

Half Year Results

September 2025

TENANTS AT

HEO  RT



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Agenda

1. Introduction
2. Operational performance
3. Financial performance
4. Value for money
5. Property investment
6. Sustainability
7. Treasury profile
8. Housing delivery



Introduction



Tenants at Heart

- Our new corporate plan 2026-2030
- Building on MWMB
- The voice of our tenants
- Delivering new homes
- Improving our existing homes

Responding to the changing legal and regulatory environment

- Social Housing (Regulation) Act
- Awaab's law
- Consumer regulation
- Decent Homes 2
- MEES requirements
- Competence and conduct standard
- Standard to reach C1 will rise next time
- Continuous improvement expected
- Challenging economic environment

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)

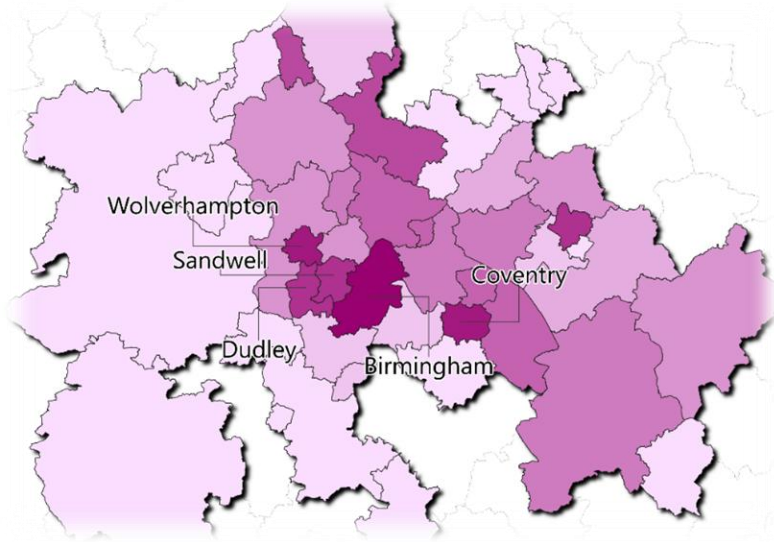


One team working together for our tenants

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

Homes portfolio

Our core geography



- **c34,321** homes in **c50** local authorities
- **Two thirds** of properties in **five** local authorities
- **36%** of GN rented stock pre first world war
- **7** of the most deprived wards in England

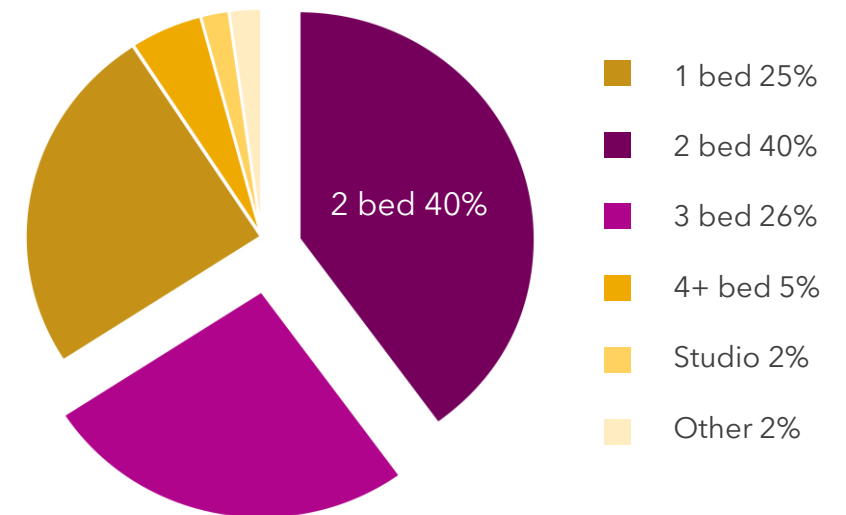
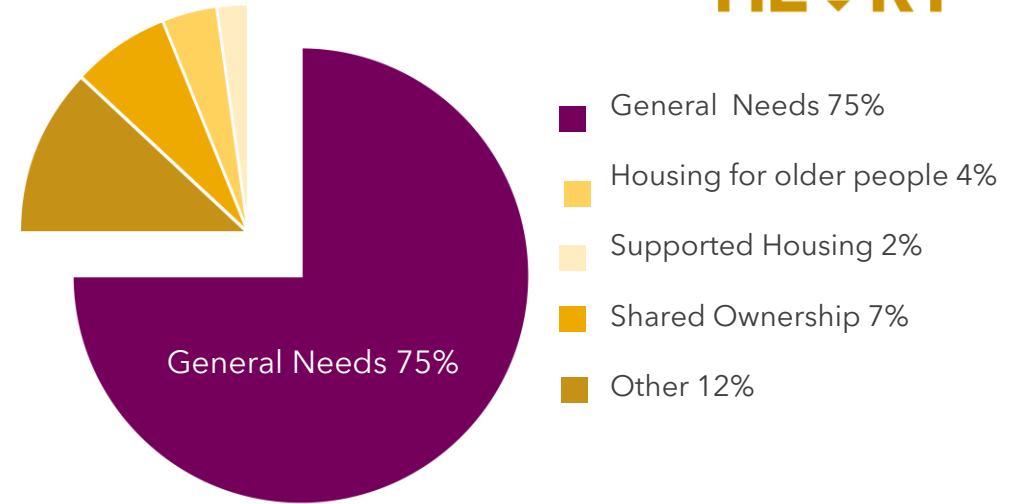
Our top 5 local authorities	Total
Birmingham	37%
Coventry	12%
Wolverhampton	7%
Sandwell	5%
Dudley	4%



19% rent / average earnings (GN)



50,000 plus actively searching for affordable housing



Operational performance



82.7%

Tenant Satisfaction
(TSM)
(78.7% 24/25)



85.6%

Repairs satisfaction
(TSM)
(80.3% 24/25)



90

Homes fully
modernised of 300
target 2025/26



109

New affordable
homes, 350 target
2025/26



23.1

Re-let days



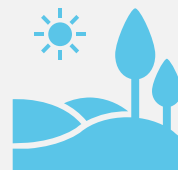
99.8%

Of homes visited in
last 18 months



4.51%

Arrears
(4.15% 2024/25)



81.9%

EPC C+
(79.2% 2024/25)



100%

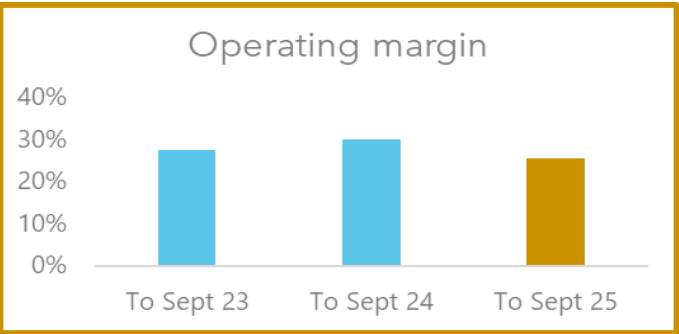
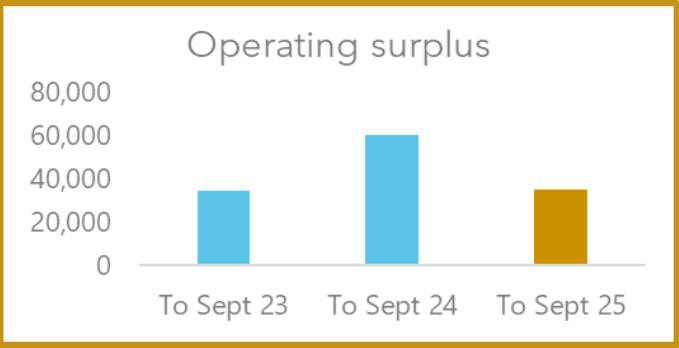
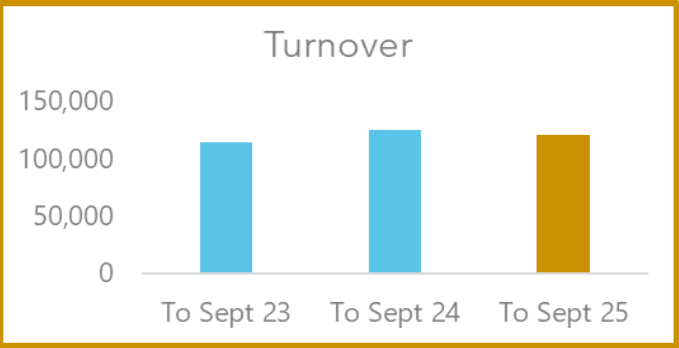
Safety compliance
TSM



C1

Regulator

Financial performance



	6 months to Sept 25 £'000	6 months to Sept 24 £'000
Turnover	121,444	125,213
Operating expenditure	(90,712)	(87,568)
Surplus on disposals of property, plant and equipment	3,777	22,876
Operating surplus	34,509	60,521
Interest receivable	1,755	1,353
Interest and financing costs	(13,608)	(14,411)
Surplus before tax	22,656	47,463
Taxation	(96)	(116)
Surplus for the period	22,560	47,347

Decrease due to sale of over 1,500 properties in 24-25.

24-25 included the sale of over 1,500 properties.

Better treasury performance supported by higher cash balances.

Financial KPIs

A1
Moody's

G1, V1
Regulator

Interest Cover
(Covenant)
311%
Target >150%

EBITDA-MRI IC
177%

Op margin
(overall)
26%

Gearing
(Covenant)
38%
Target <70%

Liquidity
Target Met
Target >18 months



Value for money

Metric	Midland Heart (2024/25)	Midland Heart (6 months to Sep-24)	Midland Heart (6 months to Sep-25)
EBITDA MRI interest cover	1.93	2.31	1.75
Headline social housing cost per unit	£5,019	£2,229	£2,476
Operating margin (SHL)	27.9%	33.2%	26.9%
Operating margin (overall)	26.6%	30.1%	25.3%
Gearing	27.2%	27.0%	26.7%
Reinvestment %	8.1%	3.9%	3.7%
ROCE	4.6%	6.0%	1.7%



Property investment

We have now completed 100 homes for modern living (30% of the 300 target), are on track to deliver our planned programs of kitchen and bathroom replacements, and 723 of our homes are now at EPC band C (60% of the 1,200 target).

Homes for
Modern Living



£1.3m
(90 Units)

Retrofit



£2.4m
(543 Units)

Components



£18.3m
(3,255 units)

Closing WIP	4,975
No Cat A HHSRS Failures	0
Non-Emergency Repairs (TSM)	90%
First Time Fix	76.4



Awaab's law: We are now live with the new requirements in relation to emergency hazards and damp & mould, new system, reporting and ways of working.



Repairs: We went live with our new repairs systems, scheduler, reporting and ways of working in June 2025.



Tenants accessing our services: Tenants can now access our services through webchat and WhatsApp.

Sustainability performance



82% of homes now
EPC C or above



£2.4m invested in
c1,500 new energy
efficiency measures
delivered into homes



c25% reduction
in CO2 emissions
vs last year



130 tenants
surveyed to steer
localities
investment



100% of new
homes achieved
minimum EPC B



Over 10% of total
office electricity
generated by solar
in 2025



SHIFT Gold
2025 achieved
in July



£2.2m in increased
tenant income
through the Money
Advice Team



Tenant-focused social value

Investing in our neighbourhoods

Since the success of our £12m investment 5-year intervention plan we have broadened our focus into a tenant-led localities investment plan into our neighbourhoods.

This year we completed our first tenant survey in our first locality. The results will focus our investment.

Over 130 tenants told us:
c60% feel like they belong in the neighbourhood
c35% like the look of the neighbourhood

Top issues raised included:

- Rubbish and littering
- Rough sleeping
- ASB

Improving the thermal efficiency of some of our oldest homes

Under Tenants at Heart to date, we have invested £2.4million in around 1,500 energy efficiency measures including solar PV, solid wall insulation and triple glazed windows.

Our new solid wall solution installs internal insulation at the front and external insulation at the rear of the home.

It achieves:

- ✓ Higher fabric performance
- ✓ Maintained heritage front facing of streets
- ✓ Lower enabling costs of installation works
- ✓ Strong levels of tenant satisfaction



Throughout retrofit we listen to our tenants and remain agile to their needs.

One tenant said: *"Thank you so much for all your support, for listening to me and getting things done."*

Tenant-focused social value



£2.2m

Increased tenant
income



£1m

Housing Benefit and
UC awards

Our Money Advice user survey found that:

74% of users found that the support improved their financial situation

68% are now able to plan financially for the future

One tenant said:

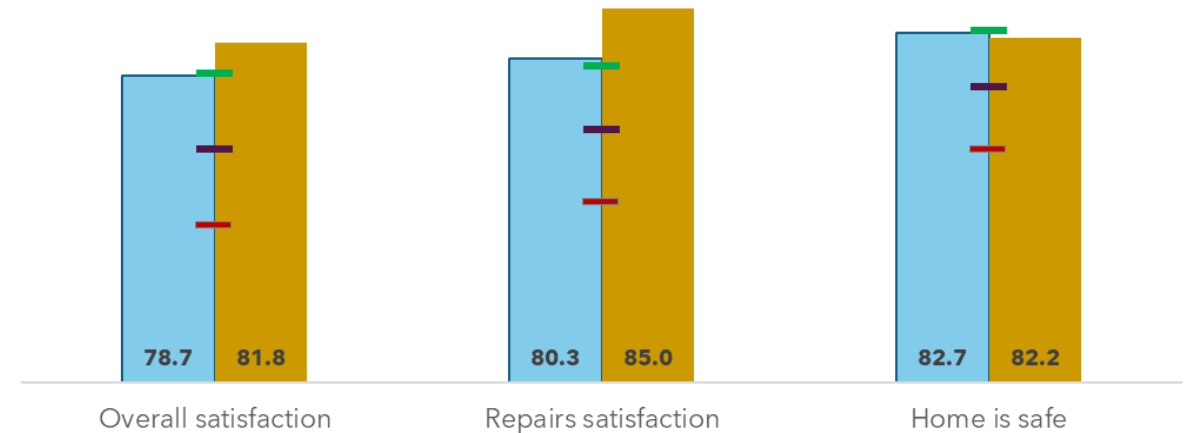
My daughter who suffers with mental health had to leave her privately rented property in Halesowen and her job and came to live with me in 2023.

She is now renting a lovely flat in Rushden, Northamptonshire and is the happiest she's been in years, and this is due once again to you.

Our TSM scores reflect top quartile performance

Tenancy Satisfaction Measures (LCRA)

■ Midland Heart 2024/25 ■ Midland Heart 2025/26 — Lower Quartile — Median — Upper Quartile



Treasury profile



**Liquidity
£346m**

Cash: £75m
Undrawn: £369m
Retained bond:
£75m



**Drawn Debt
£605m**



SWAPS £120m

fully hedged and
collateralised



**Unencumbered
8,103 homes**

c£556m lending
value



Interest Cover
311%
Target >150%



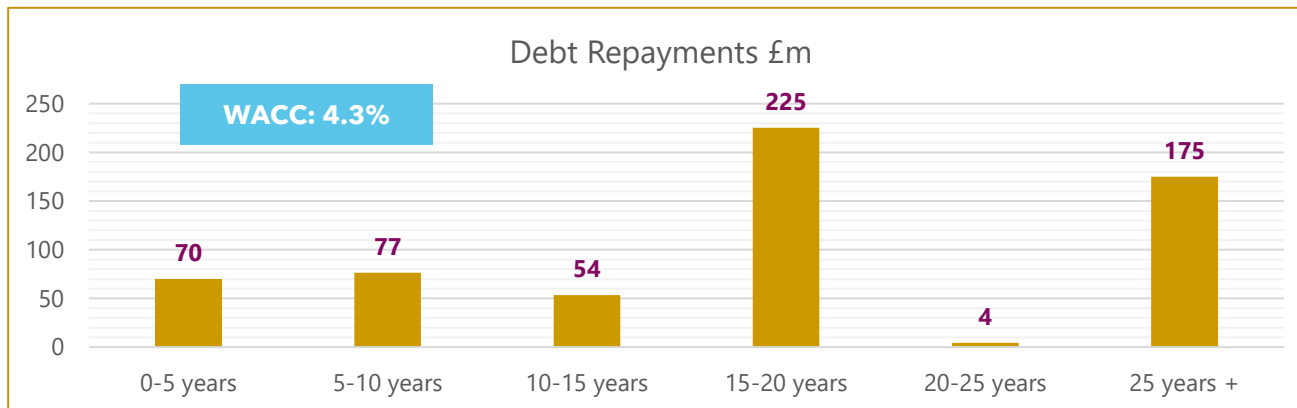
Gearing
38%
Target <70%



Liquidity
Met
Target >18
months



A1 Stable
Moody's



£100m

New Funding Secured



**Sustainability
linked loans (SLL)**



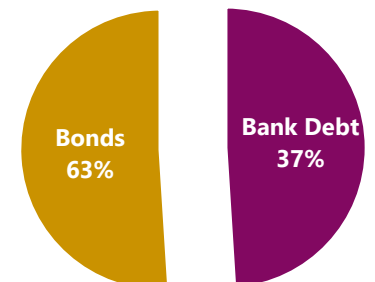
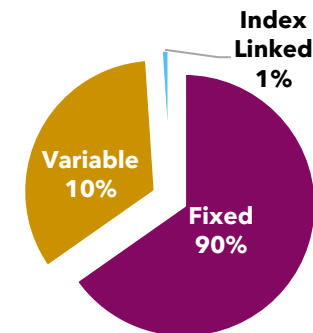
LLOYDS



nationwide



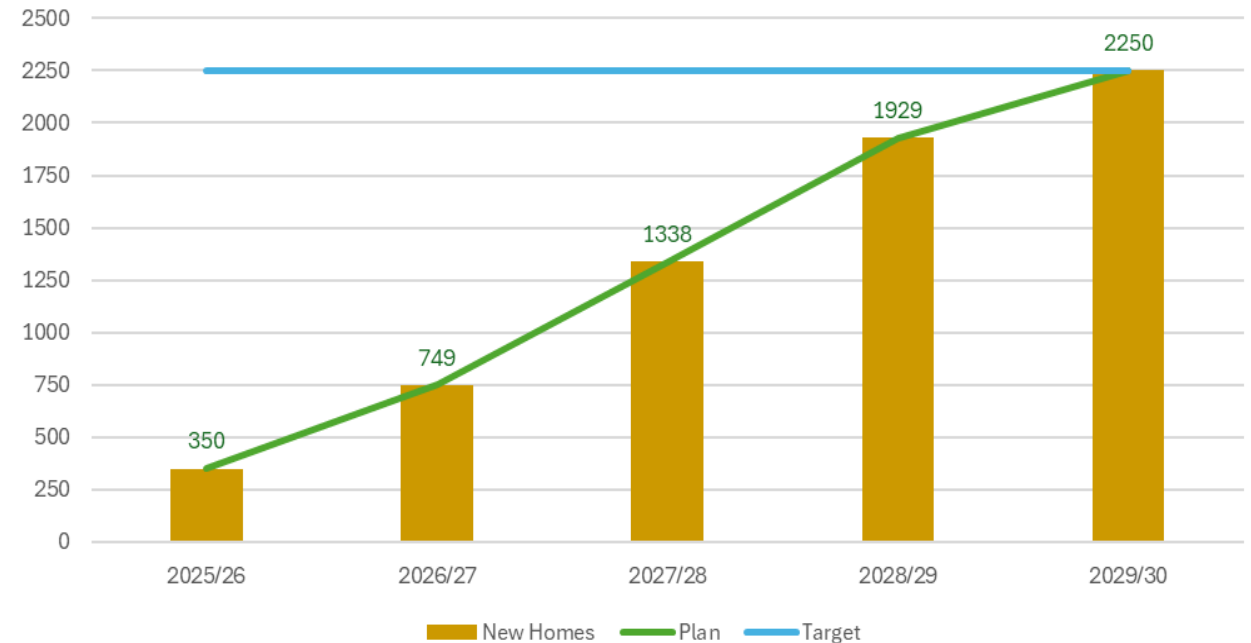
NatWest



Housing delivery strategy

- On target to deliver 2,250 build and acquire new homes by 2030. (Minimum 60% social rent)
- 350 social housing completions required in 2025/26.
- 109 new homes completed in 6 months period to September 2025.
- No outright sale or market rent homes in our current development portfolio – growing through our core offering.
- Strategic Partner with Homes England, securing additional £50m in the 2025/26 financial year. (c480 units)
- Sold 124 first tranche share ownerships in the first half of 2025/26 with a surplus £1.3m.

New Homes 2026-2030



TENANTS AT

HEART

