

November 2022

Orbit

Investor
Presentation

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- Overview & Strategy
- Operational Performance
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A circular inset image showing three men in white hard hats and high-visibility safety vests. They are standing on a construction site, looking down at a large set of blueprints held by one of the men. The background is slightly blurred, showing other workers and construction equipment. The text 'Overview & Strategy' is overlaid in white on the image.

Overview & Strategy

Credit highlights



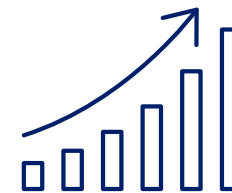
Over 46,500 homes and established in 1967, with wide geographic spread. Orbit is recognised as one of the UK's largest social housing providers



Sustainability is embedded in Orbit's strategy to lead in building thriving communities. £10.4m in 2022 was invested directly into the community. 82.2% of our properties are already EPC C or above



Strong governance - solid framework that includes substantial scenario testing



Financially robust association - strong and consistent operating margin – strong liquidity position and interest coverage metrics, backed by a sizeable pool of unencumbered assets. A3 rating by Moody's



Experienced Boards and Leadership team with a mix of strong commercial and sector skills



Strong core social housing business - customer satisfaction 4.3 (out of 5), large proportion of margin from social lettings



History of successful affordable new homes programme with resilient internal controls supported by a sound risk management and compliance framework. Agile development programme with diverse markets and geographies. Strategic Partnership with Homes England £129m (2018) and £104m (2021)

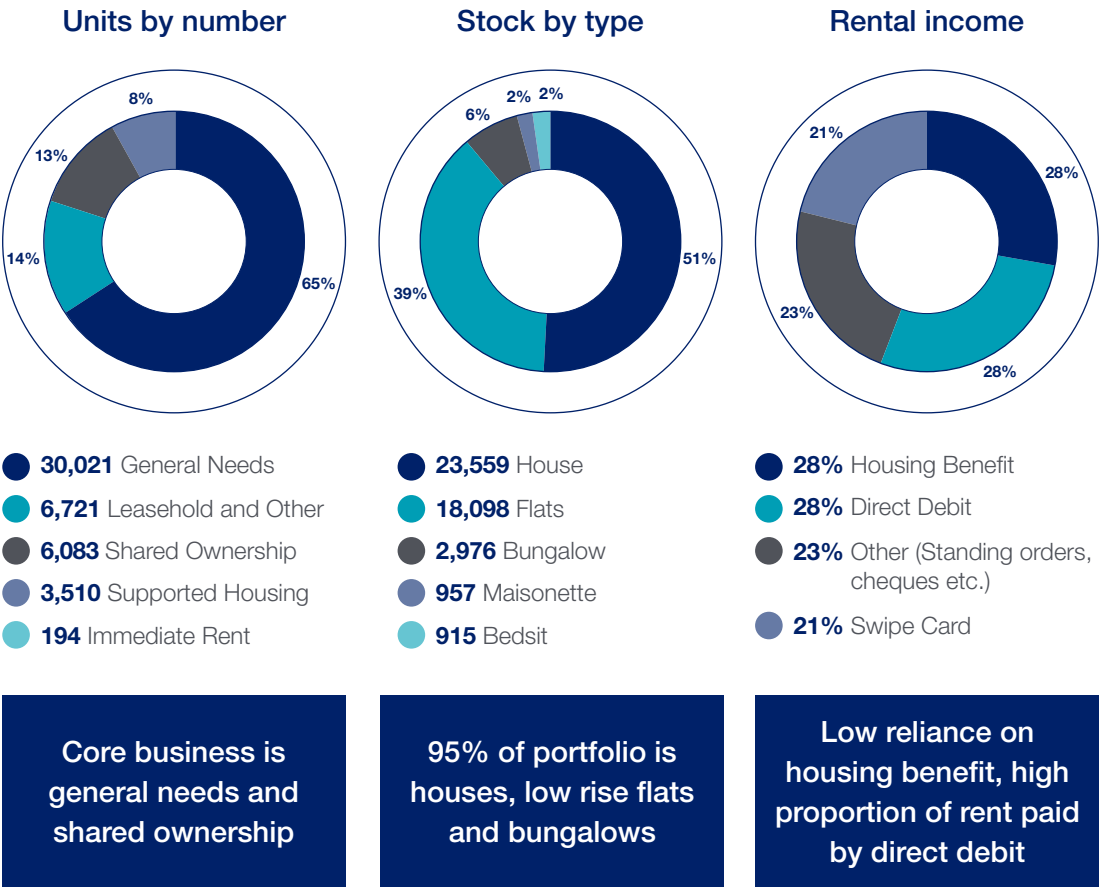
Robust board oversight

Strong social housing operating profit

Proven track record

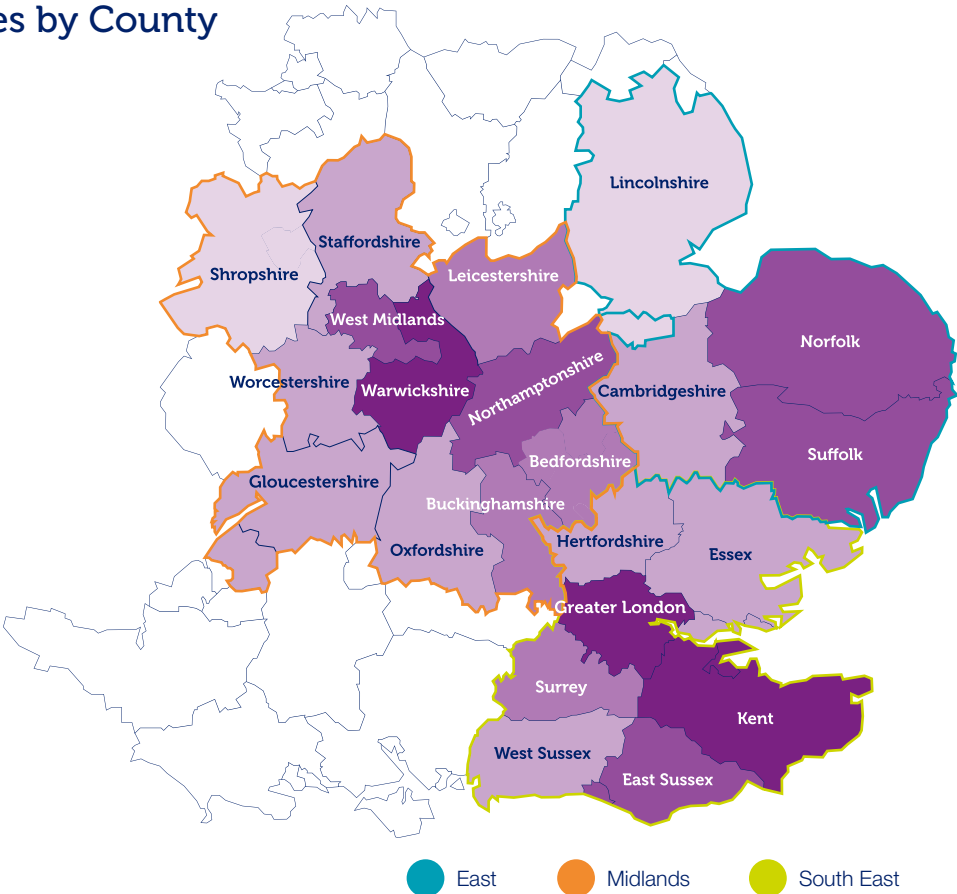
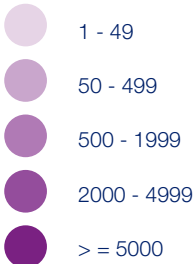
Footprint and stock portfolio

As at 31 March 2022



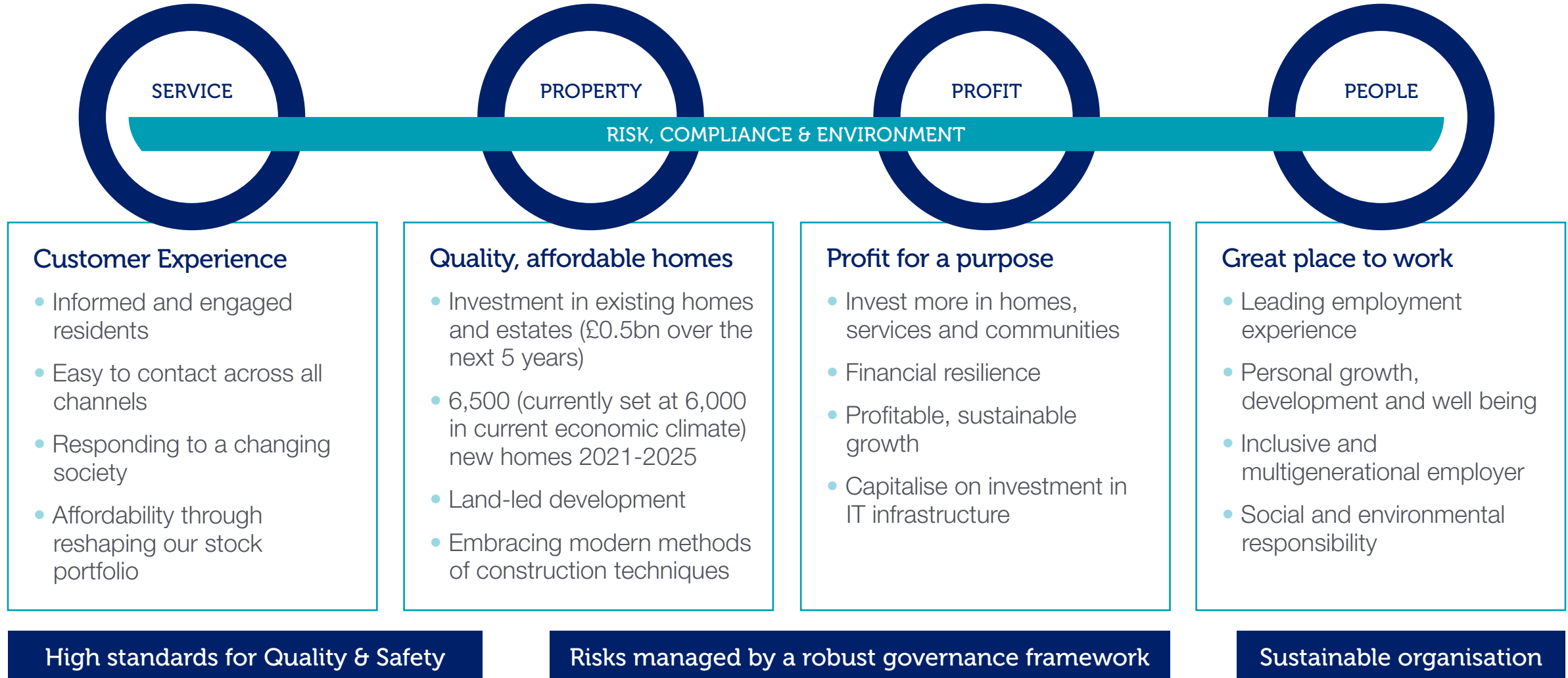
Orbit Properties by County

Number of Properties



We operate in 3 regions outside of London: Midlands, East and South East

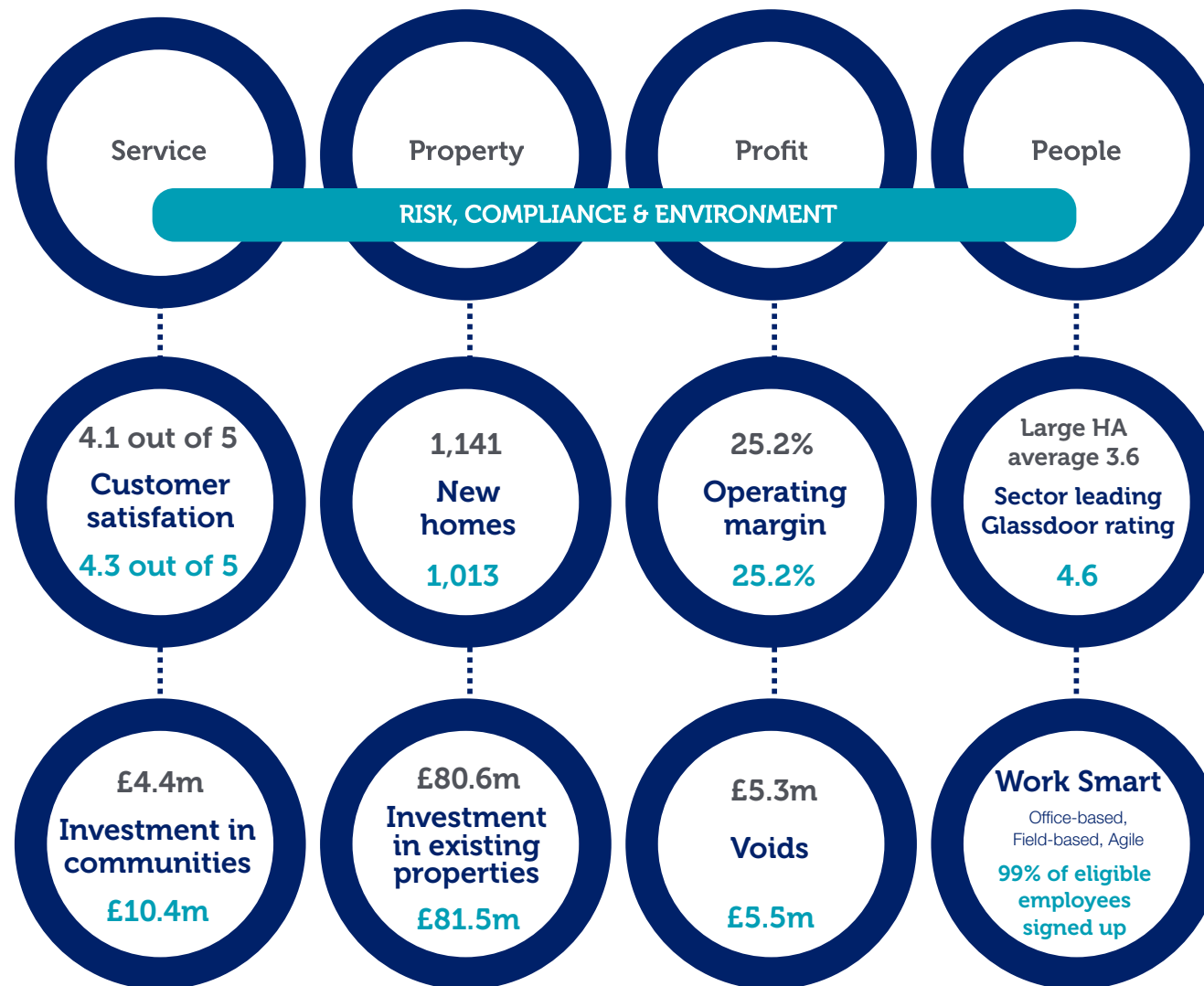
Our Orbit 2025 Strategy



A background image of a business meeting with four people seated around a table. A large, semi-transparent blue circle is centered over the image. The text 'Operational Performance' is written in white inside this circle.

Operational Performance

Our delivery 2021-22



● Target Value ● Actual Value

Balanced delivery plan, with focus on both financials and people

Operational performance - March 2022

Building Safety

- ▶ Our homes are **100% compliant**
 - in-date accredited gas safety check
 - in-date and compliant Fire Risk Assessment
 - Asbestos, legionella risk assessment and lift insurance inspection
- ▶ **99.91%** meet the Decent Homes Standard
- ▶ New building safety strategy
 - Standards based approach, utilising British and international standards to create a comprehensive risk management system
 - Led by Building Safety Steering Group and Property Safety Team
 - Using innovative Building Information Modelling (BIM)
- ▶ Orbit has 28 buildings of 18m+ in its portfolio
 - Cladding review inspections completed on all buildings
 - Remedial actions identified and initiated

Excellent building safety credentials

Rent Collection

- ▶ Aiming to build strong and sustainable communities supported by long-term tenancies
 - 58% of residents in general needs housing or homes for older people have lifelong tenancies
- ▶ Implement measures to reduce fuel poverty:
 - Range of financial support programmes on offer
 - Energy advice page
 - Hardship fund created to support residents
- ▶ Rent arrears at 2.5% are at an 8-year low (FY2021: 2.6%)
- ▶ Void rent losses stand at 2.4% (FY2021: 2.5% vs sector 3.6%)
- ▶ Approximately 11,700 customers (27%) are claiming UC
- ▶ Strong rent collection team prepared for headwinds

Rent collection well managed

Strategic Asset Management

- ▶ Better quality homes delivers lower costs to Orbit and our customers.
- ▶ Over the next 10 years we will continue to maintain our assets and invest in improvement works so as to reduce future energy and repair costs.
- ▶ On target to have delivered the business requirements and set the programme for the next phase of the strategy build.
- ▶ NPV target of £36k per unit achieved early in the timeline.
- ▶ Since 2017 we have increased our density per local authority from 357 units (average) to 489 - allowing us to deliver more efficient services. This work is ongoing.

Investment

Rationalisation

Realisation



A photograph of three people, two men and one woman, wearing high-visibility yellow and black safety vests. They are gathered around a table, looking at and pointing to several sheets of paper, likely architectural plans or documents. The man on the left wears glasses and a dark jacket. The woman in the center has long brown hair. The man on the right is holding a white hard hat. The background is slightly blurred, showing what appears to be an indoor construction or office setting. The entire image is overlaid with a semi-transparent blue circular graphic.

Development

Development – Strategy Recap

Strategy:

- ▶ One of the UK's prominent providers of new affordable housing with a strong presence in its chosen markets
- ▶ 6,500 units (currently set at 6,000 in current economic climate) targeted 2021-2025
- ▶ Orbit has secured a further £104m grant through the government's latest Affordable Homes Programme (2021-2026)

Development Strategy

S106

- ▶ Development cost risk borne by builder
- ▶ Capitalises on local relationships

Land-led

- ▶ Flexibility to respond to markets
 - ▶ Control over timing of delivery
 - ▶ Control over cashflows
 - ▶ Control over tenure
- ▶ Management of WIP through options
- ▶ Competitive advantage
 - ▶ Standard housetypes
 - ▶ Capitalises on local relationships

Partnership

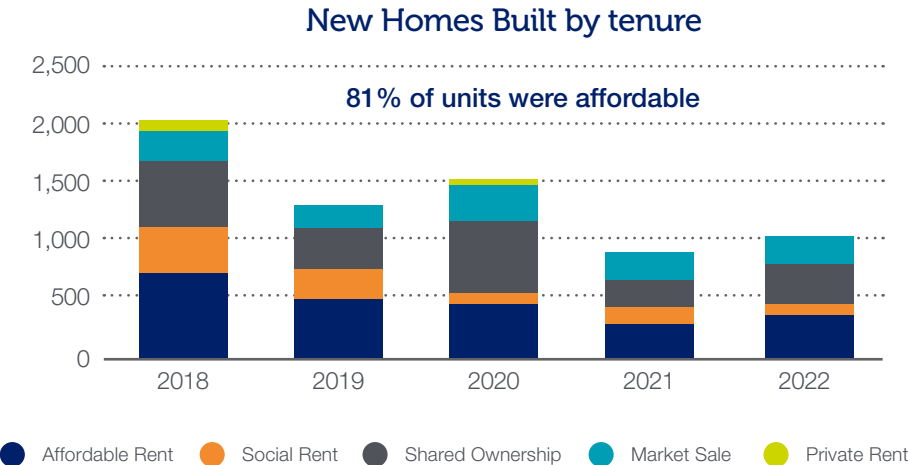
- ▶ Working with Homes England and Local Authorities
- ▶ Risk sharing
- ▶ Cost sharing
- ▶ Land availability
- ▶ Leverage of expertise
- ▶ Leverage of others local relationships

Risk based agile new homes programme maximising social housing

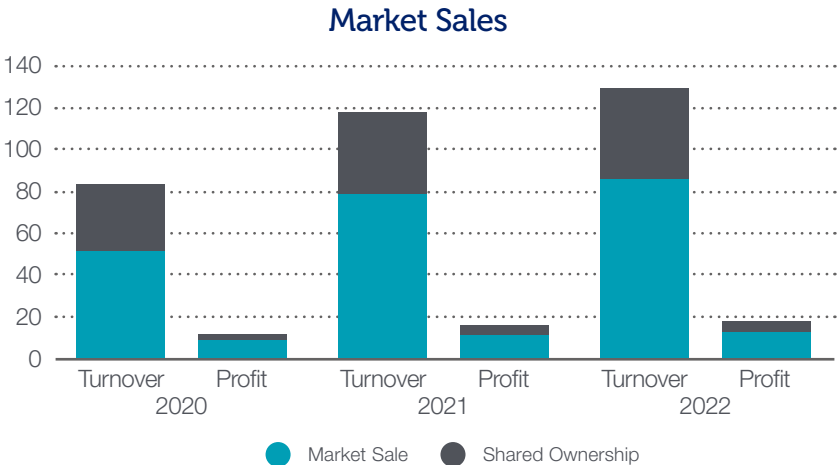
Development

Highlights:

- ▶ 1,013 homes built in 2022; 74% affordable and social
 - ▶ Unsold stock of market sale (2) and SO (14) units as per 31 March 2022
 - ▶ Large part of market sales and SO budget forward sold
 - ▶ Flexible development programme – 60% of Orbit’s development plan is committed through 2027: 40% uncommitted or aspirational. Of the committed development plan, 60% is within Orbit’s control in respect of delaying or stopping development
- ▶ Programme changes to address current economic environment
 - Focus on affordable tenure (social rent & SO)
 - Reduction of output to 6,000 from 6,500
 - No further market sale schemes purchased as part of our 2025 strategy



Focus on affordable tenures



Strong sales result in 2022

The background image shows two men in a construction or industrial setting. They are wearing white hard hats and high-visibility yellow safety vests over dark clothing. The man on the right is also wearing a white shirt and a dark tie. He is holding a tablet computer. The image is overlaid with a large, semi-transparent blue circle. The title 'Governance & Risk Management' is centered within this circle in a white, sans-serif font.

Governance & Risk Management

Orbit Board

David Weaver

Group Chair,
Orbit Capital plc
and Orbit Capital Limited



- Over 34 years of experience in the financial services sector, most recently as CEO and Chairman of the Board at Jefferies International investment bank in London
- Current board member of Blenheim Chalcot, an investment firm in the digital economy
- Currently an senior advisor to Strategic Value Partners, an investment firm

Mark Hoyland

Group Chief Executive



- Extensive senior leadership experience from strategic, commercial and operational roles within the housing, property management and construction sectors
- His most recent role before Orbit was as Managing Director at the multi-national construction company, Balfour Beatty PLC, where he led a successful transformation
- Previously, Mark implemented a growth strategy at Peverel Property Services, managing services to 200,000 homes, and helping establish the organisation as the leader in its field. He also held the position of Chief Executive at City West Homes for five years, directing the strategic and cultural development of the organisation to substantially increase performance and drive customer service to sector leading levels

Helen Gillett



- Previously Managing Director on the board of Affinity for Business Ltd, an award-winning clean and waste water retailer based in the South-East of England
- Wide-ranging experience in operational and strategic leadership, gained over a 20 year career in IT and Telecoms
- Previously Director of customer service at BT Business, she has worked in both the retail B2B and wholesale sectors and is highly experienced in working in regulated environments

Stephen Smith

Chair, Audit and Risk
Assurance Committee



- Has a 25-year track record of operating at Board level as executive, non-executive and adviser across major UK and international public, private and charitable organisations.
- He spent five years as a member of the National Audit Office's Board and as Executive Director with joint responsibility for Financial Audit. Previously he held numerous Partner and leadership roles within KPMG UK and Europe, including leading KPMG's European M&A Transaction Services business and co-ordinating the Firm's response to the banking crisis.
- Has held non-executive roles at Combat Stress, one of the UK's leading veterans' mental health charities, and the Government Legal Department.

Massy Larizadeh



- Has 30 years' experience within the financial services sector, 17 of which were within commercial real estate, working for companies such as GE Real Estate, Cushman & Wakefield Investors, and Deloitte.
- Is also a non-executive director of London & Partners, the international trade, investment and promotion agency for London, where she Chairs the Remuneration Committee and is a member of the Audit & Finance Committee. She is also a Trustee of One Trust Charity, which provides services to adults with multiple and acute learning difficulties.

Stephen Howlett

Chair, Customer and
Communities Board



- Extensive experience in housing at senior level including 13 years as Chief Executive of the Peabody Trust. Also previous experience as board member of a number of housing associations
- Chair of the Board, University of Greenwich, Honorary Fellow of the Royal Institute of British Architects

Stephen Stone



- Previously Non-Executive Chair of Crest Nicholson, a FTSE 250 company delivering around 3,000 homes and other mixed use developments per year. Previously Chief Executive of the company for 13 years.
- Non-Executive Director of the House Builders Federation and the NHBC. Member of the Construction Leadership Council and the Hackitt Review Panel.

Established board with spread of skills and experience

Leadership

Mark Hoyland
Group Chief Executive,
Group Board Member



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Paul Richards
Group Director of
Customer and Communities



- Responsibility primarily for Orbit's maintenance and core landlord operations
- Significant experience in senior customer service facing roles
- Extensive understanding of the housing and property sector, most recently as Director of Customer Service for FirstPort Property Management (formerly Peverel)
- Served as Non-Executive Board Member for 6,000 home Merlin Housing Association where he chaired Merlin Works, its in-house repairs and maintenance contractor

Jonathan Wallbank
Group Finance Director



- Wealth of experience and expertise, including merger implementation, regulatory frameworks, adoption of new accounting standards, robust financial management and management of risk
- Previous roles include heading up the European treasury function for the US retailer GAP Inc and, in addition, he was responsible for cash management of GAP's Hong Kong and Taiwan businesses.
- Chartered certified accountant (FCCA)

John Wrighthouse
Group People Director



- Joined Orbit in November 2021 as a member of the Group Executive Team and leads the agenda for Orbit's people, communications and brand
- Has a wealth of knowledge and experience of operating at Executive and Board level, with over 30 years working with FTSE100 and 250 businesses and regulated organisations, both in the UK and internationally
- Previous roles have included Shell Energy Retail (formerly First Utility), Homeserve, Clinton Cards and Nationwide Building Society, where he successfully steered the organisation to the top position in the prestigious Sunday Times 100 Best Companies to Work For list

Helen Moore
Managing Director,
Orbit Homes



- Responsibility for all operational delivery relating to our new homes business across the three regions, including commercial, private rental sector and sales activities
- Has worked in the property development industry for 30 years, initially at Countryside progressing from a Graduate position to Sales & Marketing Director and Head of Corporate Communications, before joining Crest Nicholson as Sales & Marketing Director of a newly established region.
- In 2010, Helen became Managing Director the first non-family Managing Director of City & Country, working with some of the country's most important heritage assets

Afzal Ismail
Group Director of
Corporate services



- Responsibility for monitoring, driving and delivering professional corporate support services to all parts of Orbit
- Is a chartered certified accountant (FCCA). He holds an honours degree in Mathematics and is a member of the Chartered Institute of Auditors (CMAA) and Chartered Institute of Housing (CIHCM)
- Joined Orbit when it had circa 20,000 homes and has played a pivotal role in Orbit's merger and acquisition successes which have delivered a portfolio of around 45,000 properties

Strong executive team with balance of sector and commercial experience

Orbit Group Structure

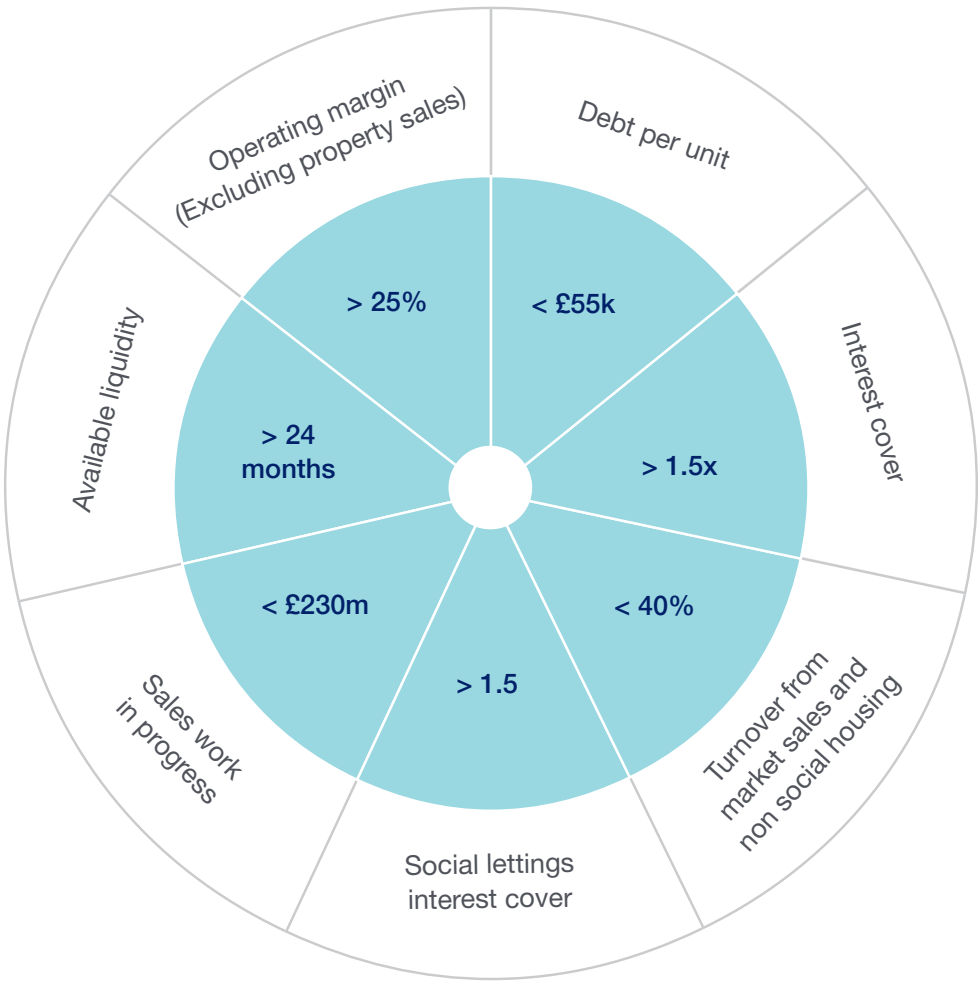


Efficient and effective corporate structure

Risk strategy



Clearly defined risk appetite



● Base plan limit

Embedded framework to manage risk with clear mitigation strategies

Development risk management

▶ **Helen Moore – Group Director of Orbit Homes, heads up an experienced team with a track record of success**

- ▶ Regional delivery model with clear accountability and ownership

▶ **Four levels of appraisal review**

- ▶ Homes - Senior Management Team (SMT)
- ▶ Capital Investment Group - Executive Team (ET)
- ▶ Development Committee
- ▶ Group Board

▶ **Rigorous appraisal process and criteria**

- ▶ Demand studies on market sale
- ▶ Customer and Communities sign off on affordable
- ▶ Expert advice on ground conditions
- ▶ Strict IRR for affordable homes with hurdle rates
- ▶ ROCE and margin for non-social homes

▶ **Performance monitoring**

- ▶ Weekly - Homes SMT - sales/reservations/visitor levels by site
- ▶ Monthly - Homes SMT - costs to date and costs to complete by site
- ▶ Monthly - ET - sales, stock and WIP
- ▶ Monthly - Property Investment business review
- ▶ Enhanced Reporting - Early Warning Indicators - Triggers for action

Disciplined financial and governance accountability





ESG

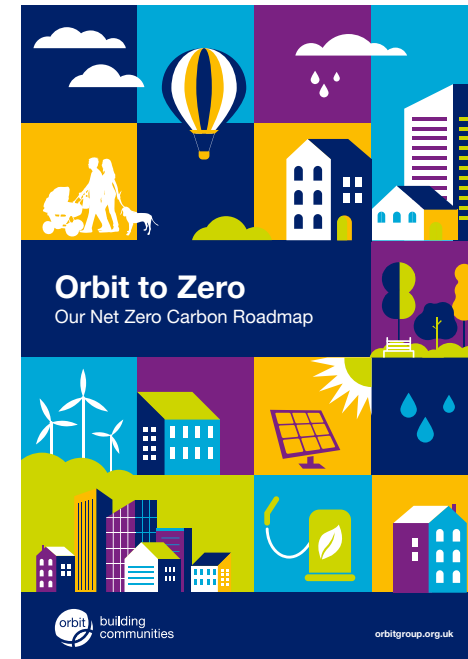
ESG Overview

Orbit's ESG Strategy:

- ▶ Clear commitments and targets in Environmental, Social and Governance, with focus on net carbon zero, biodiversity, customer safety, support and involvement, and building affordable homes.

ESG reporting frameworks

- ▶ Our ESG strategy has been developed with reference to two guiding frameworks which are aligned to the UN SDGs, helping us to gain an insight into the positive difference we make as a business:
 - The Sustainability Reporting Standards for Social Housing
 - The Business in the Community's Responsible Business Tracker
- ▶ Sustainable Finance Framework to be launched in autumn 2022
- ▶ Orbit's 2022 ESG report was published in October



ESG strategy supports Orbit vision to lead in building thriving communities

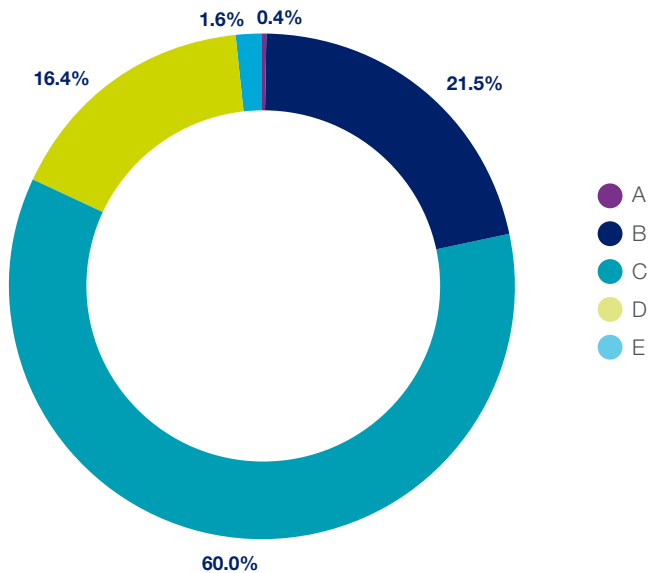
Environmental



Highlights:

- ▶ Published our Net Zero Carbon Roadmap and commitments
- ▶ Achieved a **33% reduction in greenhouse gas emissions** (scope 1 and 2) since 2019
- ▶ **82.2%** of homes **EPC C** or higher
- ▶ Awarded **£2.85m** from Social Housing Decarbonisation Fund
- ▶ Published Our Biodiversity Approach and 30x30 commitment in partnership with Wildlife Trusts
- ▶ Achieved ISO14001 certification

EPC Distribution - Orbit

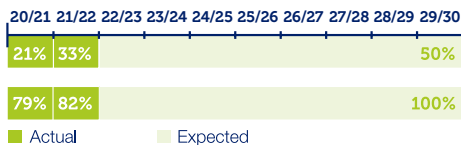


Our commitments:

Commitment 1 - Net Zero Carbon

Become Net Zero Carbon in our own operations (scope 1 & 2) by reducing 50% from our 2018/19 baseline and offsetting the remainder.

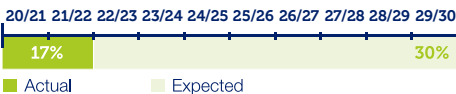
NET ZERO CARBON IN OUR OWN OPERATIONS
100% PROPERTIES AT EPC C AND ABOVE



Commitment 2 - Biodiversity

30% of our outdoor spaces are supporting nature's recovery by 2030.

SUPPORTING NATURE'S RECOVERY

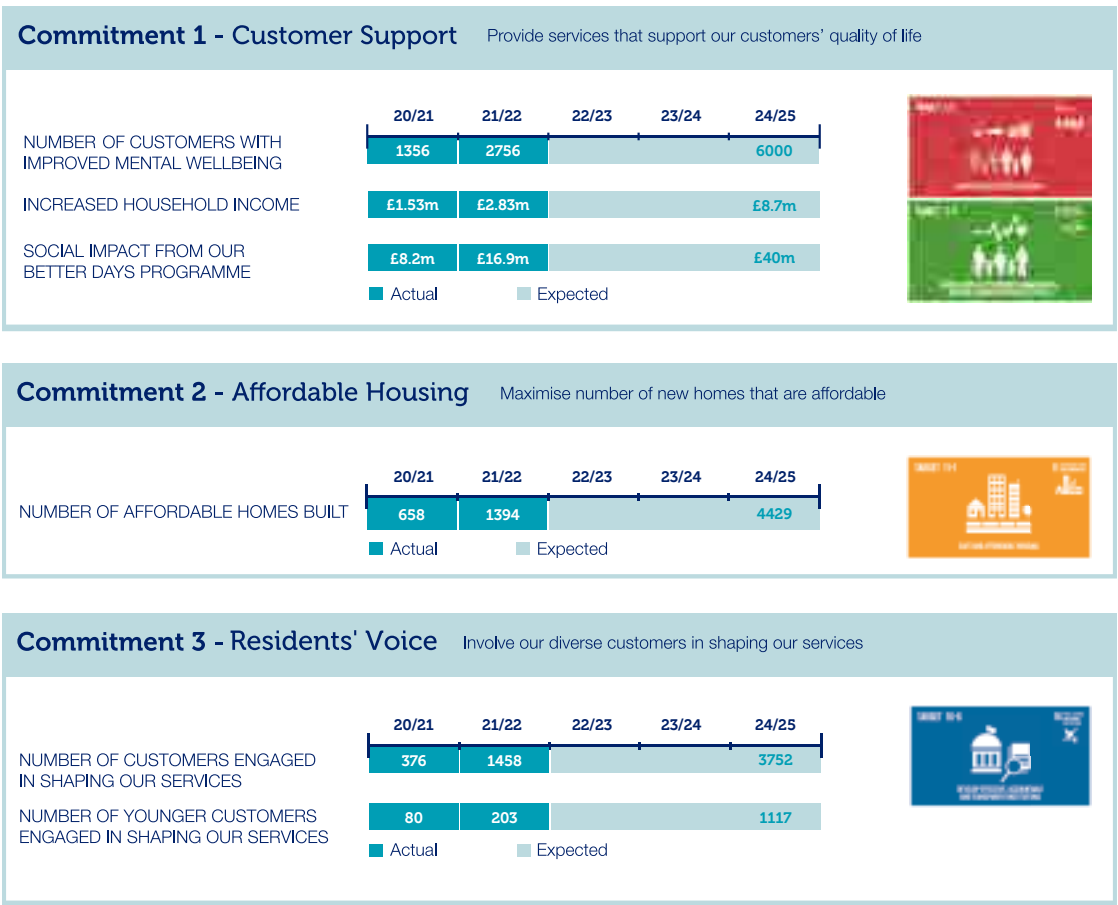


Lessening impact upon the environment

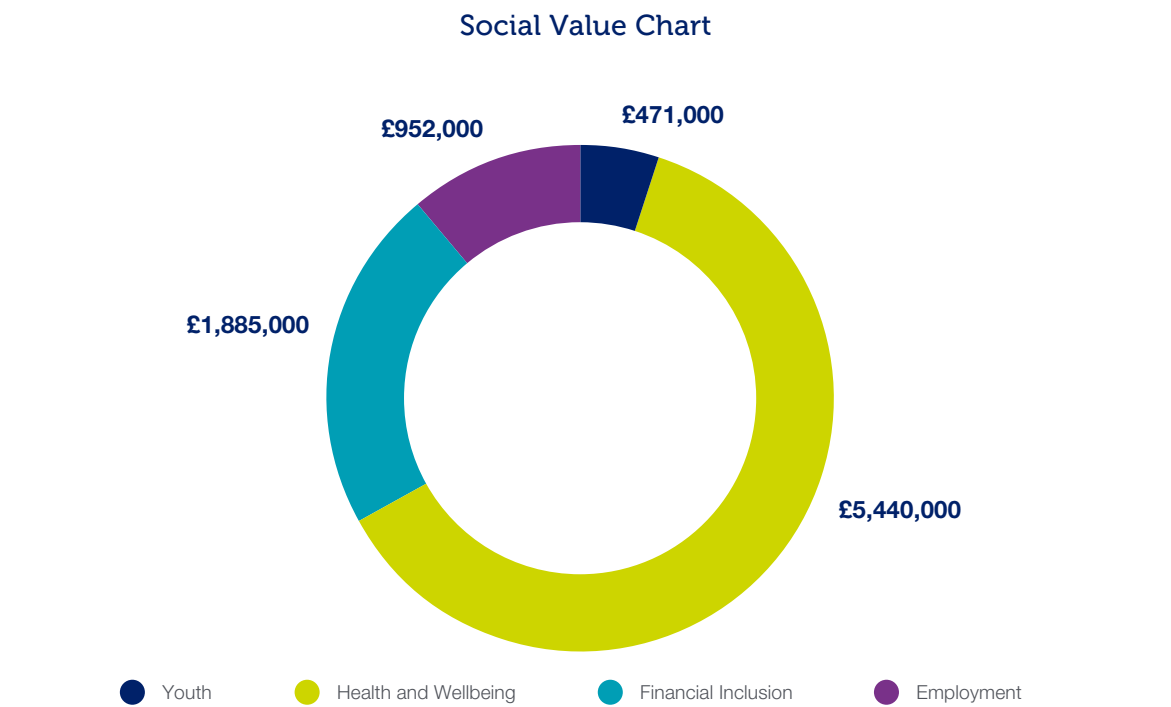
Social



Our commitments:

**Commitment 2 - Affordable Housing** Maximise number of new homes that are affordable**Commitment 3 - Residents' Voice** Involve our diverse customers in shaping our services

Under our Better days programme, we have released our ‘Thriving Communities strategy’. This defines our commitment to deliver the greatest impact for our customers and communities.

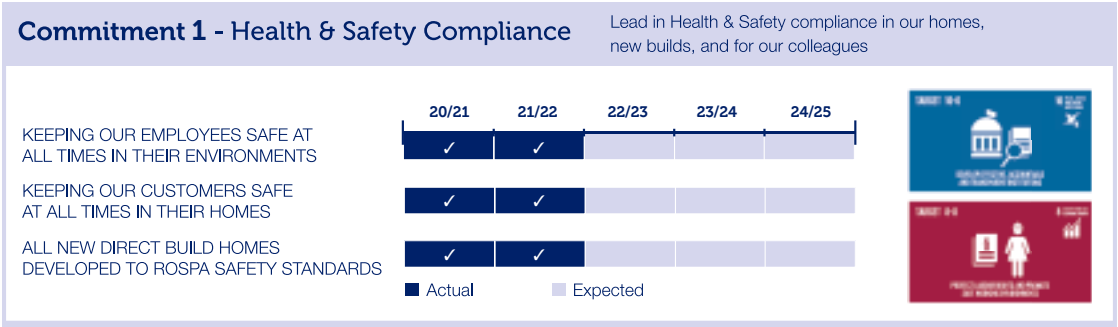


Committed to supporting customers

- Highlights:
- ▶ £10.4m invested into communities in 2022
 - ▶ Award winning mental health programme
 - ▶ Supported customers to manage £800,000 of debt

Governance

Our commitment:



Governance structure:

- ▶ Simple corporate structure supported by specialised committees
- ▶ Experienced management team and boards
- ▶ Risk management deeply engrained into Orbit’s culture
- ▶ G1 / V2 rated (April 2021)
- ▶ In compliance with all regulatory requirements and obligations

Highlights:

- ▶ Adopting RoSPA* safer by design framework for all future new-build homes
- ▶ RoSPA Highly Commended in the Public Service & Local Government Industry Sector Award 2022 for Group
- ▶ RoSPA Gold Award 2022 for Customer Safety



* The Royal Society for the Prevention of Accidents

Clear measures and reporting supporting our strong governance

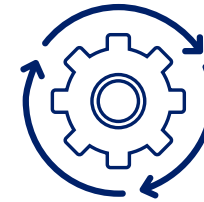


Financials & Treasury

Financial highlights FY2022

Highlights:

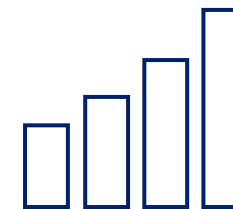
- ▶ Strong operating profit of **£131m** (FY2021: £112m)
- ▶ Robust operating margin of **25.2%** (FY2021: 25.4%)
- ▶ **A3** rating by Moody's (3 November 2022)
- ▶ Ample available liquidity (£510m vs FY2021 £656m)
- ▶ **99%** fixed rate debt
- ▶ Strong interest cover (**2.15x** vs FY2021 2.11x)
- ▶ Large unencumbered security buffer of c. **£1.05bn**
- ▶ Customer arrears at lowest levels in 8 years (**2.5%** vs FY2021 2.6%)
- ▶ **£38m** investment planned in net zero carbon in the next 5 years



£131.4 million
operating surplus



£81.5 million
investment in our
existing homes



EBITDA MRI
140%



Rent arrears
of 2.5%

Excellent financial performance in 2021/22

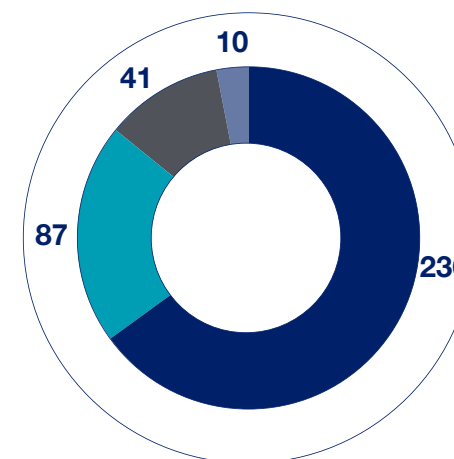
Robust financial covenant strength

Five year summary of financial highlights

Statement of comprehensive income	2021-22 £m	2020-21 £m	2019-20 £m	2018-19 £m	2017-18 £m
Turnover	374	355	323	316	357
Operating costs and cost of sale	(280)	(265)	(238)	(230)	(266)
Operating profit (excluding sale of housing)	94	90	85	86	91
Operating margin %	25.2	25.4	26.3	27.2	25.5
Profit on sale of housing	37	22	45	30	25
Operating profit (Including sale of housing)	131	112	130	116	116
Operating margin %	35.1	31.5	40.2	36.7	32.5
Profit for the year *	81	62	72	41	85
Statement of financial position					
Fixed assets	2,931	2,788	2,688	2,524	2,394
Creditors due after >1 year	2,344	2,453	2,280	2,175	1,957
Revenue reserves	826	740	689	601	573
Gearing %	50.9	49.5	51.3	51.4	48.4
Key indicators	2021-22	2020-21	2019-20	2018-19	2017-18
Properties	46,529	45,702	44,753	43,470	42,417
New homes built	1,013	848	1,520	1,266	2,030
Debt per unit (£k)	43.3	45.8	39.7	38.9	33.4
Interest cover	2.15	2.11	2.38	2.39	3.09
Liquidity covering net expenditure (months)	>36 months	>36 months	>36 months	>36 months	>36 months

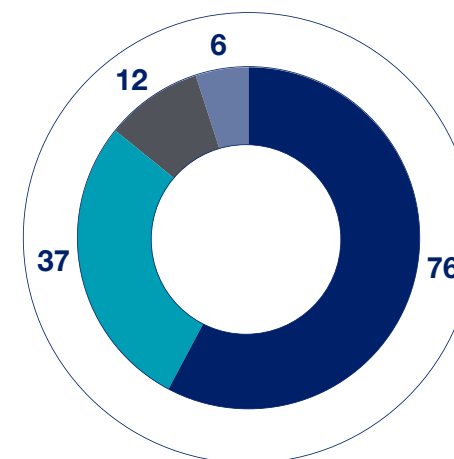
* £28m exceptional costs in respect of swap breakage for legacy loan in 2019

Turnover by type £m



- Social Housing Lettings (63%)
- Market Sale (23%)
- Shared Ownership (11%)
- Non Social and Other (3%)

Operating profit by type £m



- Social Housing Lettings (58%)
- Sale of Housing (28%)
- Market Sale (9%)
- Shared Ownership (5%)

Robust financial position maintained

Treasury

Liquidity:

► Robust liquidity policy:

Orbit will maintain a minimum level of liquidity such that there is:

- sufficient Cash to cover the next three months forecast Net Cash Requirement,
- sufficient Liquidity to cover the next twelve months Net cash requirement; and
- sufficient Liquidity and committed (unsecured) loan facilities to cover the Net Cash Requirement for 24 months.

Moody's: A3 Stable outlook (3 November 2022)

Credit strengths

- Ample liquidity and sizeable pool of unencumbered assets
- Debt metrics forecast to remain relatively stable
- Strong market position, simple structure, adept governance and risk management

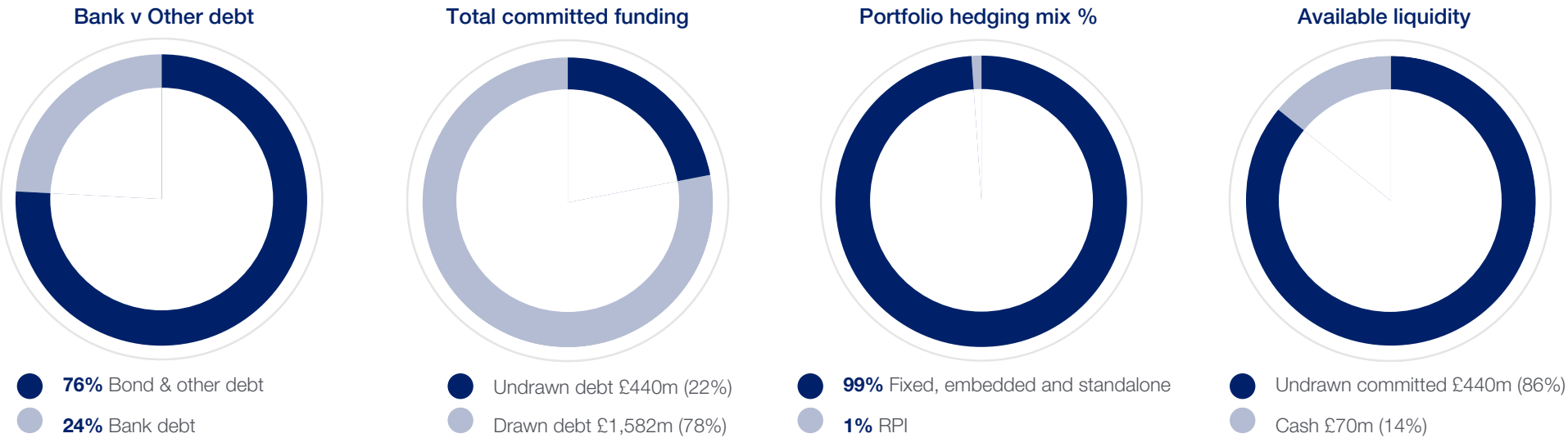
Strong ESG score (E-2, S-3, G-2)



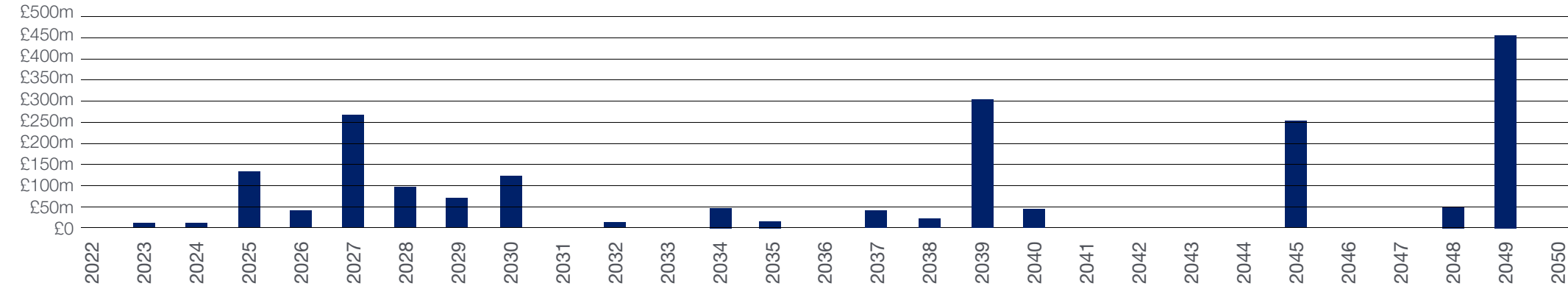
Ample liquidity available

Stable and strong credit ratings

Capital structure - borrowing and hedging



Consolidated facility maturity profile



Balance debt portfolio through both bank and debt capital markets

A large circular image with a blue tint showing a family of three (a man, a woman, and a young girl) sitting on the grass in a park, reading a book together. The man is on the left, the woman is on the right, and the girl is in the center. They are all looking down at the book. The background shows a fence and some trees.

Conclusion

Credit highlights



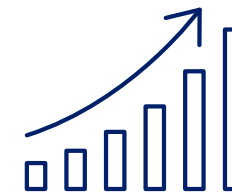
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Experienced Boards and Leadership team with a mix of strong commercial and sector skills



Strong core social housing business - customer satisfaction 4.3 (out of 5), large proportion of margin from social lettings



History of successful affordable new homes programme with resilient internal controls supported by a sound risk management and compliance framework. Agile development programme with diverse markets and geographies. Strategic Partnership with Homes England £129m (2018) and £104m (2021)

Robust board oversight

Strong social housing operating profit

Proven track record

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