

# Investor presentation

September 2025

TENANTS AT

HEO  RT



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# Today's presenters



**Joe Reeves**

Deputy Chief Executive



**John Drozd**

Director of  
Corporate Finance



**Jasbir Marwa**

Senior Treasury and  
Investment Manager

# Agenda

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# Midland Heart

**We are building a resilient and tenant focused organisation ready for the future**

**34,414**

Social homes owned or managed

**A1 (stable)**

Sector leading Moody's rating

**G1 / V1 / C1**

Top regulatory ratings

**One hundred years of serving tenants**

**Midlands regional powerhouse with political influence (WMCA)**

**Sector leading financial performance with strong liquidity (£346m)**

**Top quartile TSM performance (79% overall satisfaction)**

**De-risked new homes plan with 100% affordable (2,250 new homes by 2030)**

**Data-driven net zero pathway (20,000t of CO2e reduced since 2019)**

**28%**

SHL operating margin

**27%**

Gearing (VFM)

**1.93x**

EBITDA-MRI interest cover

**Met**

Liquidity

**c.100%**

Homes at EPC D or higher

**19%**

rent / average earnings

**100%**

Safety compliance

**80%**

Colleague satisfaction



# Our corporate strategy

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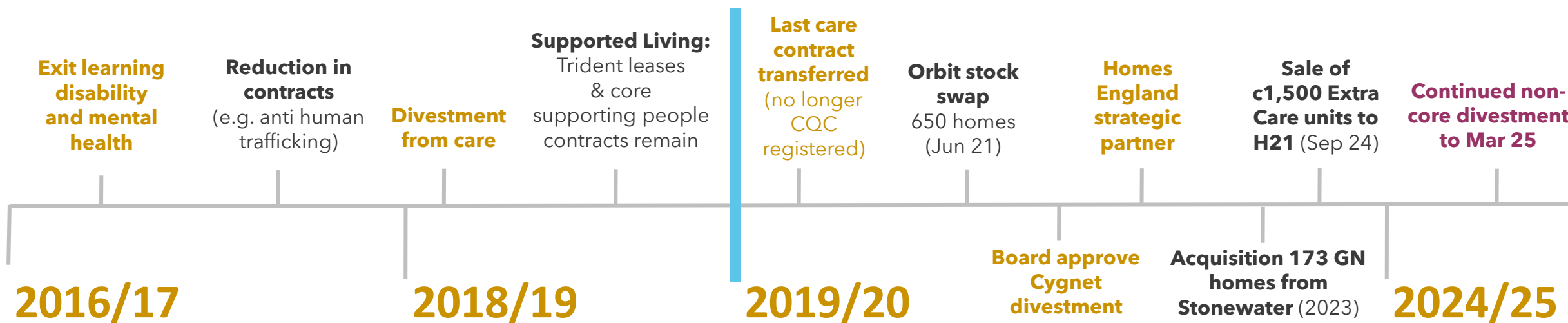


# Our strategic journey

We are building a resilient and tenant focused organisation ready for the future



MAKING WHAT **MATTERS**  
*Brilliant*



Focus on core →

# 2019-2025: Making What Matters Brilliant

We are building a resilient and tenant focused organisation ready for the future

MAKING  
WHAT **MATTERS**  
*Brilliant*



**4,000**

New affordable  
homes



**c.100%**

Homes  
≥ EPC D



**100%**

Safety  
compliance



**79%**

Tenant  
satisfaction  
(TSM)



**80%**

Repairs  
satisfaction  
(TSM)



**80%**

Colleague  
satisfaction

**£638m**

New homes investment

**£132m**

Existing homes capital investment



# 2025: Anticipating change - strategic assessment

We are building a resilient and tenant focused organisation ready for the future

## Government

- Government & regional mayor
- Rent settlement
- Awaab's Law
- Employment rights
- Decent homes 2



**Impact increased**

## Regulator

- Inflation Social Housing Act
- Consumer regulations
- TSMs
- High profile Ombudsman
- Building safety regulator



**Impact increased**

## Economy

- Inflation Economic instability
- Continued rising costs of material and labour
- Recruitment challenges



**Impact increased**

## Tenants

- Significant scrutiny
- Damp and mould, disrepair complaints - higher investment needed
- Building safety continued focus



**Impact increased**



# 2026 - 2030: Tenants at Heart

We are building a resilient and tenant focused organisation ready for the future



## Homes that enable modern living

- ✓ **Awaab's Law** and Decent Homes
- ✓ **£300m** existing homes investment
- ✓ **6,000** homes for modern living
- ✓ **100%** EPC C or above
- ✓ **100%** building safety compliance
- ✓ **100%** 5yr stock condition surveys
- ✓ **Focus** on prevention
- ✓ **14 day** responsive repairs service
- ✓ **Strategic** disposals



## Quality services and local impact

- ✓ **Tenant** focused
- ✓ **Data driven** insight and strategy
- ✓ **18 month** home visits
- ✓ **Locality approach** and comms
- ✓ **Digital** as core tenant service
- ✓ **24 / 7** access



## Financial resilience and sustainable growth

- ✓ **2,250** new homes
- ✓ **Strong single A credit**
- ✓ **VfM** powered corporate plan
- ✓ **Homes England** strategic partner
- ✓ **Midlands powerhouse** (WMCA)
- ✓ **Future Homes Standard**
- ✓ **Project 100** net zero scheme
- ✓ **1,250t CO2 reduction** (Scope 1 and 2)



## One team working together for our tenants

- ✓ **Regional skills academy**
- ✓ **Tenant centric** reward strategy
- ✓ **Business critical roles**
- ✓ **Success planning**
- ✓ **Tenant visits** for delivery partners

# Our regulatory inspection 2025

We achieved the highest gradings across all areas

G1 ✓

V1 ✓

C1 ✓



“Midland Heart provides an efficient, effective and timely repairs service, and is **proactive when it comes to making changes to improve services.**”



**Midland Heart takes an active approach to considering tenants' diverse needs in the design and delivery of services** and provides a wide range of opportunities for tenants to influence and review their strategies, policies and services.





# Our homes

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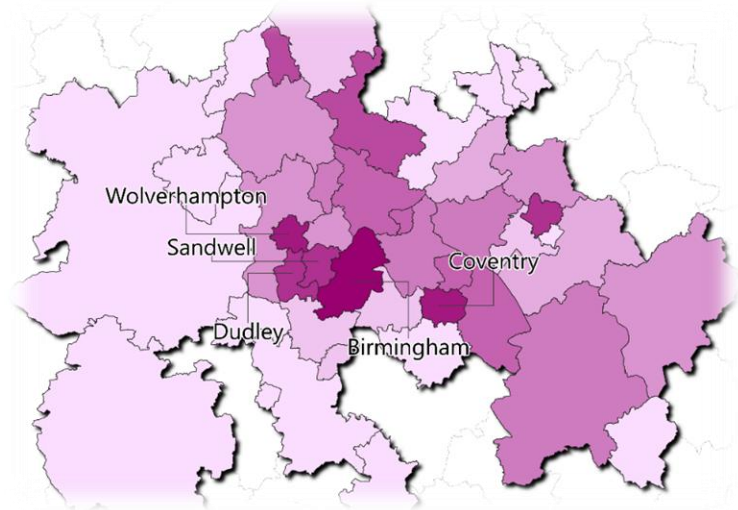
# HEORT



# Our existing homes

We continue to operate in a focused and concentrated geography in the Midlands

## Our core geography



- **c34,000** homes in **c.50** local authorities
- **Two thirds** of properties in **five** local authorities
- **39%** of GN rented stock pre first world war
- **7** of the most deprived wards in England

Our top 5 local authorities	Total
Birmingham	37%
Coventry	12%
Wolverhampton	7%
Sandwell	5%
Dudley	4%



**19% rent / average earnings (GN)**

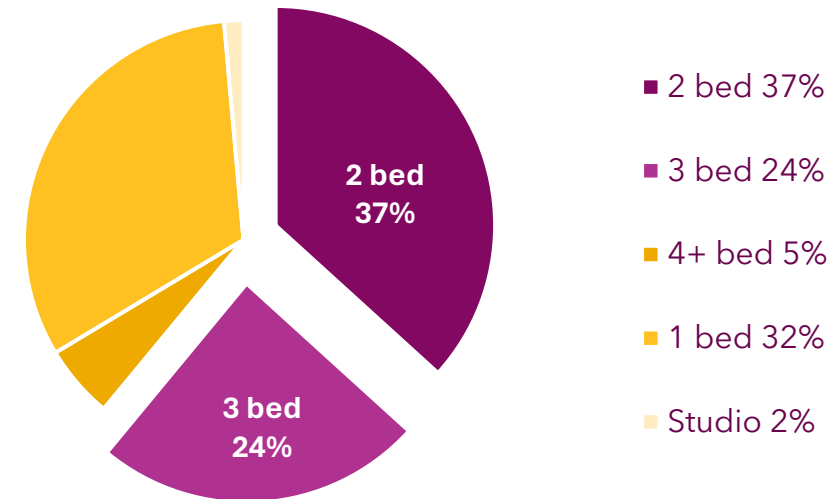
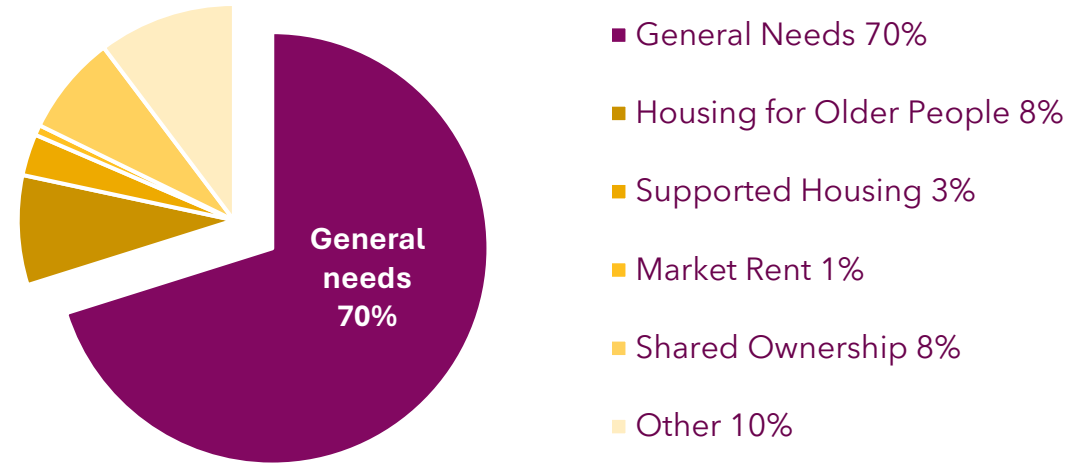


**50,000 plus actively searching for affordable housing**

# Our existing homes

We continue to own and manage homes with a focus on our core business of general needs

- ✓ **70%** general needs
- ✓ **1,567** extra care homes sold
- ✓ **> 60%** 2-bed and 3-bed
- ✓ **C.100%** EPC D or above
- ✓ **79%** EPC C or above
- ✓ **£35m** capital invested 2024/25
- ✓ **£300m** investment to 2030





# Port Loop development

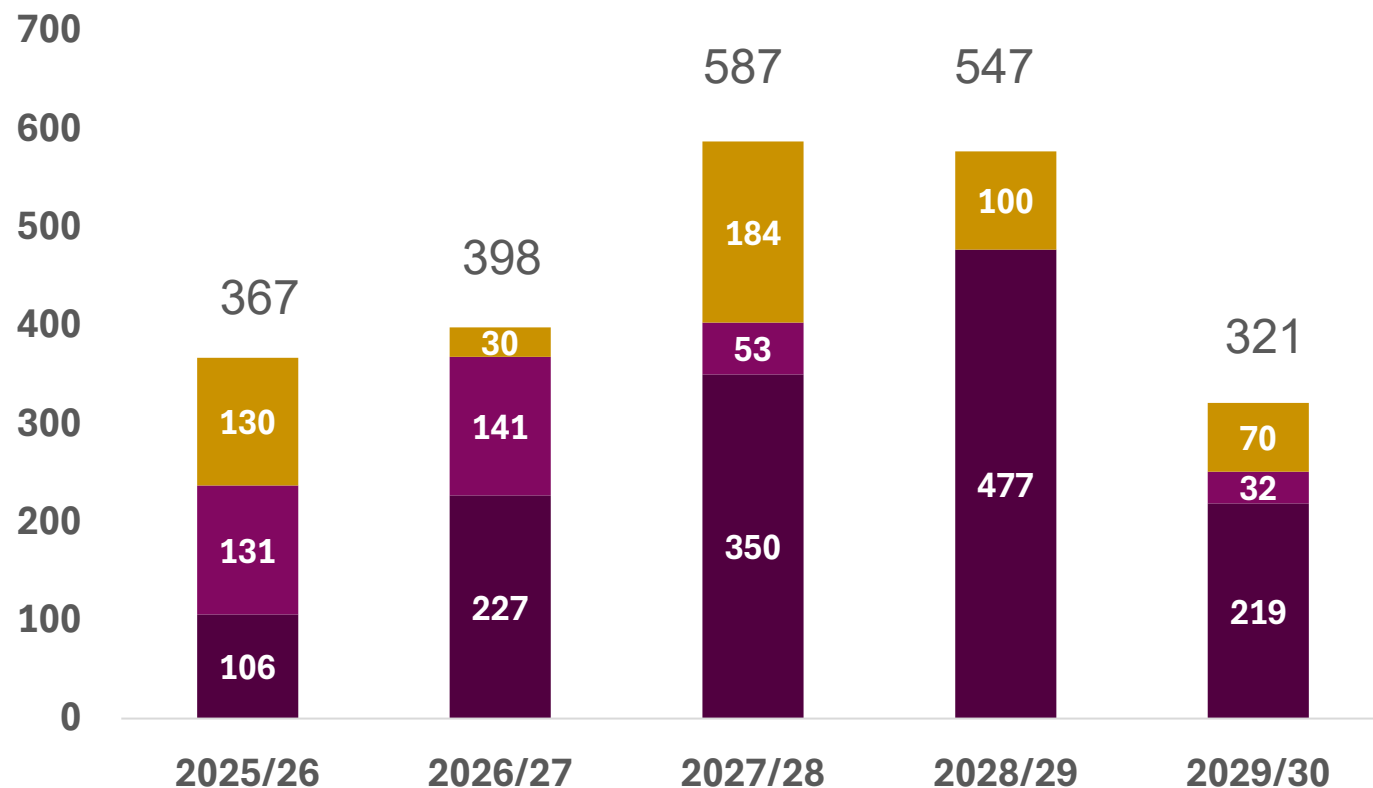
We are continuing to deliver on our commitment to provide more homes for local people, which includes building **124 social and affordable homes** at the Port Loop development in Ladywood, Birmingham.

The high quality, energy efficient properties will comprise a mix of two, three, and four-bedroom homes. Once complete, we will manage the properties, which will be made up of **103 social rent and 21 shared ownership homes**.



# Our new homes

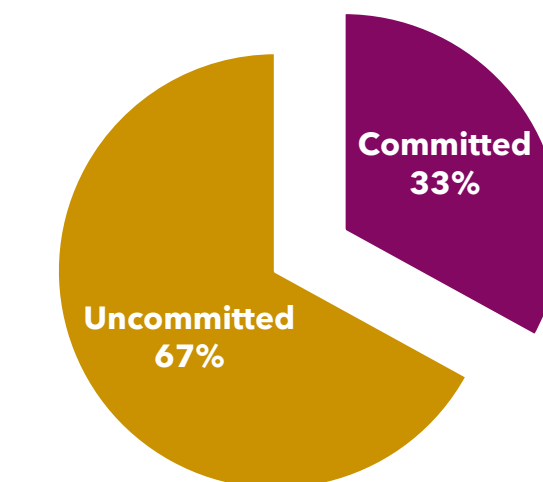
We continue to adopt a de-risked new homes plan with 100% at affordable tenure (no ORS)



**Social rent  
(61%)**

**Affordable rent  
(16%)**

**Shared ownership  
(23%)**



**Only one pound in every  
three currently committed**



**Our tenant and  
sustainability  
performance**

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# Our sustainability performance: 2024/25

We deliver strong ESG outcomes for our people and places as part of our core business



**813**

New energy  
efficient homes



**c.100%**

Homes  
at EPC D



**79%**

Homes  
at EPC C



**£2.4m**

SHDF Wave 2  
funding deployed  
with WMCA



**£3.4m**

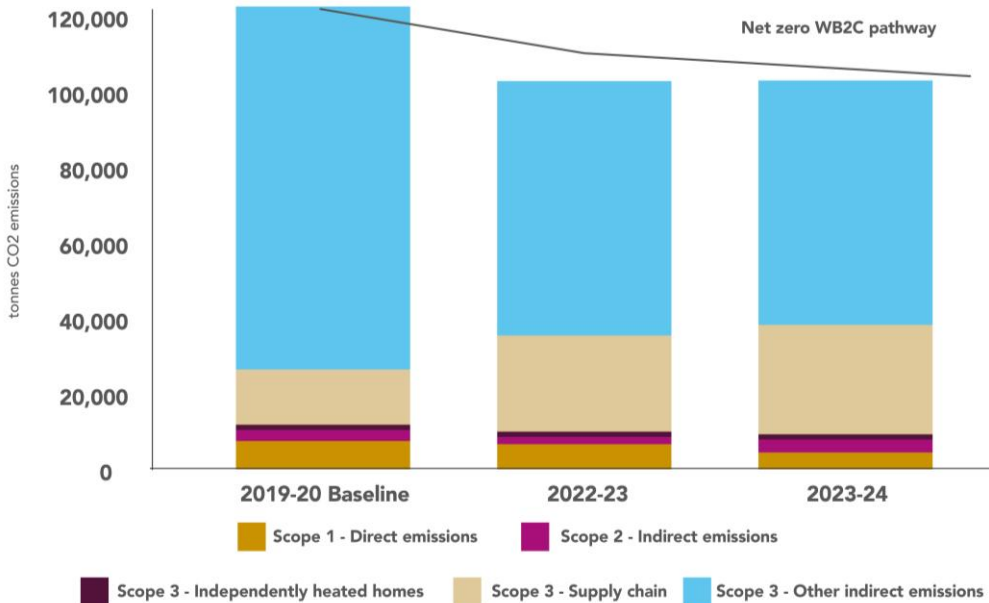
Increased tenant  
income



# Our net zero carbon journey

We have set out a data-driven pathway to net zero

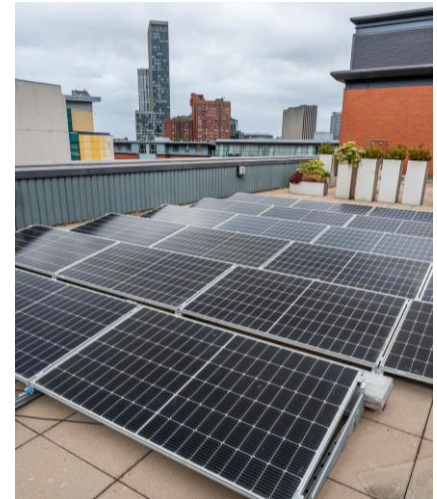
## Our pathway to net zero



- ✓ **20,000t CO2 reduction** since 2019/20
- ✓ **Project 100** new build new zero eco-village
- ✓ **EPC B office space** with £400k energy investment
- ✓ **16 electric vans** on order

## Sustainable operations...

- Secured Renewable Energy Guarantees of Origin (REGO) certificates for the electricity used in our offices
- c£100k investment in office solar PV with 70kW-peak output
- Continued the digitisation of our back-office systems to support front-line teams serve our tenants
- Piloted in-house sensor technology to drive a standardised systems approach to real-time monitoring
- Approved our operational science-aligned CO2 emissions 2030 target within Tenants at Heart
- Built sector-leading sustainability reporting in compliance with or aligned to recognised national or international standards



# Our tenant-focused social value: 2024/25

We continue deliver exceptional tenant service

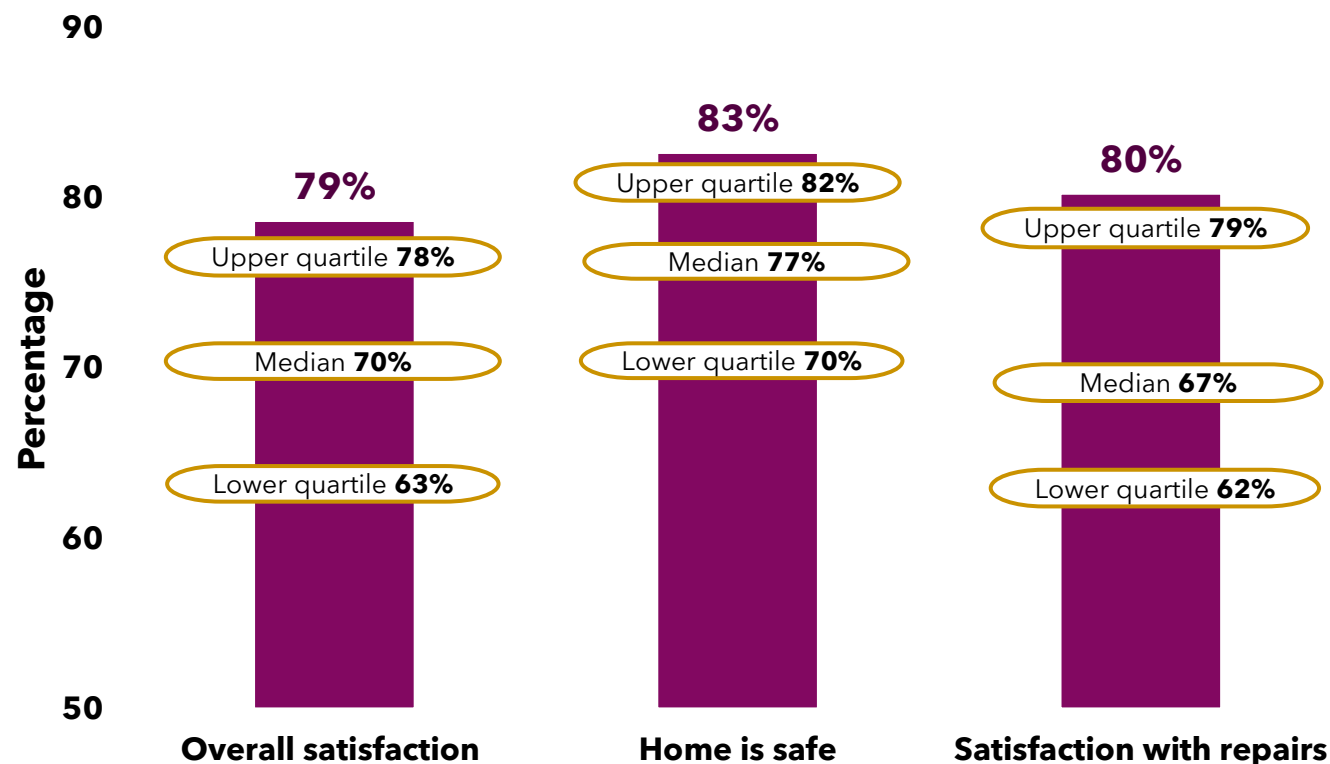
Our first RSH consumer rating  
reflects the top grade

**C1**



- ✓ **Strong tenant engagement, oversight & scrutiny**
- ✓ **Services adapted to customer need and tenant segmentation**
- ✓ **Clear strategic direction**
- ✓ **Balancing new homes with investment in existing properties**
- ✓ **Strong external assurance**
- ✓ **Focus on repairs, damp and mould, complaints and building safety**

Our TSM scores reflect top quartile performance





# Supporting vulnerable tenants

With Lovells, we targeted measures in two specialist accommodation and one general needs scheme, supporting some of our most vulnerable tenants with thermal comfort and solar PV solutions.

The mostly EPC D homes moved to bands C to A.

The tenants who live in them aren't going to be disturbed by any energy efficiency-related work anytime soon.

- ✓ **Highly Commended** - National Retrofit Academy Awards 2025 (Best Social Housing-Led Retrofit Programme)
- ✓ **Highly Commended** - Energy Efficiency Awards 2025 (Regional Large-Scale Project of the Year)



# Our tenant-focused social value: 2024/25

We are helping more of our tenants to access the help they need



**£3.4m**

Increased tenant  
income



**> £1.5m**

Housing Benefit  
and UC awards



**> £127k**

Hardship  
funds



**> £95k**

Pension  
credit



**> £7k**

Healthy Home  
heating vouchers



## Supporting tenants during the Birmingham bin strikes

When Birmingham faced bin strikes, it wasn't just about uncollected rubbish – it was about the impact on the safety and wellbeing of our tenants and communities. Our rangers responded swiftly, removing over 30 tonnes of rubbish from communal areas and coordinating emergency collections with local authorities and contractors. Their proactive efforts not only restored cleaner spaces but also ensured tenants felt valued, supported, and safe.



New commercial social value  
framework implemented with  
HACT to drive tenant-focused  
social value in the supply chain



# Our financial performance

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# Our financial performance: 2024/25

We continue to deliver sector-leading financial strength underpinned by our golden rules;  
**Interest Cover, Gearing and Liquidity**

**A1**  
Moody's

**G1, V1, C1**  
Regulator

Interest Cover  
(Covenant)  
**372%**  
Target >150%

EBITDA-MRI IC  
**193%**

Op margin  
(overall)  
**27%**

Gearing  
(Covenant)  
**39%**  
Target <70%

Liquidity  
**Target Met**  
Target >18 months

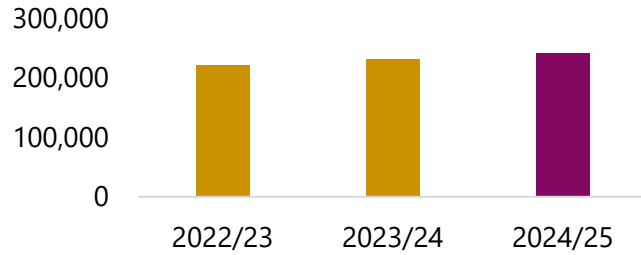
Arrears  
**4.15%**  
Target <4%



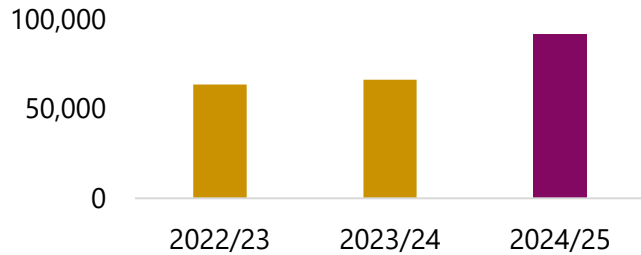
# Our financial performance: 2024/25

We continue to deliver sector-leading financial strength underpinned by our golden rules

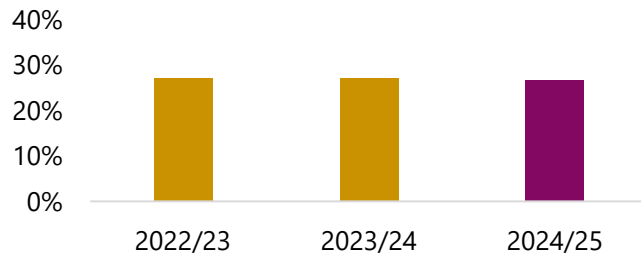
## Turnover



## Operating surplus



## Operating margin



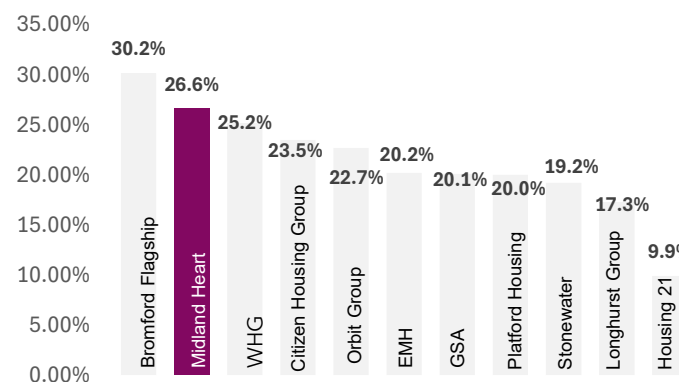
	2024/25 £'000	2023/24 £'000	
Turnover	243,059	231,894	Increase of £10.8m due to 6.7% rent rise, CPI increase capped by Government
Operating expenditure	(178,426)	(169,192)	
Surplus on disposals of property, plant and equipment	27,384	4,252	Due to sale of over 1,500 properties to simplify the business
Surplus on revaluation of investment properties	(277)	(587)	
<b>Operating surplus</b>	<b>91,740</b>	<b>66,367</b>	Downward valuation of market rent properties
Interest receivable	3,676	3,644	
Interest and financing costs	(27,962)	(27,998)	
<b>Surplus before tax</b>	<b>67,454</b>	<b>42,013</b>	
Taxation	(210)	(241)	
<b>Surplus for the year</b>	<b>67,244</b>	<b>41,772</b>	
Movement in fair value cash flow hedged financial instruments	5,440	4,562	MTM movements due to increased interest rates
Actuarial gain/(loss) on defined benefit scheme	1,960	(4,718)	
<b>Total comprehensive income for the year</b>	<b>74,644</b>	<b>41,616</b>	

# Our financial performance: 2024/25

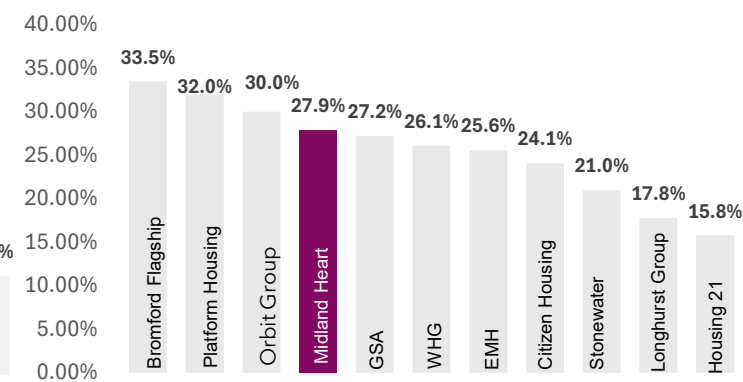
We continue to lead our peers on key VfM metrics

Metric	Midland Heart (2023/24)	Midland Heart (2024/25)
EBITDA MRI interest cover	1.96	<b>1.93</b>
Headline social housing cost per unit	£4,612	<b>£5,019</b>
Operating margin (SHL)	28.1%	<b>27.9%</b>
Operating margin (overall)	27.0%	<b>26.6%</b>
Gearing	30.5%	<b>27.2%</b>
Reinvestment %	9.3%	<b>8.1%</b>
ROCE	3.4%	<b>4.6%</b>

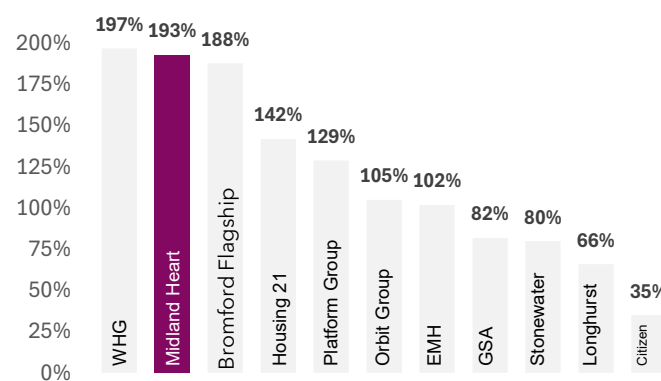
Operating margin (overall)



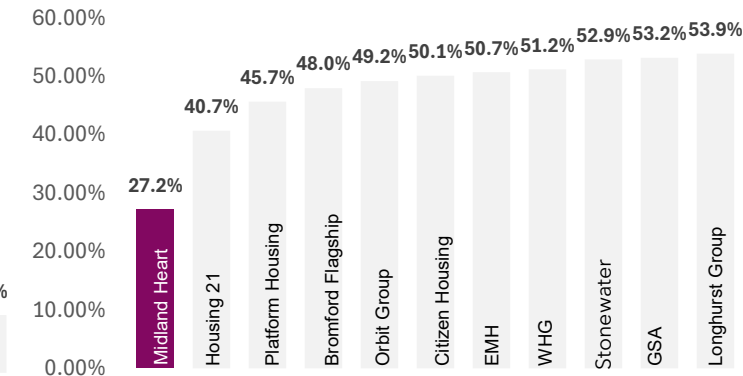
Operating margin (SHL)



EBITDA MRI IC



Gearing



Midland Heart key VfM metrics benchmarked against comparable housing associations operating in similar geography in the Midlands



# Our treasury overview

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# Our treasury profile

We continue to manage a highly optimised loan book with strong liquidity



**Liquidity  
£346m**

Cash: £76m  
Undrawn RCF: £270m  
Retained bond: £75m



**Drawn Debt  
£606m**



**SWAPS  
£120m**

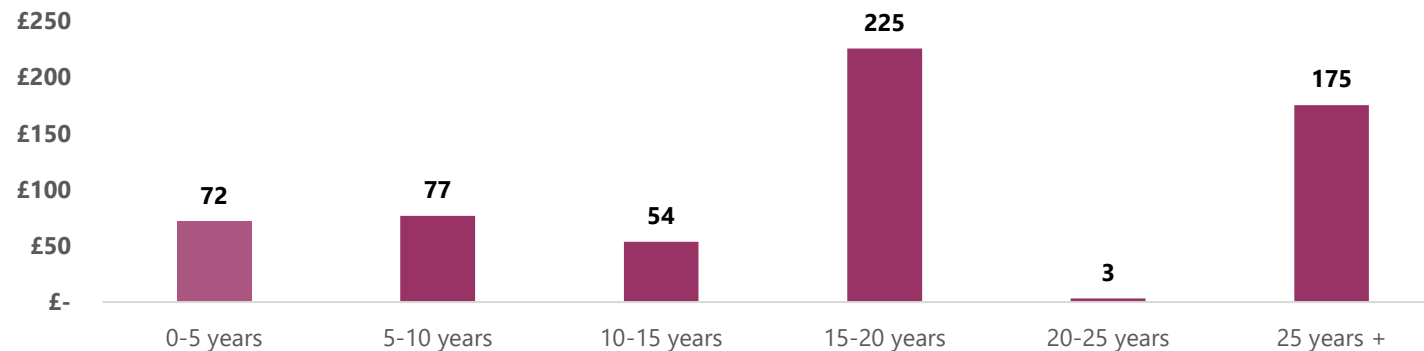
fully hedged and  
collateralised



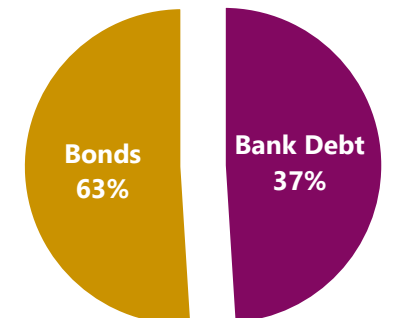
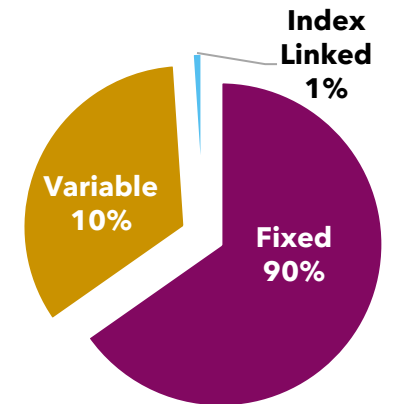
**Unencumbered  
9,158 homes**

> £600m lending  
value

Loan repayment profile (£m)



**WACC: 4.5%**







# Our sustainability linked loans (SLL)

We have linked a broad range of ESG metrics to our bank funding

## £200m SLL portfolio



	 New homes (min EPC B)	 Existing homes (min EPC C)	 Tenants referred to the money advice team	 Regulator Governance rating
2024/25 target	700 units	80%	3,000	G1
2024/25 actual	813 units	79%	2,582	G1



Q&A

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