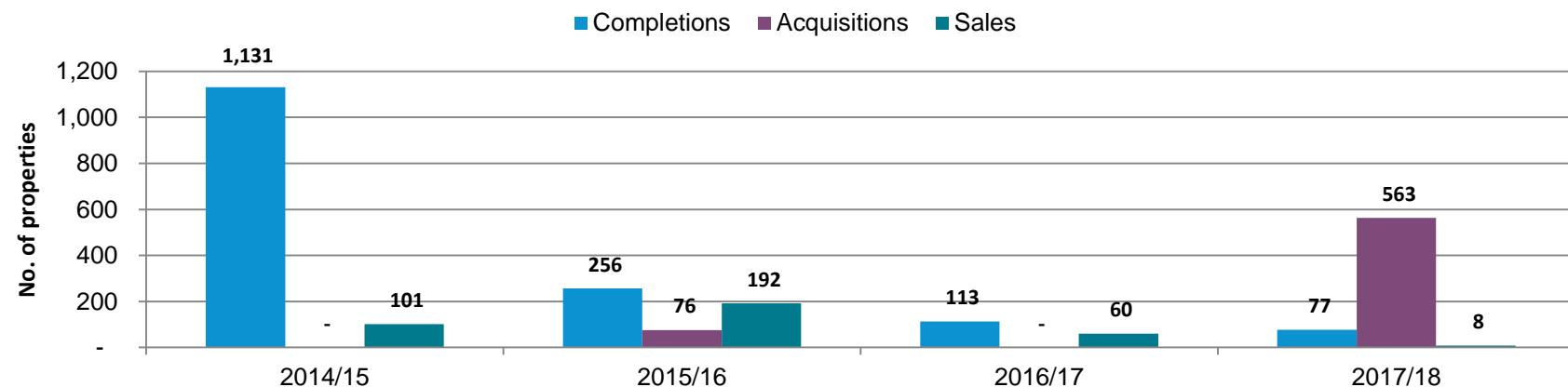
Providing More Homes

Development

- ✓ £250m bond issued in 2017 will provide the financial resources to fulfil our development ambition over the next few years
- ✓ Completed 77 Extra Care properties last year and expect to develop 202 properties in the FY 2018-19
- ✓ Building up to 800 properties per annum from 2021 onwards

Acquisitions

- ✓ Acquired 563 Retirement Housing properties from Your Housing Group for £12m in 2017. 2018/19 budgeted EBITDA for this acquisition is £1.4m
- ✓ Acquisition of Seagrave Court form Midland Heart
- ✓ Disposal of 29 family housing units in Devon & Cornwall for £3.3m



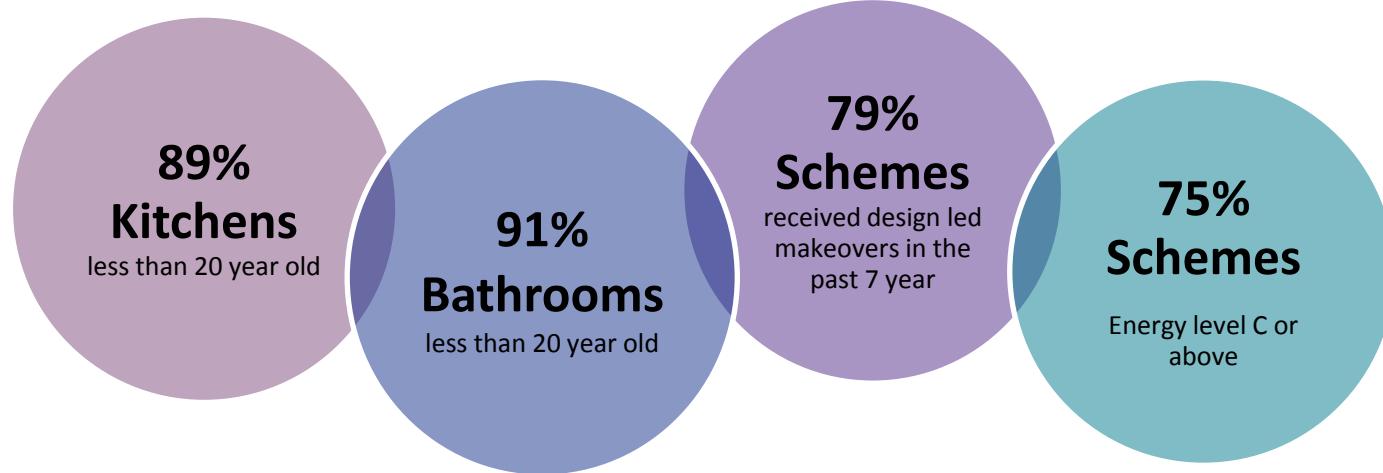
New Development – Foxfields

Location	: Upton, Northampton
Housing type	: 77 Extra Care flats (all rented)
Accommodation type	: 1 and 2-bed flats
Support	: Non-Resident Scheme Manager
Nearby	: Bus stop, shops, Post Office, GP Surgery, Town centre
Completion date	: 3 October 2017
Total construction cost	: £8.7 million
Grants	: None (Nil value land from Homes England)
Sales proceeds	: Nil



Quality of Existing Properties

- ✓ Completed the second year of the 5-year investment programme to invest more than £135m (£27m pa) in enhancing the design and specification of existing properties
- ✓ Considerable progress has been made and we are on track to complete the programme by 2021.



- ✓ Undertook a comprehensive review of all aspects of fire safety
- ✓ No combustible cladding and only 3 high rise blocks
- ✓ Installing sprinkler system in these 3 blocks at a cost of £750k
- ✓ Additional fire compartmentation work and reconfiguring alarm zoning investment of £1.4m

Investment in Existing Properties

Old



New



Quality & Responsiveness of Our Services

- ✓ Dedicated Court Managers and devolved operating model
- ✓ 94% care services at the year end assessed as at least good by CQC (currently 97%)
- ✓ Good Extra Care (care) performance in 2017/18 contributing £1.1m operating surplus (£0.9m in 2016/17)
- ✓ In Apr-18, we implemented significant enhancements and changes to care staff employment terms and management structure as part of our commitment to quality
 - Circa 70% care staff is on guaranteed hours and everyone receives a pay rate of at least 10% above NLW
 - Strengthened the care management structure
- ✓ Seek to recover additional cost impact from the councils through enhanced charge rates over the next two to three years to ensure maintenance of similar level of operating surplus



94%
Good



People and Potential

- ✓ Achieved Investors in People **Gold** in 2018
- ✓ Considerable investment in the training and development of all our staff
- ✓ Median pay gap of 28% largely due to the structure of the workforce in the sector in which we operate
- ✓ Care staff, domestic staff and Court Managers account for the vast majority of our staff and more than 90% of the people in these roles are female



System & Technology

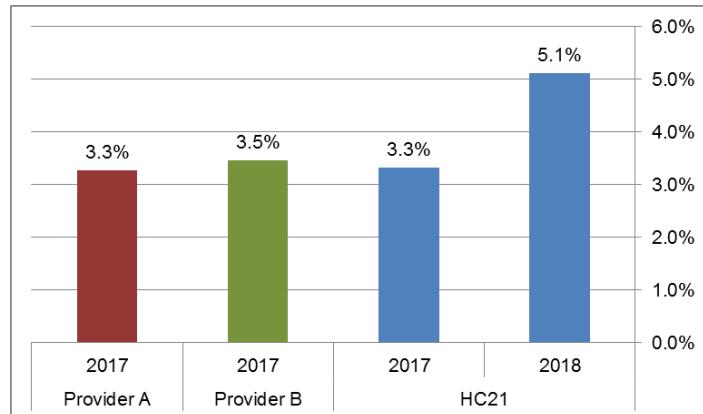
- ✓ Pebbles – new housing management system will be introduced in 2019 to support our devolved model
- ✓ Maintaining focus on information governance - GDPR , security and integrity of the IT infrastructure / systems
- ✓ *Workplace* (a social media platform) was introduced in 2018 to engage with HC21 staff who don't have access to computer or HC21 email account
- ✓ 100th installation of digital alarm completed
- ✓ Developing partnership with Virgin Media to give our residents the option to access their digital cable services
- ✓ Installation of communal WI FI in all Extra Care schemes is in progress



Value for Money

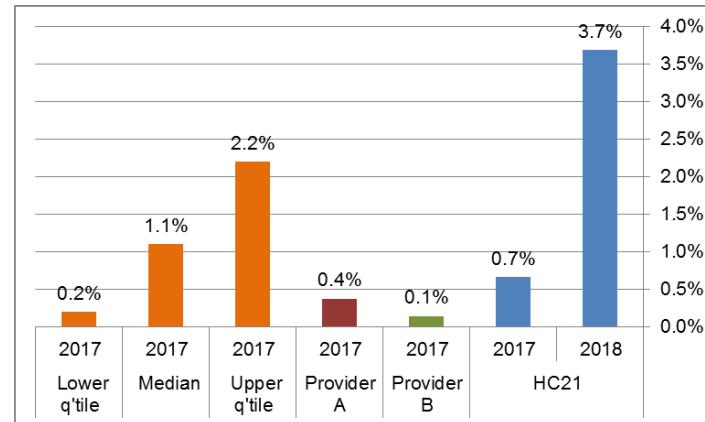
Reinvestment %

Investment in new stock and existing stock as a % of total stock value

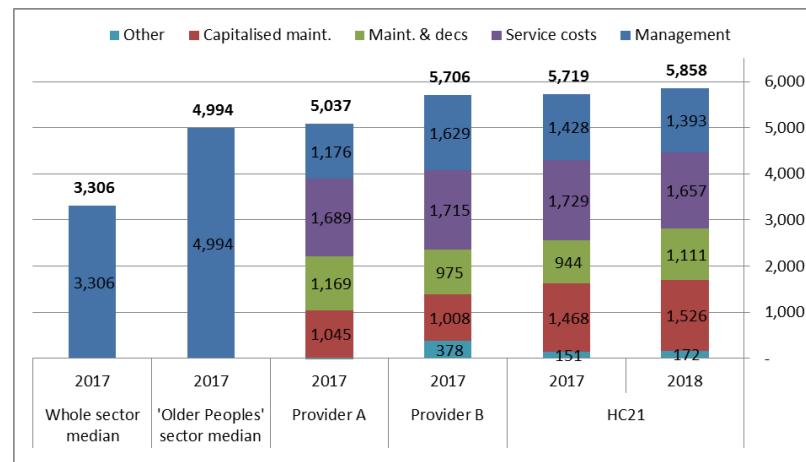


New Supply Delivered (Social Housing)

Units acquired or developed as a % of total units



Headline Social Housing Cost



Innovation and Influence

- Played a leading role in influencing the shift in the government's proposals away from the LHA Cap and the alternative proposal of Sheltered Rent
 - Bruce Moore will be part of a group working with The Ministry of Housing, Communities and Local government to develop the new oversight regime to ensure quality and value for money in the supported housing sector
 - Continue to demonstrate our credentials as a thought leader:
 - Supporting the All Party Parliamentary Group on Housing & Care for older People
 - Promoting the dementia friendly housing charter we developed with the Alzheimer's Society
 - Published our own dementia design guide, all staff are Dementia Friends and working towards 9,000 of our residents becoming Dementia Friends by 2021
 - Launched ourselves as a Dementia-friendly organisation in November 2017
 - Chair of nationwide Dementia and Housing Working Group
 - Bringing together academics and practitioners at our annual conference on housing and care for older people
 - *The Future of Older People's Housing (2017)*
 - *Age Friendly Housing & Communities (2018)*
 - Working on pilot projects with the University of Sheffield and the University of West of England to explore the role of technology enabled care

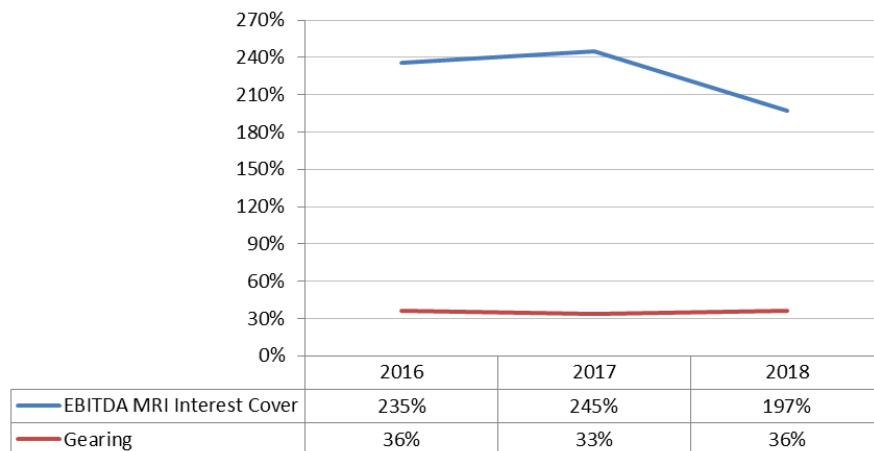
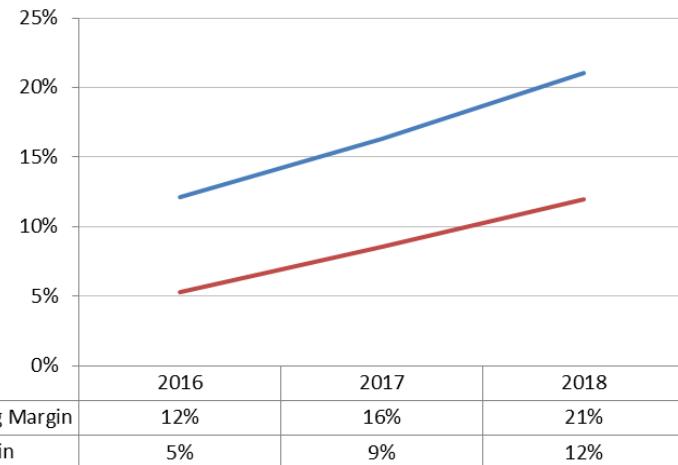


Financial Performance and Treasury

housing&care21

Summary Financials

FY Ending 31st March (Group)	2016	*2017	2018
Turnover (£m)	219.7	197.7	178.8
Operating surplus (£m)	26.6	32.3	37.7
Operating Margin	12.1%	16.3%	21.0%
Net interest costs (£m)	(15.9)	(16.1)	(17.5)
Sale of other assets and fair value movements	0.9	0.8	1.3
Surplus before taxation	11.7	17.0	21.5
* Turnover and Cost of Sales have been restated , no Operating Profit Impact			



Note: Above financial performance measures are defined in the Offering Circular (Alternative Performance Measures, p66) of the secured bonds issued by Housing & Care 21 in November 2017. Ratios can be reconciled using information available in the published Financial Statements

Turnover

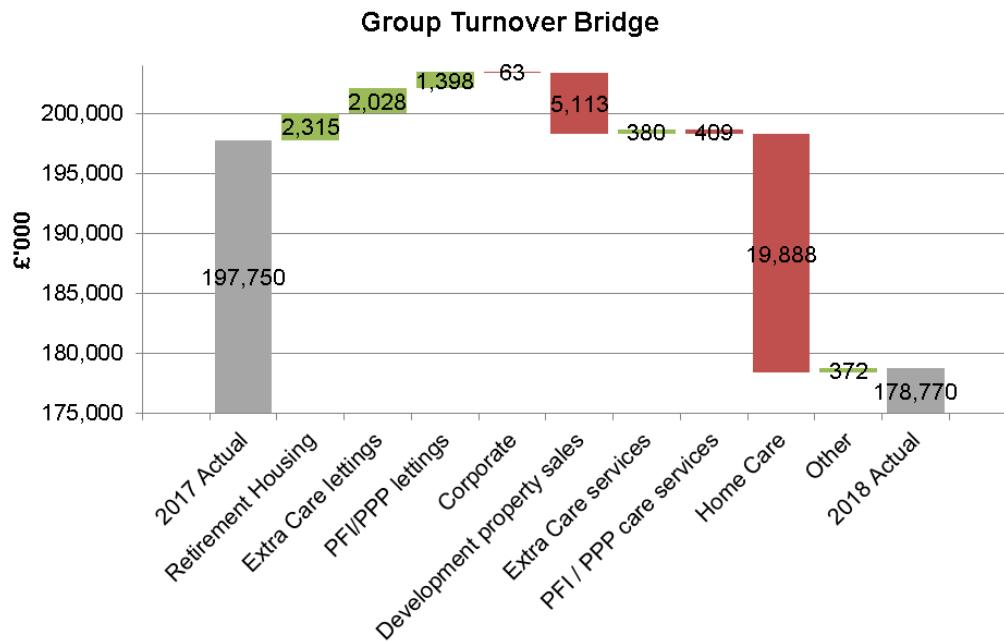
Retirement Housing turnover increase mainly driven by acquisition of 563 properties from *Your Housing Group* and lower voids

Extra Care lettings turnover increase as a result of new properties, lower voids and affordable rent conversions offset

Home Care division was sold at the end of 2016/17

PFI / PPP lettings revenue increase is predominately driven by higher income recognition in accordance with the contract.

Development property sales – lower market sales - 8 properties sold in 2017/18 vs 60 in 2016/17. No unsold properties at the year-end.



Operating Surplus & Net Surplus

Retirement Housing – Absence of impairment charges (£3,490k in 2017), lower depreciation charge of £3,909k and acquisition of 563 properties from Your Housing Group had a favourable impact.

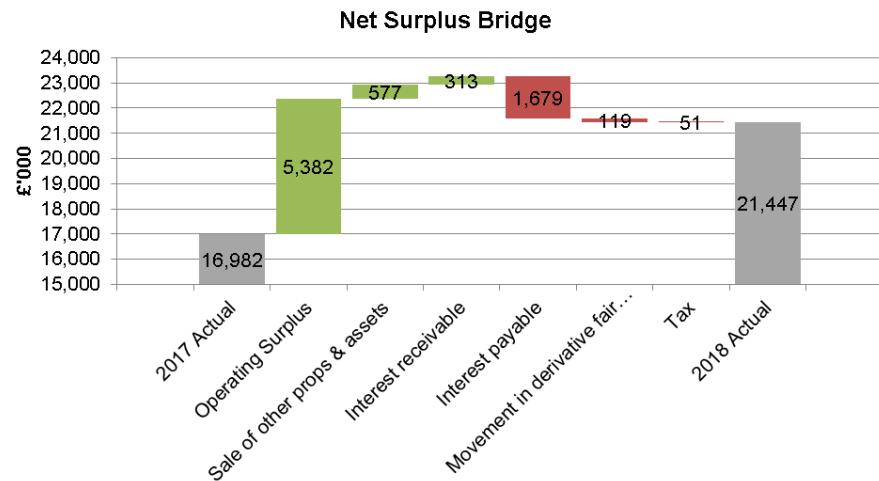
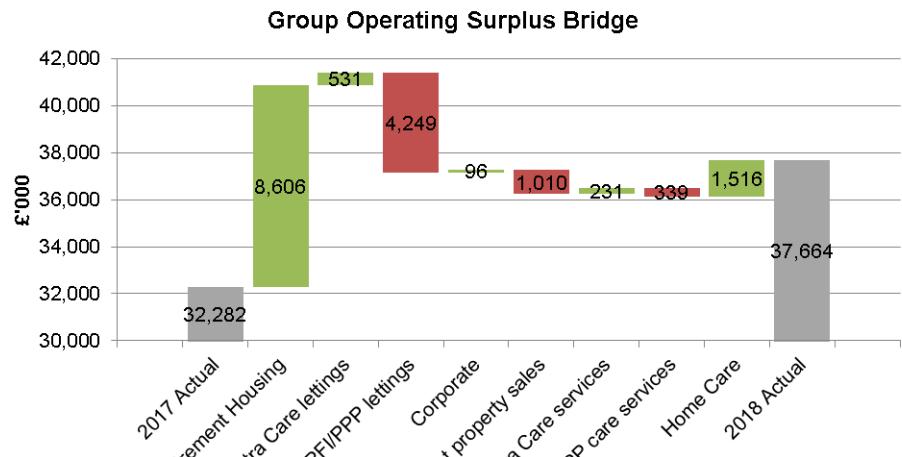
PFI / PPP lettings – decrease mainly driven by a one-off compensation receipt of £4,500k in 2016/17.

Development property sales – 8 properties sold in the year vs 60 in 2016/17. No unsold properties at the year-end.

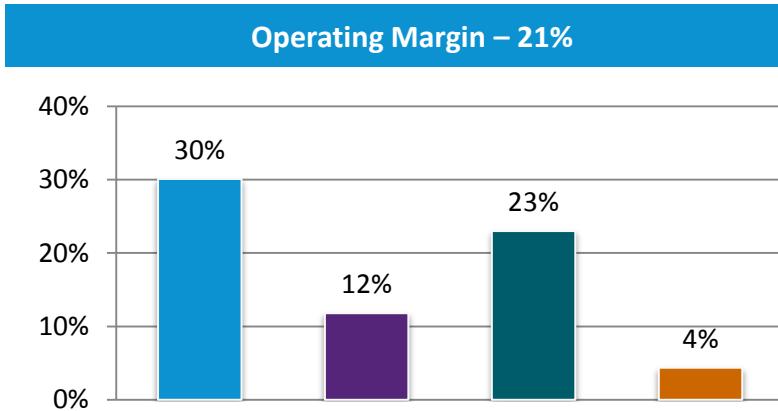
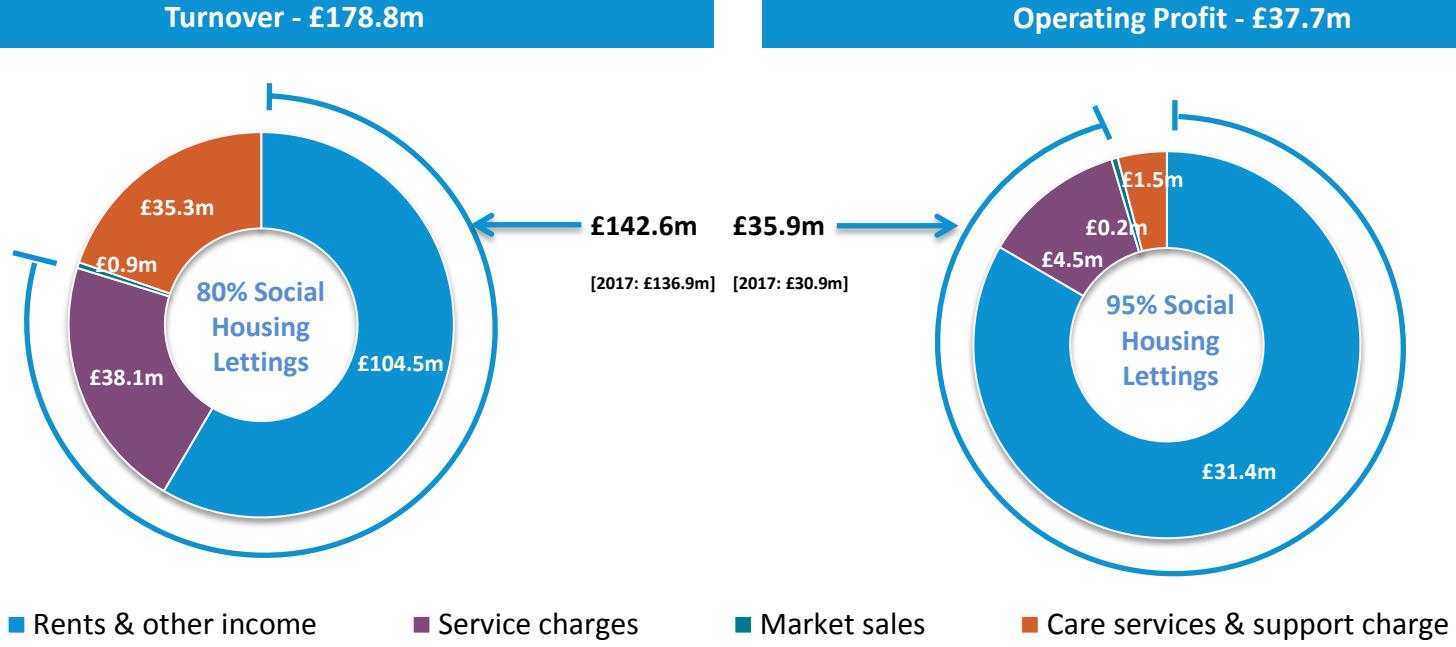
Home Care – sale of Home Care division in 2016/17 means no related loss-making activity in 2017/18

Interest payable – the increase in costs is largely driven by the issue of the £250m bond in November 2017.

Sale of other properties / other assets – lower property sale and one-off Home Care deferred earn-out / excess provision release



2018 Group Turnover and Operating Surplus



Operating Performance Indicators

£m as at 31 st March	Retirement Housing	Extra Care (Housing) **	PFI/PPP	Corporate	Total 2018	Total 2017 Restated
Turnover from social housing lettings (A)	78.4	43.5	19.9	0.8	142.6	136.9
Expenditure on social housing lettings (B)	(47.1)	(29.3)	(12.9)	(17.5)	(106.7)	(106.0)
2018 Operating surplus on social housing lettings (A - B)*	31.3	14.2	7.0	(16.7)	35.9	30.9
2017 Operating surplus on social housing lettings	22.8	13.7	11.3	(16.9)	30.9	-
Variance	8.5	0.5	(4.3)	0.2	5.0	-

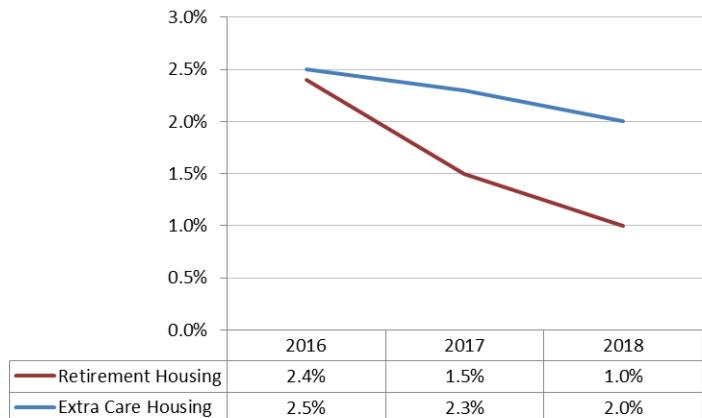
- ✓ **Retirement Housing** variance is mainly due to lower impairment / depreciation of £7.0m and £1.5m improved EBITDA position.
- ✓ **PFI / PPP** variance is due to one-off compensation receipt in 2017

* Before one-off items

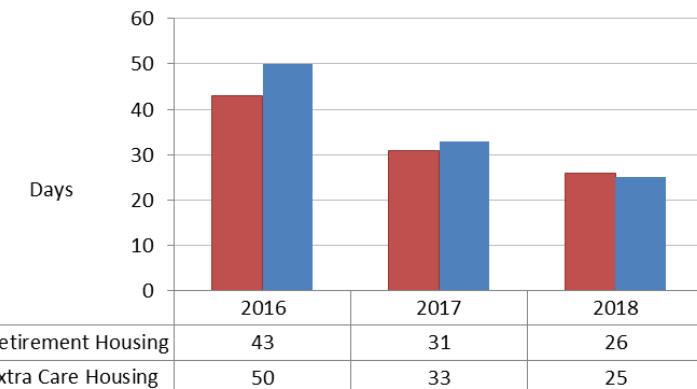
** Extra Care (Care) is reported in non social housing activities

Operating Performance Indicators

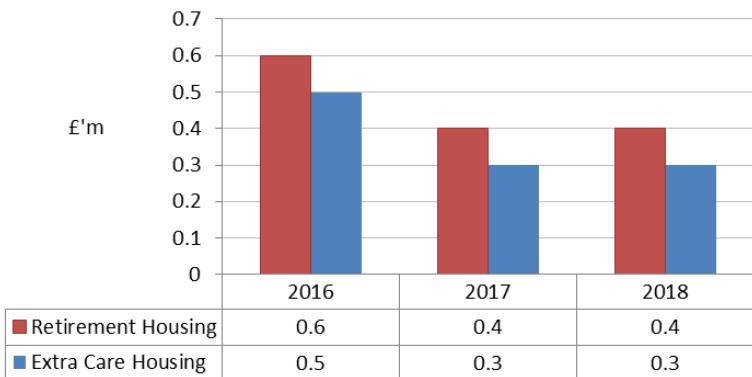
Re-let Voids



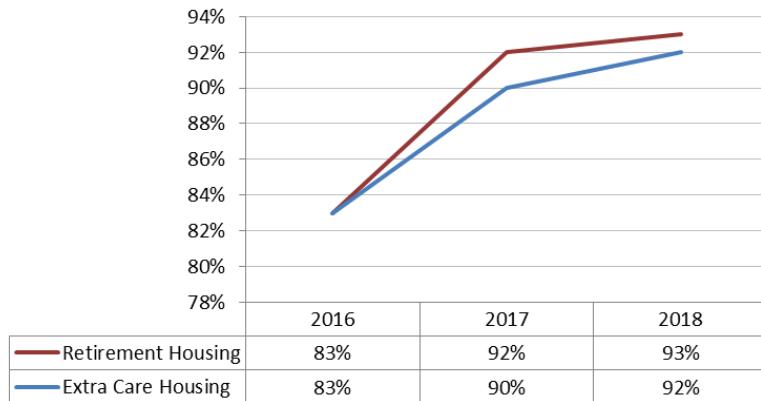
Average Re-let Days



Rent Arrears



Repairs Satisfaction



Balance Sheet

£'million	2018	2017
Fixed Assets	1,116	1,091
Current Assets	377	207
Current Liabilities (less than 1 year)	(103)	(97)
Total Assets less Current Liabilities	1,390	1,201
Long-term liabilities (over 1 year)	(721)	(563)
Net Assets	669	637
Share capital	-	-
Hedging reserves	(54)	(64)
Revaluation reserves	302	303
Income & expenditure reserves	421	398
Total Capital and Reserves	669	637

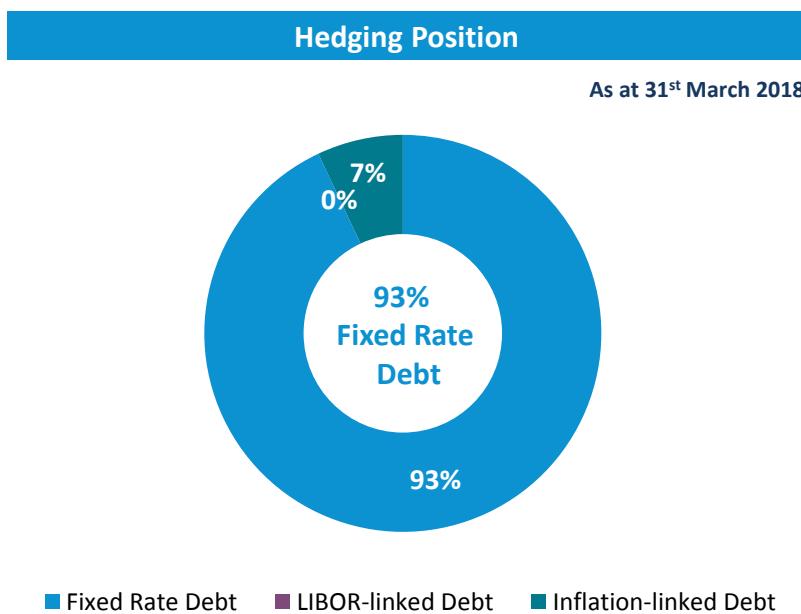
- ✓ Current asset increase is mainly due to additional £170m cash / short term investments
- ✓ Long term liabilities increased due to bond proceeds and bank loan repayments

Financial Risk Management

- ✓ Strong covenant performance supported by a robust risk management process e.g. shadow limits, stress testing
- ✓ No covenant breaches if we convert all sales units to rental at least for the next five years.
- ✓ A+ rating from Standard & Poor's on the back of strong enterprise and financial profile
- ✓ Non-letting activities make up only 20% our turnover in 2018

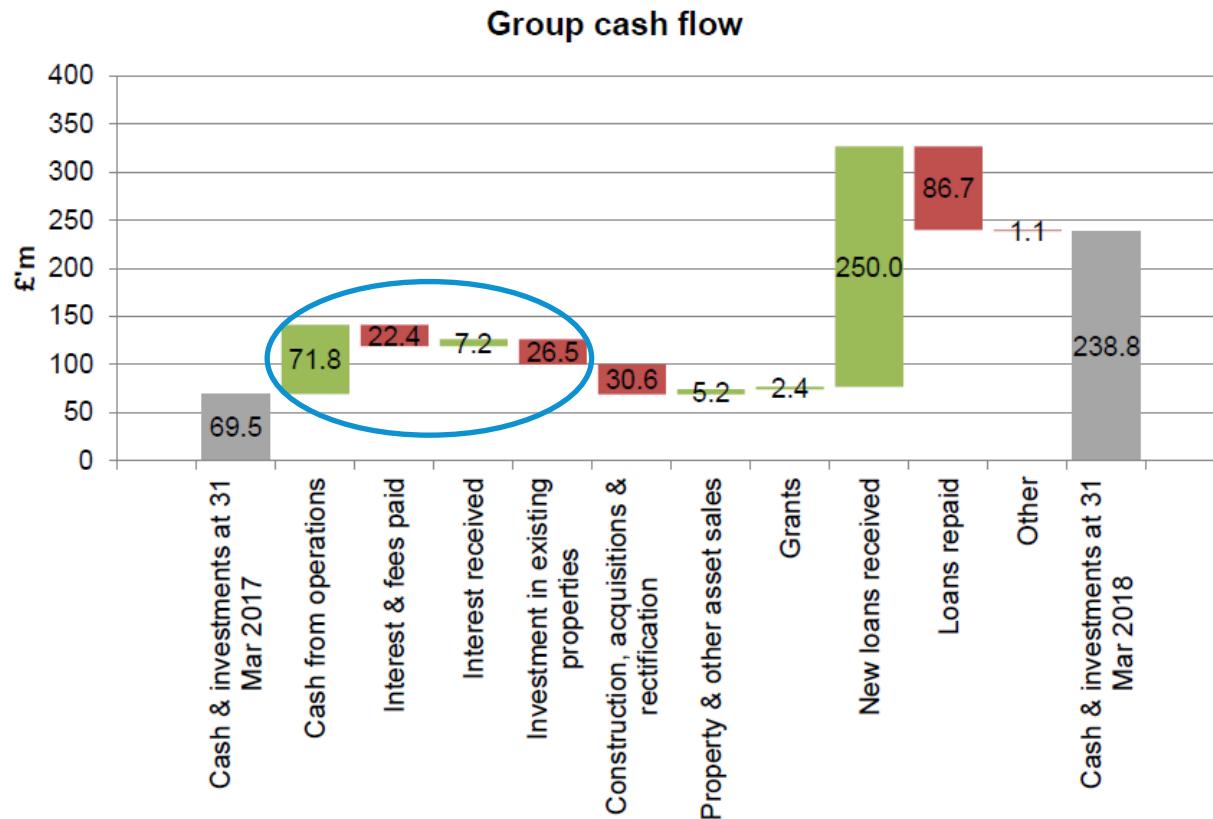


Covenant Position			
At 31 March 2018	H&C21	Shadow limit	Covenant Limit
Gearing (Issuer)	25%	55%	60%
Interest cover	253%	150%	110%



Cash Flow

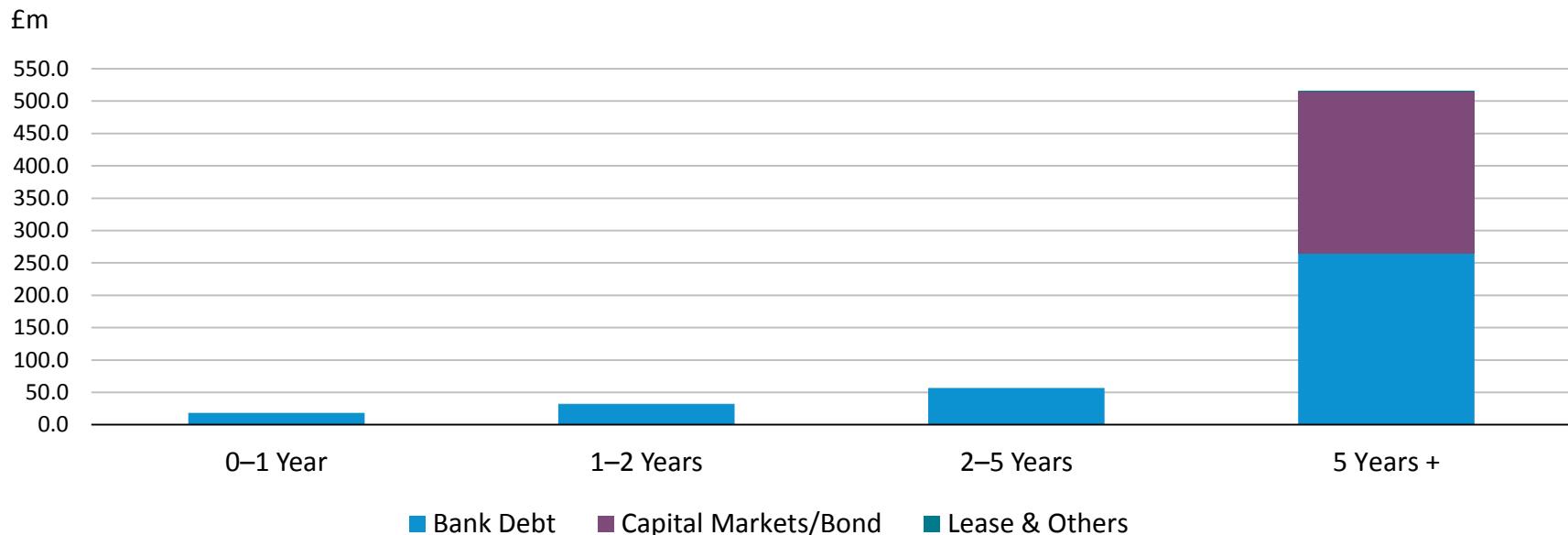
- ✓ Net free cash flow after interest and investment in existing stock is £30.1m (2017: £31.3m)
- ✓ CAPEX on new developments of £30.6m (2017: £14.1m)



Debt & Liquidity Position

- ✓ Maturity profile is well diversified
- ✓ Policy to maintain 24-month funding at all times (circa £100m liquidity in cash and undrawn facilities)
- ✓ Circa 5,000 unencumbered properties remain after the bond issue

£m as at 31 st March 2018	H&C21 Group
Drawn debt	622.4
Undrawn secured facilities	25.0
Cash and short term deposits	236.7
CAPEX committed/contracted	10.0
Average cost of funds	4.58%



Closing Remarks

Housing & Care 21 | Quality | Performance | Financially Robust

We are proud of our track record of strong operational performance and financial robustness

- ✓ A leading provider of Extra Care and Retirement Housing, supported by strong demographic trends and supportive policy backdrop
- ✓ A Landlord with limited care offering where it supports our core housing business
- ✓ Renewed focus on landlord business driving improved performance
- ✓ Strong credit metrics and risk management reflected in A+ rating re-confirmed by S&P and V1/G1 rating from the regulator
- ✓ High resident satisfaction on the back of quality and responsiveness of our services
- ✓ Further investment in quality and responsiveness of services

