



# GREENSLEEVES HOMES TRUST

(operating as Greensleeves Care)

INVESTOR PRESENTATION  
November 2022

## PRESENTING TEAM



### **Chris Doherty (Chief Finance Officer)**

Chris joined GHT as Chief Financial Officer in September 2014. Previously Chris has operated at a senior level in a number of blue chip multinational and financial services organisations, including Rolls-Royce Power Ventures, Bank of America, Midland Bank and Kleinwort Benson.

Chris has responsibility for the Finance, Digital Transformation and IT, Property and Programme Management functions and leads on all acquisition and new care home development activity.



### **Jenny Ansell (Head of Finance)**

Jenny joined GHT in March 2022 as Head of Finance. Previously Jenny worked in senior financial management roles within the education sector. Jenny qualified as an ACA in 2015 after graduating from Jesus College, Cambridge in 2012.

Jenny oversees the Trust's day-to-day Finance function taking responsibility for management reporting, budgeting and forecasting and cash management.



# INTRODUCTION

## OVERVIEW

- Over 25 years as a successful care home charity
  - *27 homes with capacity for 1,245 residents*
- Strong geographic focus
  - *London, South and Eastern England and Midlands*
- Good CQC scores and high resident satisfaction levels
  - *88.5% rated Good or Outstanding*
- Experienced and stable management team
  - *Committed to investing in the business*
- Strong asset base and financial performance
  - *£94m portfolio at current valuation*



## STRATEGIC FRAMEWORK

Long term strategy is guided by three key goals:

- Quality First
  - *Embed continuous quality improvement across our homes and support functions to deliver ever improving person-centred care and safe working conditions.*
- Inspiring People
  - *Retain over 80% of our colleagues through an inclusive culture, inspiring learning and development programmes and promoting a gold standard employee experience.*
- Sustainable Development
  - *To create more and better homes where people love living and working, embedding a sustainable development to expand the charitable impact of Greensleeves Care in a viable, green and affordable manner.*



## HISTORY

- Originally part of the Women's Royal Voluntary Service, Greensleeves Homes Trust was set up as an independent charity in 1996
- Initially owned 18 residential care homes for older people
- Between 1996-2012 upgraded the estate and expanded into specialist dementia and nursing services and facilities
- November 2012 Board agreed a strategy designed to expand provision to 1,000 residents by March 2023
- Implementation of expansion policy commenced in 2013 following the appointment of a new Chief Executive
- £50m 4.25% 2026 Retail Charity Bond issued March 2017.
- £25m 5.00% 2030 Retail Charity Bond issued December 2020.
- 1,000 resident capacity target achieved within 6 years
- Sustainable development strategy subsequently reaffirmed by Board and growth continues
- Following a branding review in April 2016, Greensleeves Homes Trust now operates as Greensleeves Care (GC)



## CAPACITY AND GEOGRAPHIC FOCUS

Greensleeves Care now operates 27 care homes in the South and East of England with capacity to provide residential, dementia and nursing care to 1,245 residents.

- Care provision:
  - 23 residential and dementia care homes
  - 4 nursing homes
- Property portfolio consists of:
  - 22 freehold properties, and
  - 5 long leasehold properties
  - Freehold properties valued by Knight Frank in November 2020 at £97m. Updated valuation currently underway.
- Usual occupancy rate of approximately 92% although recovery continues from the impact of Covid-19. Currently stands at 89% and forecast to normalise by March 2023.



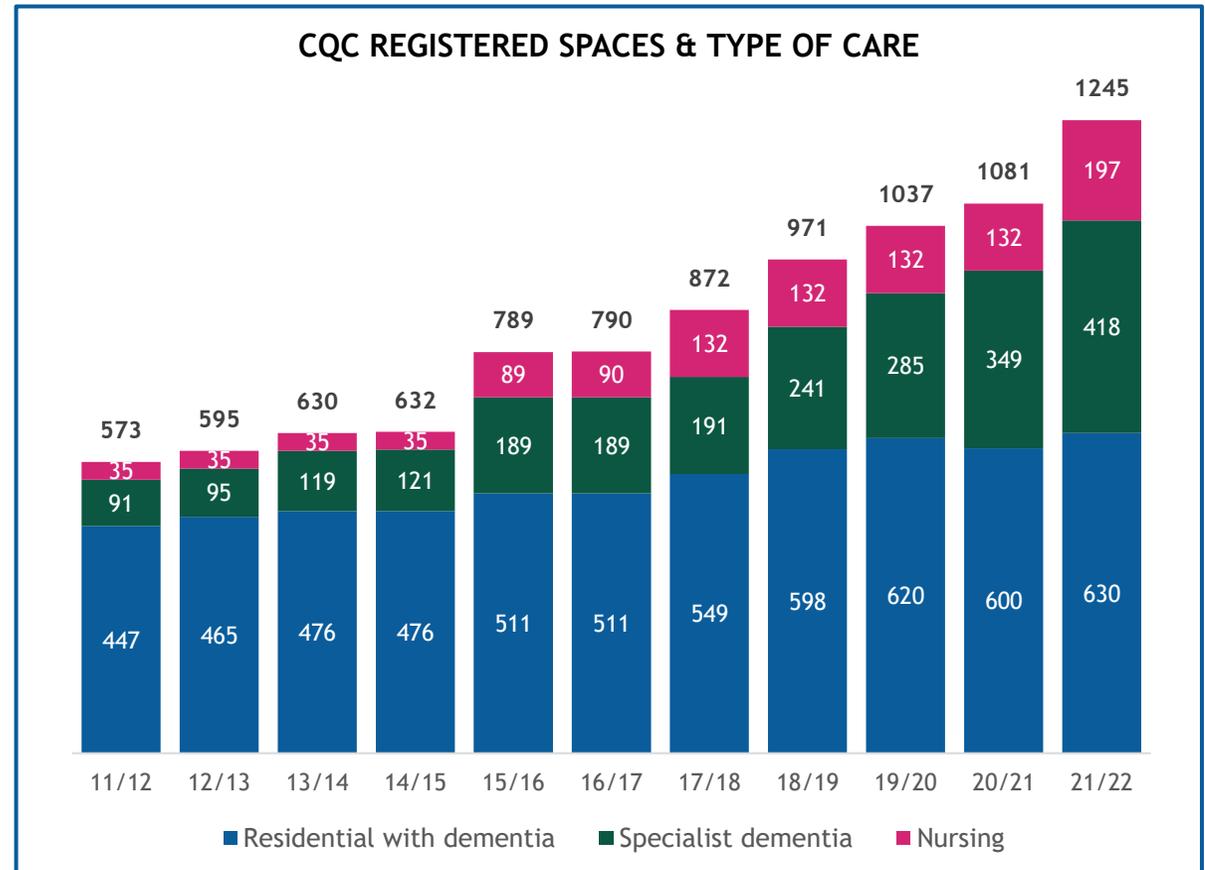
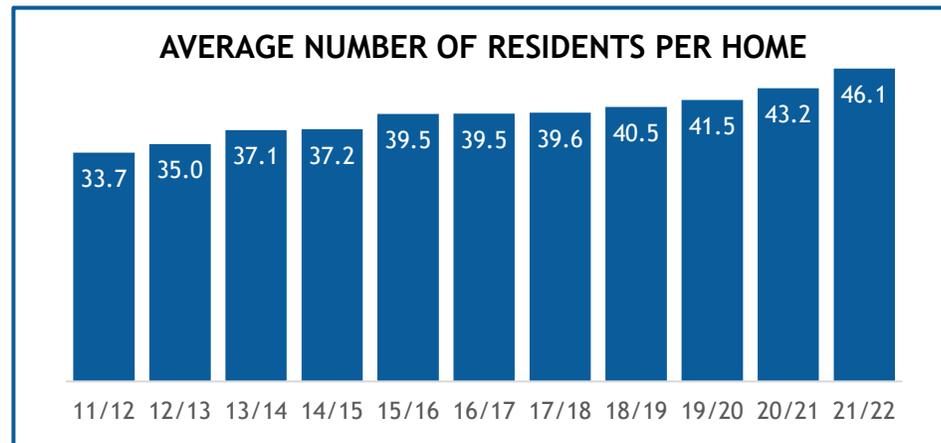
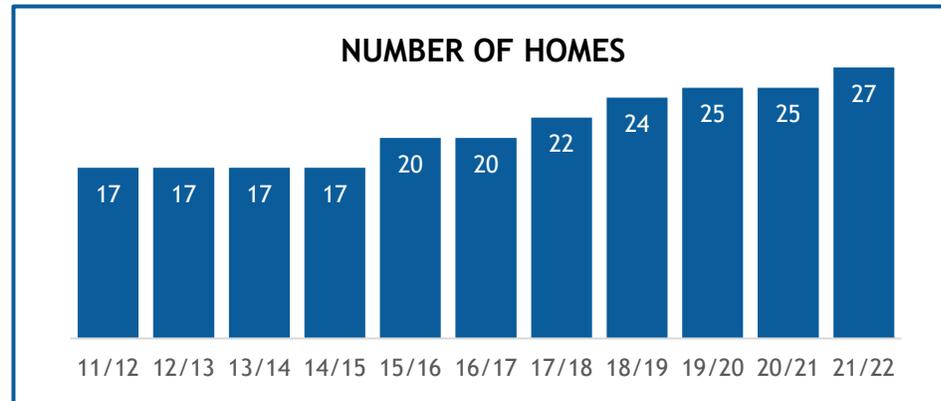
## DEVELOPMENT ACTIVITY

- All recent and future development activity is concentrated within our existing regional footprint.
- Growth achieved through:
  - Acquisition of operating homes
  - Developing and extending our existing homes
  - Building new homes
- In recent years:
  - Six operating homes have been acquired
  - A number of our existing homes have been extended and improved
  - Six new homes have been built (including two to replace existing facilities)
  - One re-provided home has been sold for residential development (at book value) and completion of the sale of the other is imminent.



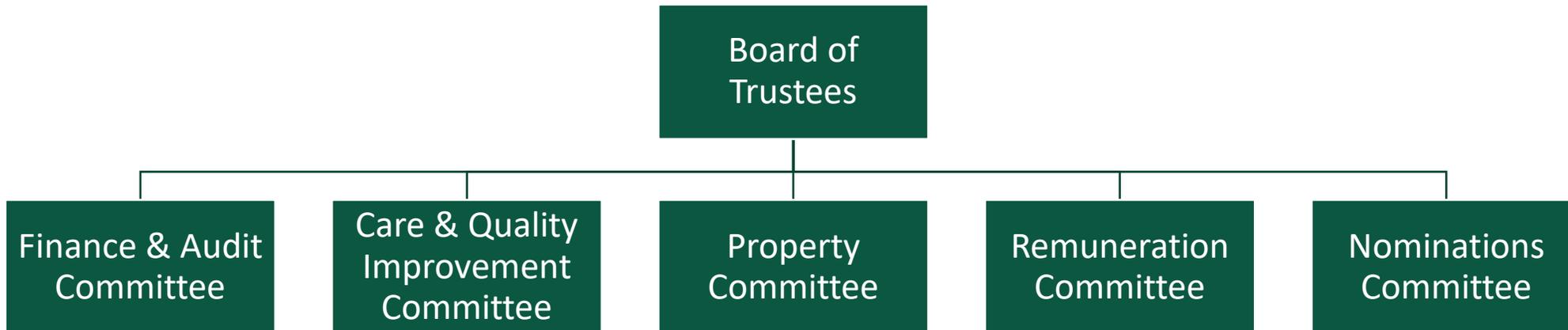
# A DECADE OF STEADY GROWTH

Increased provision across a range of care services delivered in larger, more efficient homes.



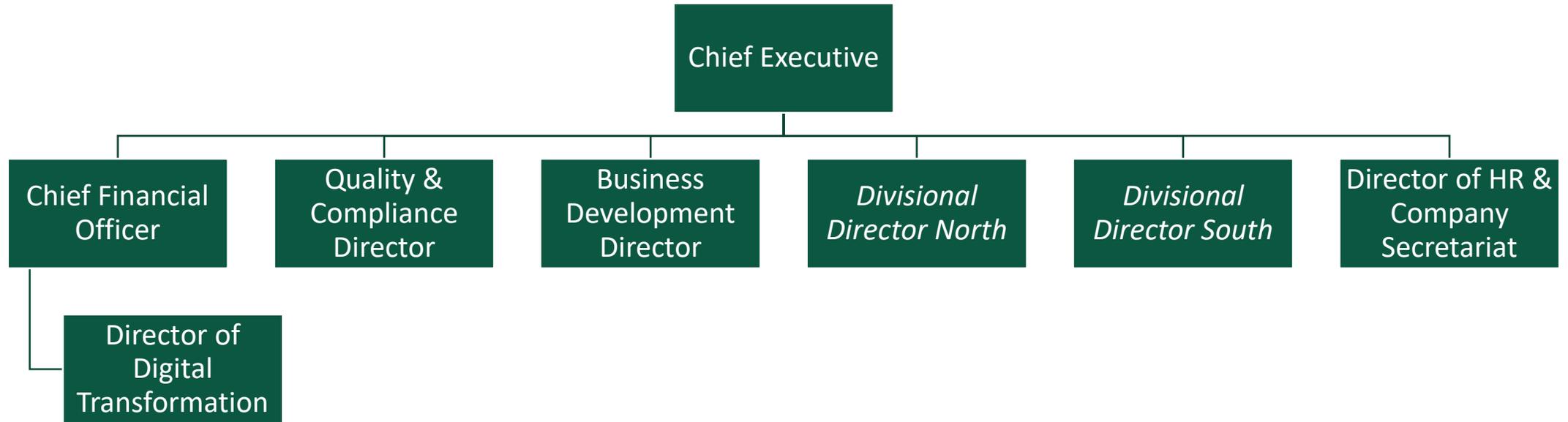
## GOVERNANCE STRUCTURE

- Greensleeves Care has a very simple corporate structure with a single dormant subsidiary.
- It is governed by a Board of Trustees with five committees overseeing principal areas of activity
- Currently there are nine Trustees



# MANAGEMENT STRUCTURE

- Revised divisional structure to be implemented January 2023
- Director of Digital Transformation appointed October 2022



## SOCIAL AND ENVIRONMENTAL IMPACT

Highlights during the last twelve months include:

- More older people cared for – net increase of 164 residents following the acquisition of one home, the opening of a newly built home and the redevelopment of one home
- Staff retention remains higher than sector average
- 88.5% homes “Good” or “Outstanding” (23 homes – based on homes that have been inspected)
- 24.1% of residents funded by local authority
- Acoustic monitoring technology being implemented, resulting in improved outcomes for residents
- Carbon zero targets established
- Fluorescent lighting replaced with LED
- Efficient heating systems installed
- All new build and major works to minimum BREEAM standards



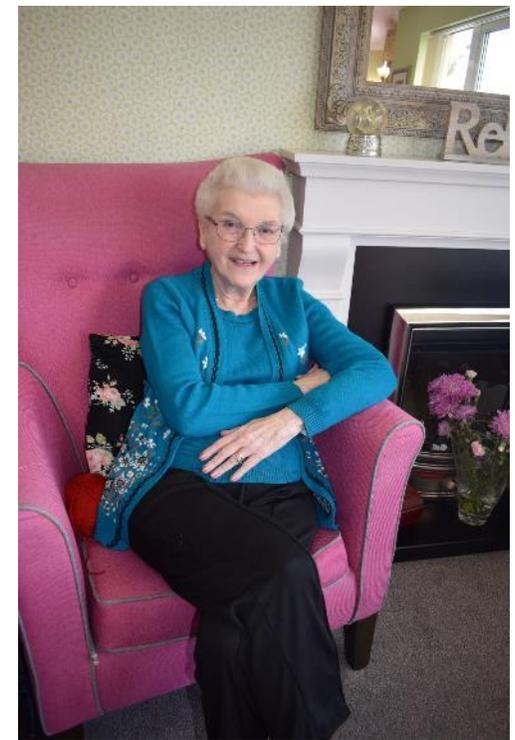
## FUTURE ENVIRONMENTAL ACTIVITY

- A sustainability working group has been established to ensure energy efficiency and sustainability is prioritised in the future
- Key sustainability targets have been established in the following areas:
  - Waste management
  - Catering
  - Procurement
  - Consumables
  - Travel
  - Energy, utilities and carbon
- Key targets will be applied at individual care home level to monitor performance towards our net zero targets



## FOCUS ON EXCELLENT CARE QUALITY

- Twenty three of twenty six Greensleeves homes inspected by the CQC are rated as 'good' or 'outstanding'
  - equates to 88% against a sector average of 81%
- Two of these homes are rated as 'outstanding'
  - equates to 8% against a sector average of 4%
- Greensleeves has two homes classified as 'requires improvement'. One home was recently acquired and not yet reinspected under Greensleeves ownership.
  - equates to 8% of homes against a sector average of 17%
- One home was rated as inadequate in October 2022 and an urgent improvement plan activated to include change of home management
- Tickford Abbey has recently been re-classified from 'requires improvement' to 'good'
- Speirs House has recently been re-classified from 'good' to requires improvement'
- Greensleeves and its team continue to win regional and national awards – for the homes, their staff and executives.
- Greensleeves Care has been featured in Carehome.co.uk's Top 20 Large Care Home Groups for 6 consecutive years, as a result of high ratings from residents and their relatives.



## RESIDENT MIX

- Greensleeves operates on a target average mix of 75% privately funded to 25% publicly funded residents and is therefore less reliant on local authority fee levels
- Mix of resident funding varies from home to home up to maximum of 100% privately funded or 51% publicly funded dependent on local operating conditions
- Relatively high privately funded *resident* base helps guarantee the financial sustainability of the organisation
- Annual fee increases are calculated as part of the detailed budget setting process
- Private fee levels are regularly benchmarked against local competition and on an annual basis as a minimum





RECENT PROGRESS

## FINANCIAL RESULTS

	2018	2019	2020	2021	2022
	£'000	£'000	£'000	£'000	£'000
Turnover	34,646	39,604	54,168	47,865	53,662
Expenses excluding openings	(28,937)	(33,239)	(38,900)	(42,010)	(49,059)
EBITDA pre Head Office costs & openings	5,709	6,365	15,268	5,855	4,603
Head office costs	1,831	2,228	2,918	2,915	2,997
EBITDA Pre openings	3,878	4,137	12,350	2,940	1,606
Openings	(193)	(809)	(1,051)	(1,001)	(530)
EBITDA	3,685	3,328	11,299	1,939	1,076
Retained earnings	722	(184)	6,928	(3,313)	(5,091)
Care Homes	22	24	25	25	27
Care spaces	872	971	1,037	1,081	1,245

## FINANCIAL PERFORMANCE

- Underlying profits for 2021/22 were in excess of Budget and prior year levels
  - Results adversely impacted by:
    - Development drag related to homes opened during the year and to those opened in earlier years not yet at mature operation
    - Occupancy recovering following the impact of the Covid pandemic
    - Increased utility costs (2021/22 : £2m; 2020/21 : £1m)
- Performance for 2022/23 to date is broadly in line with Budget and expected to remain so for the remainder of the year
- Occupancy recovery is forecast to continue for the remainder of the year returning to normal operating levels of 92% by March 2023



## CURRENT CHALLENGES

- **Staff recruitment and retention**
  - Greensleeves benefits from significantly lower staff turnover (16.9%) than the sector average (34.4%)
  - Many new recruitment initiatives are being introduced to enhance recruitment levels (apprenticeships, overseas visa sponsorship scheme, projects with local schools)
  - An issue for the care sector and many other sectors
- **Occupancy**
  - Overall occupancy levels are now at 89% and recovering towards pre-pandemic levels of approximately 92%
  - Existing homes are already operating in excess of 90% occupancy levels
  - New homes are filling more slowly and are currently at 86% of forecast levels although demand appears to be improving
- **Economic Uncertainty**
  - Many issues currently driving economic uncertainty are impacting Greensleeves Care



# GROWTH STRATEGY

## GROWTH STRATEGY

- Long term forecasts assume, on average, the acquisition of one operating home each year and opening one new build home every two years.
- Funding for early year acquisitions has been assumed as via secured debt facilities for forecasting purposes.
- Later year acquisitions are funded from cash generated from operations
- Newer homes are more efficient to operate and hence consolidated operating margins improve over time
- Drag on earnings of opening new homes has less impact in later years as it represents an increasingly smaller element of overall income
- Greensleeves Care is forecast to have significant cash reserves in year 10 - after repayment of the two RCB facilities



## FORECAST PERFORMANCE

- Income and cash generation is forecast to be increasingly strong following full recovery in occupancy levels, new build homes reaching mature operation and income from acquisitions accumulating.
- The full year impact of an incremental 1% increase in occupancy levels is approximately £1m.
- Each 60 bed new build home at mature operation will generate EBITDA of £540k. This compares with a typical first year loss of £860k while the home fills.
- A typical 50 bed acquisition will contribute EBITDA of £775k in the first year of acquisition.
- At year end 2021/22 Greensleeves had four homes maturing and one undergoing redevelopment. Additional EBITDA generation when these homes operate at 92% occupancy will be £4m per year.



# APPENDICES



## INCOME AND EXPENDITURE

	2018	2019	2020	2021	2022
	£'000	£'000	£'000	£'000	£'000
<b>Income from:</b>					
Charitable Activities	34,185,124	39,363,842	43,735,100	47,546,754	53,535,070
Raising Funds	206,606	218,219	694,173	154,845	49,900
Other	253,847	21,669	9,738,469	163,195	77,284
<b>Total Income</b>	<b>34,645,577</b>	<b>39,603,730</b>	<b>54,167,742</b>	<b>47,864,794</b>	<b>53,662,254</b>
<b>Expenditure on:</b>					
Charitable Activities	33,783,639	39,693,566	46,901,819	51,270,016	58,572,048
Raising Funds	94,776	95,587	135,235	140,430	181,037
<b>Total Expenditure</b>	<b>33,878,415</b>	<b>39,789,153</b>	<b>47,037,054</b>	<b>51,410,446</b>	<b>58,753,085</b>
Net gain / (loss) on investments	(45,434)	1,128	(202,828)	233,039	-
<b>Net Income / (Loss)</b>	<b>721,728</b>	<b>(184,295)</b>	<b>6,927,860</b>	<b>(3,312,613)</b>	<b>(5,090,831)</b>

## BALANCE SHEET

	2018	2019	2020	2021	2022
	£'000	£'000	£'000	£'000	£'000
Fixed Assets	54,809,174	64,777,607	79,552,646	88,685,637	93,923,476
Current Assets	14,762,706	9,116,339	16,478,143	17,327,315	17,768,946
Current Liabilities	(1,851,497)	(4,913,032)	(6,103,207)	(4,642,387)	(5,026,605)
<b>Net Current Assets</b>	<b>12,911,209</b>	<b>4,203,307</b>	<b>10,374,936</b>	<b>12,684,928</b>	<b>12,742,341</b>
<b>Total Assets Less Current Liabilities</b>	<b>67,720,383</b>	<b>68,980,914</b>	<b>89,927,582</b>	<b>101,370,565</b>	<b>106,665,817</b>
Non-Current Liabilities	(34,114,828)	(35,559,654)	(49,578,462)	(64,334,002)	(74,720,085)
<b>Net Assets</b>	<b>33,605,555</b>	<b>33,421,260</b>	<b>40,349,120</b>	<b>37,036,563</b>	<b>31,945,732</b>
Unrestricted General Funds	23,124,813	23,028,161	29,622,579	26,309,549	22,132,959
Revaluation Reserve	10,358,491	10,250,860	10,145,927	10,040,994	9,186,955
Restricted Funds	122,251	142,239	580,614	686,020	625,818
<b>Total Funds</b>	<b>33,605,555</b>	<b>33,421,260</b>	<b>40,349,120</b>	<b>37,036,563</b>	<b>31,945,732</b>

## CASHFLOW

	2018	2019	2020	2021	2022
	£'000	£'000	£'000	£'000	£'000
Cash flows from operating activities	1,503,145	3,257,657	214,099	(2,422,111)	(1,164,528)
Net cash used in investing activities	(13,001,452)	(10,273,136)	(7,457,502)	(11,685,351)	(8,377,284)
Net cash provided by financing activities	51,998	2,996,128	14,018,808	14,755,540	10,386,083
<b>Change in cash and cash equivalents</b>	<b>(11,446,309)</b>	<b>(4,019,351)</b>	<b>6,775,405</b>	<b>648,078</b>	<b>844,271</b>
Cash and cash equivalents at beginning of period	22,299,861	10,853,552	6,834,201	13,609,606	14,257,684
Cash and cash equivalents at end of period	10,853,552	6,834,201	13,609,606	14,257,684	15,101,955

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