



Group
Business Plan
2023-24



POPULO LIVING IS NEWHAM COUNCIL'S WHOLLY OWNED HOUSING COMPANY.

WE ARE MAKING NEWHAM HOME FOR EVERYONE. WE ARE DESIGNING AND BUILDING BETTER HOMES AND PLACES.

OUR ENVIRONMENTALLY FRIENDLY DEVELOPMENTS WILL BECOME COMMUNITIES AND STRENGTHEN EXISTING ONES. ALL POPULO RESIDENTS WILL ENJOY EXCELLENT STANDARDS OF DESIGN AND ATTENTION TO DETAIL.

TOGETHER WITH NEWHAM COUNCIL, WE ARE FOCUSED ON THE NEED TO DELIVER FOR NEWHAM'S DIVERSE RESIDENTS. THIS LONG-TERM COMMITMENT MEANS THAT OUR EXCEPTIONAL CUSTOMER SERVICE AND COMMITMENT TO YOU, AND NEWHAM, IS HERE TO STAY.

Front cover image: The Didsbury, East Ham, E6 - 77 private rental homes, & 71 homes for London Affordable Rent.
Inner front cover: Plaistow Hub, E13 providing 182 one, two and three bedroom homes., (completion due Q3 2023).



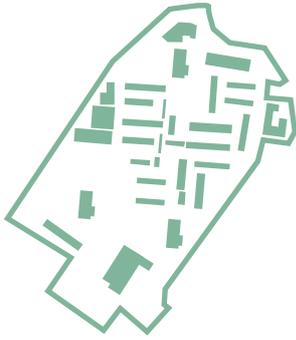
Contents

Headlines	4
Chair's Statement	10
1. Introduction and Purpose of this Business Plan	11
2. Mission, Vision and Values Statement	13
3. Company Structure, Governance and Managing Risk	16
4. Our Homes in Management, in Design, in Pipeline	20
5. Populo Homes	34
6. Reflecting back to 2021 – Our Performance	36
7. Looking Forward – the property market, wider economy and planning ahead	38
8. Financial forecasts	40
9. Conclusion	50
Appendix	52
Further Information	54

Populo has 475 homes completed and in management, with 392 under construction.



POPULO HAS BUILT 300 HOMES SINCE 2018.
WE NOW HAVE 475 HOMES IN MANAGEMENT AND 392 UNDER CONSTRUCTION.
OVER 50% OF OUR HOMES IN MANAGEMENT ARE GENUINELY AFFORDABLE.



WE HAVE SUBMITTED A MASTERPLAN FOR 2000+ HOMES ON THE CARPENTERS ESTATE

- A SUCCESSFUL RESIDENT BALLOT - 73% VOTED YES.
- 50% GENUINELY AFFORDABLE.
- 42% OF EXISTING HOMES RETAINED AS PART OF OUR LOW CARBON STRATEGY, TO CONTRIBUTE TO THE COUNCIL'S VISION FOR THE STRATFORD AREA TO BECOME NEWHAM'S FIRST GREEN ZONE NEIGHBOURHOOD.
- PLANNING PERMISSION FOR PHASE 2 APPROVED BY LLDC.



Targets 2023-24



COMPLETE 392 HOMES. 26% AFFORDABLE.



COMMENCE BUILDING 730 NEW HOMES. (See page 38)



DELIVER AT LEAST £5M SOCIAL VALUE VIA OUR CONSTRUCTION ACTIVITY. (See page 15)

97% ROLLING OCCUPANCY ACROSS MARKET RENT HOMES.



Building the Business and Community Wealth



JUST UNDER A FIFTH OF OUR HOMEBUILDERS ARE NEWHAM RESIDENTS.

Left: The Mayor with Populo apprentices from Newham.



WE HAVE RECENTLY DESIGNED AND INITIATED A NEW PROGRAMME TO HELP LOCAL YOUNG PEOPLE INTO DEVELOPMENT CAREERS.

Left: Supporting Newham's young people into careers in construction and development.



WE ARE BUILDING LINKS WITH LOCAL ORGANISATIONS AND ANCHOR INSTITUTIONS.

Left: Working with Social Farms & Gardens to deliver gardening projects on the Carpenters Estate.

MORE THAN £1.3 MILLION INVESTED IN SOCIAL VALUE SO FAR...

Main image: Our Team 2023



Becoming Carbon Zero by 2030



WE ARE CREATING A WHOLE LIFE DECARBONISATION STRATEGY ACROSS OUR ENTIRE OPERATIONS.



TO HAVE A CLEAR STRATEGY FOR ELIMINATING FOSSIL FUEL USE AND USING 100% RENEWABLE ELECTRICITY BY 2030.



USING "SMART" SYSTEMS TO MONITOR AND OPTIMISE EFFICIENCY IN ALL OUR BUILDINGS BY 2030.



REQUIRE OUR SUPPLY CHAIN PARTNERS TO DELIVER ZERO WHOLE LIFE CARBON ON SITE BY 2030.



DO ALL WE CAN TO MINIMISE THE AMOUNT OF CARBON WE NEED TO OFFSET BY 2030.

Populo residents

84% OF POPULO RESIDENTS ARE EXTREMELY OR VERY SATISFIED WITH POPULO LIVING

TARGET FOR 2023: 86%
TARGET FOR 2030: 89%



£££

63% OF POPULO RESIDENTS THOUGHT THE AFFORDABILITY OF THEIR HOME WAS EXCELLENT OR ABOVE AVERAGE

TARGET FOR 2023: 65%
TARGET FOR 2030: 70%



84% OF POPULO RESIDENTS SAID THE TEAM WERE EXTREMELY OR VERY RESPONSIVE

TARGET FOR 2023: 86%
TARGET FOR 2030: 89%

66% OF RESIDENTS SAY THEY ARE EXTREMELY OR VERY LIKELY TO RENT THEIR NEXT HOME FROM POPULO LIVING

TARGET FOR 2023: 67%
TARGET FOR 2030: 70%





“

I am over the moon to be moving into my beautiful new home. It is perfect for my needs unlike my previous private rented flat.

My new home is spacious and will allow me to live a better quality of life. The whole experience of finding my flat has been made wonderful, everyone has been really helpful, and I really needed that. I now have someone I can turn to if there is a problem.

SHAMIM AKHTAR,
RECEIVED HER KEYS TO HER NEW FLAT AT
THE DIDSBURY FROM THE MAYOR OF NEWHAM

”



AVERAGE SCORE
OF **4.7 OUT OF 5** FOR
CUSTOMER SERVICE

Chair's statement

Populo has made rapid progress since 2018 with the continued support of our shareholder, Newham Council. The core proposition of Populo is a radical vision of Community Wealth Building put into action. We enable Newham to keep control of Council land and build high quality, low carbon homes and neighbourhoods, whilst retaining the developer profit for Newham Council, in the form of new affordable homes and long-term investment income. We now have 207 households renting brand new, high performing affordable homes. This is life changing for those residents.

Going from a standing start in 2018 to having built 300 homes, with nearly 400 more on site, through the COVID-19 pandemic has been extremely challenging. A contributing factor to our success has been attracting a diverse range of talent.

A focus over the business plan period is nurturing that talent further, we can retain and grow our skills and capacity to deliver value for our shareholder.

Our staff bring energy and enthusiasm as well as skills and experience. This was exemplified by the Populo team pulling together with the core Carpenters team and the Council to engage with Carpenters residents last year. The Residents Ballot was a resounding success, with 73% voting yes! This landmark was followed by detailed Planning Consent for Phase 1 and the submission of an exemplar Carpenters Estate masterplan. The future delivery of this project is a key part of our Business Plan.

The world has not stood still and nor can we. The challenges of inflation, cost of living and the climate crisis are real and pressing. As a business we are well placed to respond to these challenges, and we will continue to do so over the coming period. We have approved our Zero Carbon Roadmap; our homes are designed

to high performance standards and with the support of Newham Council, we are well placed to deliver on our ambition to be a Net Zero company by 2030.

I am confident that the people we have assembled on both boards and the team together with our strong governance and performance management have put us in a strong position for the next stage of evolution and growth as a company.

Populo are up to the challenge, I look forward to working with our Shareholder to make even more happen for Newham and the wealth, health and wellbeing of its residents.

Steve Quartermain
Chair, Populo Living





1

Introduction

Image: The high quality terrazzo entrance at The Didsbury, East Ham, E6.

1. Introduction & Purpose of this Business Plan

Populo Living Group ('Populo') is wholly owned by the London Borough of Newham ("Council") – its sole shareholder. We provide the Council with a 'triple dividend' along with overall sustainable development:

- **Social dividend** – more homes and more affordable homes.
- **Economic dividend** – the Council is investing directly in new homes and gaining a long-term financial return.
- **Environmental dividend** – we are building high-quality, low-carbon neighbourhoods for this generation and the next.

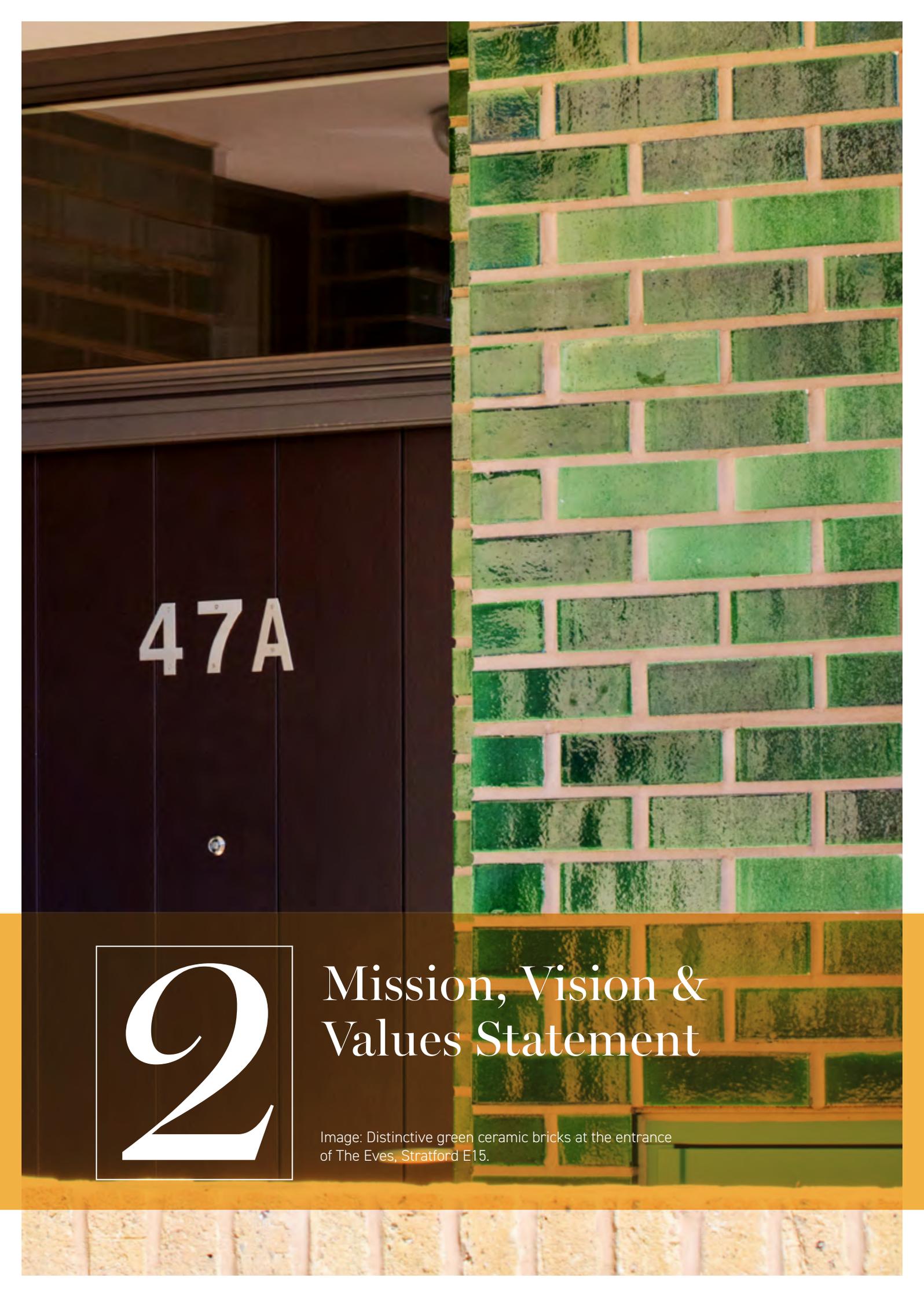
Populo comprises three companies:

- **Populo Living Ltd** – manages homes to rent on the open market and has two subsidiaries, listed below.
- **Populo Homes** – as a Registered Provider, Populo Homes owns the high-quality affordable homes that Populo build.
- **Populo Design & Build Ltd** – undertakes the design and construction of our new homes, working with partners and suppliers including providing Development Management Services back to the Council.

The Council has invested significantly in Populo, with £256 million invested to date. This Business Plan is a high-level strategic document that sets out our progress so far, our approach to homes already built and rented, our homes in production, and our pipeline of sites for further new homes. It sets out our overall objectives, KPI's, performance review process, and financial forecasts. Our ability to deliver against this plan is reliant on the continued support of our sole shareholder, Newham Council.

During this Business Plan period we expect to undertake the following activities:

1. Make recommendations to the Council (in the form of the Business Plan) on how best to take forward any given site in respect of the objectives of Populo and the Council, our Shareholder.
2. Subject to a decision on the preferred option, secure an interest in the site through an Agreement for Lease with the Council. The grant of a new lease will be conditional on Populo securing Full Planning Permission and funding approval.
3. Use working capital (specifically allocated) resources to progress sites through the planning process, gaining Planning Permission before moving onto technical design and construction. Upon completion, the homes will be transferred into the management of one of the Group companies.
4. Provide a Development Management Service for the Council or any other Public Sector organisation aiming to bring forward development projects, including rooftop and infill development, and progress them through the full development process.
5. To operate as Landlord and Asset Manager for all affordable homes – rented or leasehold - that Populo has built and transferred to Populo Homes, complying with the requirements of the Regulator for Social Housing.
6. To operate as Landlord and Asset Manager for all market rent homes, complying with all regulations.
7. To acquire completed homes on the open market where appropriate, subject to viability and shareholder approval.
8. To acquire companies that hold residential property investments where appropriate, subject to viability and shareholder approval.



47A

2

Mission, Vision & Values Statement

Image: Distinctive green ceramic bricks at the entrance
of The Eves, Stratford E15.

2. Mission, Vision & Values Statement

Mission Statement

– the Purpose of Populo

“Making Newham Home”

Our Mission is to design, develop and manage high quality homes and neighbourhoods across Newham. Our sustainable developments will become new communities and strengthen existing ones. Whether for private or social rent, residents will enjoy excellent standards of design and customer service and stay for the long term. In delivering this, we will provide a stable financial return to Newham Council (LBN).

Vision Statement

– what Populo aims to become

Our Vision is that by 2030 we will manage at least 2,000 new high quality sustainable rented homes in Newham and generate significant social value investment through our Community Wealth Building Strategy and as a Net Zero Carbon company.

This Vision aims to support the wider Council vision that is centred on using Community Wealth Building as a powerful force for economic and social justice, creating a fairer, more equal, and sustainable borough in which people have a genuine opportunity to reach their potential.

Our Strategic Objectives

We have five Strategic Objectives, these are:

1. Deliver at least an additional 2,000 new homes direct and for LBN by 2030 - of which 50% will be affordable.
2. Deliver a financial return to the London Borough of Newham.
3. Drive best performance, achieving top-quartile service levels while ensuring our homes are safe and sustainable, and our communities are places where people want to live.

4. Develop an organisational culture focused on continuous improvement and operational efficiency where we consistently maximise the 'triple dividend' for The Council.
5. Grow the talent in our team, maximise diversity, inclusion, and investment in our people that underpins our growth ambitions.

Our contribution to the Council's Community Wealth Building ('CWB') Agenda

CWB is a people centred approach to local economic development. It seeks to restructure the composition of the economy itself so that wealth is widely held, shared and democratised. It reorganises local economies to be fairer and stops wealth flowing out of communities and instead places control of this wealth into the hands of local people.

CWB is generally focused on the local spend of large 'Anchor Institutions', typically universities and hospitals that are rooted in their local communities. We believe that Populo has the potential, through its pipeline of investment and delivery and link to Newham Council, to become an Anchor Institution across Newham.

Our CWB approach comes at a time of unparalleled opportunity and growth in Newham. By 2030 Newham is forecast to have 43,000 new homes, 60,000 new jobs and an additional 49,000 residents calling our borough home. We must take advantage of the opportunities available to us to shape our economy for the benefit of all our residents. This means pushing for high skilled and good quality jobs, using our land in the best interests of our residents and building affordable homes our residents can afford. This is the source of wealth and talent that will drive a fairer and more prosperous Newham.

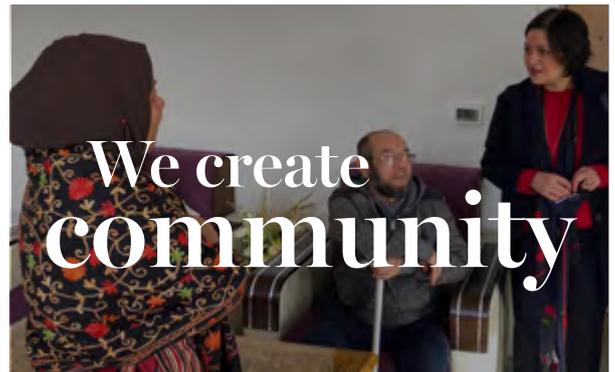
Values Statement

– Populo’s Principles and Ethics

We do things better: We constantly learn and seek to improve things. We believe that people in Newham should enjoy the best possible design, build quality and management standards. We innovate to create and deliver quality homes responsibly and sustainably. We look for ways to deliver the best quality we can while ensuring value for money.

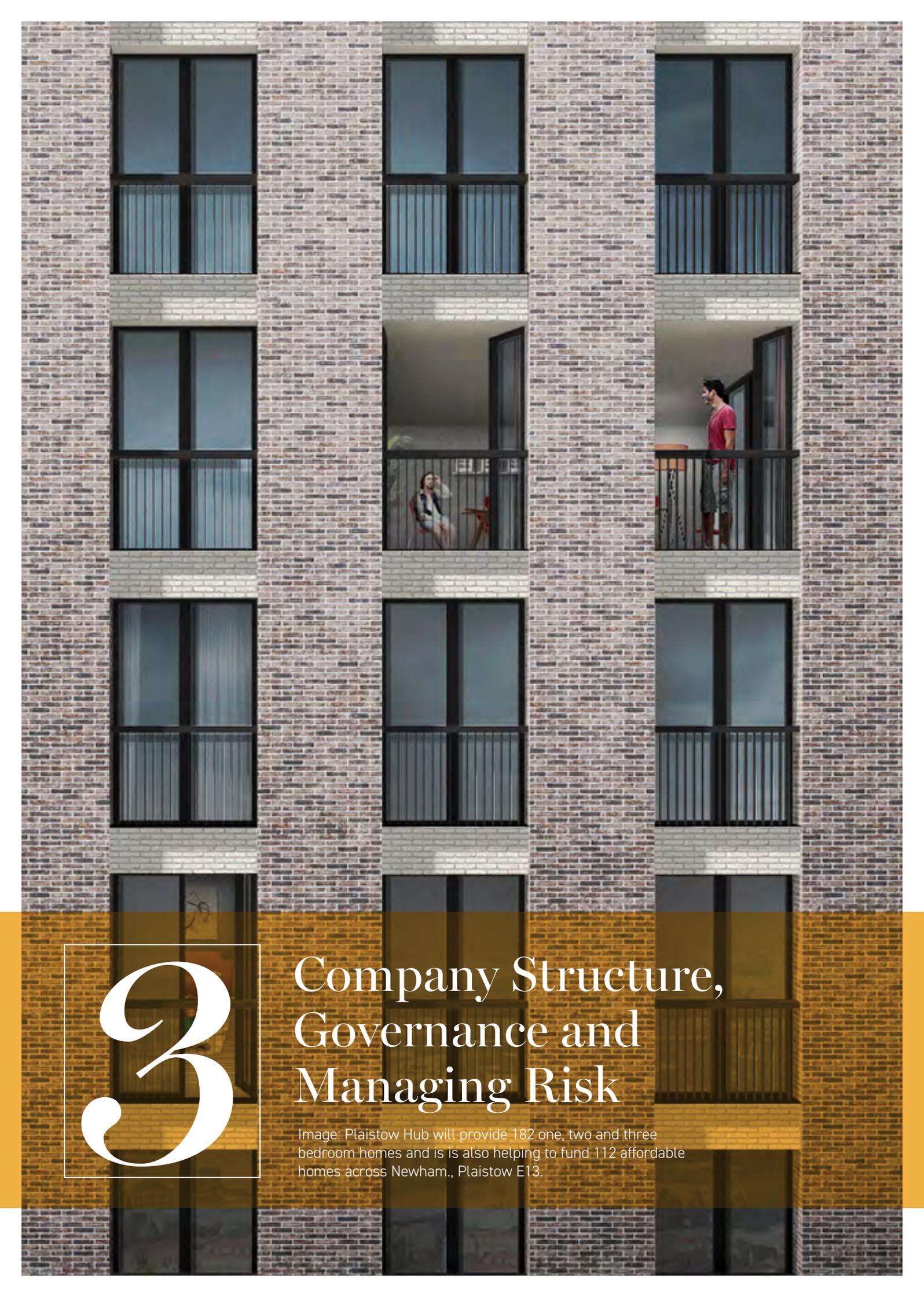


We create community: Newham should be home for everyone that wants to live here. We include, involve, and support existing communities and create strong new ones. We’re committed to providing an attractive and more sustainable built environment; we want local communities to thrive. We’re here for the long-term and are planning for the future.



We care: ‘Populo’ means ‘with the people’ – we put people first. We engage with our residents and each other because we know that Newham is its diverse people, and our success depends on both our team and our residents. We’re dedicated, passionate and believe that what we do matters.





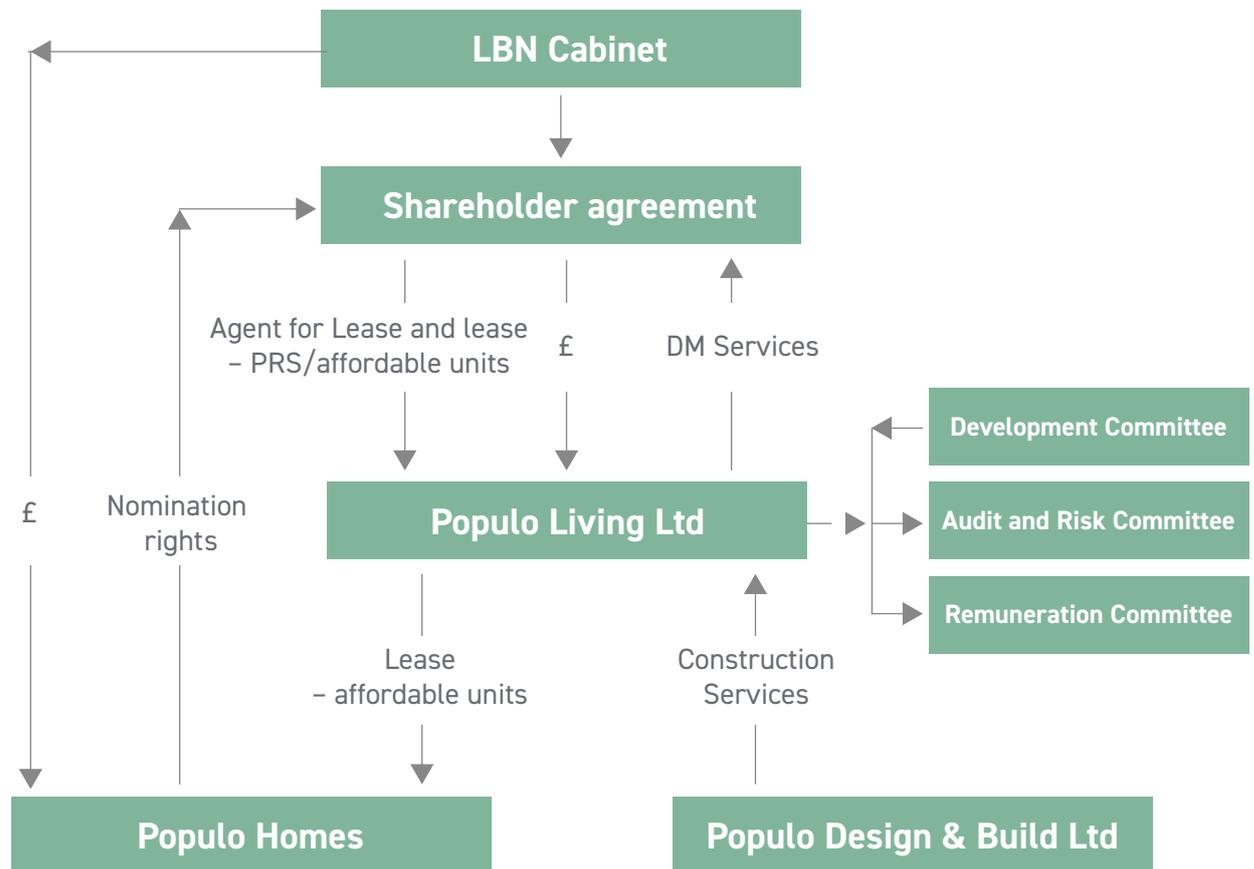
3

Company Structure, Governance and Managing Risk

Image: Plaistow Hub will provide 182 one, two and three bedroom homes and is also helping to fund 112 affordable homes across Newham, Plaistow E13.

3. Company Structure, Governance & Managing Risk

The Populo Living Group Structure



Board Membership and Committee / Working Group Composition

The Populo Living Board consists of 8 Non-Executive Board Members and 2 Executive Members (Populo CEO and Deputy CEO). Membership is drawn from a variety of senior level industry experience including residential and development, development planning, finance, and strategy.

Populo Design and Build Ltd shares the same NED Board Members as its parent Populo Living Ltd and includes the Deputy CEO as Executive Member.

The Populo Homes Board consists of 7 Non-Executive Board Members and 1 Executive Member (Populo CEO). Membership from this Board is drawn more from the social housing sector again at

a senior level including a former Chief Executive of a large-scale provider, finance, and legal.

Three sub-committees serve the PL Board and PH Board. These are:

The Audit and Risk Committee - oversees the systems of internal control, risk management, the external audit function, and the internal audit function.

The Development Committee - oversees Populo's development activities within the Group, using the internal Gateway reporting system.

The Remuneration Committee - oversees the benchmarks and scrutinises the Group's remuneration policy.

In addition, we also arrange Working Groups on specific strategic issues drawing in the expertise of Board Members.

Governance

Our governance structure provides an effective oversight of group activity whilst managing risk and giving our Shareholder a high degree of input over investment decisions.

In addition, a monthly report on the progress of developments is supplied to our Shareholder. Monthly operations meetings are held with respect to development, legal, and finance to ensure schemes are progressed diligently and resourced sufficiently.

Our Executive Team is in regular contact with officers at the Council and our Board Chairs. Populo has in-house legal provision, we use this resource to ensure compliance and effective management. In addition to this, the Chairs of the Board have regular scheduled meetings with the Mayor. Populo Directors liaise closely with their counterparts at the Council during their everyday roles.

Diversity and Inclusion

Populo values diversity highly and our team has a range of professional experience, expertise and skills. We come from Newham and all around the world and include people from a range of ages, backgrounds, genders, ethnicities, disabilities and LGBTQ+ backgrounds. The aim is for our organisation to be representative of all sections of the society and communities we serve, and for each member of our staff, residents and other stakeholders to feel respected and valued.

Our team and the Board have worked closely to create and approve a clear strategy which sets our objectives and actions, through our 'Equality, Diversity and Inclusion statement of Purpose and Policy.'

People and Resources

We continue to grow as a company, our Executive team has been strengthened with a new Director of Assets, Customer Services and Populo Homes, as well as a new Director of Finance and Resources. It is vital that we have the right people to deliver complex programmes, manage large capital budgets, and ensure the smooth running of a regulated Registered Provider. We will continue to appropriately resource as we grow with a focus on the skills required to support our strategic move towards long term regeneration and placemaking projects.

Managing Risk

Approach to Risk Management

Our culture encourages the identification and assessment of risks at a programme level and identifies and assigns ownership of those risks for mitigation. Monthly risk reporting is currently operating across the teams including the Executive who track progress on control measures and mitigation put in place.

The board has identified a number of risks listed below. These could hinder the delivery of the proposed development programme, or represent future financial risks to the Council, as funder and guarantor of any funding of the development programme (and thereafter the new housing stock under management):



Left: Mayor Rokhsana Fiaz welcomes a resident to their new home at The Didsbury.

Economic downturn leading to:

- Reduction in scale and rate of growth.
- Inflationary pressures on costs and supply chain.
- Non-compliance with loan covenants.
- Disruption to supply chains.
- Increased arrears & an inability to relet properties.
- Adverse impact on shared ownership sales/ staircasing - interest & rent rises.
- Rise in contractor insolvency.

Financial Risk Context

Populo continue to maximise the number of affordable homes we provide within each scheme and therefore we remain close to the 'breakeven point' at day one of the investment. As a result, assuming everything else remains equal, any downward pressure on income or upward pressure on costs will result in pressure on viability and the number of affordable homes we can deliver.

To assess financial risks that reflect the current economic environment, a series of sensitivities are run on the Business Plan, with the results measured against our KPIs.

Key Financial Risks

- Lack of finance available to support our Business Plan.
- Grant availability - insufficient grant to support affordable homes ambition.
- Non-compliance with key loan covenants leading to loss of confidence in Populo.
- Failure to file statutory accounts to relevant authorities.
- Insufficient working capital leading to us having to scale back operations.
- Non-compliance with Economic & VFM Standards (RSH).
- Non viability of new schemes being progressed due to rising interest rates and costs.

Health & Safety (H&S)

Robust management of Health and Safety is paramount to ensure compliance in all areas and provides protection to both our staff, residents, stakeholders, and the general public. Our approach embeds a safety culture via Group-wide policies and procedures, including Building Safety, Construction Design and Management (CDM), Procurement, Sickness Absence and Wellbeing policies. We have regular internal and external H&S audits and an internal H&S working group that aims to embed a safety-first culture across the business.



4

Our Homes in Management, in Design, in Pipeline

Image: Grange Road, Plaistow E13 – 77 high quality
London affordable flats.

4. Our Homes in Management, in Design, in Pipeline

Homes in Management

Our target is to become the leading Build-to-Rent operator in Newham, providing a range of new rent options to help meet the Borough's housing needs. We will achieve this through judicious growth planning, ensuring that our quality new homes will be matched by an excellent service experience for all our residents. Our exciting growth is augmented by our growing Customer Service capability to manage and maintain our new homes, whilst focusing on delivering an excellent service experience. We will continue to strengthen the team over the Business Plan period, targeting the right blend of talented individuals who will add to the ambitions and values of Populo. This will enable us to drive excellent service delivery and aim for upper quartile Key Performance Indicators with effective management of arrears and voids to strengthen cash flow and our overall financial position.

Asset Management

Our dedicated Asset Managers oversee the day-to-day maintenance of each project, working closely with the Block Manager and on-site staff as well as the Client Accounting Team. The Asset Manager attends the site regularly and assists the Property Managers on key issues relating to building performance, compliance, liaison with contractors, and assisting service charge considerations.

To assist our maintenance capability over the period, we have procured Chigwell London Ltd, under a 5-year strategic maintenance contract, to provide a first-class property maintenance service across our portfolio. This will provide us with the strategic capability to service a much larger portfolio of projects, with a capacity of up to 10,000 homes. The Chigwell maintenance software

package will also enhance our overall service transparency on customer service experience, value for money, and asset insight.

Customer Service

How we provide a quality and focused service

Our Housing Management team operate on a small and local patch-based model. This allows them to build up strong relationships with our residents with a clear point of contact. Staff are highly visible and attend schemes regularly. We monitor all our feedback and complaints to understand any trends which we can then address quickly. We are also developing a comprehensive resident engagement strategy so that we can be sure the residents have a clear voice and that we listen, and we act. We procure services with a balance on quality and cost and monitor those services with regular inspections and budgetary control.

Helping our residents with the cost of living

The majority of our homes have 'B' EPC ratings and come with modern and efficient heating systems as well as fittings and fixtures which reduce costs. We provide our residents with clear guidance on the most effective use of their systems and offer personal help to those that need it. We are currently working with several agencies to offer enhanced financial advice to ensure our residents are making the most of their income and receiving all relevant benefits. Our income management is supportive, not punitive so we can help residents with the cost of their rent.

Health & Safety

The Health and Safety of our tenants is central to our service delivery. We have measures in place to ensure we meet and exceed standards of both Building Safety and Fire Safety. We have a lead officer who is responsible for putting measures in place to ensure we are fully compliant and this in turn is monitored and scrutinised by our Executive and our Board. We continuously monitor the performance of our compliance contractors and review our contracts to ensure nothing is missed. This gives us a full and comprehensive oversight of compliance. We also have regular and detailed audits in all areas of Health and Safety which are also reported and monitored by the Executive and Board.

We conduct regular annual fire safety assessments to our schemes and prioritise any recommendations for improvements. We have ongoing and regular training for our staff ensuring they understand all requirements of building and fire safety as well as our approach to tenancy management, ensuring our tenants get any help and advice needed should they face any issues.

Our properties meet all the relevant building regulations and are built to high standards of quality and efficiency. We do not face the same issues many providers of older homes do in relation to damp and mould; however, we are mindful of the risks associated with the issue. We are introducing annual checks to ensure any problems can be identified early and dealt with quickly. We provide residents with guidance to mitigate the risks of condensation, damp and mould and should any be found – how to report it so we can fix any issue that may arise.

Social Value

We deliver social value by delivering high quality and affordable homes for Newham residents. Our homes are efficient, spacious and provide the safe

Below: Populo host an International Womens Day event at Stratford Library.



environment that everyone deserves. We will work with local partners to place-shape and develop thriving communities that work for people. We will listen to the views of our residents and constantly review and look to improve our services to them.

Regulation

Populo are fully aware and have prepared for the upcoming changes to the regulatory framework and the introduction of the Building Safety Act. We have ensured we have the resources in place to be fully compliant and maintain the highest standards in both safety and consumer standards.

We have reviewed and updated our complaints policy, so we meet the Housing Ombudsman Code and have trained our staff to be fully versed in best practice. We will also be introducing systems to support clear workflow and task management and extract detailed reports on performance.

Homes in Design

Contribution to Newham's Housing Quality Agenda through Exemplar Design

Our Design Management approach is fundamental to us delivering the highest level of quality through

the design and construction process. Populo has an in-house team of experienced architects, urban designers and environmental engineers focused on ensuring design is a core competency within the business. Their role includes providing architectural, urban design and interiors expertise on all design and technical aspects to support the delivery of each development's business case. In support of our approach to low carbon design, 75% of the team are accredited 'Passivhaus' assessors and experts in sustainable design principles.

Our Design Guide, 'Making Newham Home', sets out the key parameters that control new home design across all our developments without diminishing value or quality.

We are incorporating our strategic objectives into our Design Guide through the following design principles:

- Passive design – passive cooling and ventilation, building orientation (e.g., maximising solar gain).
- Maximise fabric efficiency – building envelope minimises heat loss / gain.
- Low carbon materials – focus on materials with low embodied carbon, locally sourced, which help achieve our net zero targets.
- Circular economy principles.
- Minimise resource usage – reduce heating and hot water loads, fossil fuel free, maximise on-site renewables, minimise water consumption.
- Intelligent standardisation – considering Design for Manufacture and assembly from day one, maximise offsite construction, reduce resource waste, ensure quality and performance is achieved.
- Design for disassembly – circular economy principles, design building layers for longevity in use, design for dismantling / reuse.

Homes in our Pipeline

Our pipeline covers both major residential led infill projects and large-scale regeneration projects. Newham Council has largely exhausted its supply of infill development sites and therefore through this Business Plan we are seeking to focus Populo on bringing forward the delivery of long term strategic placemaking projects across Newham. We consider this approach will optimise Populo's ability to deliver long term shareholder value for Newham.

Our approved 2021 Business Plan identified three major development projects that would be progressed at Pier Road, Cyprus and the Rex. Over the past 18 months all three of these sites have progressed through the pre-planning process to varying degrees as set out below.



Above: Residents from The Carpenters Estate volunteering on their local Social Farm & Garden project.

Homes in our pipeline

Pier Road, North Woolwich

Full Planning Application submitted November 2022.

348 homes plus 1,000sqm of affordable workspace and public realm works.

Forecast Total Investment - £134m.



Cyprus, Beckton

Full Planning Application submitted March 2023.

219 homes plus extensive public realm landscape improvements.

Forecast Total Investment - £99m.



Bridge Road Quarter

(Formerly known as the Rex), Stratford. Full Planning Application target for Autumn 2023.

Up to 259 homes plus commercial space and public realm improvements.

Forecast Total Investment - £105m.



The Carpenters Estate

Over the past 3 years Populo has led The Carpenters Estate project on behalf of the Council. Following the resounding vote of confidence in the proposals from residents at the end of 2021 (73% voted in favour), the outline masterplan application was submitted to LLDC in August 2022. We expect the application to be determined around the middle of 2023.

The first phase of the regeneration, which includes the refurbishment of James Riley Point, already has Planning Permission and is due to commence on site in the Spring of 2023 subject to vacant possession. Populo is acting as Development Manager for the Council on Phase 1, but it is proposed that subsequent phases are delivered directly by Populo in line with our established investment model, subject to Cabinet approval.



The Carpenters Masterplan

Total homes – 2,175.

Total non-residential floorspace – 29,763sqm.

Forecast total investment - £845m.



We are delivering a new sports and community centre, with 138 homes with balconies at James Riley Point. CGI left – James Riley Point and new state-of-the-art sports and community centre.

Homes in our pipeline

North Woolwich

Working alongside the Council's Regeneration team, we are proposing a strategy to link multiple stand-alone development sites with an urban design framework and vision. We believe this approach has the potential to deliver significant community wealth building benefits in the form of new homes, improved health and wellbeing benefits and job opportunities for the residents of North Woolwich.

Potential new homes – circa 850.

Potential new non-residential floorspace – circa 2,000sqm.

Estimated total investment – £400m.



Beckton Centre

Potential new homes – circa 2,000.

Potential new non-residential floorspace – 30,000sqm.

Estimated total investment value - £800m.

Working alongside the Council's Regeneration team, we are proposing a strategy for Beckton retail centre. We have a vision to create a lively neighbourhood with pedestrian friendly streets centred on a new town square with improved public transport connections and a variety of activities for all ages, with enhanced green routes to encourage cycling and walking. Additionally, we will support improved health and wellbeing via access to better community facilities along with environmental enhancements such as improved air quality and connections to nature. The addition of a mix of housing types and tenures and a variety of public spaces would promote opportunities for greater social inclusion. A diverse range of local jobs could be created including a reinvigorated Beckton Alp creating a leisure focused attraction that encourages engagement with nature. Retail and community spaces create opportunities for local businesses that support cultural exchange.



“

I would highly recommend Populo to others. Within a week, I had the viewing on a Wednesday, and I picked up my keys on Thursday. By the following Monday, I was moved in.

”

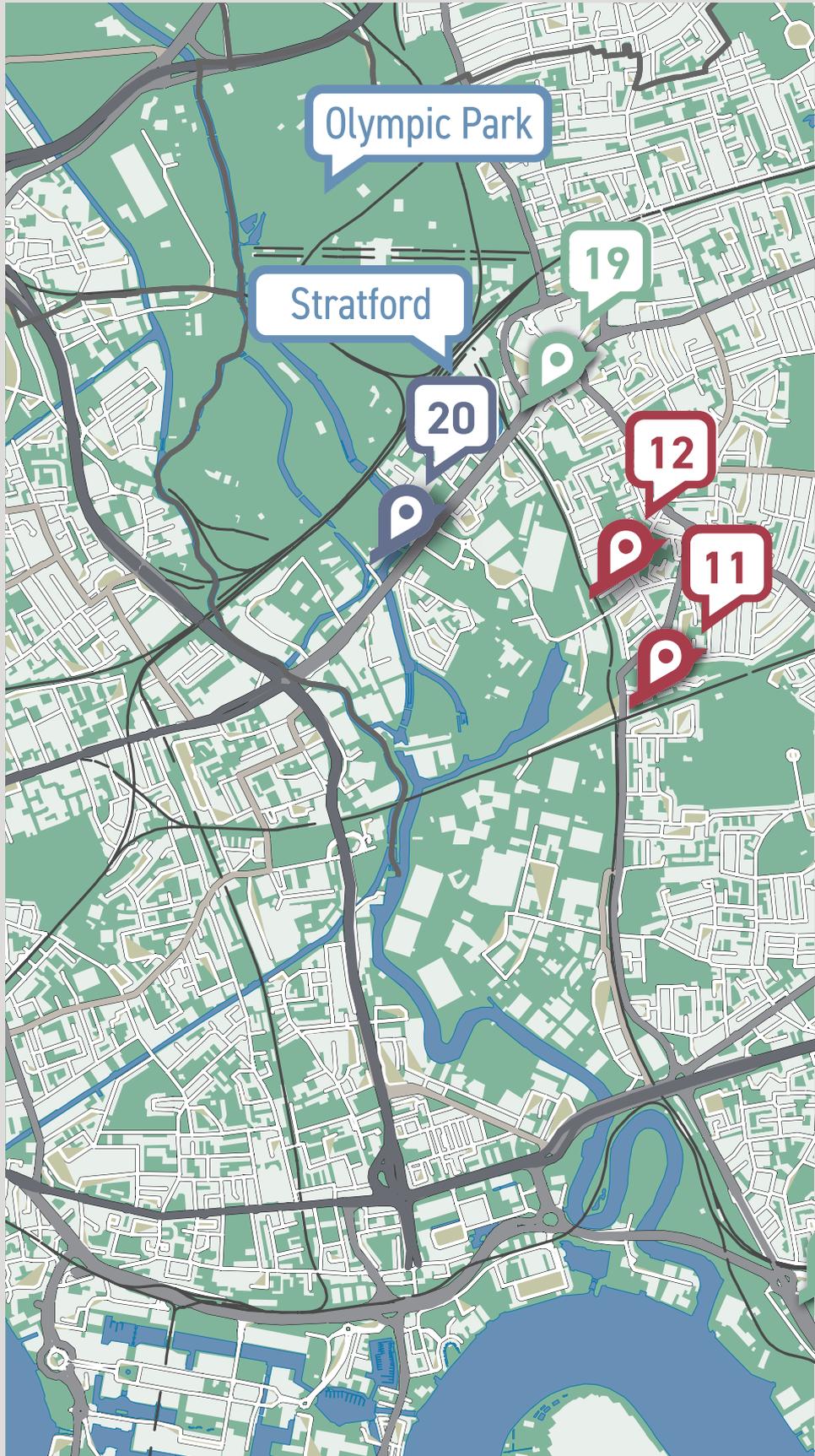
WHITNEY RILEY,
RESIDENT AND MOTHER OF TWO AT
THE GRANGE, PLAISTOW

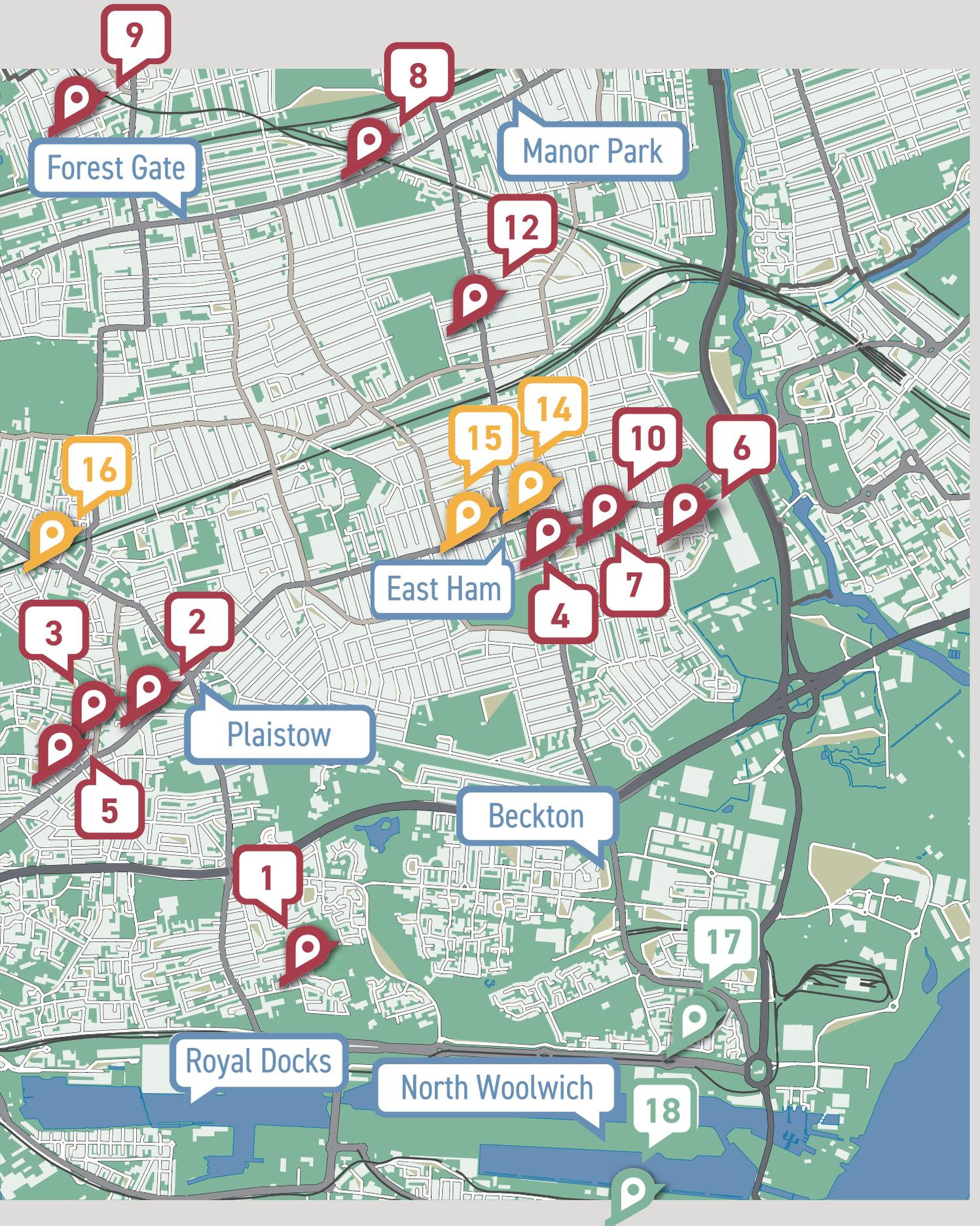


WE'RE PROUD OUR
PET POLICY ALLOWS
WELL BEHAVED PETS

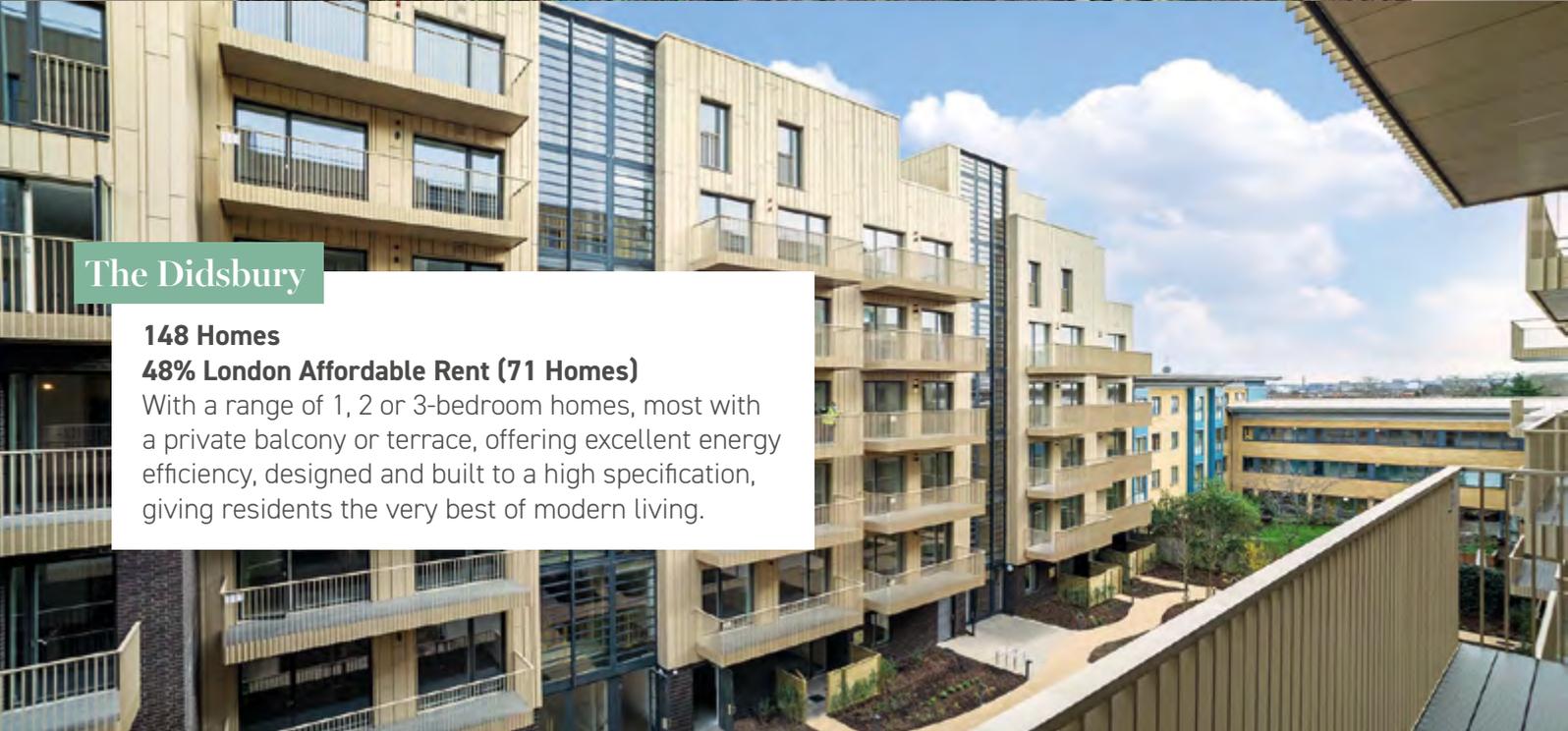
Our Developments

Baxter Road (15 Homes)	1
Chargeable Lane (12 Homes)	2
Doherty Road (9 Homes)	3
Fireman's Reach (8 Homes)	4
Grange Road (77 Homes)	5
Nelson Street (6 Homes)	6
Old Fire Station (7 Homes)	7
Romford Road (7 Homes)	8
Tracey Road (5 Homes)	9
The Didsbury (148 Homes)	10
The Eves (8 Homes)	11
The Tanneries (36 Homes)	12
Wordsworth Ave (11 Homes)	13
Brickyard (98 Homes)	14
Hartley (75 Homes)	15
Plaistow Hub (182 Homes)	16
Cyprus (219 Homes)	17
Pier Road (348 Homes)	18
Bridge Road Quarter (c259 Homes)	19
Carpenters Estate (2,175 Homes)	20





2022/23 Completions



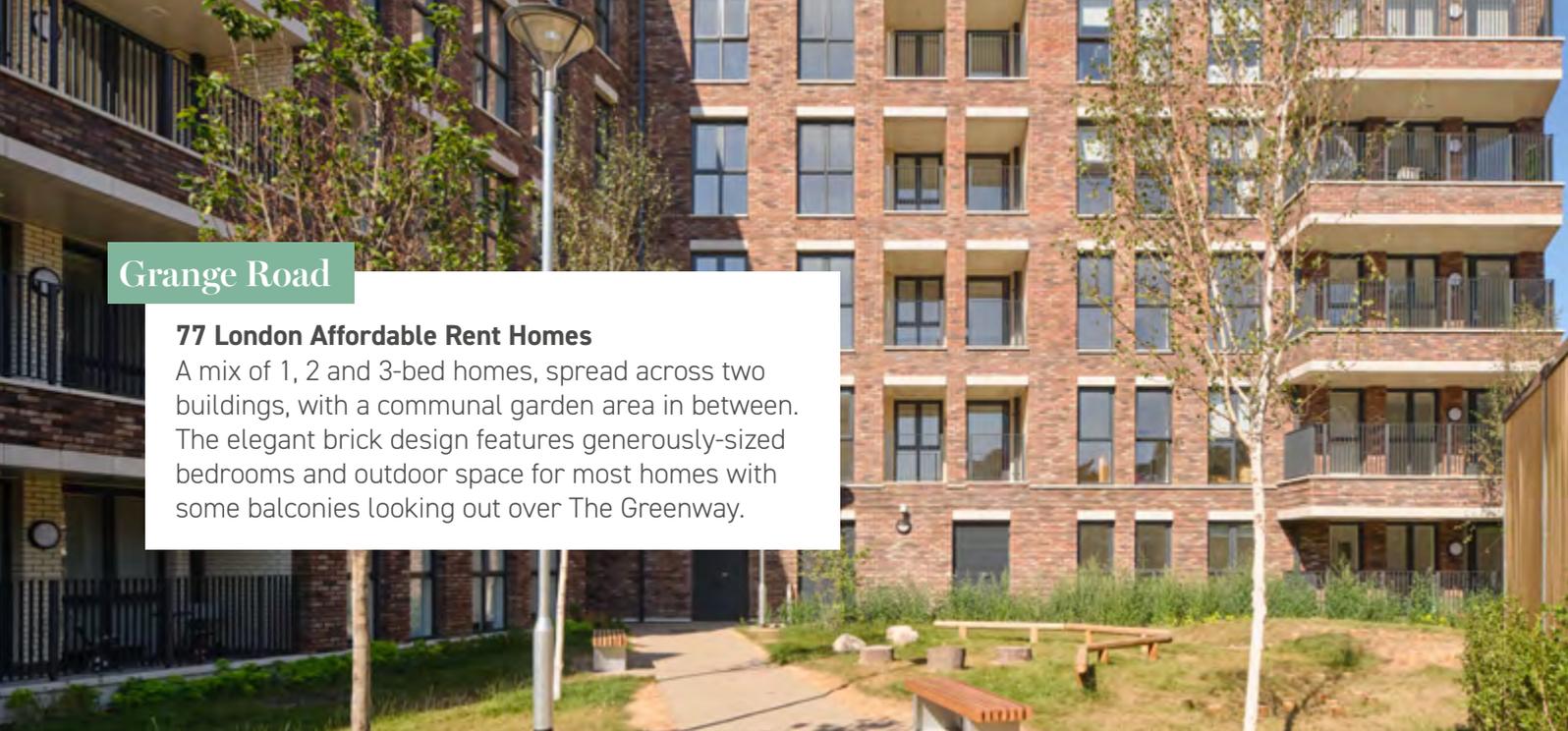
The Didsbury

148 Homes

48% London Affordable Rent (71 Homes)

With a range of 1, 2 or 3-bedroom homes, most with a private balcony or terrace, offering excellent energy efficiency, designed and built to a high specification, giving residents the very best of modern living.





Grange Road

77 London Affordable Rent Homes

A mix of 1, 2 and 3-bed homes, spread across two buildings, with a communal garden area in between. The elegant brick design features generously-sized bedrooms and outdoor space for most homes with some balconies looking out over The Greenway.

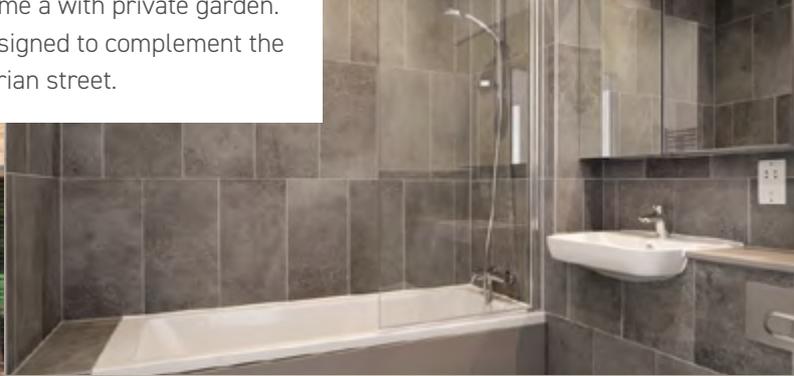




The Eves

8 Shared Ownership

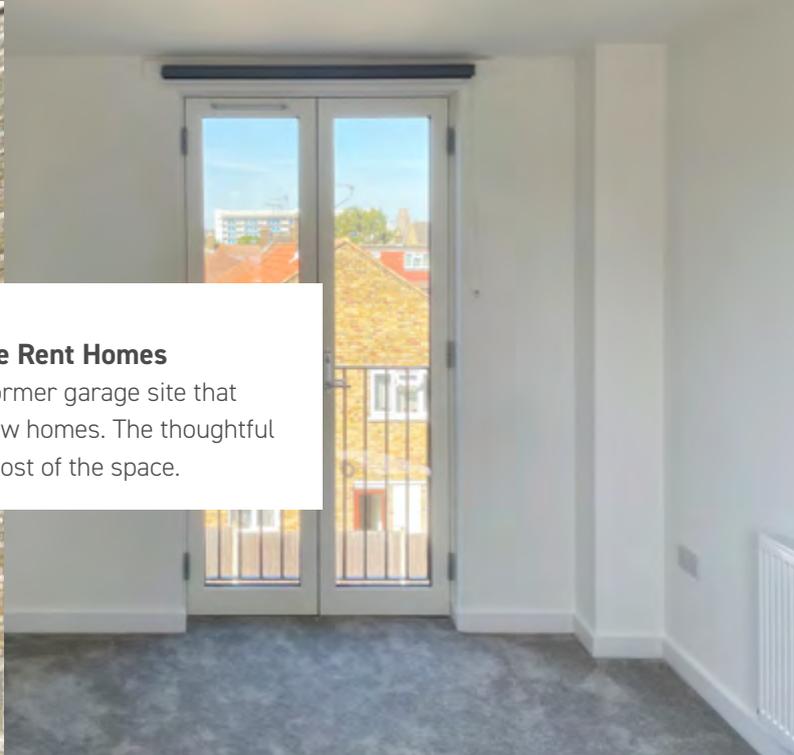
These family homes come with a private garden. They are beautifully designed to complement the style of this quiet Victorian street.



Chargeable Lane

12 London Affordable Rent Homes

Chargeable Lane is a former garage site that we've turned into 12 new homes. The thoughtful design has made the most of the space.



Baxter Road

15 London Affordable Rent Homes

All houses have three bedrooms and private gardens. Two flats are also designed to be wheelchair adaptable.



Populo innovations



Hartley Centre

75 high quality later-living council homes.

We are delivering high quality later-living council homes for Newham's over 55s' alongside a health centre, on the former Hartley Centre site. The scheme offers an attractive choice of new homes for those looking to downsize. The homes will be available by February 2024.



Airspace Programme

Two initial pilot projects aim to deliver new social rent homes and carbon reduction to existing LBN stock.

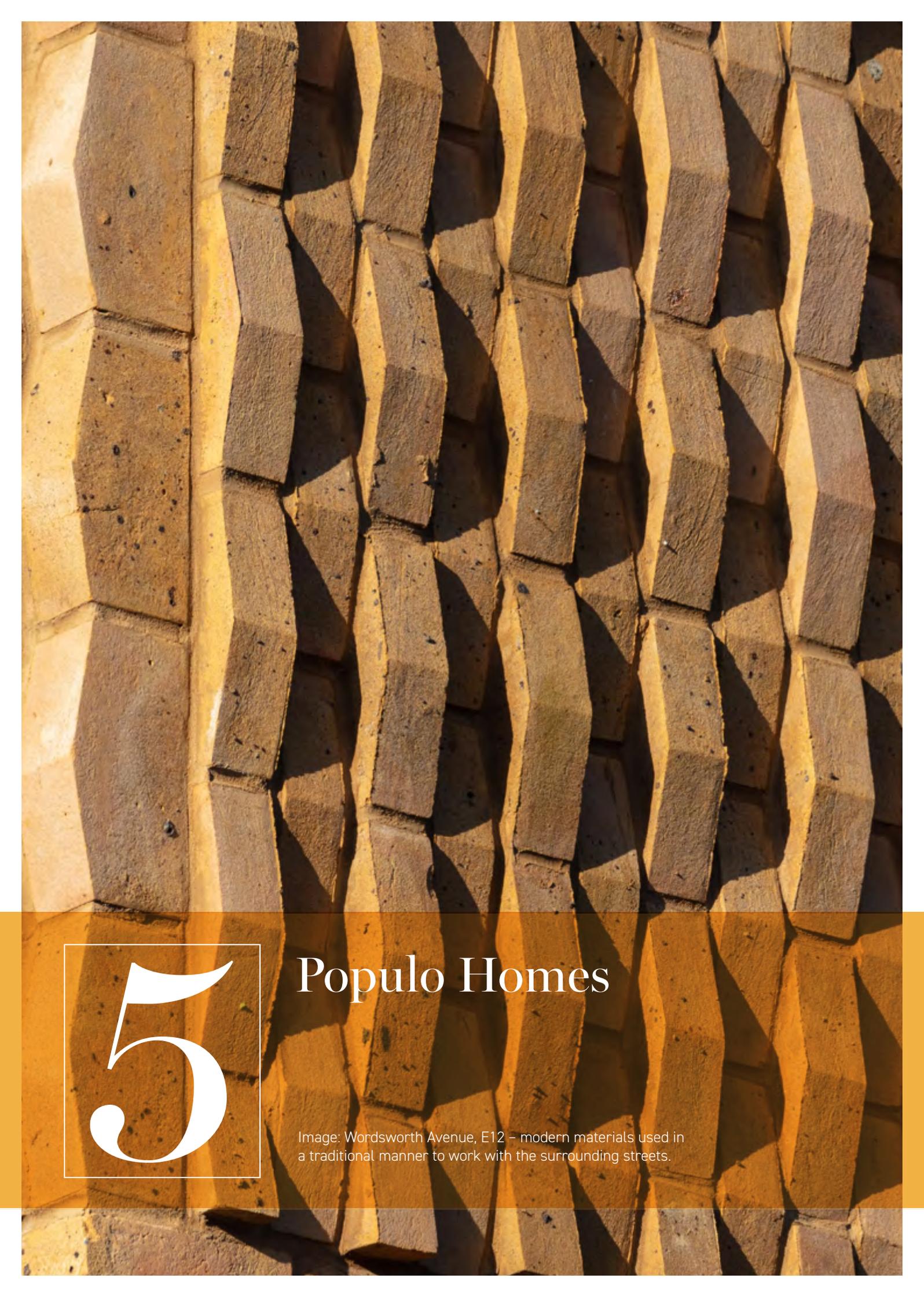
This new form of land supply, using the roof areas of existing buildings has the potential to deliver many hundreds of new affordable homes in the borough during the next few years, is part of Mayor Fiaz's ambition to accelerate housing delivery.



Green Storey Living

An innovative solution to enable period terraced homeowners to extend their Permitted Development rights on loft conversions if they improve to a higher environmental standard.

Helping Newham to tackle three of the borough's most pressing challenges: the cost-of-living crisis – disproportionately felt by low-income families in poorly insulated homes; the housing crisis where overcrowding is at extreme levels; and the Climate Emergency by delivering more energy efficient and sustainable homes.



5

Populo Homes

Image: Wordsworth Avenue, E12 – modern materials used in a traditional manner to work with the surrounding streets.

5. Populo Homes

Populo Homes is our subsidiary Registered Provider. It was registered with the Regulator of Social Housing ('RSH') on the 5th of November 2020. Populo Homes is responsible for the management of the groups 'social housing' and has a mix of London Affordable Rent and Shared Ownership properties. We have a highly skilled and experienced Board and Chair who work closely with the Executive team to deliver the best possible services for our residents.

Populo Homes currently manage the following:

- 207 homes let at London Affordable Rent
- 16 Shared Ownership homes

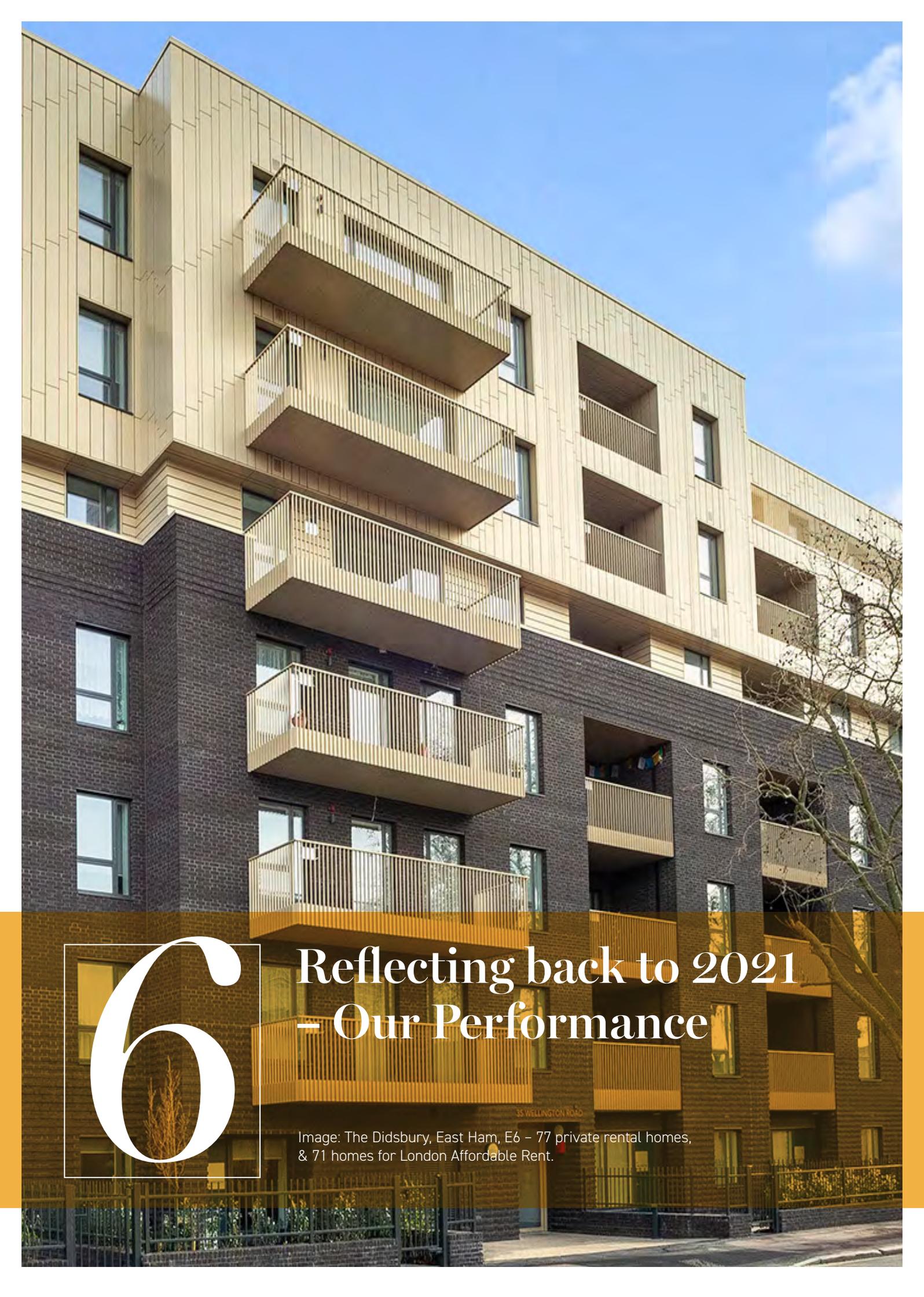


Above: Rokhsana Fiaz, Mayor of Newham, welcomes a tenant to his new home.

We have a small but growing team, delivering service across all operational areas including a Housing Officer dedicated to Populo Homes. Forward planning for the growth we will see is underway.

As well as maintaining full compliance with the RSH we are developing all of our KPIs in line with requirements and commencing reporting under the Tenant Satisfaction Measures from April 2023. Over the coming year we will develop and strengthen our Resident Engagement Strategy.

We are developing close working relations with the Council to ensure we work together effectively to meet the housing needs of the residents of Newham.



6

Reflecting back to 2021 – Our Performance

Image: The Didsbury, East Ham, E6 – 77 private rental homes,
& 71 homes for London Affordable Rent.

6. Reflecting Back to 2021 – Our Performance

Since our Business Plan was approved by the Council in 2021, Populo has continued to deliver, grow and evolve as a company -

Delivering more homes

1. We have completed 269 new homes since September 2021 bringing our total built to 300 and our total homes in management to 475 of which 50% are affordable.
2. A further 392 homes are currently on-site of which 103 are affordable.
3. Planning Applications have been submitted for another 348 new homes and 1,000 sqm of affordable workspace at Pier Road, North Woolwich.
4. A master planning application has been submitted for the Carpenters Estate that is viable to deliver and was supported by 73% of residents who voted in a resident ballot (63% turnout).
5. Planning Permission has been secured for Phase 1 of the Carpenters Estate regeneration.



6. 19 homes have been purchased to help alleviate the Council's temporary accommodation pressures.
7. Other new innovative products are being developed to meet LBN needs, for example Later Living & Airspace.

Managing our homes

1. Stabilising our homes in management at a void rate of 4.75% (Jan 2023) and on track to hit the target of 3% by year end.
2. Improving PRS performance following the collapse of the market due to Covid.
3. Despite economic challenges, we have operated within budgets and loan covenants, except at Cheviot House where we are helping the Council's temporary accommodation need.

Operational and Governance improvement

4. Restructuring the company for growth and service provision.
5. Putting in place enhanced policies and procedures for design quality; equality, diversity and inclusion; health and safety; customer services. This includes the anticipation of regulatory changes and whole life net zero-carbon.
6. Putting in place enhanced governance arrangements including a new interim Chair and Non-Executive Directors joining the Populo Living Board.

Left: Resident discussion at the Dovetail engagement hub on the Carpenters Estate.



7

Looking Forward

Image: Light, space and historic details. An interior space at the beautifully refurbished Old Fire Station, East Ham E6, shortlisted for a RIBA London Award and Housing Design Award.

7. Looking Forward – the property market, wider economy and planning ahead

The London residential property market is traditionally viewed as a solid long-term investment and hedge against inflation. After recovering from the steep fall in rents experienced during the 2020 Covid lockdown, we now have strong demand and a shortage of supply driving rental value growth.

Research shows that in London there were 30% fewer homes available to rent in Q3 2022 than the pre-pandemic average. According to Zoopla, demand for PRS in the UK this year is up 142% compared with the five-year average, whilst the supply of such homes has fallen by 46%. At the same time, the monthly RICS survey shows that demand from prospective tenants has increased every month since May 2020. A similar trend has been reported by Rightmove who say that, in Q3 2022, tenant demand increased by 20% compared with Q3 2021. These conditions suggest that today's high levels of rental value growth will persist in the short term, but we expect rental growth to return to circa 3% per annum in 2024.

The Build to Rent market is not without its challenges. However, by building management efficiencies into our schemes from the design stage, we aim to keep operational costs down while providing a high level of service to residents. We also expect to see a premium emerge for newer, energy efficient properties. As energy bills remain high, we expect households to pay more for the most efficient properties.

The story of the current external environment is double sided: whilst costs of design, development and management have risen with inflation, so too have market rents. London's growing population, combined with a shortage of housing delivery, and unaffordability of owner occupier mortgage costs, continues to create a supply and demand imbalance which needs to be addressed. Newham is seen as a comparatively cheaper location, but a very central part of London with the Elizabeth Line further improving connectivity and demand for market rental accommodation.

The residential market will always be subject to periods of challenge and uncertainty in the short-term cycle which is part of the reason to invest as a predominately Build to Rent rather than Build for Sale business. Additionally, investing solely in Newham for Newham residents brings additional benefits in the form of Community Wealth Building and climate change ambitions.



Right: Carpenters Estate residents, planting for the year ahead at The Carpenters community gardens.



8

Financial forecasts

Image: Wordsworth Avenue, East Ham, E12 – nominated for the Best Affordable Housing Development at the Inside Housing Development Awards 2021.

8. Financial forecasts

Our most recent Business Plan approved by Cabinet, was published in September 2021 and gave a concise overview for our key stakeholders. This financial plan supports the Business Plan objectives and demonstrates the financial return to the Council and finding support required over the short to medium term (10 years).

Populo Living will continue to provide a financial return to the Council through:

1. Interest payments on working capital.
2. Interest payment through the development period.
3. Interest and dividend payment through the life of the asset developed while repaying all debt.
4. As a Build to Rent business we retain the asset base for the Council as sole shareholder.

Therefore, there is financial value at all stages of the homes Populo is both developing and operating for the Council. In addition, with further homes added to the asset base the operating cost per home is expected to reduce. It is expected in the short term, resource will be required to improve systems and processes which will help secure Populo's strong operating performance with an operating margin of 43% expected for 2021/22.

The financial plan has been prepared by considering the following elements:

1. Homes that we have developed and under the management of Populo Living and Populo Homes.

2. The existing development pipeline where schemes are either on site or being actively progressed through the pre-construction phase.
3. Future pipeline which presents potential schemes where Populo will continue to deliver quality housing that will require further support from the Council.
4. Working capital requirement.
5. Long term debt requirement.
6. Group Financial Performance.

Relevant forecast assumptions relating to interest rates and inflation factors have been aligned with those set by the Council considering the current economic environment and regulatory requirements.

Homes in management

The major differences between our programme of work in this Business Plan period compared with the previous period is that we now have a significant number of homes in management, having also grown overall as a business by a significant margin.

Currently there are 475 homes as shown (in the table below) in management split evenly between market rent and affordable homes. Over the last 12 months focus has been placed on customer services and looking at systems and processes to ensure we maintain a high level of quality as we grow.

Existing homes in management

Tenure / Type	Homes	studio/1	2	3	4	Company	Scheme %
LAR	207	97	49	61	0	PH	44%
LHA	19	4	6	6	3	PH	4%
Shared ownership	16	2	6	8	0	PH	3%
PRS	233	172	51	10	0	PL	49%
	475	275	112	85	3		

Homes in the current Development Pipeline

Site / Project	PRS Units	Affordable units	Total Units	% Affordable	Aquisition Start / SOS	Aquisition End / PC Management handover
Plaistow Hub	182		182	0%	Oct 20	Jan 24
Town Hall Annex	40		40	0%	Aug 21	Jul 23
Brickyard	70	28	98	28%	Apr 21	Sept 23
Piers Road	221	127	348	36%	Apr 24	Apr 27
Cyprus	153	66	219	30%	Oct 23	Apr 26
The Rex	174	83	257	32%	Apr 24	Mar 27
Hartley DMS		76	76	100%	Jan 22	Mar 24
Airspace - Folkstone Road (DMS)		8	8	100%	Aug 23	Aug 24
Airspace - St Matthews Ct (DMS)	182		182	0%	Jul 23	Sept 24
Carpenters Phase 1a - JRP (DMS)	4	132	136	97%	Apr 23	Oct 25
Carpenters Phase 2a Lund Point	167		167	0%	Oct 24	Oct 26
Carpenters Phase 2b Lund NB		56	56	100%	Jan 25	Oct 26
Carpenters Phase 2c – Railway South	102	60	162	37%	Jan 25	Jul 27
Carpenters Phase 3a – Railway North	113	81	194	42%	Apr 26	Oct 28
Carpenters Phase 3b Tower	201		201	0%	Jul 26	Apr 29
Carpenters Phase 3c Dennison		30	30	97%	Jul 26	Oct 28
Total / AVG	1,427	766	2,193	35%		

The table below shows 2,193 homes in our current development pipeline, noting 35% are affordable. This total percentage accounts for completion of Plaistow Hub and Town Hall Annex projects and should therefore be viewed alongside the affordable homes completed over the past 12-18 months of which 74% were affordable. The reduced percentage also reflects the viability pressure that our cross-subsidy model of affordable housing delivery is experiencing in the face of rising build cost inflation, rising interest rates and wider economic uncertainty.

These homes in addition to those in management at the end of 2022/23 form with basis of the forecast borrowing and financial returns presented below.

Homes in the future Development Pipeline

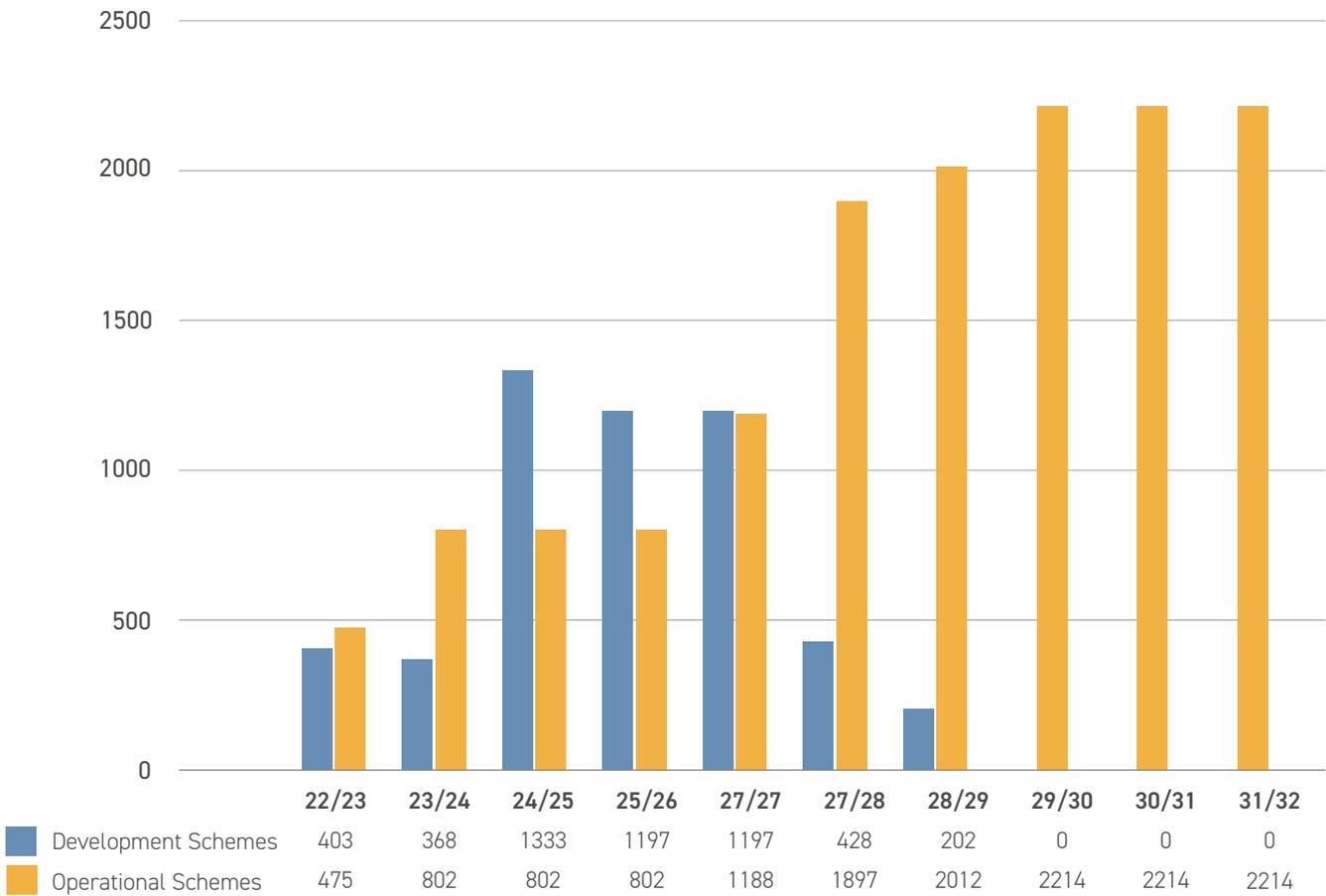
Site / Project	PRS Units	Affordable units	Total Units	% Affordable	Aquisition Start / SOS	Aquisition End / PC Management handover
Carpenters Phase 5a Biggerstaff North		96	96	100%	Jul-27	Oct-29
Carpenters Phase 4a Central North	44	59	103	57%	Jul-27	Oct-29
Carpenters Phase 4b Park North			0		Apr-29	Oct-29
Carpenters Phase 4c Central East	90	58	148	39%	Apr-28	Jul-30
Carpenters Phase 4d Jupp (BCC)			0		Apr-28	Jan-31
Carpenters Phase 6a Triangle	61	89	150	59%	Jan-29	Jul-31
Carpenters Phase 5c Biggerstaff South	69		69	0%	Jul-29	Jul-31
Carpenters Phase 6b Gibbins		75	75	100%	Jan-30	Jan-32
Carpenters Phase 7a Central West	42	83	125	66%	Jul-30	Oct-32
Carpenters Phase 7b Park South			0		Jul-31	Dec-31
Carpenters Phase 7c Cen S. & Jupp C	51	78	129	60%	Jan-31	Apr-33
Carpenters Phase 8a Exchange	25	63	88	72%	Oct-31	Oct-33
Carpenters Phase 8b Kennard	108	121	229	53%	Oct-31	Jul-34
Carpenters School			0		Jul-26	Jan-29
Beckton - Tollgate Road	60	60	120	50%	Jul-26	Jan-29
Beckton - Regen 1	100	100	200	50%	Jul-27	Jul-29
Beckton - Regen 2	100	100	200	50%	Jul-29	Jul-31
Beckton - Regen 3	100	100	200	50%	Jul-31	Jul-33
North Woolwich Regen 1	75	75	150	50%	Jan-26	Jan-29
North Woolwich Regen 2	225	225	450	50%	Jul-27	Jan-30
North Woolwich Regen 3	25	25	50	50%	Jan-26	Jul-27
North Woolwich Regen 4	88	87	175	50%	Jul-26	Jan-29
Total / AVG	925	1,157	2,082	56%		

The 2,082 homes in the table below achieve over the 50% affordable target requested by the Council. These schemes are at an early stage and will evolve through the Gateway process to establish planning and financial viability.

The future pipeline has not been modelled in the financial plan at this stage.

The acquisition of Future New Homes, 211 homes consisting of shared ownership and discounted market rent (social rent), have not been included in the financial plan at this stage. The acquisition will be supported by its own financial plan which will form the basis of any transfer into Populo Living.

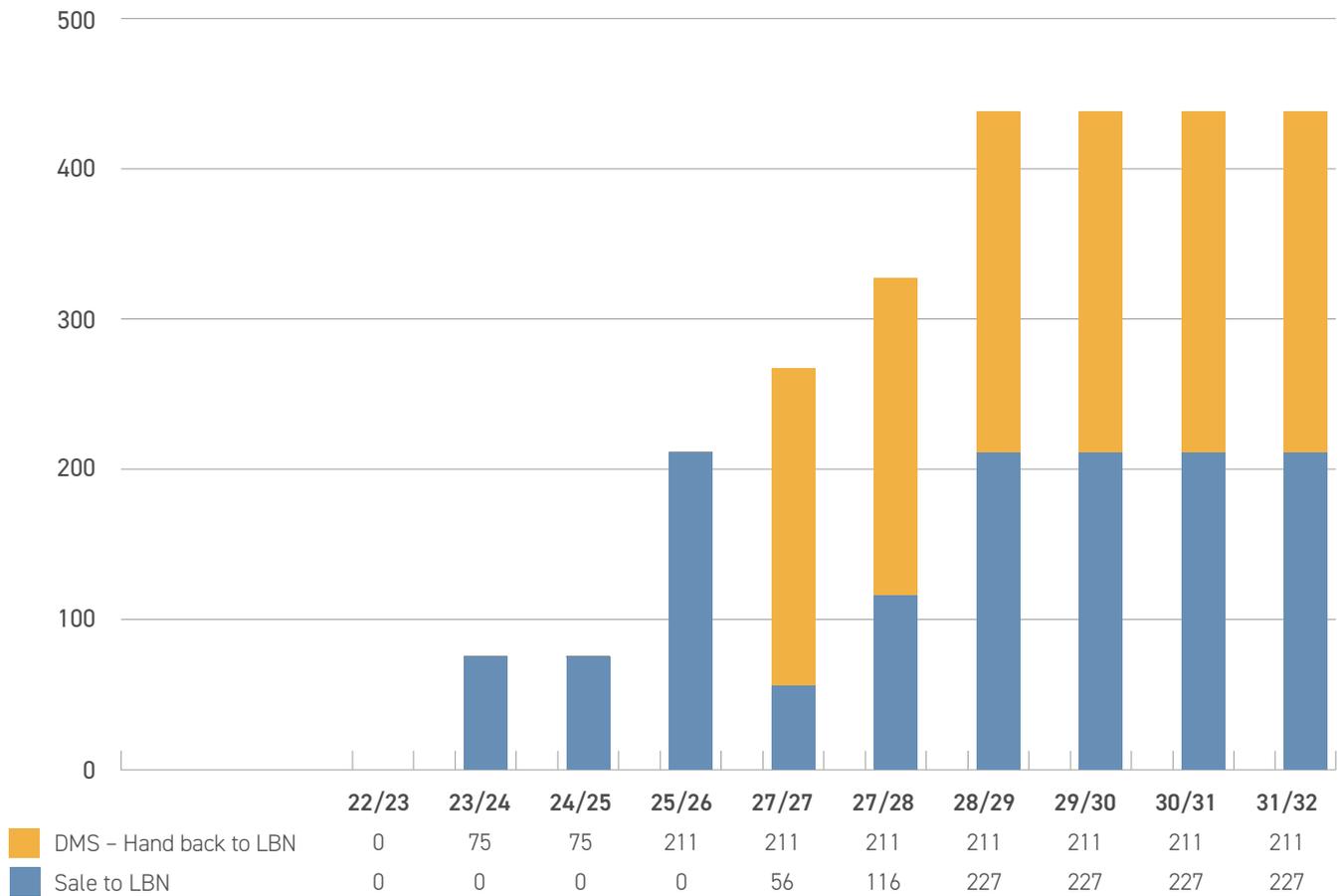
**Profile of the handover of Homes.
Existing pipeline of schemes in
management:**



The chart shows the movement of Homes in Development into Populo's operating base (over a 10-year period) with a 68% increase by 2023/24 and 2,000 homes in operation by 2028/29 with circa 50% affordable.

In addition, with regards to the growth in homes under the management of Populo, the current Development Programme delivers 439 homes to the Council (all of which are affordable from phases 2 and 3 of the Carpenters Estate scheme), and are profiled below:

Existing cumulative pipeline of Homes in Development handed over to the Council:



Working capital

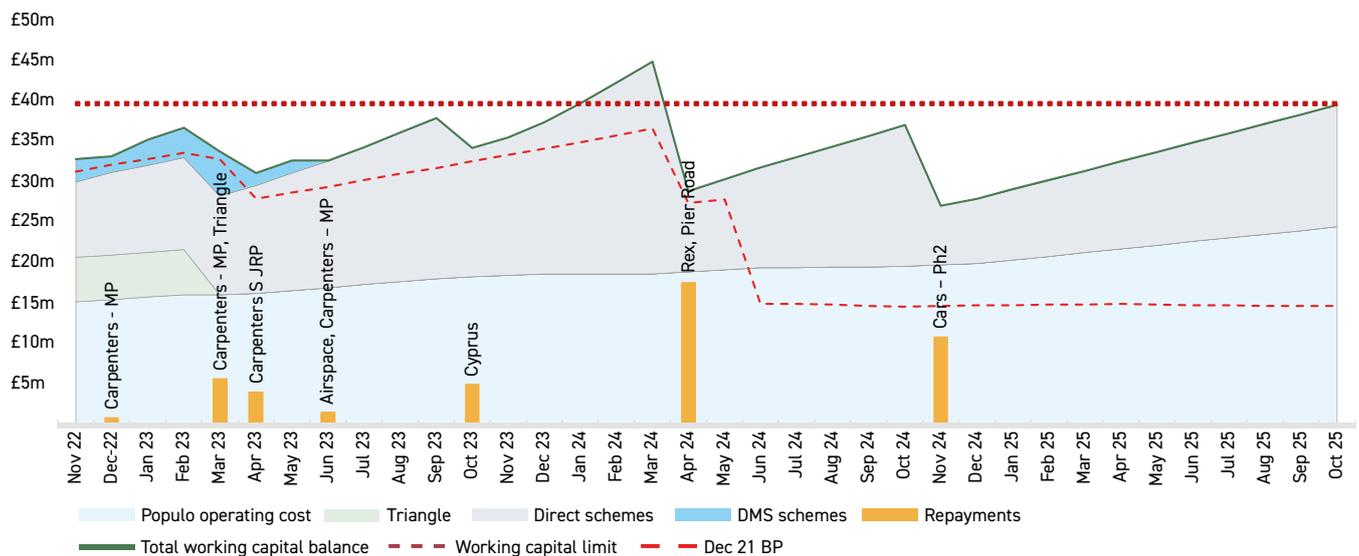
Populo Living is supported by a working capital facility of £40m which funds its overheads and schemes in pre- construction phase as they are progressed through planning. In addition, this facility supports timing differences in payment of costs relating to Development Management Services schemes.

The table below shows the breakdown of the current balance of £32.8m (forecast to be £33.8m by end of March 2023):

The movement from the current position is shown in the chart below to show the peak debt over the next 36 months.

Working Capital (Dec 2022)	Total £000
Direct Development in Pre-Construction	9,283
DMS Projects	2,820
Others	
Triangle	5516
Aldersbrook, LBN Retrofit, RickRoberts, Rex Carpark...	38
Total-Others	5,555
Populo Overheads (inc legacy costs)	15,177
Grand Total	32,835

Within the DMS projects section £2m relates to the master plan work related to the Carpenters scheme.



Populo Living: Forecast Working Capital Balance vs Limit

The position arrived at considers funds required to progress the current pipeline as detailed above. Work has been undertaken to analyse expenditure allocated to the Working Capital Facility allowing only those costs to bring development schemes through the planning process. This limits the amount of expenditure on each scheme and lowers level of any potential abortive costs.

The movement from the current position is shown in the chart below to show the peak debt over the next 36 months.

As the chart demonstrates, the working capital limit is breached in Jan 2024 and peaks at just under £45m in March 2024 due to the funds required for the early phases of the Carpenters scheme (£7.5m). The recovery of funds relating to Rex (£10.8m) and Pier Road (£7.2m) in April 2024 brings the balance within the agreed limit.

Financial forecasts

Year	23/24	24/25	25/26	26/27	27/28
Turnover	9,093	14,534	15,400	18,303	30,151
Expenditure	(3,849)	(6,275)	(6,628)	(8,015)	(12,249)
EBITDA	5,244	8,259	8,761	10,287	17,902
Operating margin	58%	57%	57%	56%	59%
Interest & fees	(8,466)	(12,630)	(11,998)	(16,408)	(31,809)
Net Profit	(3,223)	(4,371)	(3,236)	(6,121)	(13,907)
Annual Capital Expenditure	45,051	116,573	100,705	283,152	152,549
Closing Balance					
Working Capital loan	44,704	31,133	45,183	34,735	35,690
Total Debt	212,387	286,421	371,595	598,635	660,819
Grant	24,097	24,097	24,097	33,469	62,089
Equity	64,490	134,489	134,489	189,625	189,625
Cash Balance	12,902	21,922	9,000	26,162	15,412

The table opposite summarises the financial performance over the next 5 years for Populo Group. The capital expenditure and sources of finance (debt and grant) support the business planned growth (related to the Homes in the current Development pipeline noted above). A summary of schemes and associated costs shown in Appendix 2.

In addition, the macro-economic assumptions have been aligned with the Council and are presented in Appendix 1. These include limiting rent increases in the first year in line with the rent standard for social housing to 7%.

Over the next 5 years we expect to invest £698m and the long-term debt to grow to £659m. It is important to note as part of the viability testing for each scheme test debt to be repaid over 50 years.

Operating performance shows an increase in the operating margin as the turnover grows in line with the increased number of homes on rent allowing Populo to be more efficient by using better systems and processes ultimately reducing the operating cost of each home.

Sensitivities

The table below presents a series of sensitivities which have been used to test the outputs presented in this business plan.

50 Years Terms - KPIs	Unit	Base	Case 1: PRS Rent Inflation @ RPI only	Case 2: Affordable Rent Inflation reduced by 1% between Apr 23 to Mar 27	Case 3: Interest Rate raised by 1%	Case 4: Build Cost raised by 10%	Case 5: Combination of cases 1 to 4
Term input	Years	50	50	50	50	50	50
Financial Performance							
Peak investment (debt & equity)	£'m	1,020	1,035	1,021	1,148	1,112	2,053
Time peak investment (debt & equity)	Financial Year	34/35	36/37	34/35	46/47	37/38	-
Peak working capital loan	£'m	48.2	68.6	48.2	56.1	58.8	61.6
Time of Peak Working Capital Loan	Financial Year	42/43	46/47	42/43	46/47	46/47	46/47
Working Capital Paid-off time	Financial Year	48/49	53/54	48/49	53/54	52/53	55/56
Shareholder's return							
Years 1-50 Dividend	£'m	1,049	729	1,049	482	843	0
Years 1-50 Interest Margin from PL & PH	£'m	563	577	562	1,190	606	1,248
50 years Equity Return							
ROCE (Average over 50 years)	%	22.9%	20.4%	22.8%	22.6%	22.1%	21.7%

Base Case - This represents the position as outlined in the plan representing homes in management and units in our current development pipeline.

PRS rental inflation at RPI only - This scenario reduces future PRS rent increases from RPI + 1% (Retail Price Index) to RPI, therefore a cumulative reduction in income from the Base Case. As a result of the reduction in income and therefore cash available for debt service, peak debt is increased. Working capital requirement is increased to fill the gap to support overheads and hence the time to repay working capital is increased. Funds for dividend distribution are reduced impact negatively on the overall return to the shareholder, however due to the delay in repaying debt the return on interest is increased.

Affordable rent inflation reduced by 1% between

Apr 23 – Mar 27 - This scenario reduces the annual increase to affordable homes from CPI + 1% to CPI between April 2023 and March 2027 after this period CPI +1% is resumed. This scenario has a minor impact overall as it does not impact development or dividend payments to LBN. As a result of the reduction in income and therefore cash available for debt service, peak debt is increased marginally and there is a small increase in the interest margin to the shareholder.

Interest rate rises by 1% - This scenario increases the interest charge on debt (where this not fixed) by 1%. As a result of the increased interest payable which is rolled into the debt balance until the investment phase, peak debt is increased. Increased interest payable during the investment phase results in lower cash available for overheads therefore resulting in a higher Working Capital requirement which also increases the payback

period. Funds for dividend distribution are reduced impact negatively on the overall return to the shareholder, however due to the delay in repaying and increase in peak debt, the return on the interest margin is increased significantly.

Build cost raised by 10% - This scenario increases construction cost by 10% for any schemes in pre-construction and not in a fixed price contract. The increase in build cost results in a higher debt requirement and therefore increased peak debt. The resulting increased debt leads to higher interest payable costs and therefore increases the requirement for working capital. Funds for dividend distribution are reduced negatively impacting the overall return to the shareholder, however the increased interest amount provides a greater margin return to the shareholder.

All combined - This scenario combines all sensitivities. As expected, this results in a significant impact, increasing peak debt and therefore interest payable eliminating funds available to repay debt or pay dividends.

Comparison to 2021 Business Plan

The table below shows a summary comparison between 2020/21 (the last plan approved by London Borough.

There are several reasons for the difference between the two sets of results set out above. In summary, the last LBN approved business plan ('BP 20/21') made assumptions regarding acquisitions and DMS income which over the past 18 months have been revised, in consultation with LBN, and no longer feature in this plan. Coupling this strategic change in direction with the increase in inflation and interest rates and with a reprofiled development

Medium Term KPI's		2021 Approved BP	2023/24 BP	Difference
1	Working Capital Paid Down	2036/37	2048/49	12 years later
2	First Dividend Paid	2037/38	2049/50	12 years later
3	Dividend Yrs. 1-20	£66m	£0	£66m

programme has led to the changes in financial forecast set out above.

We consider it is important to note:

1. This is a high-level plan and permissive document as agreed with the Shareholder, it is subject to change year-on-year.
2. This plan is different to last time because it models known sites only and excludes acquisitions – therefore 2,500 fewer homes are modelled.
3. The change in dividend timescales illustrates the need for LBN to support and accelerate Populo's growth to get to scale more quickly, since this will allow dividend to be returned to LBN.
4. Populo operate a gateway process to approve viability of each investment with LBN involvement at each stage.
5. The plan is updated annually with the next plan due for submission to LBN in November 2023.

Difference in the Development pipeline

BP 2021 assumed a larger number of schemes in the pipeline. The total number of homes in this plan is 2,500 fewer than was modelled in BP 2021 and therefore, BP 2021 had significantly better revenue compared to the current plan. This led to better surplus cash to cover the required operating expenditure and therefore was able to pay off the Working Capital loan faster.

The changes made to the 2023/24 plan are considered reasonable in the context of the known pipeline and economic environment however that does not mean Populo is any less ambitious and we could deliver more homes and therefore outperform dividend forecasts if opportunity arises.

Changes in Inflation and Interest rates

The updated plan includes an increased inflation rate of 10% and 5% in year 1 and 2 (as opposed to 3% in the BP 2021).

Interest rates are also increased in line with those proposed by the Shareholder. The higher interest rates used for schemes still in the pre-construction phase in the current plan, is another factor for the delay of Working Capital paid-off time.

The higher interest rates mean higher interest rolled up during the development phase and therefore higher total interest payments Populo Living must make (quarterly) during the investment phase which lowers the surplus cash to cover the operating expenditure, hence delaying the payments of Working Capital.

DMS Income

DMS is omitted from the plan as it is not considered significant. The extension to our JRP and Carpenters DMS agreement are still to be finalised by LBN and provide minimal income to Populo. In the approved BP 2021, the DMS Income (not cost recovery) was allocated for Carpenters and Airspace, however we now propose Carpenters phases are direct development rather than DMS and there are now only 2 remaining active Airspace schemes rather than a bigger pipeline of 10 sites as assumed by BP 2021. DMS activity is therefore significantly reduced.

Dividend Payments

Dividend payments are only made when the Working Capital loan is paid off. Due to the above reasons, which affect the time required to pay off the working capital loan, the time at which dividends can be paid is also pushed back.



9

Conclusions

Image: Thoughtful and well designed interior spaces at Fireman's Reach, East Ham, E6.

9. Conclusions

Our Business Plan was most recently approved by our shareholder, Newham Council, in September 2021. Since that date we have made significant progress towards our Strategic Objectives and have delivered against our triple dividend for the Council:

- **Social dividend** – delivering new homes and more affordable homes for Newham.
- **Economic dividend** – investing directly in new homes and providing Newham Council with a long-term financial return.
- **Environmental dividend** – building high-quality, low-carbon neighbourhoods for this generation and the next.

This plan is set against a background of economic uncertainty with high inflation, a cost-of-living crisis and the UK economy in recession. Notwithstanding these challenges, with the continued support of our shareholder, we intend to deliver high quality homes, exceptional customer service, alongside growing and investing in our talented staff.

This plan represents a realistic and measured picture of the Populo Living Group both in terms of present day and medium term forecast financial position. It will be used as the basis for regular financial reporting both to our Board and to the Council and it will be updated in 12 months' time.



Above: Mayor Rokhsana Fiaz, and Deborah Heenan (CEO, Populo Living) visit Grange Road, Plaistow, E13.

Appendix

Appendix 1 – Base assumptions

Rental Increase	23/24	24/25	25/26	26/27	27/28	28/29	29/30
AFF (CPI+1% or Capped)	7%	5%	3%	3%	3%	3%	3%
SO (RPI + 0.5% OR Capped)	7%	5.5%	3.5%	3.5%	3.5%	3.5%	3.5%
PRS (RPI + 2.0% or Capped)	7%	6%	4%	4%	4%	4%	4%
CPI	10%	5%	3%	3%	3%	3%	3%
RPI	9%	4%	2%	2%	2%	2%	2%

Appendix 2 – Detailed current Development Pipeline

Package / Group	Site / Project	SOS - FY	PC - FY	Duration (months)
Plaistow	Plaistow Hub	Pre 21/22	23/24	39
Didsbury	Town Hall Annexe	21/22	23/24	23
-	Brickyard	21/22	23/24	29
-	Piers Road	24/25	27/28	36
-	Cyprus	23/24	26/27	30
-	The Rex	24/25	27/28	36
Carpenters	Carpenters Phase 2a Lund Point	24/25	26/27	24
Carpenters	Carpenters Phase 2b Lund NB	24/25	26/27	21
Carpenters	Carpenters Phase 2c Railway South	24/25	27/28	30
Carpenters	Carpenters Phase 3a Railway North	26/27	28/29	30
Carpenters	Carpenters Phase 3b Tower	26/27	29/30	33
Carpenters	Carpenters Phase 3c Dennison	26/27	28/29	27



“

I would recommend Populo to those moving houses or moving to Newham. They're dedicated, they provide you with all the information you need to make the whole process really easy.

”

UCHENNA ENEKE,
RESIDENT AND MOTHER OF TWO AT
BAXTER ROAD, CANNING TOWN

Further information

For more information on any aspects of the Populo Living Business Plan please contact victor.chamberlain@populoliving.co.uk



[populoliving](#)



[populoliving](#)



[populo-living](#)



[populoliving.co.uk](#)



[populoliving](#)

Below: The Brickyard, East Ham, E6.



Images & Copyright

All images are copyright of Populo Living and or London Borough of Newham. Please do not use images without express permission.

© Copyright 2023 Populo Living.

All rights reserved.



populoliving.co.uk