



BELONG LIMITED

Investor Presentation
November 2022



SECTION 1 – Overview

Overview

From care home to Belong village

Belong was formed in 1991 through the transfer of 39 traditional care homes from Cheshire County Council.

- In the early 2000's began to develop a unique "household model" for dementia care.
- In 2007, opened first Belong village.
- In 2009, launched registered home care service, "Belong at Home".
- In 2011, started specialist day care service "Experience Days".

- **Belong now operates 8 villages with 2 more in development, currently:**
 - 169 people living in apartments.
 - 480 people living in "Households".
 - 159 people receiving domiciliary care with 55,000+ hours provided per annum.

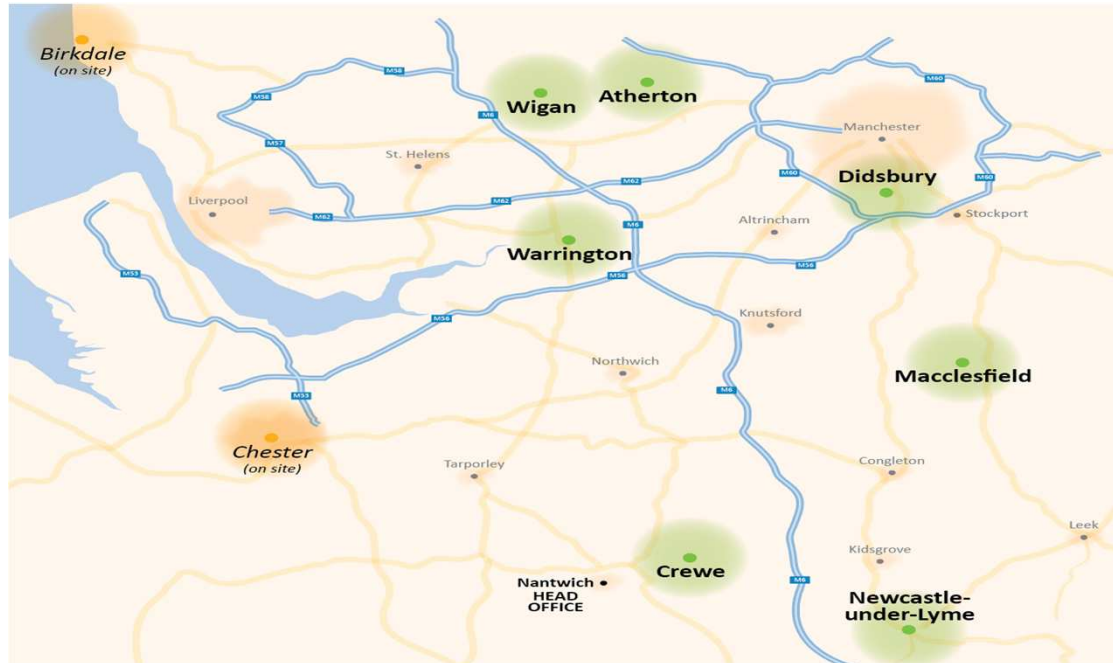


8 villages with 2 more planned

All within 65 miles of head office, making them efficient to manage and oversee.



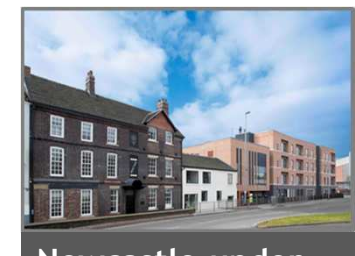
Macclesfield 2007



Didsbury 2017



Wigan 2009



Newcastle-under-Lyme 2018



Crewe 2010



Atherton 2011



Warrington 2014

Belong Chester opened in July 2022.

Belong Birkdale is expected to open in 2024.

Belong Wirral is expected to open in 2025/26.

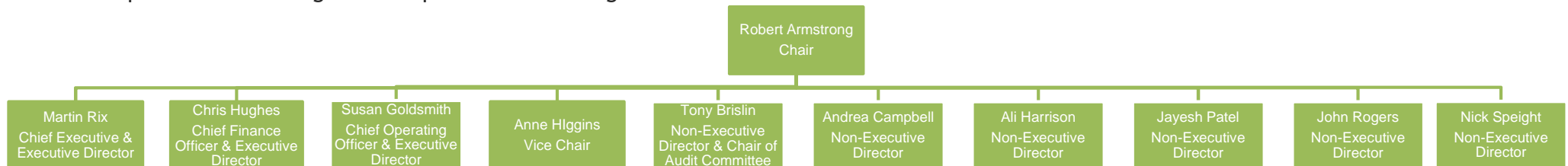
Other potential sites are being considered.



Governance Structure

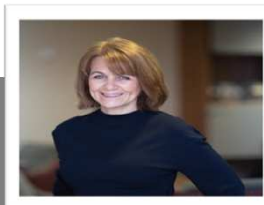
A high quality board with relevant experience

- Belong's Board of Directors consists of
 - 8 non-executives elected for periods of 3 years
 - Three executives, the Chief Executive, Chief Finance Officer and the Chief Operating Officer
- Meets 10-12 times a year and has two committees (Audit and Remuneration)
- Responsible for oversight of all operations at Belong



**Robert Armstrong,
Chair of Board & Remuneration
Committee**

A former Senior Manager with BT, Robert was a key player in BT's emerging European Strategy. After retiring from BT, Robert was appointed as a Non-Executive Director, then Chair, at Wrightington, Wigan & Leigh Hospital, which achieved successful Foundation Trust status.



**Anne Higgins,
Vice Chair**

Anne's career has spanned a number of senior posts in local government and the NHS, including Director of Adult Social Care and Executive Director at Trafford Metropolitan Council. She has also previously held a Non-Executive Directorship at Tameside and Glossop Integrated Care NHS Trust.



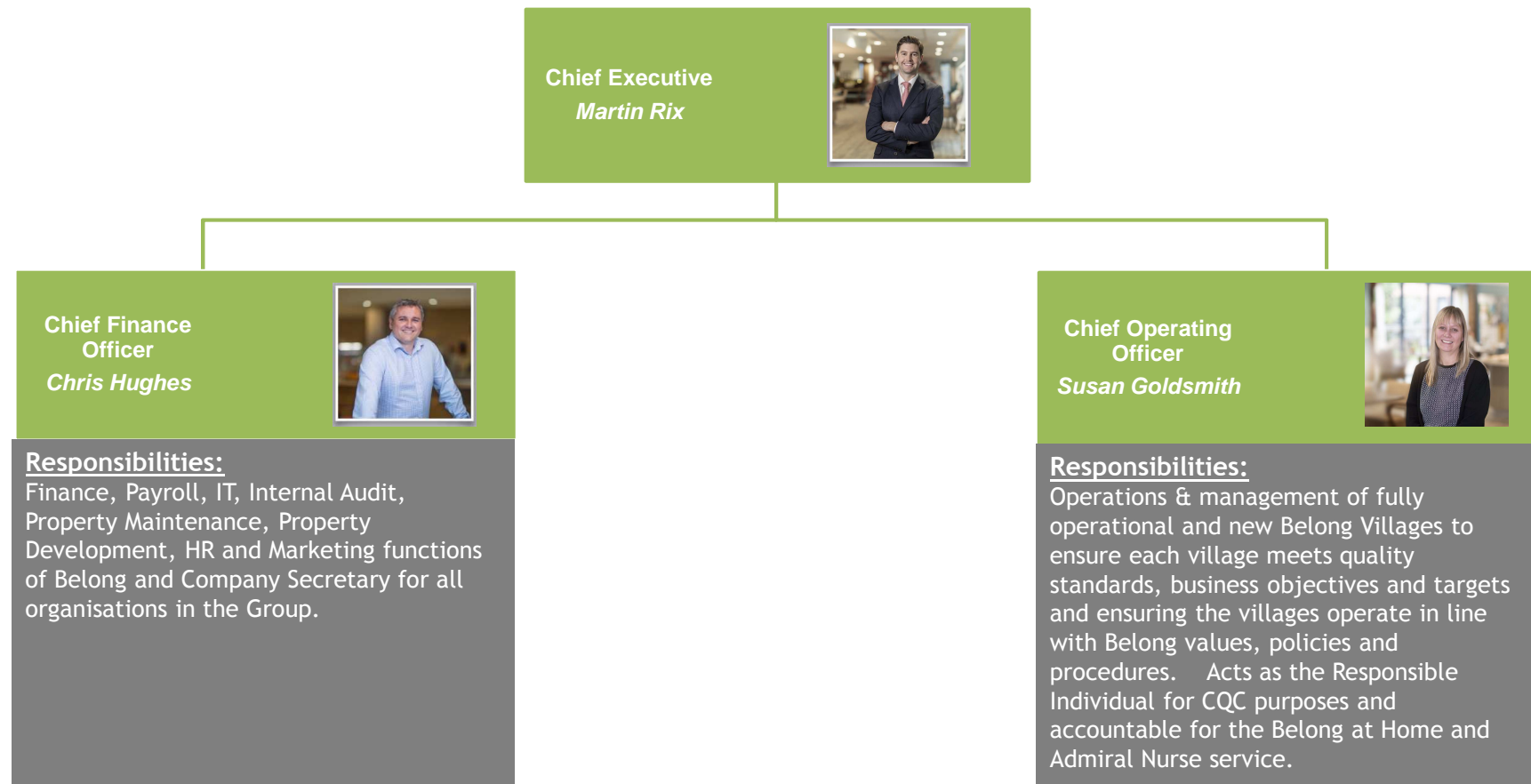
**Tony Bristlin,
Chair of Audit Committee**

Tony brings strong accounting and audit expertise to Belong, with an impressive track record in both the public and private sectors. He combines board level experience, with his current role as Non-Executive Director and Chair of the Audit Committee of an NHS Trust. With an impressive track record at multi-national companies, Tony has led global projects with multiple stakeholders and worked overseas for a number of years.

Executive team

A simple management structure

The senior management team consists of three executives. They hold meetings on a weekly basis. Their responsibilities are as presented in the chart below.



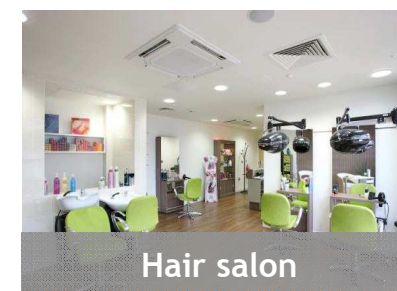
The care village approach

Focused on maximising outcomes for each individual

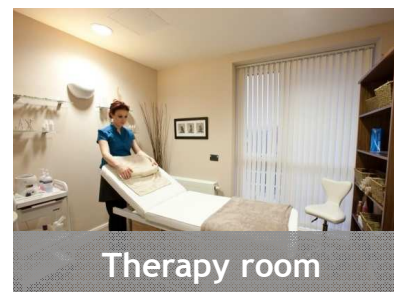
Independent living apartments to buy or rent



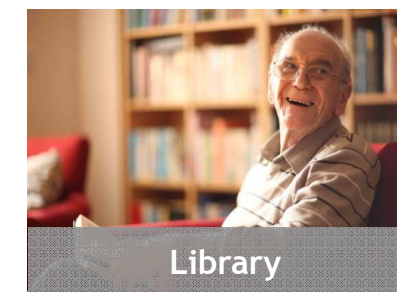
Village centre facilities open to the public



Households for 24 hour care including nursing and dementia



Award winning gardens



Household care model

Care continuum centred around the household model



Open plan

- Promotes well-being through homely, smaller group living arrangements.
- Open plan household design.
- Aims to maximise independence and orientation.
- Reduce dependence on memory.



Bedroom suites



Kitchen hub



Spacious rooms



Staying active

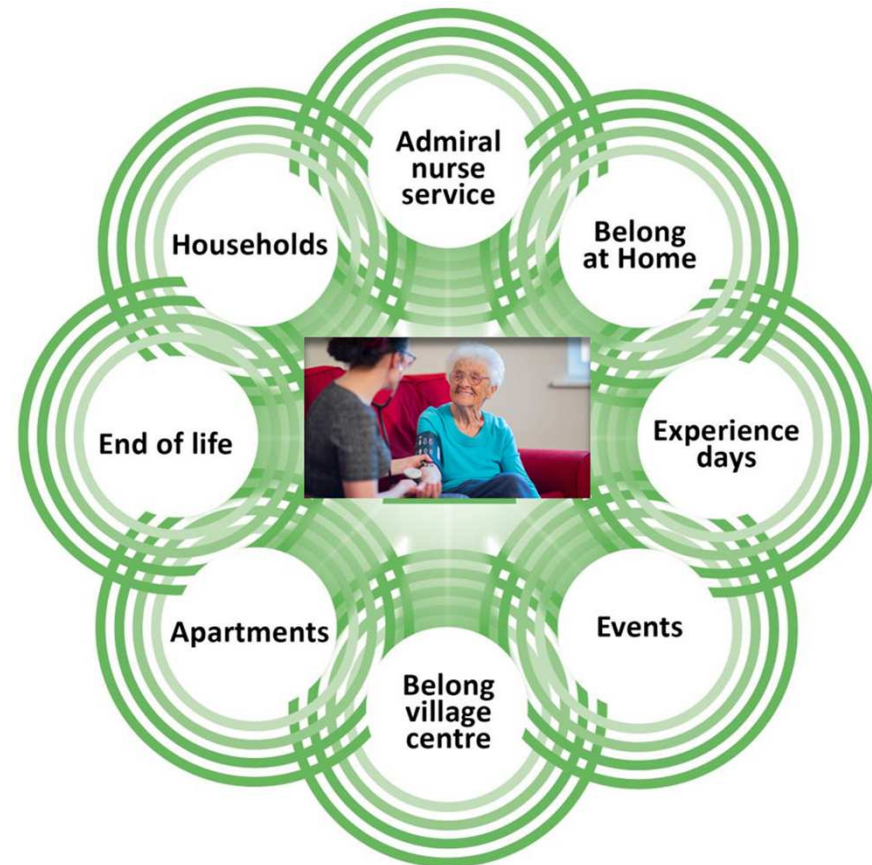


Outdoor space

A pioneer in Dementia care

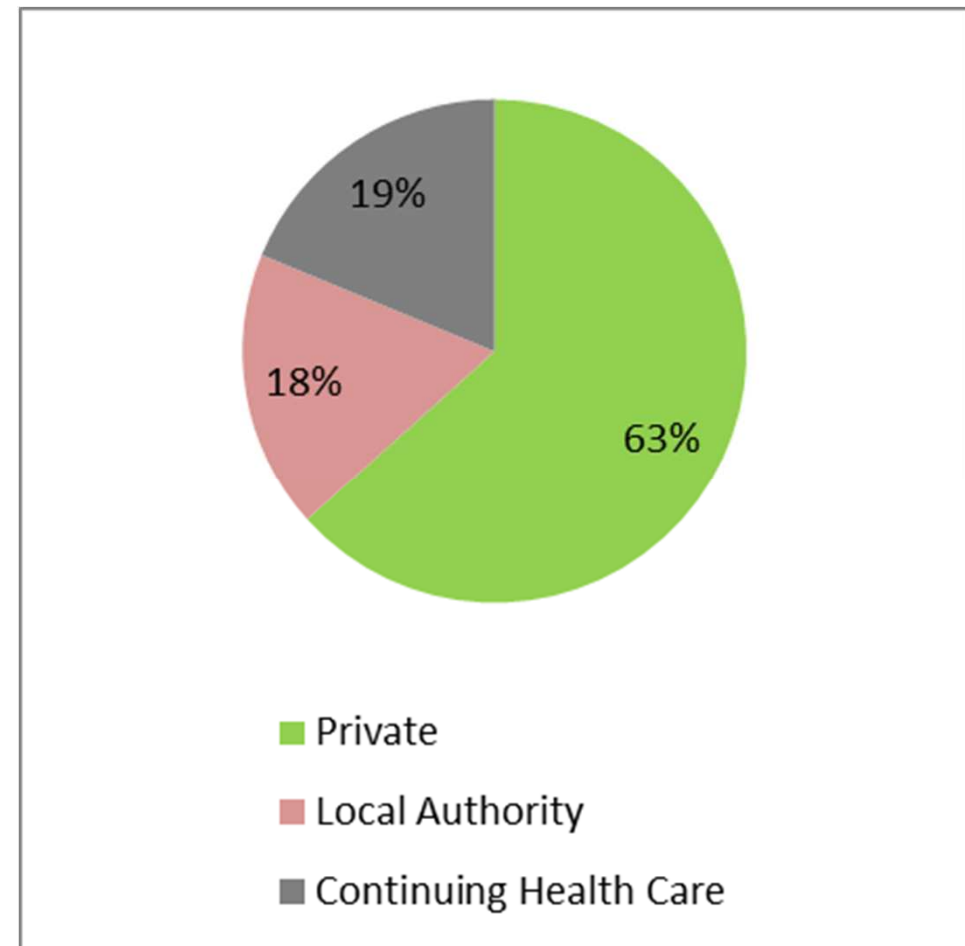
Home for Life

- The “village” model
 - Based on years of research and development.
 - Designed to achieve the best outcomes.
 - Remaining part of the community.
 - Complete range of services.
- Household living
 - Very different from traditional, clinical and institutional care settings.
- Admiral Nurse service
 - provides specialist dementia support and advice to relatives and carers.



Household resident funding

- Over 300 household residents (circa two thirds of household residents) are privately funded.
- Approx. 175 household residents (circa one third of household residents) are in receipt of public funding.
- There are relatively equal proportions of local authority funded and continuing health care funded residents.
- circa one third of local authority funded residents have a third party contribution towards their costs of care.
- circa 10% of continuing health care funded residents have a separate care contract for additional support.



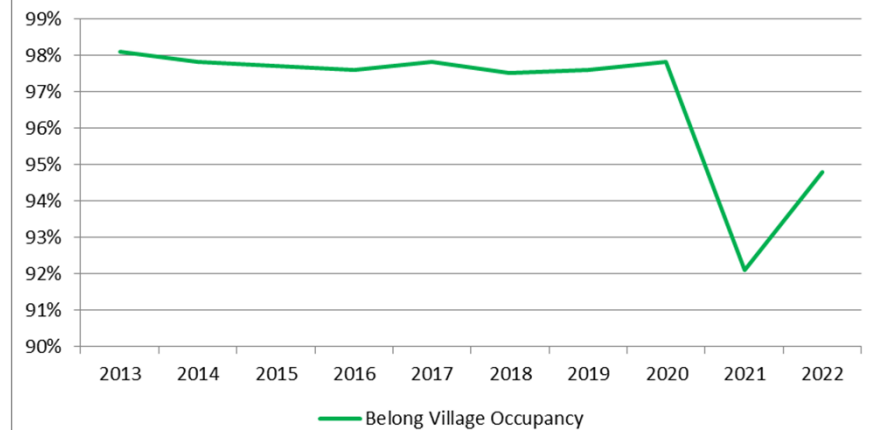
SECTION 2 – Performance 2021/22

Occupancy and Fees

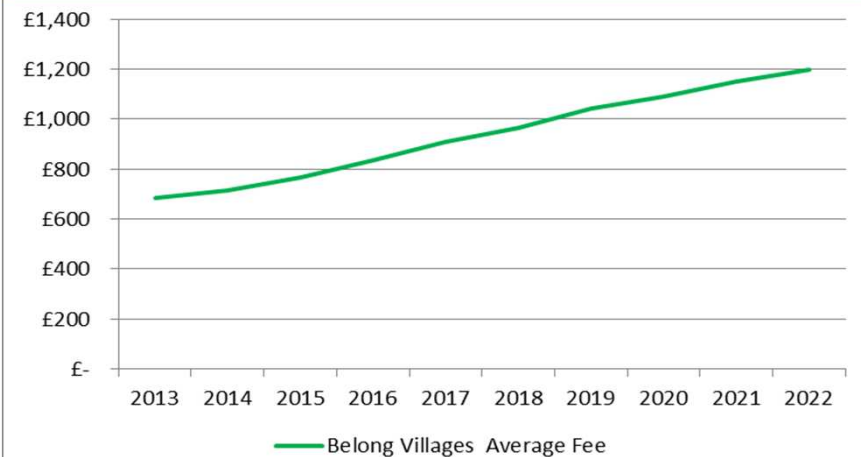
Trend to March 2022

- Household occupancy
 - Average 97.5%+ from 2013 to 2020 for established villages.
 - 5% fall in established village occupancy during the height of the pandemic (2020/21).
 - A recovery of half of this in 2021/22 to c95% established village household occupancy for the year ended March 2022.
- Average household fees
 - Steady increase in advertised fees over time to c£1,200 in 2021/22.
- Prospective residents
 - are assessed for their ability to meet a minimum of three years' funding.
 - compared to average stay of 1-2 years.
- Belong's objective is to provide a home for life
 - Aims to subsidise residents who run out of funding

Occupancy levels (established villages)



Average fee over time

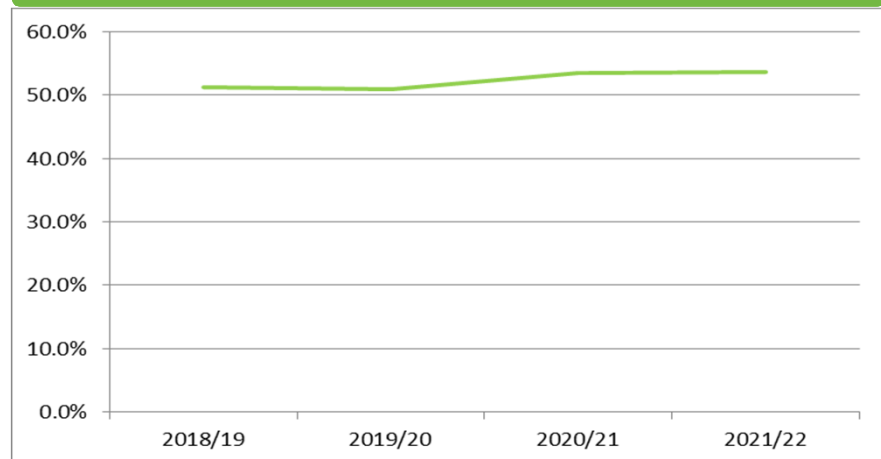


Costs

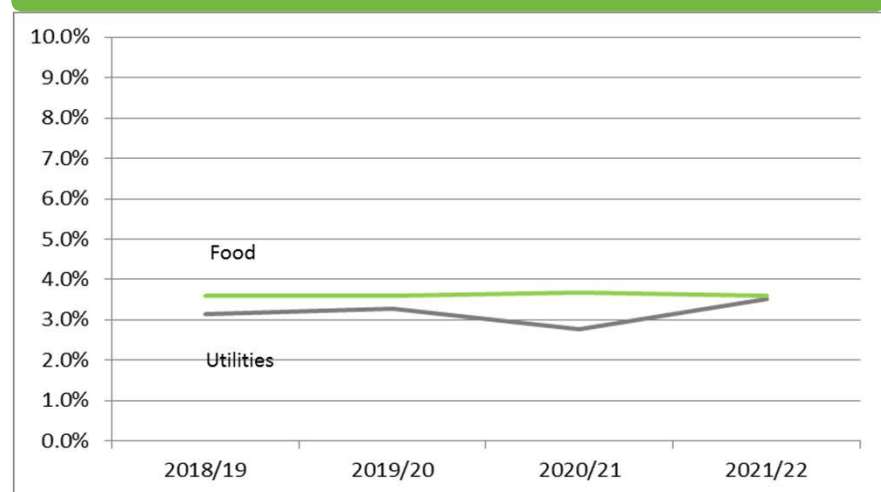
Trend to March 2022

- Staffing costs
 - Staffing costs as a percentage of income have increased from 51.1% in 2019 to 53.7% in 2022 (established villages).
 - Both 2021 and 2022 were affected by reduced occupancy levels.
 - The 2022 pay award was brought forward to January from April to aid recruitment.
- Utility costs
 - Utility costs as a percentage of income have increased from 3.2% in 2019 to 3.5% in 2022 (established villages).
- Food costs
 - Food costs as a percentage of income have remained constant at 3.6% (established villages).

Staff costs as % of Income (established villages)



Utility & Food costs as a % of Income (established villages)



Financial Statements

Income Statement and Balance Sheet

<u>Income and Expenditure Account - Summary</u>	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Total income	23,169	26,723	30,219	31,670	34,784
Total expenditure	21,872	26,832	29,447	31,266	33,505
Net Income	1,297	(109)	772	404	1,279
Actuarial gains/(losses on defined benefit pension schemes)	449	(299)	2,311	(1,136)	2,305
Net movement in funds	1,746	(408)	3,083	(732)	3,584
<u>Balance Sheet - Summary</u>	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Fixed Assets	70,479	74,688	78,678	82,943	91,604
Current Assets	5,713	23,084	18,851	18,572	9,994
Creditors: amounts falling due within one year	(12,005)	(12,645)	(12,192)	(13,016)	(13,329)
Net Current (Liabilities)/Assets	(6,292)	10,439	6,659	5,556	(3,335)
Creditors: amounts falling due after more than one year	(25,672)	(47,195)	(47,028)	(50,307)	(49,323)
Net assets excluding pension liabilities	38,515	37,932	38,309	38,192	38,946
Defined benefit pension scheme liabilities	(10,219)	(10,044)	(7,338)	(7,953)	(5,123)
Net assets including pension liabilities	28,296	27,888	30,971	30,239	33,823



Quality of service offered

Belong's service is aimed at private customers who put quality ahead of price

- Latest CQC inspections show that:
 - of the 7 villages rated: three rated “outstanding” overall and four rated “good”.
 - Belong Chester is yet to be inspected.
 - of the 7 Belong at Home operations, one was rated “outstanding” overall and six were rated “good”.

Summary of CQC inspections by key lines of enquiry

Village	Overall	Safe	Effective	Caring	Responsive	Well Led	Date of last Inspection
Belong Atherton	Outstanding	Good	Outstanding	Outstanding	Outstanding	Outstanding	14 March 2018
Belong Crewe	Outstanding	Good	Outstanding	Outstanding	Outstanding	Outstanding	14 November 2017
Belong Didsbury	Good	Good	Good	Good	Good	Good	11 February 2021
Belong Macclesfield	Good	Good	Good	Outstanding	Good	Good	14 February 2022
Belong Newcastle-under-Lyme	Good	Requires Improvement	Good	Good	Good	Good	25 May 2022
Belong Warrington	Good	Good	Good	Good	Good	Good	3 February 2021
Belong Wigan	Outstanding	Good	Outstanding	Outstanding	Outstanding	Outstanding	16 February 2021
Belong at Home Atherton	Good	Good	Good	Good	Good	Good	24 July 2018
Belong at Home Crewe	Outstanding	Good	Outstanding	Outstanding	Outstanding	Good	9 April 2019
Belong at Home Didsbury	Good	Good	Good	Good	Good	Good	14 August 2019
Belong at Home Macclesfield	Good	Good	Good	Good	Good	Good	7 May 2019
Belong at Home Newcastle-under-Lyme	Good	Requires Improvement	Good	Good	Good	Good	22 May 2019
Belong at Home Warrington	Good	Good	Good	Good	Good	Good	29 July 2019
Belong at Home Wigan	Good	Good	Good	Outstanding	Good	Good	6 November 2018

Quality of service offered

Belong's service is aimed at private customers who put quality ahead of price

- Latest online verified customer reviews show that:
 - the Belong villages average score on carehome.co.uk is 9.8.
 - Belong awarded 'Top 20 Care home Group 2022' in the UK by carehome.co.uk.
 - the Belong at Home domiciliary services' average score on homecare.co.uk is 9.8.
 - Belong at Home awarded 'Top 20 Home Care Group 2022' in the UK by homecare.co.uk.

Summary of customer review scores

carehome.co.uk	Score	homecare.co.uk	Score
Village		Belong At Home	
Belong Atherton	9.9	Belong at Home Atherton	9.5
Belong Crewe	9.7	Belong at Home Crewe	9.7
Belong Didsbury	9.9	Belong at Home Didsbury	n/a
Belong Macclesfield	9.7	Belong at Home Macclesfield	9.8
Belong Newcastle-under-Lyme	9.8	Belong at Home Newcastle-under-Lyme	9.9
Belong Warrington	9.7	Belong at Home Warrington	10.0
Belong Wigan	9.9	Belong at Home Wigan	9.9

Recognition for a successful concept

High CQC ratings, high occupancy

- Belong has a high occupancy rate due to:
 - unique approach to care
 - high CQC ratings
 - high customer review scores
- Strong demand for its services - relatively price inelastic
- Located in areas which suit both residents and staff
- Success evidenced by awards won and feedback received from both residents and their families
- Internal satisfaction survey (2022) showed that of the 574 respondents, 93% would recommend Belong

Belong awards



SECTION 3 – Performance 2022/23

Performance

2022/23

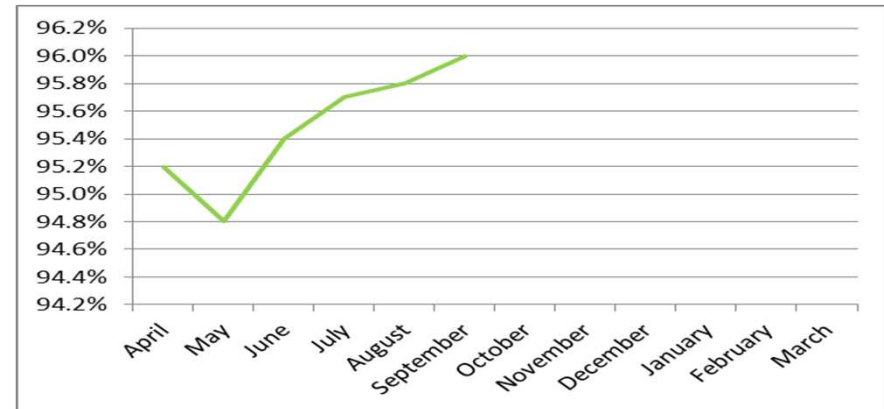
Projection for the year 2022/23

- Opening of Chester will reduce earnings by c£1m for the year.
- Earnings will be expected to be affected by increased agency costs, inflationary pressures and increased investment in property and IT in the year.
- On course to provide a surplus before depreciation for the year.

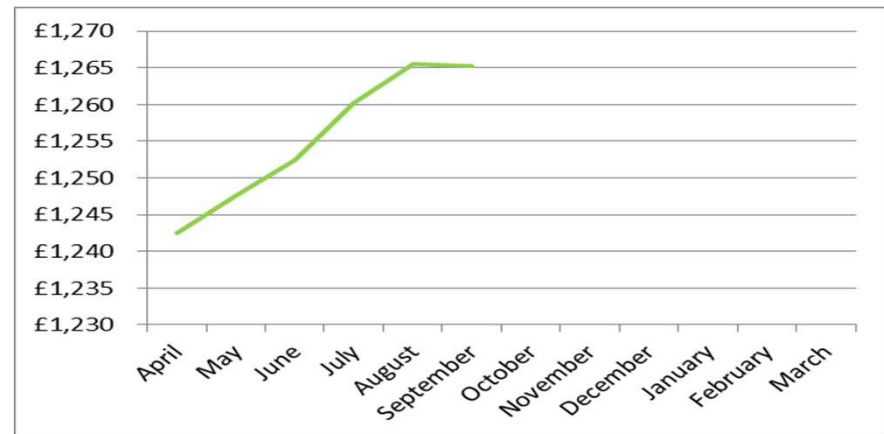
Position at 30 September 2022

- Household occupancy currently 96%
- Apartment occupancy currently 93%
- Experience Days services in early stages of being re-established following covid.
- Retail services slowly returning post covid.
- Recruitment challenges being addressed with recent evidence of successes.
- Inflationary impact on food and energy seen over the past year.

Household Occupancy levels



Household average fees



Costs

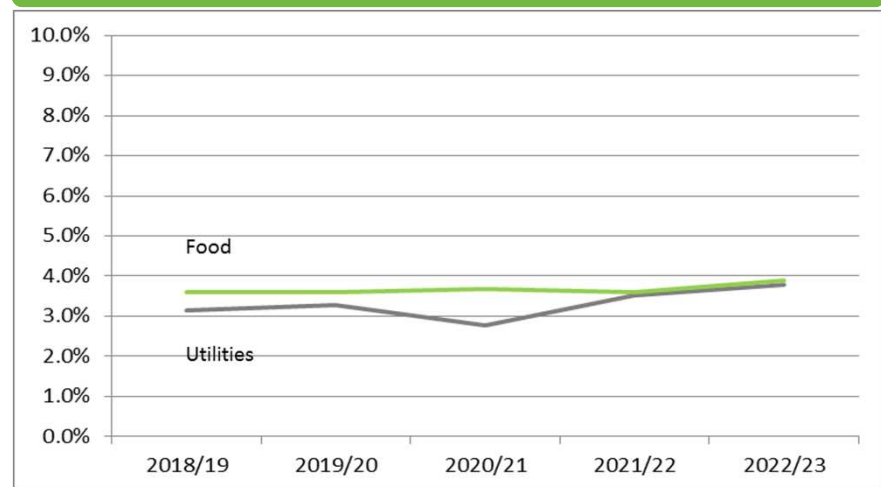
Trend to March 2022

- Staffing costs
 - Staffing costs as a percentage of income have increased further from 53.7% in 2021/22 to 58.9% in mid 2022/23.
- Utility costs
 - Utility costs as a percentage of income have increased from 3.5% in 2021/22 to 3.8% in mid 2022/23. (established villages).
- Food costs
 - Food costs as a percentage of income have increased from 3.6% in 2021/22 to 3.9% in mid 2022/23. (established villages).
- Measures taken
 - Advertised household fees for new residents have been increased mid 2022/23.
 - Premiums for larger rooms have also been introduced in mid 2022/23 for new residents.
 - Both measures aimed at combatting increased costs.

Staff costs as % of Income (established villages)



Utility & Food costs as a % of Income (established villages)



SECTION 4 – Growth

New developments

Belong Birkdale

Belong Birkdale

- Work onsite to complete the development is ongoing.
- Planned village completion and opening H1 of 2024.
- Projected development costs to complete are c£9m including a 10% contingency.

Belong Birkdale



Belong Birkdale - First Year

- Pre-opening set up costs of c£300,000 anticipated.
- EBITDAR of c(£1.2m) anticipated in year one.
- Household Occupancy expected to reach mature levels within 3 years.
- Average Household Occupancy in year one anticipated to be 17%.

Belong Birkdale - Established

- EBITDAR of c£2.25m on mature trading anticipated.
- Household Occupancy levels of 95%+ expected.
- Rent levels of c£11,500 per household room per annum on opening.

New developments

Belong Wirral

Belong Wirral

- Enabling works completed and start on site anticipated in H2 2023.
- Planned village completion and opening H2 of 2025.
- Projected development costs are c£30m.

Belong Wirral - First Year

- Pre-opening set up costs of c£300,000 anticipated.
- EBITDAR of c(£1.4m) anticipated in year one.
- Household Occupancy expected to reach mature levels within 4 years.
- Average Household Occupancy in year one anticipated to be 13%.

Belong Wirral



Belong Wirral - Established

- EBITDAR of c£2.5m on mature trading anticipated.
- Household Occupancy levels of 95%+ expected.
- Small ground rent payable.