

Cover: The Brickyard in East Ham, with 28 Build to Rent and 70 affordable homes. This page: the lobby in Plaistow Hub's London Road building. Opposite: Plaistow Underground, looking at Plaistow Hub's Valetta Grove building.



Further information

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



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Chair's statement

In 2024 Newham was ranked third in the list of councils delivering affordable homes by the publication *Inside Housing*. As Newham Council's housing company, we are proud of the contribution we have made to support our shareholder and the people of Newham.

We are a small housing company that punches above our weight in terms of delivery and pipeline, and have a growing reputation. We currently own and manage 544 private rental homes and 251 affordable homes, the latter via our regulated subsidiary, Populo Homes. Our homes are secure, warm, energy efficient and designed with placemaking principles embedded to create homes that are a pleasure to live in. Our developments range in size from small in-fill to large scale sites, including the reimagining of the Carpenters Estate in Stratford, one of the most exciting regeneration projects in the UK.

We pride ourselves on our ability to innovate with new housing options for Newham, such as our loft extension initiative to address over-crowding with improved energy efficiency, and we have completed Newham's first Social Rent Later Living development. Such projects are vital if we are to meet current net-zero targets as a country.

Although our traditional cross-subsidy direct delivery model has been impacted by current interest rates, by pivoting to development management services, we continue to provide the Council with viable strategies for delivering social rent homes and retaining control of their land for future generations. Our track record of delivery on behalf of the Council speaks for itself. We remain committed to achieving at least 50% affordable homes on future developments. The current economic environment makes this

challenging however we are still outperforming the proportion of social rent homes delivered by other developers locally. Nationally, Local Authorities are facing significant financial pressures, including Newham, and Populo continues to look at ways to help the Council to finance its development aspirations, and successfully secured £4.1m in land remediation grants last year.

The last 18 months saw a raft of new regulations around housing and tenant management, and Populo has implemented new strategies and processes to meet these. They include the Building Safety Regulator, Awaab's law and the commencement of the new Regulator of Social Housing Consumer Standards – all of which require resourcing to ensure compliance. One of Populo's strongest assets is its staff, and while the journey has not always been simple, our teams have risen to the challenge of ensuring our tenants are safe, which remains our number one priority.

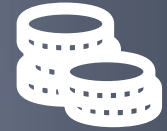
Looking ahead, we see a positive future, where we can consolidate our rapid growth and continue to deliver for our shareholder to provide the new homes, and especially the affordable homes, that transform people's lives.

Tony Travers
Chair, Populo Living

Headlines - 12 months to March 2025



**75 new
homes built**



**£4.7m interest
paid to LBN**



**Secured planning
for first Great
Green Loft**



**3,115 homes
in planning
pipeline**



**£13.5m p.a. Gross
Rental Income**



**Operating
Margin 41%**



**£35,500 Average
household income
(PRS)**



**Loan to Asset
Value Ratio of
0.82**



**60 permanent
employees**

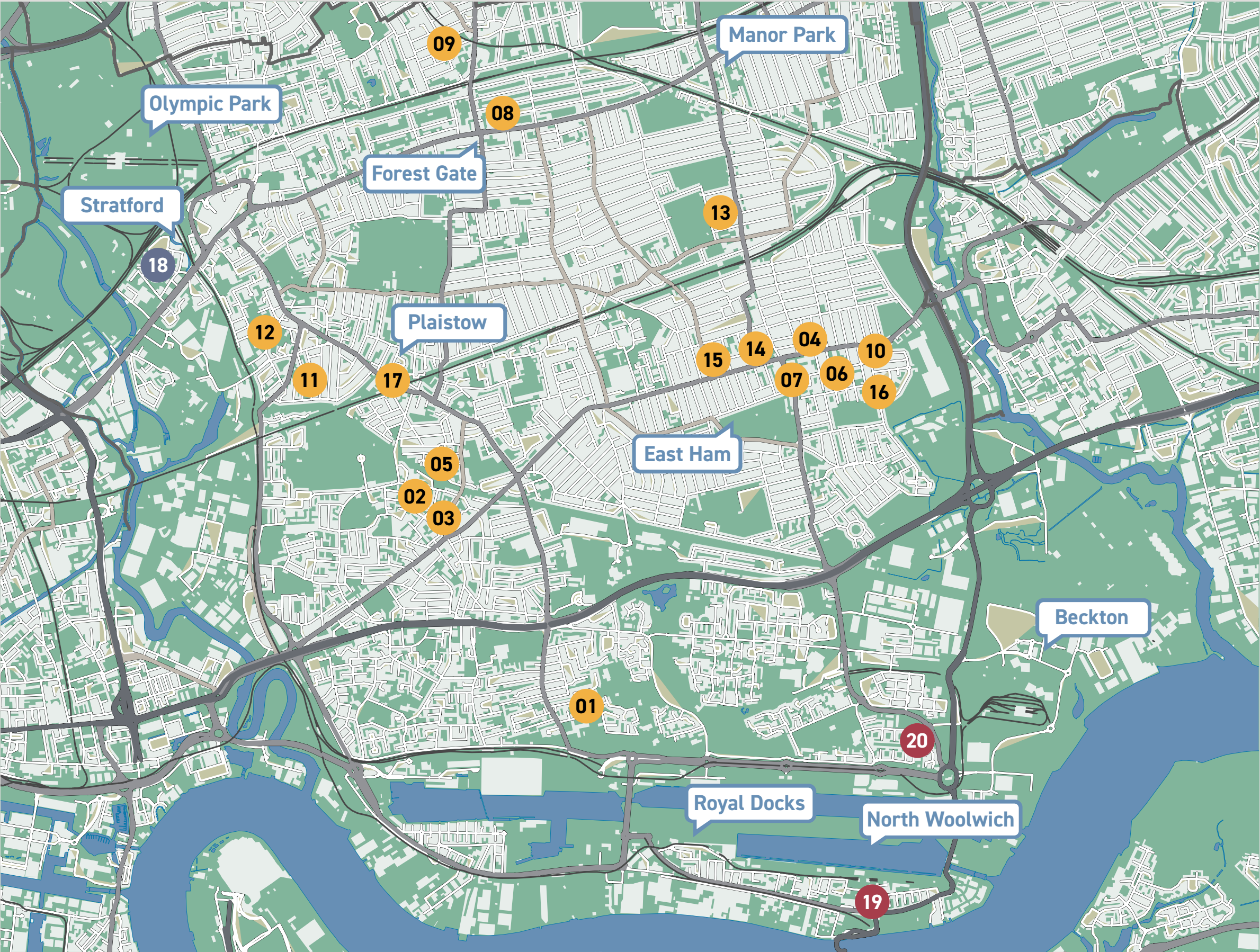


**£3.6m Social
Value benefit
realised**

The Grange, with 77 London
Affordable Rent homes split
over two buildings.

Our Developments

Baxter Road (15 Homes)	1
Chargeable Lane (12 Homes)	2
Doherty Road (9 Homes)	3
Firemans' Reach (8 Homes)	4
The Grange (77 Homes)	5
Nelson Street (6 Homes)	6
Old Fire Station (15 Homes)	7
Romford Road (7 Homes)	8
Stracey Road (9 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
Noele Gordon House (75 Homes)	15
Plaistow Hub (182 Homes)	17
Town Hall Annexe Hub (37 Homes)	16
Carpenters Estate (2,271 Homes)	18
Pier Road (360 Homes)	19
Cyprus (215 Homes)	20



1. Introduction & Purpose of this Business Plan

Populo Living Group ('Populo') celebrated its 10th anniversary in 2024, and in this time the company has experienced substantial political, economic and environment change. While navigating complex risks, we have continued to grow in scale, building hundreds of high-quality new homes and securing planning for thousands more.

Annually we are required to produce and submit a Business Plan for the approval of our sole shareholder, the London Borough of Newham ("the Council"). This document represents our 2025/26 Plan however it should be viewed as more than that, as it is our Strategic Plan for the next decade.

Populo continues to provide the Council with a 'triple dividend':

- **Social** – a platform to deliver homes and more genuinely affordable homes than the market delivers. These homes are retained by the Council for the benefit of future generations.
- **Economic** – investing directly in new homes and gaining a long-term financial return plus the long-term control of the asset.
- **Environmental** – we are building high-quality, low-carbon neighbourhoods for this generation and the next.

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

1. To operate as Landlord and Asset Manager for our market rent and affordable homes, ensuring all the affordable homes are managed and maintained in full compliance with the requirements of the Regulator for Social Housing; and that all our properties continue to meet the highest health and safety standards
2. To provide a Development Management Service for the Council, or any other organisation looking to bring forward development projects.
3. To prepare Business Plans for any given site and agree the funding required with the Council, prior to progressing delivery through the Town Planning and Construction stages, using a mix of existing working capital, development and investment loan funding provided by the Council on commercial terms. The completed assets to be owned and managed by Populo on completion.
4. To acquire completed homes on the open market where appropriate, subject to viability and shareholder approval.

Below: The Eves, a street of shared ownership terraced houses with solar panels.



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, safety and customer service and stay for the long term. In delivering this, we will provide a stable financial return to Newham Council.

Vision Statement

– our ambition for the future

Our Vision is that by 2035 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 and align with Building a Fairer Newham, the Council's Corporate Plan, which focuses on 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.

Value Statement

– Populo's Principles and Ethics

We build better: We believe everyone deserves a home with the best possible design, build and management standards, while ensuring value for money.

We build thoughtfully: We are curious about people and places and innovate to deliver quality homes responsibly and sustainably. We are passionate that what we do matters.

We build communities: We put people first, with Newham at the heart of everything we do, from investing in existing communities to creating new ones. We engage with and value our residents as our success depends on embracing their diversity.

Our Strategic Objectives

We have five Strategic Objectives, these are:

1. Deliver at least an additional 2,000 new homes directly and for LBN by 2035 – of which 50% will be genuinely affordable.
2. Deliver a financial return to the London Borough of Newham, whilst building and retaining long term asset value for future generations.
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.

Left: Mayor Rokhsana Fiaz visit residents at their new Populo Living home.



3. Reviewing delivery against our Strategic Objectives

The last 12-months have been challenging due to UK economic conditions and changing key staff members, but despite this we continue to make progress and deliver against our strategic objectives as set out below.

Delivering New Homes

We have completed 75 new homes this year at the Hartley site (renamed Noele Gordon House), designed in accordance with Housing our Ageing Population Panel for Innovation (HAPPI) principles, which set out the principles of creating attractive, adaptable and sustainable housing options for older people. These homes were delivered on behalf of the Council under a Development Management Agreement. The homes are all for Social Rent and to be let to residents over the age of 55. Noele Gordon House was designed specifically as a Later Living scheme to pilot a strategy focused on downsizers to free up under occupied social rent homes in the borough. The Council is managing the allocations of the homes, which will free up family homes and, in turn, create a vacancy of lettings chain that will deliver housing options far beyond Noele Gordon House for those on the housing waiting list.

Due to the economic environment effects on viability, we have not been able to commence any new construction projects, however we have continued to progress projects towards start on site. Across our major regeneration opportunities we have made progress, and, acting as Development Managers for the Council, our projects at Pier Road and Cyprus are both in pre-construction stages moving through the Building Safety Act Gateway 2 process with a forecast start dates towards the end of 2025. The Bridge Road Quarter Development Agreement is close to completion. This will see this project finally moving forward towards Planning submission. These three sites combined will deliver 744 homes, including 259 new social rent homes. Proposed masterplans for North Woolwich and Beckton have

made progress as we work with local stakeholders to unlock the opportunities.

The Carpenters Masterplan is also moving forward with Phase 1, the refurbishment of James Riley Point, due to commence this year and Reserved Matters Planning Applications for the Lund Quarter and the School site to be submitted towards the end of 2025. The first four phases combined deliver circa 1,200 homes including circa 450 new social rent homes along with a new Primary School and Sports & Leisure Centre.

A Meanwhile Use programme across the estate is now part way through delivery, which again has been curated to deliver on our Community Wealth Building ambitions. To date, a co-designed resident mural and art trail, outdoor gym, playgrounds and murals by local street artists have been delivered, with future projects including a train carriage cafe and the redesign and refurbishment of the estate's old tenant management office to deliver new office and incubator spaces for local businesses. A gym, by Steel Warriors, uses steel from knives taken off the streets to build calisthenics equipment and the playgrounds sustainably re-use timber panels that would otherwise have gone to waste. The train carriage cafe is being reused to enable Dialogue Hub, a Newham-based organisation dedicated to

Below: the converted Old Fire Station and neighbouring Fireman's Reach scheme.



the social inclusion of deaf and hard of hearing communities, to provide training opportunities for baristas in a working cafe.

In addition, we are also progressing the Carpenters school redevelopment. The existing school is dated and in need of modernisation and expansion to meet future growth forecasts. Proposals include for a new school and circa 100 new market rent homes which provide the cross-subsidy. A planning application is expected to be submitted towards the end of 2025.

Furthermore, we secured Planning Permission for an innovative pilot project to test whether going beyond permitted development rights for loft conversions can offer retrofit opportunities for Victorian and Edwardian terraced homes. Known as 'Great Green Lofts' this pilot project has gained significant interest from Central Government and the commercial sector as a potential funding model to approach the decarbonisation of our aged housing stock. This example of innovating to solve the housing crisis is also reflected in the Airspace Housing Programme, which secured permission early in 2024 for new homes to be built through the addition of new storeys to existing council-owned blocks.

Delivering a Financial Return

Populo's is an investment company that returns all surplus to the Council for investment in core services. For every £1 invested in Populo by the Council we expect to return £3 over the 50-year lifetime of the investment. Furthermore, the land remains in Council ownership and for the benefit of future generations of Newham residents.

Delivering for our Residents

Over the past 12 months we have housed 28 new households into our London Affordable Rent properties at the Brickyard, taking people off the



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

local authority housing register and helping to reduce overcrowded households. We have also housed 182 new households in our new private rented homes following the handover of London Road, Brickyard and Town Hall Annex.

We have been working hard to improve communication with our residents on key areas. This included an upgraded phone system to set up more options for calls to be directed to the most appropriate departments. We have also introduced an online portal for our residents, Rent Cafe. This allows residents to check their rent statements, set up direct debits and raise repairs.

We have more members of staff based at our schemes to give our more vulnerable residents another option for making contact. This year we have visited every resident in our Populo Homes properties, the feedback has been valuable, which is why we will be introducing a new annual home visit programme for all our homes across all schemes. We are also working on a new resident engagement



Above: London Road with 100 Build to Rent homes, part of Plaistow Hub.

strategy to give our residents the opportunity to influence change and continue to improve and shape our service as we grow. We have also upgraded our CCTV and security systems to ensure our residents security and safety.

Delivering Community Wealth Building

Our Community Wealth Building ('CWB') covers a wide range of community targeted initiatives to assist skills development and build pride in homes and communities. We actively listen to the views of our residents via in-person and virtual methods, and constantly review and look to improve our services to them.

We deliver social value through principally delivering high quality and genuinely affordable

homes for Newham residents. Our homes are energy efficient, spacious and provide the safe environment that everyone deserves. We work with a large range of local partners to place-shape and develop thriving communities that work for people, whilst ensuring that local people can access work and training opportunities, through our commitment to Local Labour in the procurement of all new homes and services.

To support our commitment to CWB the company now uses the TOMs Framework to calculate Social Value across our activities, for example procurement that prioritises local labour and businesses or training and education opportunities. This has secured a social value benefit which Populo will work to increase in future, with goals set in our CWB Roadmap for objectives around economy, prosperity and planet.

Delivering for our People

Populo's headcount has grown significantly in the last 12 months bringing in expertise from different areas to enable us to deliver and achieve our goals as an organisation. We have focused on growing our Customer Services team and support functions to improve the customer experience and support the business, both to meet the growth in volume of tenants as large schemes came online in the last 12 months, and to meet the more robust regulatory environment, e.g. additional regulations for tall buildings with auditable processes.

We have now strengthened our Human Resource ('HR') team with a permanent HR Manager and Co-ordinator to ensure that our HR processes remain compliant and to work with the Executive team to build workplace culture that aligns with our business plan. We believe that by fostering the right culture we will create a work environment that will not only benefit staff but also our residents and partners.

4. Strategic Challenges and our Response

Our 2024/25 Business Plan set out a shift in strategic direction for Populo. This was driven in part, by the rapid increase in interest rates, to a model that was split between Operational Assets (Populo Living and Populo Homes) and Development Management (Populo Design & Build). Over the past 12-months this is how we have viewed and reported on the business.

Viewing the Group as its three component parts has allowed us to interrogate where our opportunities and risks are and where growth is possible in a higher interest rate environment. Populo was incorporated at a time of ultra-low interest rates, but economic conditions have changed significantly over the past two years. Interest rates are forecast to remain around the current level for the foreseeable future therefore we must adapt our model accordingly.

Simultaneously, over the past 12-months the Council has experienced extreme financial pressures, which given the dependency of Populo on Council resources in the short to medium term, inevitably prompted a review of strategic direction for Populo.

Below: The Brickyard in East Ham, wrapped around the heritage pub on the high street.



These financial pressures are not expected to ease over the next 3 years and therefore previous Business Plan assumptions around relatively unlimited levels of Council investment into Populo (our 2024/25 plan assumed £1.3Bn) must also change to reflect the financial realities of 2025.

Taking the above into consideration, our Strategic Plan aspires to the following

1. Populo Living becoming a platform and partnership vehicle for third party investment in housing delivery in Newham.
2. Populo D&B playing to its strengths as an expert in the development of new homes and places.
3. Considering how Populo Homes can deliver additionality in the affordable housing supply for Newham.

In addition to the financial challenges, the regulatory environment surrounding our developments and our tenants has changed significantly, which has a direct impact on costs. Every landlord, Registered Provider and housing developer in the country has had to navigate this changed landscape, revising costings, timelines and processes to ensure the buildings are compliant both now and going forwards.



Above: The lounge at Noele Gordon House, 75 affordable later living homes delivered for Newham.

In terms of development, Sustainability including carbon reduction and Biodiversity Net Gain along with the Building Safety Act all impact costs and timeframes, which in turn impacts the viability of projects. This is in addition to the impact of previous revisions to Part O and L of the Building Regulations (which came into effect June 2022). This then impacts the proportion of affordable homes Populo can deliver. For example, the Building Safety Act Gateway 2 approval (for buildings over 18m height) is adding additional time to project programmes before works can start on site, increasing interest and inflation costs.

Tenant management, and especially affordable homes, has also been influenced by new regulatory regimes and requirements, designed to enhance safeguards for tenants and the safety aspects of homes. These were heralded by the Building Safety Act 2022, and include Awaab's Law, part of the Social Housing (Regulation) Act 2023. 2024 also witnessed the introduction of the Social Housing Regulator's new Consumer Standards seeking to enhance tenant well-being and experiences in affordable housing.

While this range of changes is now packaged in with the 'cost of doing business' they have required new systems and learning from staff to ensure that best practice is embedded across Populo's activities. Identifying best practice is an ongoing

process, of reviewing and assessing our systems and processes, and looking to the wider industry – both development and management – to see what is being done by other organisations in an ongoing benchmarking exercise.

Delivering value for money is a key consideration therefore we set out:

- To continue to benchmark all our activities and regularly review our Design Guide and Product Specifications against current standards.
- To continue to invest in our regeneration and development expertise, unlocking that experience for other schemes – drawing on whole area, people-focused approaches to potential schemes, such as North Woolwich;
- To ensure we are capturing processes and systems to unlock growth more efficiently;
- To build relationships with others in the professional sector, both horizontally with organisations operating in development and management, and vertically with local and national government; and
- To procure all subcontractors in line with Procurement Regulations and Populo's Procurement Policy and Procedures.



Valetta Grove, with 82 Build to Rent homes, part of Plaistow Hub.

5. Populo Living – a Platform for Inward Investment

The Council has invested c£250m (debt and equity) in Populo Living, secured against 544 market rent homes and 3,650sqm of commercial assets. We are currently managing these homes and will be returning c£9m back to the Council each year over the next 10 years, excluding Working Capital interest, making a positive financial contribution of c£2.5m per year above the interest that LBN pays on these debts) The Council has invested significant resources into setting up this platform on the basis that it plans to continue to invest over the long term.

The Council may not be able to directly fund 100% of the growth of Populo Living in the manner previously assumed however we understand it retains a strong desire to invest what it is able to bring forward new homes across the borough in the face of continued market failure to deliver the new homes Newham needs.

Populo Living presents the Council with the ability to control the delivery of new developments without necessarily needing to directly fund the full development cost. Over the course of the next 12 months, and working closely with the Council, we intend to explore the funding and property structures that would allow the delivery

of the Council's ambitious pipeline of new housing delivery projects which could deliver 8,000 new homes over the next 20 years.

Additionally, there is an opportunity for Populo Living to manage properties within new-build schemes. These developments, comprising both affordable and private rented (PRS) homes, feature characteristics and communal amenities distinct from the Council's older stock. Managing such schemes holistically - covering all tenures - offers operational efficiencies and enhanced consistency.

This approach should be explored further in partnership with LBN, ensuring that management strategies align with the evolving needs of both new and existing housing portfolios.

This Business Plan therefore assumes that Populo Living will see an increase in revenue from Asset Management activity but no increase in homes in direct ownership. We assume that developments at Pier Road, Cyprus and Bridge Road Quarter will be owned on completion by the Council with Populo managing them under an operating lease arrangement, accepting that this remains subject to LBN cabinet approvals.

6. Populo Design & Build – Commissioning Great Homes

Populo has successfully delivered Development Management Services (DMS) to the Council since 2020. These services span pre-planning, pre-construction and post-construction stages of development and have delivered notable successes including the Carpenters Estate Masterplan. Through DMS the Council can access our expert team of Development, Design and Construction Managers. This approach also allows Populo to better manage our working capital balance in an uncertain interest rate environment.

Pipeline, Pipeline, Pipeline

The Council recognise the 'Master Developer' role they must play to unlock and de-risk regeneration and new homes delivery across the Borough. We have worked with the Council to identify a potential pipeline of up to 8,000 homes that could be delivered over the next 20 years, subject to Planning Permission. These sites range in size from small infill plots to large-scale regeneration projects.

We understand that the Council, subject to Cabinet approval, intend to commission Populo to progress and devise delivery strategies for all pipeline sites. Therefore, this plan assumes DMS revenue from the sites shown below.

Left: The two buildings in Grange Road feature contrasting brick facades.

Site / Project	Estimated Nr Homes	Stage	
Pier Road	350 homes	Pre-construction (Cabinet Approved December 2024)	
Cyprus	215 homes	Pre-construction (Cabinet Approved December 2024)	
Bridge Road Quarter (formerly the Rex)	179 homes	Pre-planning (Cabinet Approved July 2024)	
North Woolwich Area Regeneration	1,000 homes	Pre-planning	
Beckton Masterplan	1,500 homes	Pre-planning	
Carpenters Masterplan	2,500 homes	Phase 1 – Pre-construction Phase 2-4 – Pre-planning (Cabinet Approved January 2025)	
Custom House	750 homes	Pre-planning	
Canning Town	1,370 homes	Pre-construction	
AHFN Programme (c. 9 sites)	661 homes	Under construction	
Total	8,525 homes		



7. Populo Homes – Additionality of Affordable Homes

Populo Homes is our subsidiary Registered Provider. It owns and manages a total of 251 homes, 235 homes let at London Affordable Rent and 16 Shared Ownership homes.

The rationale for maintaining a subsidiary Registered Provider has evolved significantly since its establishment in 2019. Economic factors including prevailing higher interest rates have reduced the value that Populo Homes can pay for affordable homes to significantly less than the Council's HRA. It is therefore not currently possible for Populo Homes to grow via development acquisitions using Council funding. These shifts, alongside broader inflationary cost pressures, have raised the question about the sustainability of Populo Homes. Over the next 6 months we propose to work with the Council to explore what additionality in affordable housing Populo Homes may be able to provide without Council direct funding. This may be possible by alternative sources of funding or by delivering a different tenure of homes.

This Business Plan therefore assumes no overall growth in Populo Homes.

Regulation and compliance

As explained above, the regulatory and compliance environment surrounding tenants in social homes has dramatically changed in the last year. The health and safety of our tenants is paramount to our service delivery, and we continue to refine processes and systems to ensure we are offering the best service.

Populo is fortunate that its affordable homes are all in recently completed buildings, which meet the regulatory environment in place on completion, and are of high design and build quality. We have put new systems and processes in place to meet the robust series of checks for affordable tenancies and the additional levels of engagement to ensure we do not fall short of our high expectations moving forward. These are documented and, in turn, are monitored and scrutinised by our Executive and our Boards, supported by our internal audit programme. We will continuously monitor the performance of our compliance contractors and review our contracts to ensure robust compliance.

Above: The 77 affordable homes at the Grange include a mix of 1-, 2- and 3-bedroom homes.

8. Ensuring we have a Successful Future

Maintaining Robust Governance

Our governance structure provides an effective oversight of group activity whilst managing risk and giving our Shareholder a high degree of input into our planning investment decisions. Our Executive team works closely with council officers through formal and informal structures. On a monthly basis they attend a shareholder meeting chaired by the Council's Corporate Director of Resources which tracks overall company performance. Alongside this monthly operations performance meetings are held with officers. There is additional oversight by the Mayor and Councillors who meet monthly to monitor performance of the council's housing delivery programme.

We provide regular reporting of delivery and performance with our shareholder. Monthly operations meetings are held with respect to development, legal, and finance to ensure schemes are progressed diligently and resourced sufficiently.

We operate an Internal Audit function that reports Bi-annually to our Audit and Risk Committee. As a learning organisation which is always seeking to improve how we operate we have also commissioned a review of overall company governance and reporting including compliance with Health and Safety and Consumer Standards, to ensure this is aligned to best in sector processes. This report is due late Spring 2025, the findings will be reviewed and incorporated as appropriate.

Our Approach to Risk Management

We appreciate the risks inherent in the construction and management of residential property. We identify and assess risks at strategic and project level and plan mitigation accordingly. Monthly risk reporting is currently operating across our teams including the Executive who track progress on control measures and mitigation put in place.

Our top five risks, those that 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), are set out below.

1. LBN Financial position

The Council's financial position is well publicised and clearly our major risk, given our reliance on them for working capital and development funding. Newham is not alone in facing extreme financial pressures, with numerous Local Authorities across the country struggling to meet the demands of Temporary Accommodation and Social Care costs. Our response to this risk is, as set out in this Plan, to move towards Development Management Services and to seek to position Populo as a platform for inward investment in Newham such that the Council can progress developments but not necessarily as sole funder.

2. Regulation and compliance

Robust management of regulation and compliance is paramount to protect staff, residents, contractors, stakeholders and the public. As we have grown as a company we have added to our overall regime of compliance, whilst also responding to the changing external landscape as set out above. Our mitigation 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.

3. Impact of interest rates on future delivery and our Working Capital balance

Populo is heavily financially geared and although our loans on existing developments and assets are



fixed at low rates, rising interest rates have had a significant impact on our working capital budget and our future development scheme viability. To mitigate the impact of current interest rates the Council has switched to a commissioning model whereby they fund and retain private rented assets in the General Fund but lease the entire asset through an Operating Lease arrangement, to Populo to operate and manage. This allows schemes to progress forward as the Council has different funding viability hurdles to its direct schemes in comparison to those required of Populo. In relation to our Working Capital, we secured Council agreement to a £30m debt for equity swap in August 2024. This agreement is planned to see £30m of working capital transferred to equity in the business. This change reduces the impact of rolled up interest on existing debt and supports the long-term financial sustainability of Populo.

4. UK economic conditions and the Cost of Living

We operate a cross-subsidy model that uses rental income to pay down the debt used to develop our new homes. The debt is fixed on day one and therefore provided we operate efficiently including keeping voids and rent arrears low and operational costs within budget then we should deliver in line with business plan expectations. The increasing cost of living continues to affect individual

Above: Carefully designed interior spaces create quality living space at Fireman's Reach, East Ham

households, and we have seen arrears grow as a consequence. We have mitigated the impact of this by strengthening our income teams and have experienced officers who are well versed in the support options for people who face difficulties paying their rents and can assist them and signpost them to the appropriate agencies. Tenant portals across our homes offer real time access to rent accounts and balances, and all new tenancies pay by direct debit.

5. Failure to communicate the Shareholder benefits of Populo lead to loss of support

Populo exists to deliver shareholder returns. However, unlike most commercial companies these returns extend beyond financial profit and are shaped by the wider corporate priorities of the London Borough of Newham. This is understood by the Board and Executive however it does not change the market facing nature of Populo nor the legal structures that govern its existence. It may be the case that economic, regulatory or political changes prevent the company from delivering fully in line with its shareholder objectives. In the event of such circumstances, we must ensure to communicate the wider benefits of Populo.

9. Financial Plan

Financial Forecast

This financial plan supports the Business Plan objectives and demonstrates the financial return to the Council and funding support required over the short to medium term (10 years).

Assumptions

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

1. Loan and Financing Strategy

- Transfer of £30m from debt to equity: as a revised assumption this is assumed to take place in three £10m tranches in March 2025, September 2025 and September 2026.
- Loan consolidation timing and estimated savings: Populo will work with LBN during 2025/26 to consolidate the numerous loans secured against individual schemes, into one loan for each Company in the Group. This is intended to reduce the administrative burden of managing so many loans and will also provide greater clarity around reporting and covenant compliance.

2. Operating Expenses:

- The 2024/25 Budget has been used as a realistic starting point, with efficiencies included from 2025/26 onwards
- Major Repairs/Lifecycle costs: £1k per unit per year assumed from 2028/29
- Void losses: as per our assumptions - 3% in PL and 1% in PH throughout the plan
- Arrears: The plan does not assume any further increase in arrears, future years assume 97% of rent to be collected with bad debts assumed at 3%.

3. Efficiencies:

- £330k of letting costs removed from 2025/26, as all our properties will be let, and we should have a stable customer services team for re-lets
- £250k p.a. in staff costs compared to budget



Above: Rental income is a core component for building management, and ensuring homes are well maintained is key to tenant satisfaction

which can be achieved through natural churn and vacancies

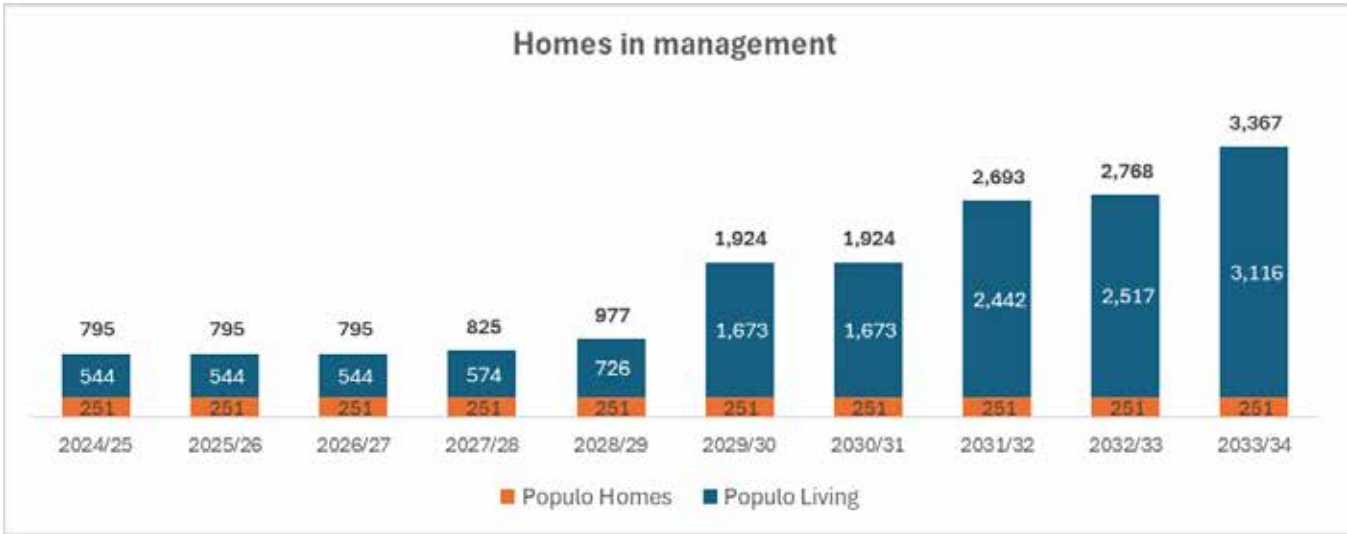
- £250k further operating cost efficiencies following a review of existing contracts and processes.

4. DMS/Development:

- DMS delivers Cyprus, Pier Rd, Bridge Rd, Carpenters, North Woolwich, Beckton and Airspace, delivering a 15% margin on EBITDA
- DMS pipeline remains in the ownership of LBN resulting in Zero growth in Populo stock (i.e. steady state with existing 795 homes plus commercial)
- Populo will manage (but not purchase) the DMS delivered PRS properties after completion, through an Operating Lease arrangement with the Council generating a management income of £2,600 per unit per year.

The chart and table below forecast the growth of homes in management over the next 10yr.

Homes in Management	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Populo Living	544	544	544	574	726	1,673	1,673	2,442	2,517	3,116
Populo Homes	251	251	251	251	251	251	251	251	251	251
Total	795	795	795	825	977	1,924	1,924	2,693	2,768	3,367



The table below forecasts the assumed DMS pipeline of sites.

Site/Project	PRS Units	Affordable Units	Total Units	% Affordable	Acquisition Start / SOS	Acquisition End / PC / Management Handover
Carpenters:						
Carpenters Phase 1, 2 & 3	620	445	1,065	42%	Apr-25	Mar-32
Carpenters Phase 4 - 8	490	722	1,212	60%	Apr-32	Dec-38
Carpenters School	113	-	113	0%	Jun-28	Mar-30
Carpenters Total	1,223	1,167	2,390	49%		
Non-Carpenters:						
Pier Rd	223	127	350	36%	Jan-26	Jul-29
Cyprus	148	67	215	31%	Dec-25	Feb-29
Rex	114	65	179	36%	Dec-26	Jun-29
Small Sites	30	70	100	70%	Jun-26	Dec-27
Fernhill St.	140	60	200	30%	Jun-29	Dec-31
KGV Town Centre	250	170	420	40%	Jun-30	Jun-34
PRU	110	65	175	37%	Jun-31	Dec-33
Beckton Phase 1 - 5	920	590	1,510	39%	Jun-30	Jun-39
Custom House Phase 1 - 5	375	375	750	50%	Jul-26	Mar-36
Canning Town Phase 1 - 6	685	685	1,370	50%	Dec-26	Jun-36
AHFN 1	-	469	469	100%	Apr-25	Apr-27
Non-Carpenters total	2,995	2,743	5,738	48%		
TOTAL NEW PROPERTIES	4,218	3,910	8,128	48%		

Working capital

Populo Living is supported by a working capital facility of £40m. The table below shows the breakdown of the balance at January 2025 of £32.575m.

Working Capital (Jan 2025)	Total Balance (£'000)
Project in Pre- Construction	-
Triangle	3,609
Populo Overheads	20,079
Working Capital Interest on Overheads	8,887
Total	32,575

We are currently incurring circa 8% interest on prior year interest charges from previous years. We have assumed that this will reduce to 7.7% in 2025/26 and then 7.1% long-term, as instructed by LBN based on their interest rate forecasts.

During 2024 we agreed a strategy to resolve the working capital issue with the Council. In addition to maximising income from our rental homes, implementing efficiencies and increasing DMS incomes and management fees, we have assumed that £30m of the balance will be converted to equity by September 2026.

Financial forecasts

The tables below summarise the financial performance over the next 10 years for Populo Group, based on the previously stated assumptions as well as the assumptions included in Appendix 1.

The Income & Expenditure figures demonstrate that Populo Group will be profitable after interest payable by 2032/33.

Income & Expenditure

Populo Group (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Turnover	15.9	17.6	18.4	19.2	20.5	22.7	24.6	26.5	28.6	29.5
Operating Costs	(4.5)	(4.3)	(4.6)	(4.9)	(5.4)	(5.8)	(6.1)	(6.8)	(6.9)	(6.8)
Operating Profit	11.3	13.2	13.8	14.3	15.1	16.9	18.5	19.8	21.7	22.8
Operating Margin %	71%	75%	75%	75%	74%	75%	75%	75%	76%	77%
Overheads	(4.1)	(4.51)	(4.7)	(4.9)	(5.2)	(5.3)	(5.3)	(5.7)	(5.6)	(5.3)
EBITDA	7.3	8.7	9.0	9.4	9.8	11.7	13.1	14.0	16.1	17.5
EBITDA %	46%	50%	49%	49%	48%	51%	53%	53%	56%	59%
Grant amortisation	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Depreciation	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)	(1.1)
Profit before interest and tax	6.7	8.1	8.5	8.8	9.2	11.0	12.5	13.3	15.3	16.7
Interest payable	(14.4)	(12.8)	(12.1)	(11.8)	(12.0)	(12.0)	(12.1)	(12.0)	(11.9)	(11.7)
Net Profit/(Loss)	(7.8)	(4.6)	(3.7)	(3.0)	(2.7)	(1.0)	0.3	1.3	3.4	5.0

Group Cash Flow	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating Profit	6.7	8.1	8.5	8.8	9.2	11.0	12.5	13.3	15.3	16.7
Depreciation	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.1
Adjustment for grants taken to income	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Net cash flow from operating activities	7.3	8.7	9.0	9.4	9.8	11.7	13.1	14.0	16.1	17.5
Interest Paid	(10.4)	(10.4)	(9.7)	(9.5)	(9.6)	(9.7)	(12.1)	(12.0)	(12.0)	(11.8)
The Rex cost recovery from LBN	5.5	-	-	-	-	-	-	-	-	-
Capex (retentions 2024/25, Major Repairs from 2028/29)	(4.2)	-	-	-	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Cash flow before use of resources and funding	(1.8)	(1.7)	(0.7)	(0.1)	(0.3)	1.4	0.4	1.4	3.5	5.1
Loan Repayments/Drawdowns	(10.3)	(8.2)	(9.1)	0.4	0.7	(0.9)	0.1	(0.8)	(2.8)	(4.3)
Working Capital conversion to Equity	10.0	10.0	10.0	-	-	-	-	-	-	-
Financing cash flows	(0.3)	1.8	0.9	0.4	0.7	(0.9)	0.1	(0.8)	(2.8)	(4.3)
Cash, bank and short-term investments b/f	5.3	3.1	3.3	3.5	3.9	4.2	4.7	5.2	5.8	6.5
Increase/(decrease) in cash and short-term investments	(2.2)	0.2	0.2	0.3	0.4	0.4	0.5	0.6	0.7	0.8
Cash, bank and short-term investments c/f	3.1	3.3	3.5	3.9	4.2	4.7	5.2	5.8	6.5	7.3
Forecast Working Capital Balance	22.3	12.1	2.0	1.5	1.6	0.2	0.0	1.8	1.7	0.2

Cash Flow

The cash flow table above shows the conversion of debt to equity over the next 3 years, leading to a lower working capital balance, along with £107m of interest payments. These payments are funded mainly by rents, but also DMS fees and management fee income. With the reprofiling of the working capital debt to equity swap, we have assumed a working capital facility of £10m from 2026/27. Working Capital falls to zero by 2034/35.

Sensitivity Analysis

We have considered a range of scenarios relating to reductions in revenue and cost assumptions. These are set out in Appendix 3. The shift in strategy from direct development has served to mitigate Populo's exposure to inflation however, there is a risk linked to us achieving the anticipated net income from DMS and management fees. In this scenario it would result in the working capital loan repayments and dividend payments being reduced over the period of the plan. The risk around this may be mitigated by us reviewing our forecast pipeline of DMS development activity on an annual basis with the Council and adjusting forecasts accordingly.

