



bpha Update
2020

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The background features two large, stylized circular shapes. The upper one is purple and the lower one is orange. Both shapes have a white, semi-circular cutout on their right side, creating a modern, abstract design.

1. Executive Summary

ITN Film

The future of housing



- bpha has been showcased as one of the organisations leading the housing sector into the future through a new film co-produced by The Chartered Institute of Housing (CIH) and ITN.
- *“The Future of Housing”* explores the challenges and triumphs of the housing sector today, its hopes for the future, and the partnerships making a real difference in today’s pandemic stricken world.
- bpha’s section features work undertaken during the COVID-19 pandemic, as well as exploring its vision for the future, ahead of the launch of its new Corporate Strategy 2025/30.



CIH bpha Future of Housing film 2020

Impact of Covid-19

Strong unified response



- We were able to adapt our operation rapidly and our focus was on those customers with greatest need. We continue to deliver repairs and maintenance to the extent possible during the different stages of the pandemic. We are working closely with our communities to understand what support they may need during this time.
- Our business plan was approved in February 2020. However, due to Covid-19 this was revised. Following 4 months of actuals, we have updated all of our assumptions and have a new business plan which has been signed off the by board.
- The success of our recent Private Placement means we have *significant liquidity headroom* to deal with the immediate cash implications of Covid-19 over the next 3 years.
- A key feature of our business is the *strength of our core operating rental activities*. Whilst operating cashflow is most affected in FY 2021 as a result of assumed delay in receipt of rents, the core business returns to a cash surplus thereafter.
- The anticipated delays and rental reductions of the development programme give us a net cashflow benefit over the next five years. *The development and sales programme have been re-profiled* as a result of the Covid-19 restrictions and *aspirational programme reduced* as mitigation in the next couple of years. This gives us flexibility should the program return faster than forecast.

Covid-19 Business Continuity Plan Board Level Oversight



Our vision, mission and values



Our vision - To build communities where people can live happily in a home they can afford.

Our mission - To build and maintain quality homes and thriving communities by being increasingly efficient and always considering the needs of those we house.

Our values:

Customers first

We listen to customers and put them at the heart of everything we do

Right first time

We strive to get things right first time and to keep getting better

As good as our word

We act with integrity: we do the right thing and deliver what we say we will

Open and informative

We respect our employees and customers by sharing information and communicating in an open and easy to understand manner

Effective Relationship

We know we achieve more by working effectively with others

Pride and ownership

We are proud of the work we do and always take responsibility for our actions

Celebrating 30 years

Successful growth over 30 years



Total homes owned or managed at year end

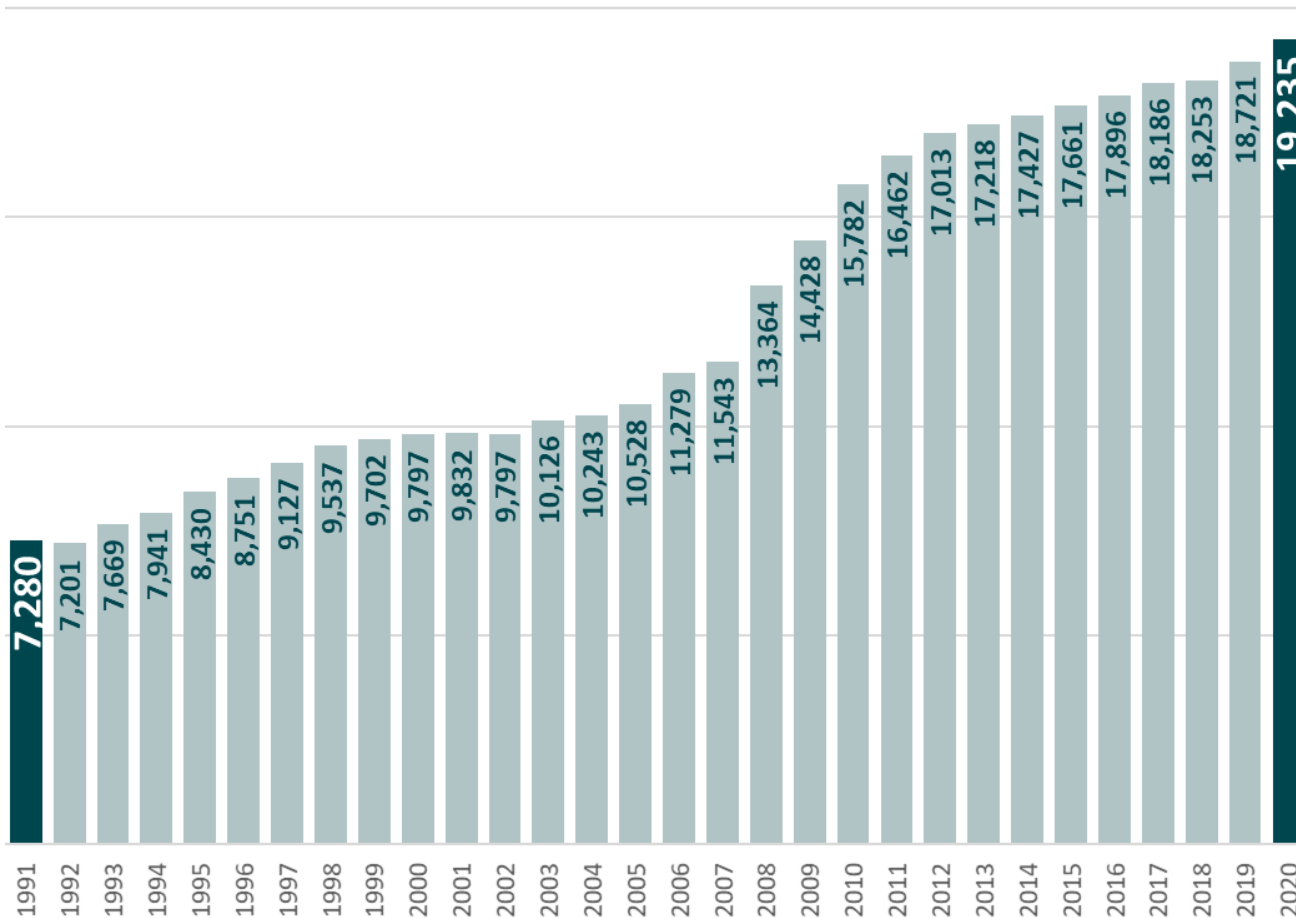
1990

7,280 homes

Stock value £63.5m

Total loan facility £130m

102 staff



2020

19,235 homes

Stock value £1.2bn

Total loan facility £1.1bn

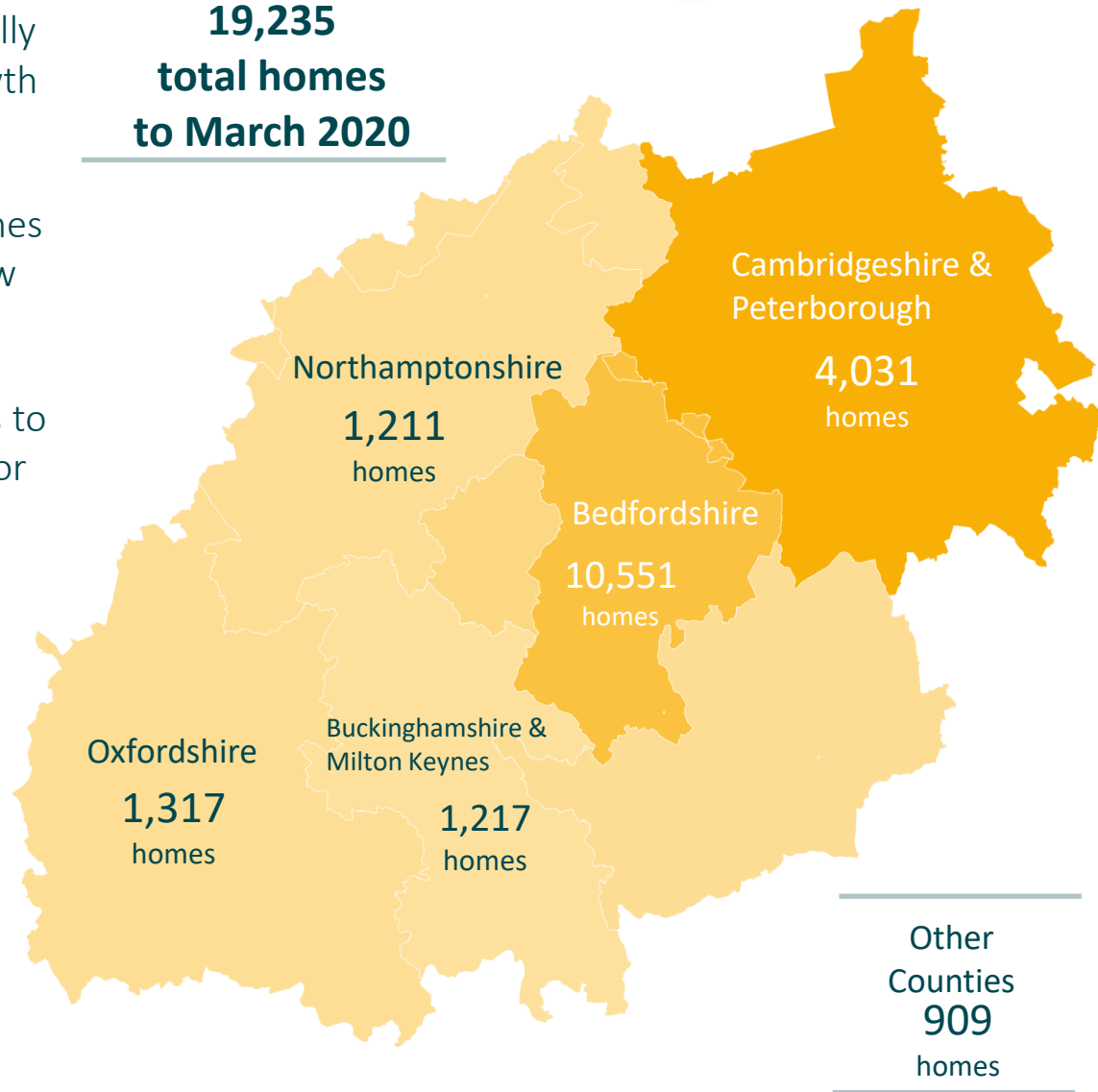
438 staff

bpha – core operating area

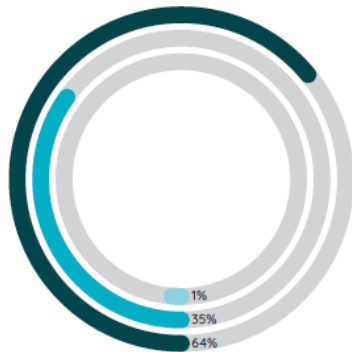


- Our core operating area is the strategically important Government designated growth area of the Oxford to Cambridge Arc.
- Over the last year we built 651 new homes and remain on track to deliver 3,000 new homes in the 5 years to 2023.
- Our development programme continues to be focused on core affordable housing for rent and shared ownership.

**19,235
total homes
to March 2020**



Core Development Activities



- Social and Affordable Rent 64%
- Shared Ownership 35%
- Private/Commercial 1%

2. Corporate Strategy

New Corporate Strategy



Need to adapt to a changing operational environment

- Our *core purpose remains* but we need to do some things differently to meet changing requirements in a *increasingly challenging environment*:
 - Rising customer service and engagement standards and increasing customer expectations
 - Increasing health and safety demands adding cost and managerial complexity
 - Rising building costs
 - New expectations around sustainability and environmental issues
 - Economic uncertainty as a result of both, the Covid pandemic and Brexit
 - Higher pressures on society giving rise to higher levels of vulnerability while health and social care resources/funding are limited
 - Digital / mobile expectations rising as technology advances
 - House building lagging behind increasing population needs
- This means that we can't stand still – and *our strategy needs to evolve*
- But the good news is that some of the work of the last few years and the investments we are making put us in a good position to deal with the new challenges...

Solid base and investment for growth



Infrastructure support

- ◆ Sound financial position
- ◆ Good regulatory standing – G1/V1
- ◆ Good service delivery record
- ◆ Good H&S compliance record
- ◆ Good new home development record
- ◆ Good investment record in existing stock

We have laid the foundations and continue building on them by investing to ensure that we have a modern, scalable and efficient operational infrastructure for the future:

Services

- ◆ Implementation of CRM system aligned to our customer service initiatives
- ◆ Cultural Change - aim to have 60% of all customer transactions handled digitally by 2025

Property

- ◆ New compliance system (Asprey) to manage and maintain our property safety and compliance information
- ◆ Longer term contracting
- ◆ Asset management projects (tower blocks) - planning permission secured and its hoped work can start on site mid-2021

Finance

- ◆ Successful £125m PP issuance in February 2020 providing funding for growth for the next 2-3 years
- ◆ New finance system (Sun Systems) implemented, contributing significantly to better management information to inform decision making

Corporate strategy

Maximising delivery of bpha's social purpose in four areas:



Customers
at the
centre

Health
and Safety
first

Maintain
regulatory
compliance

Customer Experience

Develop and implement a system-based customer service delivery model that seeks to bring together the public services that people need within their community.

More Affordable Homes

Build as many new affordable homes as the organisation can afford within its designated area of operation, the Ox Cam Arc.

High Quality Homes

Maintain our current homes in a pro-active manner to ensure they are good to live in, safe, energy efficient and financially viable.

Shaping the Future

Establish the organisation as a principle local Housing Association within the Ox Cam Arc, developing its reputation and brand for excellent customer service, high operational standards and development quality.

Achieve Value
for money in
delivery of
services

Protect and
enhance the
natural
environment

Work with
partners to
create
efficiencies



Corporate strategy



A step change in performance based on five principles

- Whilst the organisations intrinsic purpose will not change, the corporate strategy calls for a step-change in performance based on 5 principles:

The Customer

It is all about the customer / tenant / resident and how best we can fulfil their needs – ***think like a customer not merely about them***

Value for Money

An efficient organisation that works as close to its customers as possible from a lean, central operational ‘hub’.

Systems Thinking

Affordable housing is one element of supporting people within communities to live productive, safe and fulfilled lives.

Lifetime Costs

When planning investments, the full lifetime cost will be considered to prevent short-term decision making creating higher than necessary costs over the longer term

Sustainability

That we understand the impact of our actions on the environment and work systematically to minimise waste and protect natural resources.

Environmental Strategy

Commitment to the long-term reduction of our carbon footprint

- ◆ We have developed an aligned Environmental strategy that sets out to ensure the organisation:
 - Reduces the carbon footprint of our operations
 - Support tenants and residents to reduce energy consumption
 - Use low life cycle impact products where possible
 - Reduce waste
 - Optimise the use of green space
 - Adapt to our changing environment.
- ◆ To support this initiative, bpha is working with SUSS Housing and has adopted SHIFT Environmental Sustainability model
- ◆ We have committed to:
 - Achieving SHIFT Gold in 2021 and retain this rating in subsequent years
 - Secure ISO 14001 registration by 2023
 - Work towards SHIFT Platinum Standard by 2030



Carbon footprint per annum:

52,814 tonnes
Current homes

585 tonnes
Maintenance operations

206 tonnes
Offices

173 tonnes
Business mileage

53,778 tonnes
Overall total

3. Governance and Assurance

Corporate structure

Simple and efficient



bpha Limited Registered Provider and Registered Society under the Co-Operative and Community Benefit Societies Act 2014.
Principal asset owning company

Borrower and PP issuer.

All group bank debt facilities + bond proceeds from bpha Finance PLC

bpha Finance PLC

100% owned
(Co. Ltd by shares)

Issuer of bpha's £350m
2044 public bond

Bushmead HOMES

100% owned **Bushmead Homes Limited**
(Co. Ltd by shares)

Develops home for outright sale and acts as bpha's design and build company

- Bushmead holds 25% interest in **Gog Magog Partnership LLP**, which was set up to develop homes for outright sale and affordable residential homes for sale to registered providers on the Ninewells site in South Cambridge.
- The site is now in its last phase and due to complete in December 2020.

- bpha also participates in two joint ventures – the Oxfordshire Partnership Trust and the Gloucestershire Partnership Trust which are providing elderly persons care. bpha Limited acts only as landlord and holds no equity interest.

Non-executive Board members



Prof. Paul Leinster CBE – Appointed April 2018
Chair

- Professor of Environmental Assessment at Cranfield University
- Former Chief Executive of the Environment Agency
- Extensive experience of environmental, planning and infrastructure issues



Bob Tattar – Appointed October 2019
Non-Executive Director

- Qualified Chartered Accountant with 25 years experience.
- Finance & Commercial Director with substantial experience in commercial and residential real estate
- Finance Director at Martin's Properties'



Martin Hurst – Appointed July 2015
Chair of Finance & Treasury Committee

- 22 years working for Government
- Senior Policy Advisor to PM
- 10 years in Treasury
- 9 years as NEBM with Wandle (HA)



Paul High – Appointed 2016
Chair of Bushmead Homes Board

- A chartered surveyor with 36 years' experience in residential development, property and project management in the housing association sector
- 25 years' senior management team experience



Ian Ailles – Appointed 2015
Chair of Audit & Risk Committee and Senior Independent Director

- Currently Director General of the House of Commons
- UK CEO of Thomas Cook and member of the Global Executive Committee
- Head of Finance at NatWest Markets



Dr Geraldine O'Sullivan – Appointed May 2019

Non-Executive Director

- Consultant Psychiatrist and Executive Director, Quality and Medical Leadership of the Hertfordshire Partnership University NHS Foundation Trust
- Non-Executive Director of the Norfolk and University Hospitals NHS Foundation Trust



Shirley Pointer – Appointed May 2019

Non-Executive Director

- Over 20 years' senior HR experience gained in the private and public sectors
- Director of HR for the Department of Health
- Non Executive Director of the Cambridge University Hospitals NHS Foundation Trust

Governance structure

Governance and Executive has been strengthened



- As at 31 March 2020, the Board of bpha was made up of 7 Non-Executive Directors and 4 Executive Directors providing a balance between direct insight and control and effective independent challenge.

- Julian Pearce was appointed to the Board as Chief Financial Officer in October 2019 strengthening bpha's leadership team.



- In September 2019 we completed a committee structure review. The board is now supported by the following committees:

Audit and Risk
Committee

Group Treasury
Committee

Remuneration &
Nominations
Committee

Development &
Assets
Committee

Customer
Committee
(October 2020)

- As part of the committee structure review an Independent Non-Executive Director, Cliff Broadhurst, was appointed to Bushmead board in January 2020.

Risk management

Risk management is embedded in our culture



- bpha’s risk management culture and approach is an integral part of how we make decisions and run our business.
- Our assurance framework identifies, rationalises and consolidates multiple sources of assurance and facilitates swift escalation of issues to the Board and senior management where required.

Assurance Framework

BOARD AND AUDIT & RISK COMMITTEE		
EXECUTIVE LEADERSHIP TEAM		
FIRST LINE OF DEFENCE Frontline operational activities and oversight through performance management, delivery of objectives and systems controls, policy and procedures.	SECOND LINE OF DEFENCE Management review of activities including compliance assessments, ISO quality auditing, health and safety monitoring, data assurance, delivering strategic objectives.	THIRD LINE OF DEFENCE Independent and objective assessments of management of risks. Taking assurance from other third party sources including internal and external audit and the regulator.
EXTERNAL AUDIT		

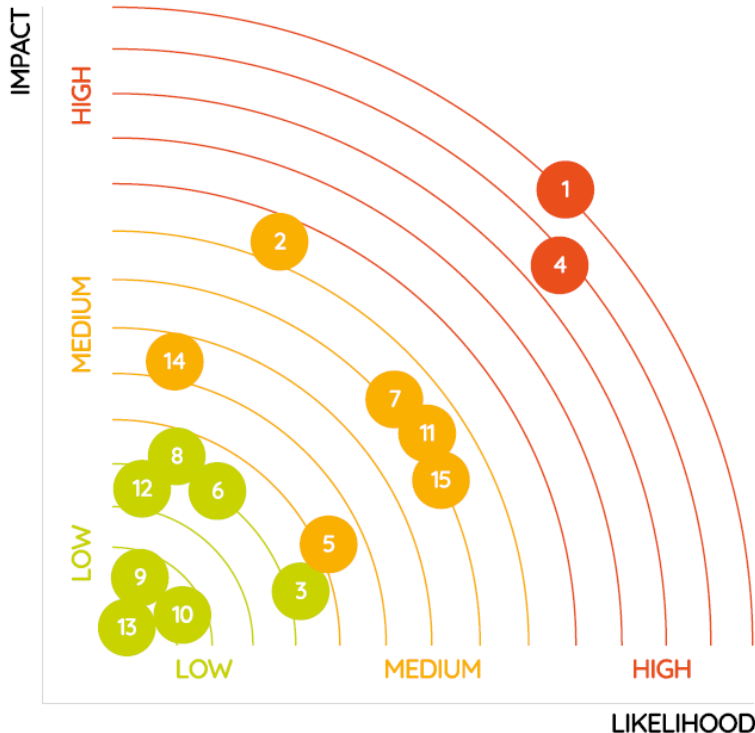
Principle risks

Evolved dynamic risk management process



- During the year we re-designed our Tactical Risk Register to group our risks into strategic risk themes.
- Our Strategic Risk Register provides us with a view of the overarching risk areas that might impact the delivery of our strategic goals.

Strategic Risk Map - Qtr 1 2020/21



NUMBER	RISK	DESCRIPTION
1	Sales	The ability to sell properties and the potential financial impact
2	Safeguarding	Customer safety and employee protection
3	Financial Viability/Cash Resources	Market disruption which could affect our financial position
4	Employment/Skills Availability	Ability to recruit, retain employees and employee wellbeing
5	Regulation/RSH/HE	Compliance with regulatory standards
6	Loss of Income	Arrears or long-term voids impacting on income
7	Supply Chain	Availability and cost of goods from suppliers
8	Service Failure	Contractor/agency performance not being achieved and any risks to service delivery
9	Data Management/Control	Breaches or failures of data management and data protection
10	Fraud Security	Fraudulent activity which could impact on income, data and core systems
11	Development/Planning	Ability to build new units from planning
12	Care Partnerships	Effective working with care home operators
13	Internal Control	Risks that affect the bpha control environment
14	Health and Safety	Health & Safety risks in relation to tenants and employees
15	Cyber Security	Attacks on our systems infrastructure

4. 2019/20 Financial Results

Strong financial position

March 2020



19,235

homes owned or managed
(2019: 18,721)

651

Affordable homes built
(2019: 621)

173

Shared ownership sales
(2019: 190)

£145m

Revenue
(2019: £148m)

41%

Operating margin on core operating business
(2019: 42%)

144%

EBITDA MRI (% of interest payable and similar charges)
(2019: 156%)

£60m

Operating surplus
(2019: £68m)

V1

Regulator of Social Housing viability rating
(2019: V1)

100%

Homes have met Decent Homes Standard since 2010 (2019:100%)

£27m

Invested in maintaining and improving our existing homes
(2019: £26m)

£79m

Invested in new homes
(2019: £119m)

G1

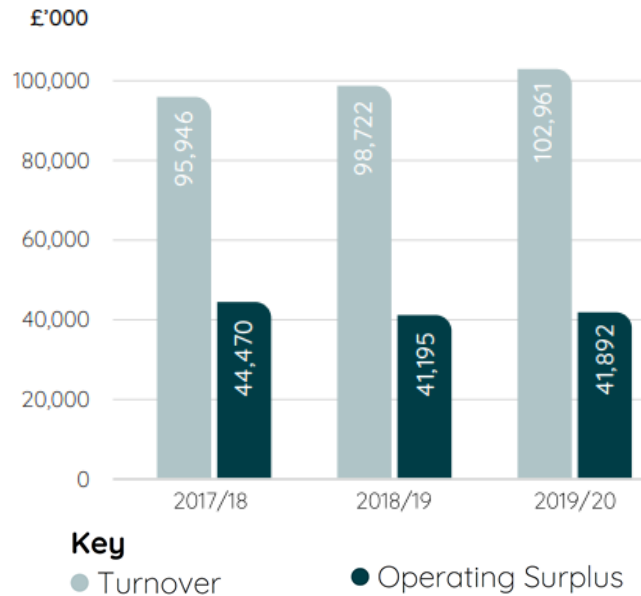
Regulator of Social Housing governance rating
(2019: G1)

bpha financial results

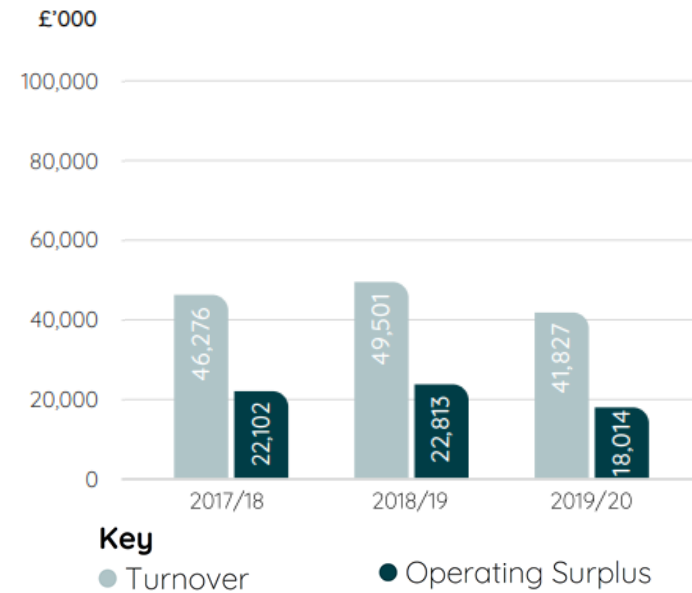
Performance by business area



Core Operating Business



Development and Sales Business



- Our core operating business is efficient at delivering a strong and stable financial performance.
- Increased operating surplus of £42m comfortably exceeds net interest costs.
- Our core operating business achieved a margin of 41% during the year, above our 40% target.

- Our development and sales business also performed well with sales of £42m (2019: £50m). In a year characterised by underlying economic uncertainty and the initial impact of the COVID-19 Pandemic this is a credible performance.
- Neither business is dependent on the other, so our core rental business is less affected by open market factors.

bpha financial results

Group statement of comprehensive income



	2017 £'m	2018 £'m	2019 £'m	2020 £'m
Turnover				
Core operating business	94.6	95.9	98.7	103.0
Development & Sales Business	41.7	46.3	49.5	41.8
	136.3	142.2	148.2	144.8
Operating surplus				
Core operating business	44.5	44.5	41.2	41.9
Development & Sales Business	18.1	22.1	22.8	18.0
Fair value adjustments on investment properties	0.5	(2.5)	3.9	0.9
Pension adjustments (McCloud)				(0.4)
	63.1	64.1	67.9	60.4
Operating surplus as a % of turnover	46.3%	45.1%	45.8%	41.7%
Net Interest	(33.0)	(31.5)	(33.0)	(32.7)
Underlying surplus for the year	30.1	32.6	34.9	27.7
Gains/(losses) re financial instruments and termination of hedging agreements	(19)	9.1	(0.8)	(9.5)
Surplus before tax	28.2	41.7	34.1	18.2

- ◆ The fall in sales surpluses was the primary driver in the reduction of our operating surplus to £60m (2019: £68m) together with smaller valuation gains on investment properties.
- ◆ Our surplus of £18m (2019: £34m) was also impacted through a £9m movement in market value of financial instruments, which we expect to reverse in future years as the interest rate swaps reach maturity.

bpha financial results

Strong cash generation and no reliance on sales



	2017 £'m	2018 £'m	2019 £'m	2020 £'m
Group cash flow				
Net cash from operating activities	65.5	57.1	60.0	58.7
Net interest paid	(34.9)	(33.2)	(34.8)	(38.0)
Operating cash flow net of interest	30.6	23.9	25.2	20.7
Improvements to housing properties	(11.4)	(11.8)	(14.1)	(14.1)
Other items	2.7	4.1	(0.8)	(0.3)
Operating cash flow net of interest & capex & other	21.9	16.2	10.3	6.3
Proceeds from asset sales	21.0	24.9	23.7	18.5
First tranche shared ownership sales	20.8	21.4	25.8	23.3
Operating and sales cash flow	63.7	62.5	59.8	48.1
Development spend	(69.7)	(79.7)	(122.0)	(82.7)
Net movements in borrowings and deposits	28.9	(7.0)	58.8	58.6
Net cash flow after development activities	22.9	(24.2)	(3.4)	24.0

- Our core operations continue to be cash generative, net cash flow from operating activities sufficiently cover both debt interest and capital expenditure on existing assets.
- Net cash generated from operating activities combined with the proceeds from sales covered more than half of our development expenditure.

bpha financial results

Group statement of financial position



	2017 £'m	2018 £'m	2019 £'m	2020 £'m
Group statement of financial position				
Housing fixed assets	1,008.3	1,073.4	1,167.4	1,224.6
Other assets less current liabilities	109.5	75.7	75.8	117.9
Total assets less current liabilities	1,117.8	1,149.1	1,243.2	1,342.5
Debt (due over one year)	737.8	731.4	774.0	848.8
Other long term liabilities	185.9	180.9	197.7	202.2
Total long term liabilities	923.7	912.3	971.7	1,051.0
Reserves: total	194.1	236.8	271.5	291.5
Total long term funding and reserves	1,117.8	1,149.1	1,243.2	1,342.5

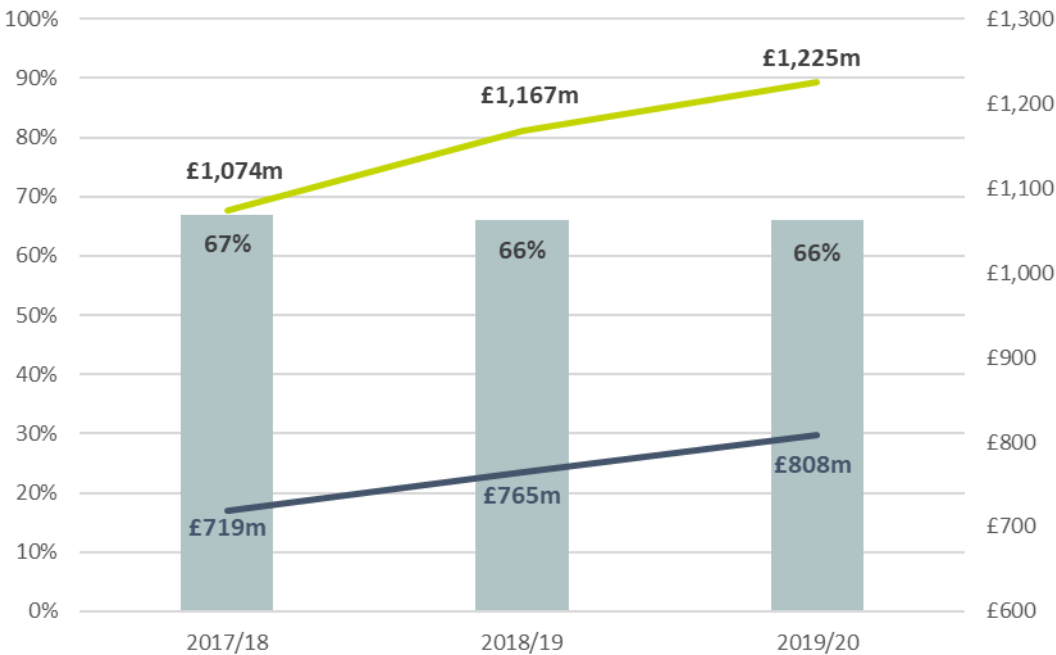
- ◆ Our total assets less current liabilities increased to £1,343m during the year (2019: £1,243m).
- ◆ Strong operational cash flow in the year contributed significantly towards our development spend with long term debt increasing to £849m, after taking account of additional cash received from our March Private Placement net debt only rose to £808m (2019: £765m).
- ◆ Continued strong financial performance resulted in an increase in reserves to £292m (2019: £272m).

bpha financial results

Balance sheet strength and stable gearing



Gearing, assets and debt



Key

- Housing assets (Right Axis)
- Net debt (Right Axis)
- Gearing (Left Axis)

- bpha received the first instalment of its Private Placement (£76m) in March and the remainder (£49m) was received in May 2020, following the successful issuance in February 2020.
- The value of bpha's housing assets has continued to rise, increasing by £57m during the year, mainly as a result of a net 514 increase in our property portfolio. This enabled gearing to be maintained at 66%.

VFM Metrics

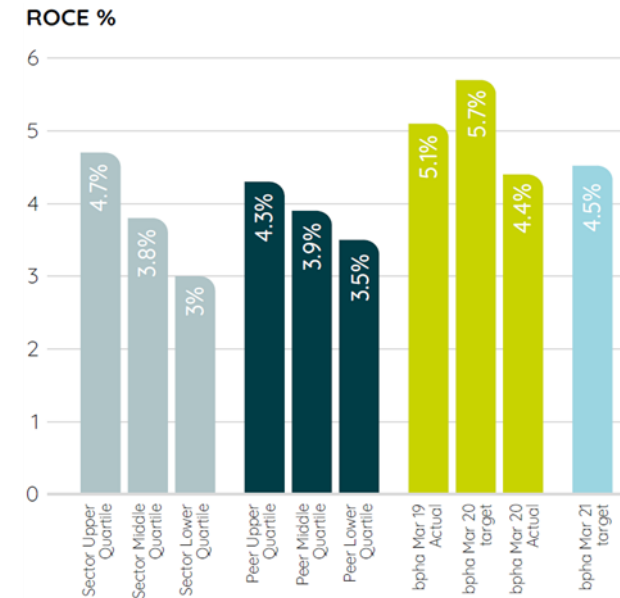
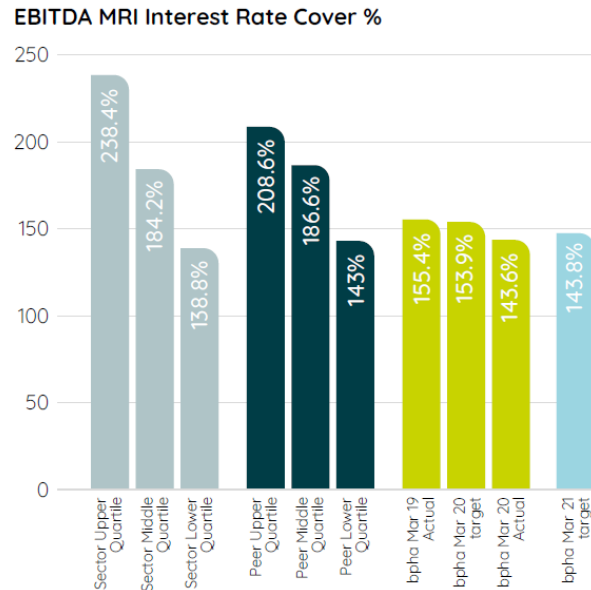
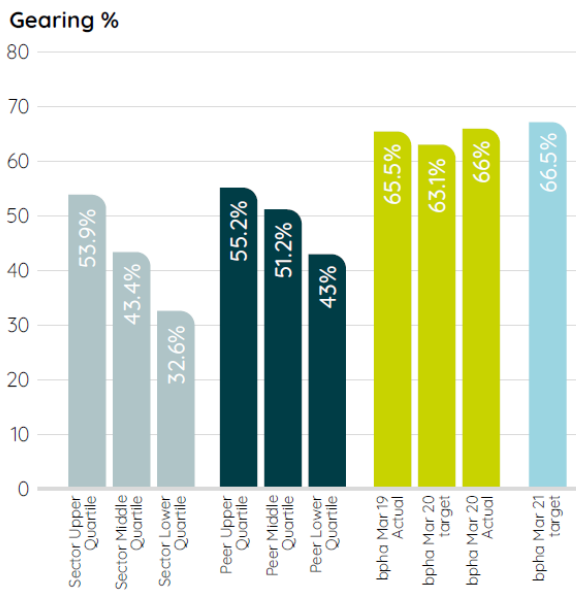
Continued strong performance



Key:



The targets for 2020/21 were prepared before the covid-19 pandemic, the board are keeping these under review throughout this year and will adjust as necessary to take account of the challenging environment.



We are making use of our assets to raise funds for investment whilst maintaining a sustainable level of debt.

Our earnings continue to exceed our interest charges by a margin.

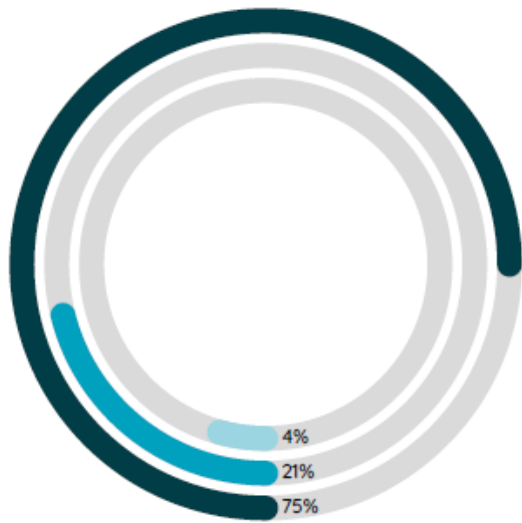
Our ROCE was below target due to a reduction in our sales surplus. However, it is in line with the top quartile for our close peers.



5. Core Business

Operating model

A conservative operating model generating a 40.1% operating margin



● Social housing lettings income	75%
● Other social housing activities	21%
● Non-social housing activities	4%

- Social housing lettings activity is the core component of our business, representing 75% of our total turnover.
- 96% of our turnover comes from social housing lettings and other social housing activities.
- Our focus on our core social housing business, together with a carefully controlled development programme ensures we maintain strong finances whilst meeting the high demand for affordable homes across our area of operation, the Arc.
- Our core business model does not rely on asset sales!

Operational performance

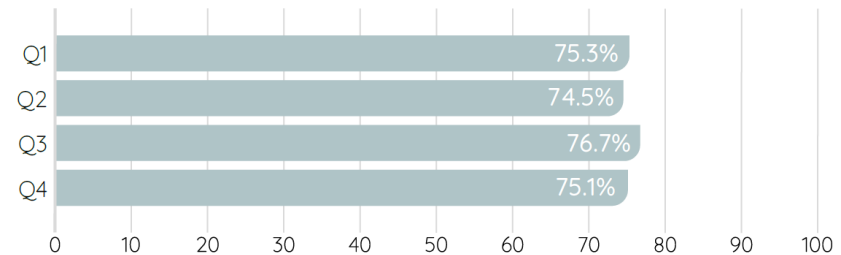
Customer focused



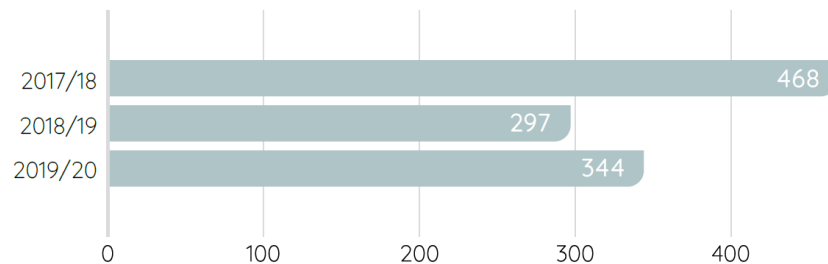
- We aim to create an organisation where our employees strongly identify with our social purpose, and where delivering exceptional service for our customers is at the heart of everything we do.
- Customer Strategy developed to align with the organisation new Corporate Strategy – “Right service at the right time”.
- New Customer Committee in development to bring the voice of the customer into the board.
- We aim to have 60% of all customer transactions to be conducted digitally by 2025.



Overall Satisfaction



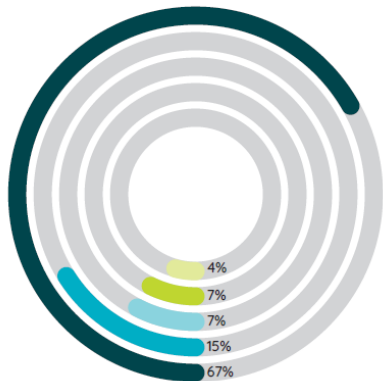
Complaints 2019/20 Facts and Findings



Asset strength

Stock quality

Homes by usage

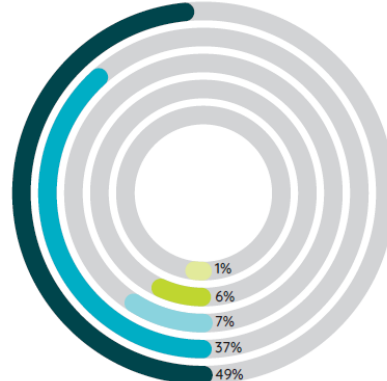


Homes by Usage

The majority of our homes are modern, general needs housing.

● General Needs	67%
● Shared Ownership	15%
● Care Homes	7%
● Other	7%
● HomeBuy	4%

Homes by type



Homes by Type

We offer a range of dwelling types, with the majority being family homes

● House	49%
● Flat	37%
● Care Home	7%
● Bungalow	6%
● Other	1%

Age profile of homes



Age Profile of Homes

54% of our homes are under 20 years old

● 0-10	35%
● 11-20	19%
● 21-40	12%
● 41-60	18%
● 61+	16%

100%

of homes have met decent homes Standard since 2010

54%

of our homes are under 20 years old

3

Fire officers employed

- During the year, we invested £27m in maintaining and improving our existing homes.
- We will continue to invest in our existing assets in order to maintain and improve, with circa c.£15m average spend per annum forecasted for the next 5 years years on major capital repairs and c.£13m on routine and planned maintenance.
- Our Business Plan also includes a £58m of capital investment on Project Vista (Tower Blocks) over the next 10 years.

Decent Homes compliance



- 100% Decent Homes compliance was achieved in December 2010 and has been maintained
- Keystone is used to assess and monitor Decent homes compliance using DHS rules
- Each asset has data held against 12 key elements which mirror the DHS
 1. Roof
 2. Rainwater goods
 3. Fascias and soffits
 4. Windows
 5. Doors
 6. Kitchens
 7. Bathroom
 8. Boilers
 9. Heating distribution
 10. Wiring
 11. Wall
 12. Chimney
- Key planned programmes based around DHS life cycles and modernity standards (bathrooms 30, kitchens 20, boilers 12, windows 30etc)
- Programmes of cavity wall insulation, loft insulation, external wall insulation
- Annual energy efficiency programme targets any properties identified below band D

Decent Homes Expenditure 2019/20



Boilers

£2,758k
772 replaced

Kitchens

£1,683k
305 replaced

Windows & Doors

£1,334k
789 replaced

Bathrooms

£835k
314 replaced

Externals

£501k
457 replaced

Fire Doors

£367k
239 replaced

Energy Efficiency

£214k
70 replaced

Roof Replacement

£2,189k
306 replaced

Other Components

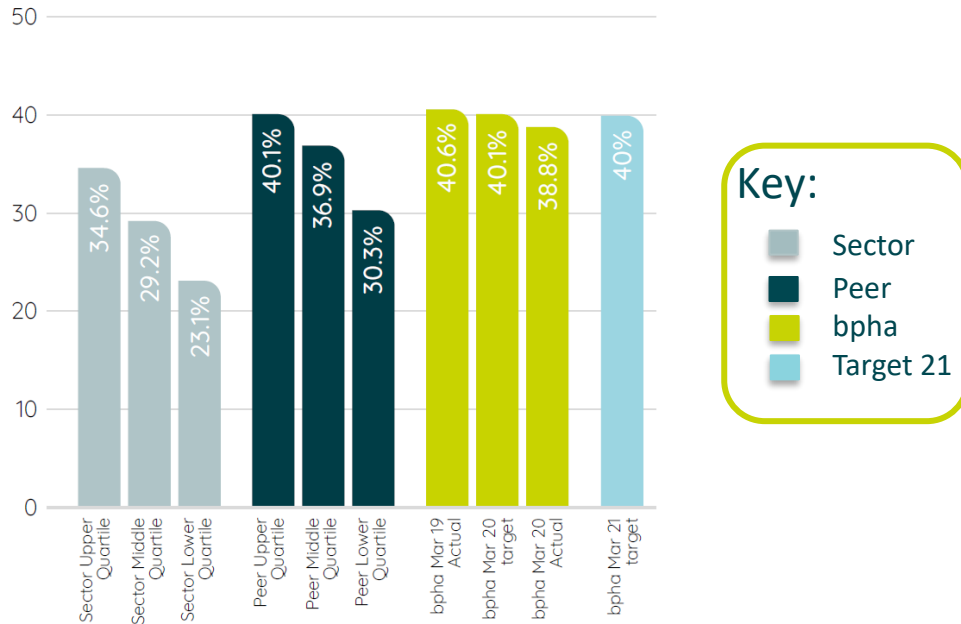
£4,292k

**Total Planned
expenditure in
2019-2020 of
£14,175k**

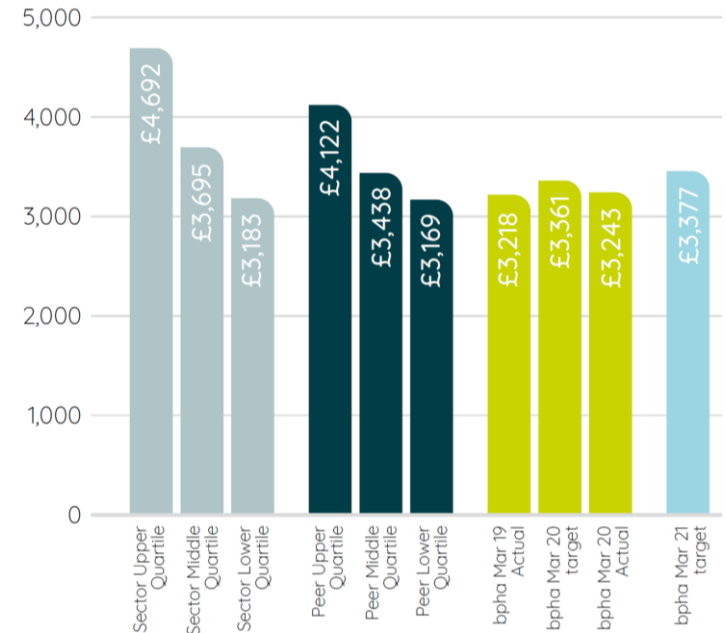
Core KPIs



Operating Margin (SHL)



Headline Social Housing Cost Per Unit £



- Concentration of properties within the Oxford to Cambridge Arc allows an efficient operating model and low operating costs per unit
- Target social housing letting margin of 40% ensures effective cost management and value for money

6. Regeneration-

Project vista

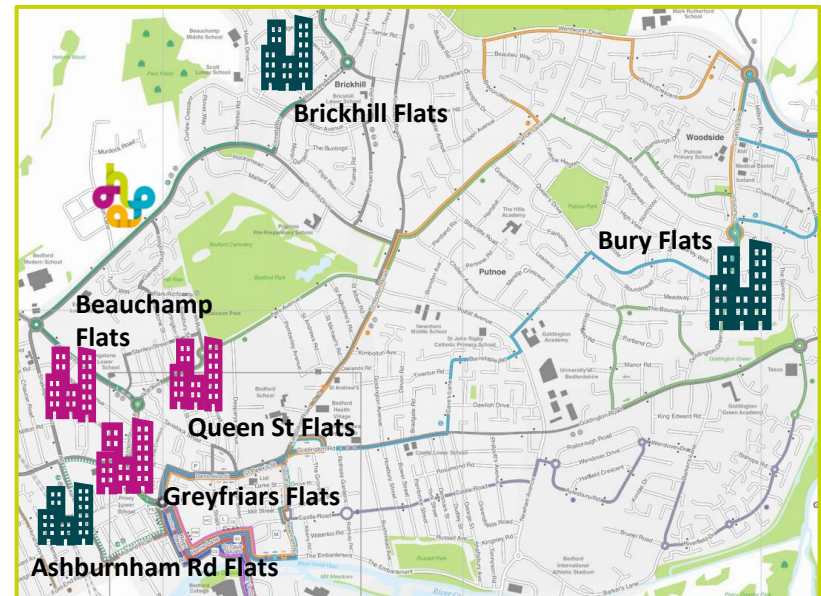
RESHAPING SPACES FOR LIVING

Regeneration Background

Project Overview



- In 2018 bpha started a review of 14 blocks of flats constructed in the 1950-60s
- Five Popular Locations, significant Income
- Structurally sound
- Substantial investment required (£58m)
- High-level appraisals completed for refurbishment, extension or redevelopment
- 2 Phases
- Phase 1 Outline Business Cases approved May 2019
- Options are clear at some sites – space is limited – but, at others, more work required
- Two sites have or in planning (Ashburnham Court and Bury Court)
- Detailed options being considered for Brickhill Flats.



Ashburnham Court



- Resident/leaseholder consultations in October 2019
- Planning permission secured May 2020
- Procurement commenced March 2020 with completion by September 2020
- Pre-construction services (survey, design completion) from November 2020 subject to covid-19

Bury Court

- Resident/leaseholder consultations in September 2019
- First planning submission lodged January 2020. Revised application submitted August 2020 showing refurbishment of block and 9 new build units in lieu of existing garages
- Procurement commenced March 2020 with completion by September 2020



Brickhill

Approved Business Case – Part Redevelopment



Existing

- 143 homes, including 19 l/holders

Outline Approval includes:

- Refurbishment of tower blocks – 120 apartments
- Demolition of 23 FoGs
- Newbuild of 46 homes
- Total 166 homes

Outline Business Case Budget - £19m

- Refurbishment budget of £9.25m
- New build budget of £9.1m
- Leaseholder purchase & decant £620K

Vista Programme



Phase 1

- ◆ Pre-construction services at Ashburnham Court from November 2020
- ◆ Ashburnham Court start on site from July 2021 (subject to covid-19) with 56 week programme
- ◆ Bury Court pre-construction services from July 2021
- ◆ Bury Court start on site from September 2022 (after completion of Ashburnham Court) with 60 week programme expected
- ◆ Brickhill will be confirmed pending confirmation of scope

Phase 2

- ◆ Regeneration options at Greyfriars progressing – ongoing dialogue with Bedford Borough Council
- ◆ Queens Street strategy – strategic direction for site still being considered

7. Development and Sales Business

Development strategy

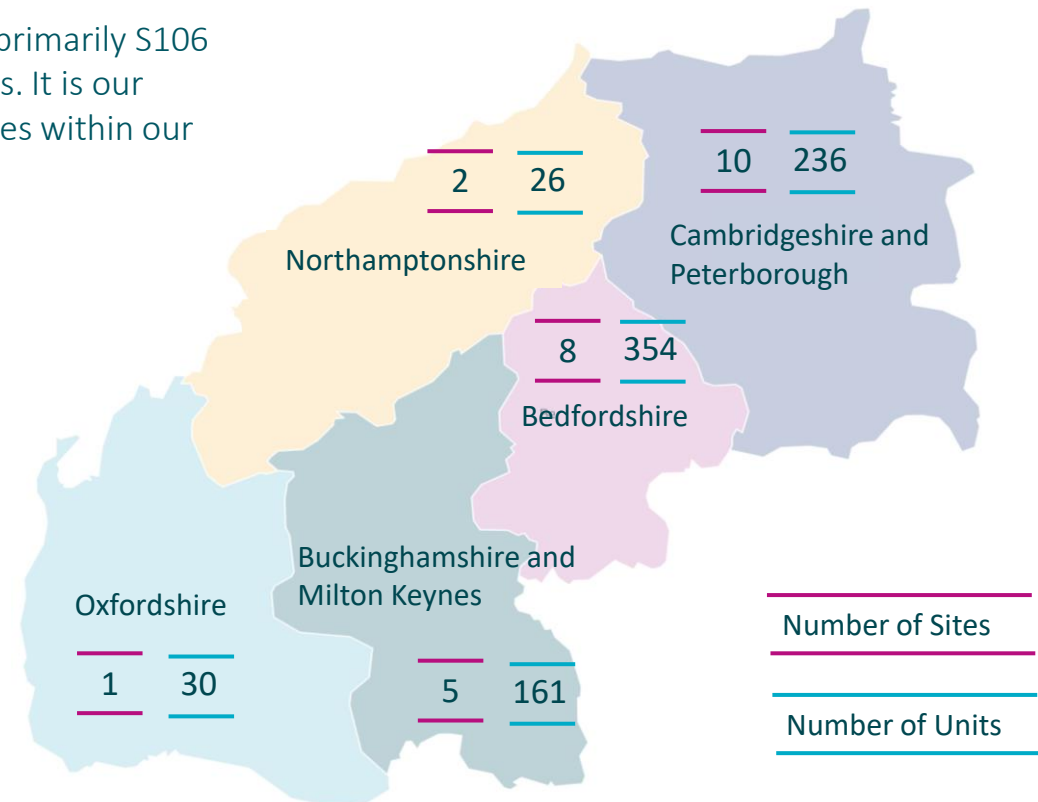
2,700 new homes by 31 March 2023



- As at March 2020, we have achieved 43% (1,282 units) of the 5 year strategy to deliver 3,000 units by FY 2023.
- We only develop in our core operational area between Oxford and Cambridge with a central focus on Bedford as this allows us to consolidate service delivery and achieve operational efficiencies. This will also provide us with new growth opportunities going forward as the Oxford to Cambridge Arc develops.
- Our current committed development pipeline is primarily S106 led with some land led and regeneration schemes. It is our intention over time to have more land led schemes within our development programme.

Current development sites

- As at 31 July 2020 we had 26 active sites across our 5 counties of operation.
- Our developments are spread across our core operating area, with no London exposure!



Development criteria

Investment appraisal

- ◆ Strict investment appraisal criteria to ensure new homes developed enhance our financial strength by:
 - ✓ Increasing ongoing surplus generation from core activities
 - ✓ Delivering strong margins
 - ✓ Enhancing overall balance sheet capacity
- ◆ Conservative development assumptions – e.g. no staircasing receipts and no increase in sales values
- ◆ Annual outturn reviews for completed schemes, feeding into further refinement of development assumptions



Minimum IRR

30 year cost of funds + interest cover requirements + risk buffer uplift

Minimum Asset Value

Security value > net development cost

Positive NPV

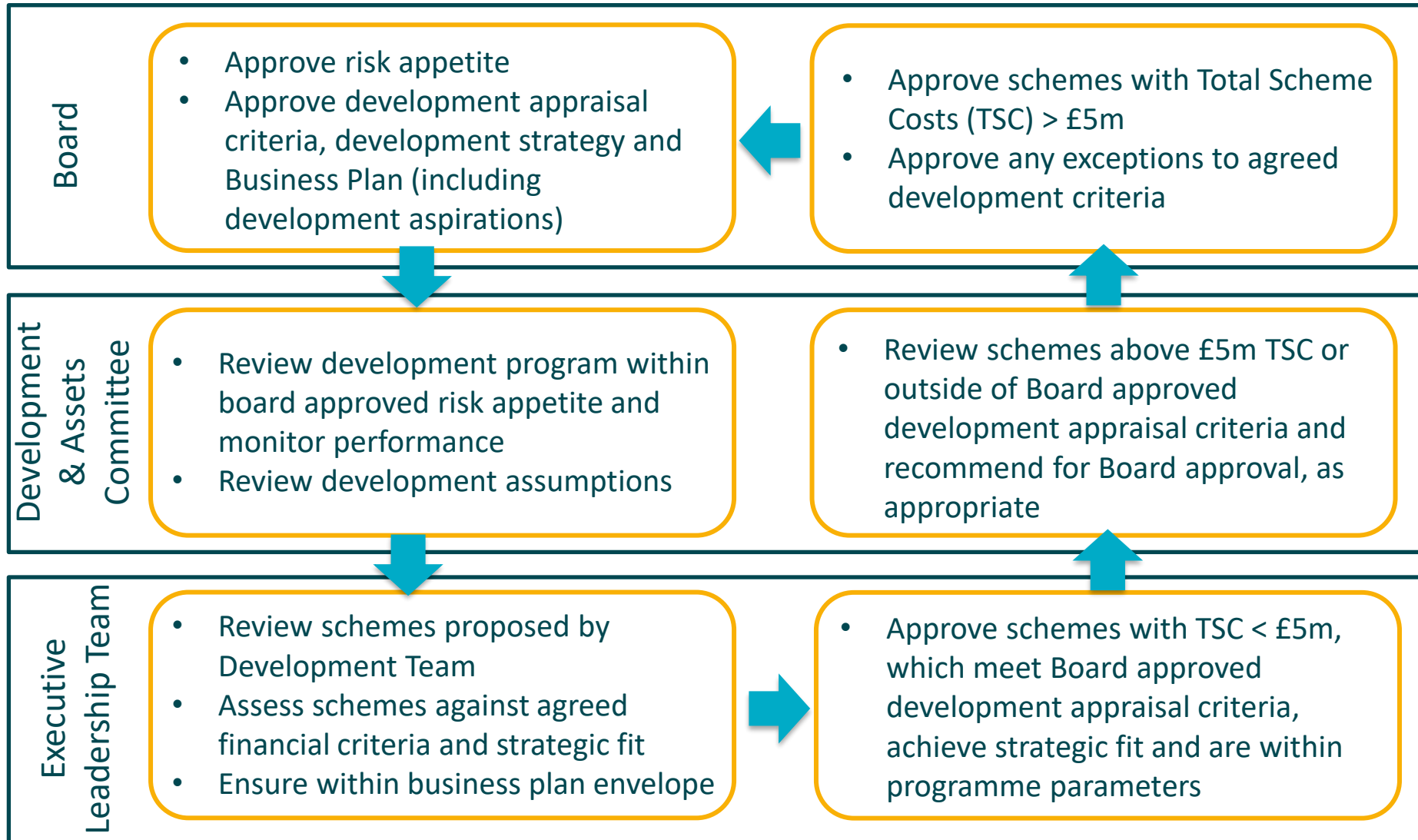
35 year NPV, no terminal value and no capital appreciation assumed

Programme management

- Impact of potential future schemes is formally reviewed against up to date financial projections, to ensure continued liquidity and sufficient asset security to avoid over-commitment.
- Total capital expenditure commitments, completions profile and sales exposure is also reviewed and considered when approving new schemes.

Development approval

Governance oversight

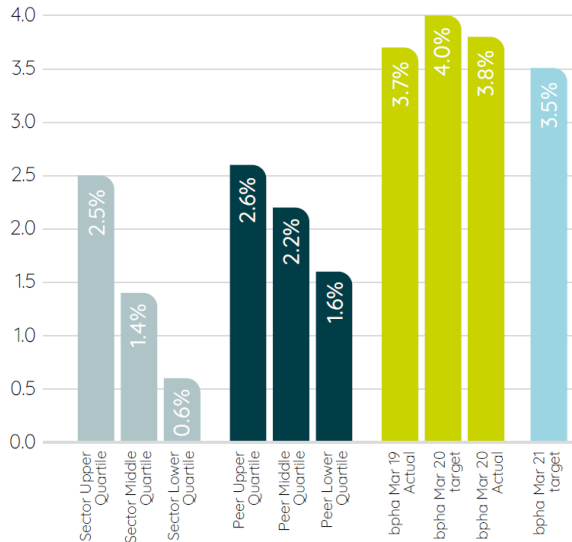


Development Business KPIs

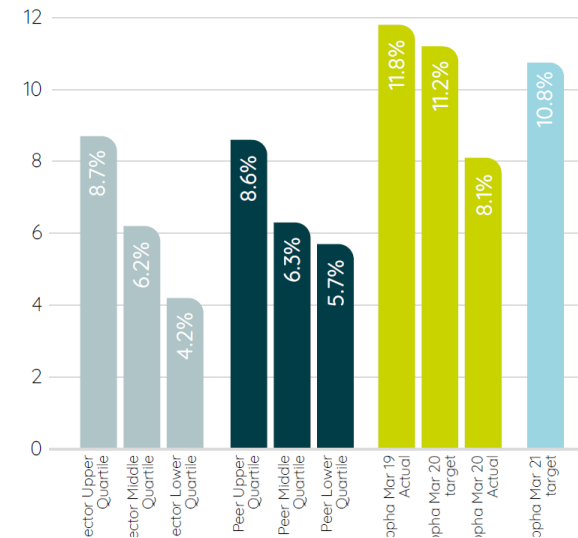
Continued strong performance



New Supply (Social) %



Re-investment



- bpha was again in the Country's top 25 developing Housing Associations for 2019/20 adding 651 units last year.
- Relative to size, bpha was in the top 10 developing Associations, adding 3.8% to its stock in the year.

8. Treasury Update

A decorative graphic on the right side of the slide consists of several overlapping curved shapes. At the bottom left, there is a semi-circle in a bright orange color. To its right, a larger semi-circle in a medium blue color overlaps it. Further right, a large, thick vertical bar in a darker blue color overlaps the previous shapes. At the top right, a large, rounded shape in the same dark blue color overlaps the vertical bar, featuring a white semi-circular cutout on its right side.

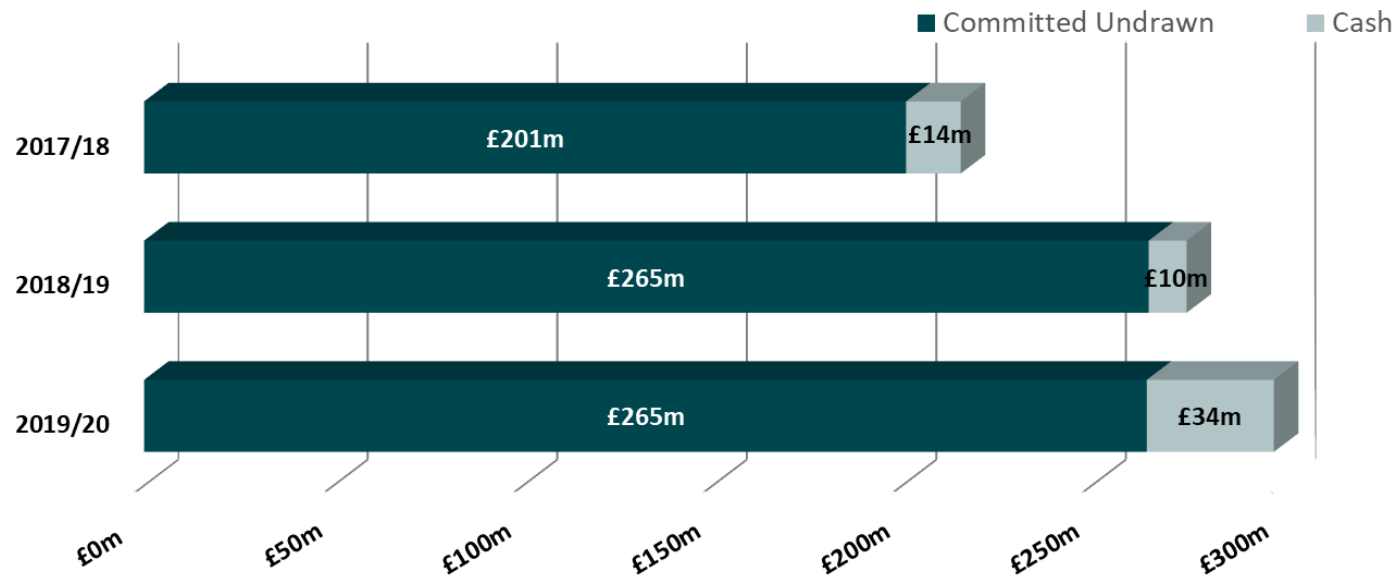
Liquidity levels

Continued strong liquidity levels



- ◆ We have strict liquidity targets to ensure that sufficient liquidity is available to fund ongoing and planned activities.
- ◆ At March 2021 our facility headroom remained strong at £298m with security headroom of £251m (only £40m RCF not available for immediate drawdown).

Liquidity

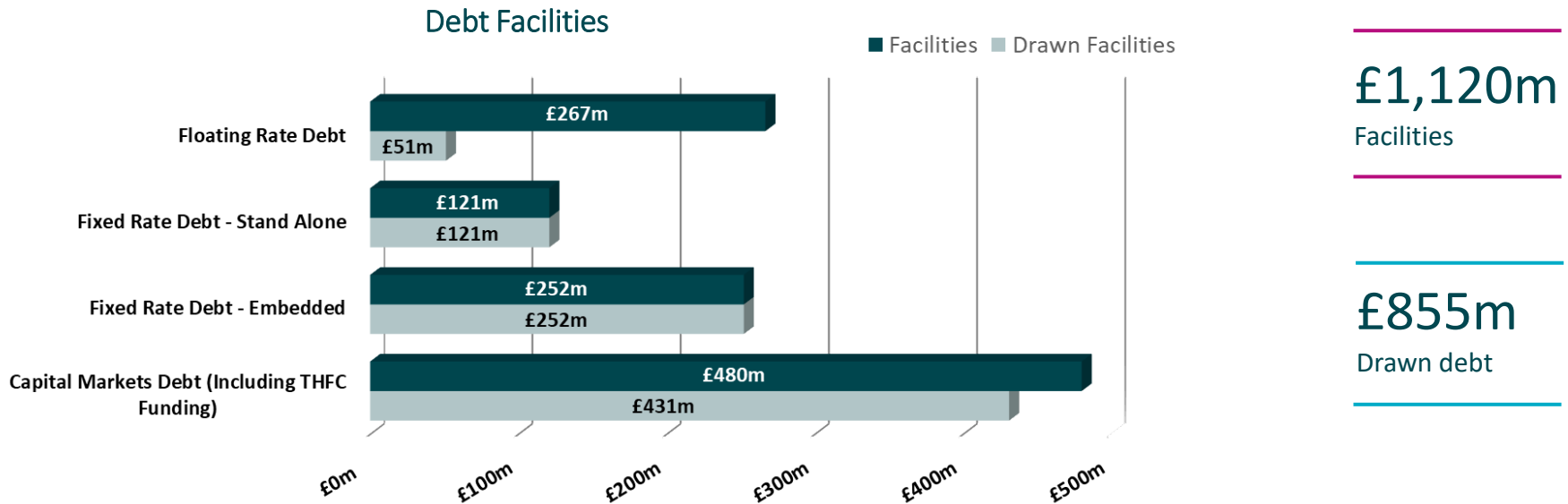


Debt portfolio

Current Facilities



- At 31 March 2020, £855m of funding was drawn against total facilities of £1,120m (includes £3m overdraft) and **£33m** of cash was immediately available.
- Circa 97% of our drawn debt is at fixed rates of interest through a combination of fixed rate loans, capital market funding and a mixture of stand-alone and embedded swaps which are used to fix floating bank debt.
- We raised £125m of new debt in 2019/20 allowing us to repay some of our RCF facilities and providing additional funding for development of new homes in line with our strategy.

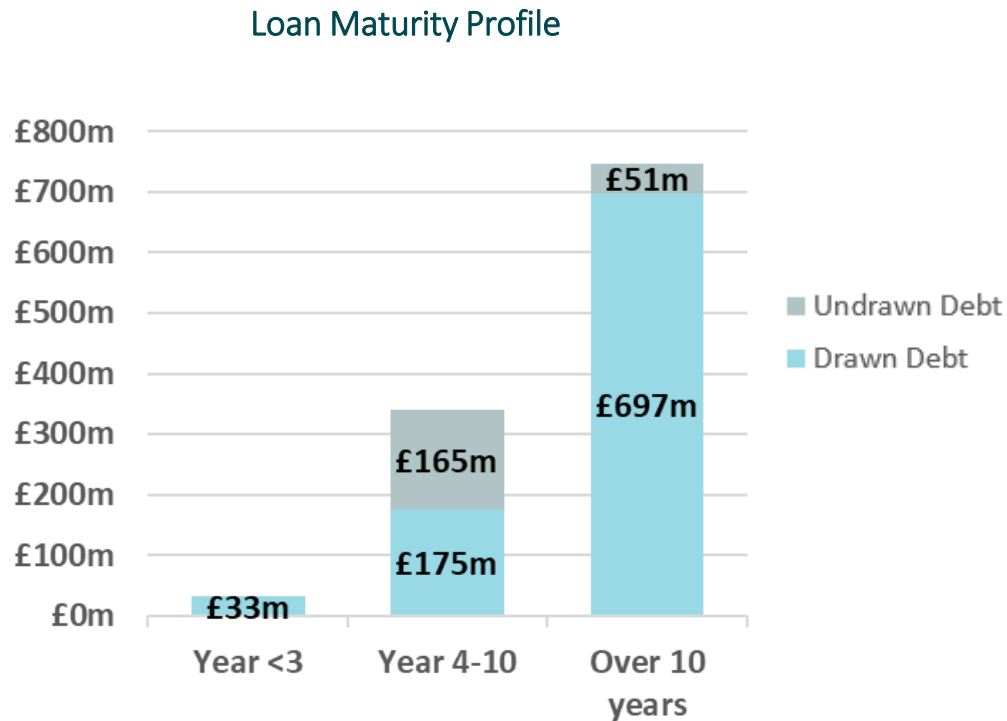


Debt maturity

Debt projections fully funded



- Maturity profile of our debt facilities is spread over a 25 year period, with amortisation of the syndicate facility spreading out refinancing risk as shown below:



9. Conclusions

Summary - March 2020



19,235

Homes owned
or managed

Uniquely positioned in the Oxford to Cambridge Arc

41%

Operating margin
on core operating
business

The 2025/30 corporate strategy ensures we can continue to
deliver our core purpose in a changing world

651

Homes built

144%

EBITDA MRI
cover

Proven track record and sector leading operating performance

£60m

Operating
surplus

Strong surplus generation and liquidity levels

£79m

Invested in
new homes

£145m

Revenue

Development programme supported by robust controls

G1 / V1

Regulatory Rating

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