

Belong Limited – Business Strategy Statement

9 December 2024

Belong has a long-term business strategy focused on providing high-quality care built around the development of care villages. These combine residential care households and independent living apartments around a central core which act as a hub for the community and provide a range of facilities including bistro, hair salon and exercise studio which are open to the general public.

These villages are all located within reasonable travelling distance of head office to reap the benefits of geographic concentration and are located in areas which benefit from strong demand for the care offering and have access to high quality staff.

The board of Belong targets returns¹ of between 25% and 35% ahead of central overheads on each village once it reaches full occupancy which can take up to 3 years if it is to ensure the highest standards of care. As a result, it expects to lose up to £1.0m on each village during the first 12 months of operation and break even in the second 12 months ahead of financing costs.

At present, the villages are making returns of between £1.0 - £2.0m each ahead of central overheads so that once all 8 villages are fully occupied, it is likely to generate operating profits ahead of depreciation and interest of £12m. By way of comparison, Central overheads amounted to £4.2m in the 12 months to March 2024.

All mature villages operate at 90%+ levels of occupancy – and benefit from good or outstanding CQC ratings except in one case where we have taken action to address the shortfalls.

While costs were significantly adversely impacted during 2022/23, earnings are expected to increase steadily once the impact of new village openings are taken into account.

There are currently no new villages in development, following the delivery of Birkdale, which is expected to open in early 2026.

Important notice

The Business Strategy contains statements and projections about and based upon future events and expectations that are forward-looking statements or projections. The Business Strategy has been prepared by Belong and reviewed by its Board only and financial data is unaudited. Any statement or projection in the Business Strategy, which is not a statement of, or projection based upon, historical fact is a forward-looking statement or projection that involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. None of the future projections, expectations, estimates or prospects in the Business Strategy should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the Business Strategy. The information and opinions contained in the Business Strategy are provided as at 26 November 2024 and are subject to change without notice.

¹ EBITDAR