

Notting Hill Genesis Funders' Day

22 November 2023

15:00-17:00

Pewterers' Hall, Oat Lane, London



Chair's Welcome



Today's Agenda

- Chair's Welcome Ian Ellis
- CEO Update Patrick Franco
- Operations Katie Bond
- Financials Susan Hickey
- Development, Sales & Building Safety John Hughes
- Assets and Sustainability Matthew Cornwall-Jones



Ian Ellis
Chair

49 years experience in property investment and management. Chair of Group Board



Fred Angole

Deep experience of social housing finance and regulation. Chair of Audit and Risk Committee



Emma-Louise Stewart

Strong professional focus on local communities across London. Resident Board member



Elaine Bucknor

Tech leader with 20+ years strategic experience



Claire Kober OBE

Extensive experience of property management and strong understanding of London politics. Chair of Operations Committee



Arike Oke

Broad experience as a leader providing stability and insight within creative industries



Ingrid Osborne

Deep experience of development and environment advocate. Chair of People Committee



Alex Phillips
Senior independent director

25 years in the corporate finance and capital markets, Senior Independent Director and Chair of Corporate Finance and Treasury Committee



Richard Powell

Deep experience of strategic property development, Development and Sales Committee Chair



Patrick Franco
Chief executive

Governance



John Hughes
Group Director of Development and Deputy CE



Susan Hickey
Interim Chief Financial Officer



Katie Bond
Chief Operating Officer



Matthew Cornwall-Jones
Group Director of Assets and Sustainability



Vipul Thacker
Group Director of Central Services



Rajiv Peters
Chief Information Officer

CEO Update

OUR VISION

Making London home

Our vision for Notting Hill Genesis, Making London Home is our response to the housing crisis in London. We are committed to working Better Together to provide good quality homes to enable our residents to live their lives well.



Making London home

Working better together for our residents



Better connections



Better homes



Better places



Finances and
value-for-money

Customer strategy

Asset strategy

Supporting strategies



Technology,
digital
transformation
and data



People

Business Plans

Performance framework

Budget

Individual objectives

Progress since last year and social value

Better connections

- New customer strategy, “Better together,” driving reorganization of operations & finance functions
- New People strategy to support high performance culture
- Changes to senior leadership team

Better homes

- New Asset strategy: £500m investment in homes over next decade (improved 4,000+ homes last year)
- Significantly increased routine and planned maintenance spend including damp & mould and fire safety
- Focus on London heartland: transferring 4,800 homes in Essex and Herts (phase 1 sale in Herts underway)

Better places

- Delivered 459 new homes and 459 new starts last year
- Regeneration at Grahame Park and Woodberry Down with 25x social value multiplier. Employment focussed.
- New Places and Estates team managing large schemes (5,000 homes increasing to 10,000 by March 2024)

Sector Challenges and Opportunities

- **Political** change
- **Economic** change and financial pressures residents are facing
- Housing **properties** – quality, safety and reaching net zero carbon.

NHG's available levers and resilience:

- £1bn **PRS** portfolio
- 9,000 **shared ownership** homes
- **Consolidation** – Care and out of London disposals
- **No recent M&A** integration challenges
- **Operations** - tech and data options

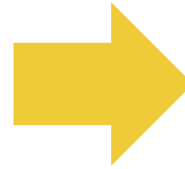
Operations



Customer Experience and Insight



Regulation & Policy



1. Listen & Engage

- a. Voice of Customer (Data & Insight)
- b. Complaints Oversight & Management
- c. Resident Engagement

2. Improve & Enhance

- a. Customer Journey Enhancement
- b. Training & Competency

3. Regulation & Policy

New Regulatory Framework

RSH published four new consumer standards that NHG must meet under the new regulatory framework.

1. **Safety and quality**
2. **Transparency, influence and accountability**
3. **Neighbourhood and community**
4. **Tenancy**

Compliance Measures

Each consumer standard is divided into a range of sub-categories and has a required outcome (RO) and a set of specific expectations (SE)

NHG must comply with rules set by RSH on collection and publication of tenant satisfaction measures (TSM). From April 2024, this standard forms part of the Transparency, influence & accountability standard.

Consumer Regulations



Current Consumer Standards

VS

New Consumer Standards

Home

Meet the Decent Homes Standard (DHS) and ensure repairs are done right first time.

Tenant Involvement & Empowerment Standard

Provide choices, info, communication & ability to influence appropriate to diversity needs, i.e. approach to complaints.

Neighbourhood & Community

Keep the neighbourhood and communal areas clean & safe, co-operate with partners to promote wellbeing of local area/ tackle anti-social behaviour

Tenancy

Requirement to let their homes to tenants in a fair, transparent and efficient way

Safety & Quality

Must also demonstrate we know our stock and use this data to understand & comply health & safety risks (i.e. damp & mould) and involve residents in effective repair service.

Transparency, Influence & Accountability

Largest change to improve quality of resident/ landlord relationship.

Neighbourhood & Community

Take measures to tackle domestic abuse and hate crime and demonstrate this.

Tenancy

Ensure fairness and transparency *throughout* the tenancy for allocation & lettings, tenancy sustainment & evictions and mutual exchange

Operating Metrics 2022-23



Indicator	Description	Sept 2022	Sept 2023
Occupancy	Number of homes let as a % of those available	98.8%	99.2%
Re-let time	Number of days taken to re-let a home	44	36
Rent collection rate	Rent collected as a % of rent receivable	97.6%	97.8%
Current arrears	Current tenant arrears as a % of annual rent due	6.1%	5.5%
Housing benefit tenants	Tenants partially/fully funded by housing benefit	33%	29%
Universal credit tenants	Tenants partially/fully funded by universal credit	23%	31%
Gas servicing	Homes with gas certificates as % of those needing one	99.99%	99.95%
Repairs customer satisfaction	Customer satisfaction for completed repairs	83.0%	84.9%
Resident satisfaction	Overall Resident satisfaction with a service received	76.0%	78.0%

Financials and Ratings



Aylesbury Estate, LB Southwark
3500 homes. 50% affordable housing. Completion 2036.

3-year Financial Metrics

Year end / £m	Actual 2021	Actual 2022	Actual 2023	6 months September 2023-24
Number of units owned or managed	66,537	67,691	67,110	67,195
Adjusted operating revenue	896	823	715	325
Adjusted EBITDA	248	197	144	72
Non-sales adjusted EBITDA	174	165	130	71
Capital expense	253	227	252	220
Debt	3,379	3,353	3,305	3,461
Interest expense	143	143	149	79
Adjusted EBITDA / Adjusted operating revenue (%)	27.7	24.0	20.1	22.2
Debt / Non-sales adjusted EBITDA (x)	19.4	20.3	25.4	24.4
Non-sales adjusted EBITDA/interest coverage (x)	1.2	1.2	0.9	0.9

NHG Group year-ended 31 March 2023



Statement of Comprehensive Income

	2023 £m	2022 £m
Turnover	728.1	836.9
Cost of sales	(90.4)	(221.3)
Operating costs	(515.1)	(439.9)
Surplus - asset disposals	50.8	49.2
Income from joint ventures	8.2	1.0
Movements in investment properties	36.3	4.8
Operating surplus	217.9	230.7
Net interest payable	(132.4)	(128.8)
Movements in financial derivatives	20.6	11.0
Surplus before tax	106.1	102.3

Statement of Financial Position

	2023 £m	2022 £m
Housing properties	6,815.4	6,741.8
Other fixed assets and investments	1,292.0	1,328.0
Net current assets	183.9	254.0
Total assets less current liabilities	8,291.3	8,323.8
Loans due in more than one year	3,275.1	3,328.5
Unamortised grant liability	1,062.4	1,102.0
Other long-term liabilities	210.4	263.4
Capital and reserves	3,743.4	3,629.9
Total funding	8,291.3	8,323.8

NHG group half-year 30 September 2023

Statement of Comprehensive Income

	2023/24 HY £m	2022/23 HY £m
Turnover – rent and service charges	318.5	301.4
Operating costs	(253.4)	(215.2)
Net surplus on rental operations	65.1	86.2
Turnover – sales	12.0	67.5
Cost of sales	(10.7)	(57.9)
Net surplus on new build sales	1.3	9.6
Surplus on disposal of fixed assets	11.0	26.6
Gains from joint ventures	0.7	1.7
Operating surplus	78.1	124.1
Net interest payable	(66.5)	(67.1)
Movements in financial derivatives	6.7	30.0
Surplus before tax	18.3	87.0

Statement of Financial Position

	Sept 2023 £m	Mar 2023 £m
Housing properties	6,920.2	6,815.4
Other fixed assets and investments	1,300.8	1,292.0
Net current assets	250.4	183.9
Total assets less current liabilities	8,471.4	8,291.3
Loans due in more than one year	3,430.5	3,275.1
Unamortised grant liability	1,080.5	1,086.4
Other long-term liabilities	173.9	186.4
Capital and reserves	3,786.5	3,743.4
Total funding	8,471.4	8,291.3

Ratings



G1/V2

Fitch: A negative
S&P: A- stable
Moody's: A3 stable (unsolicited)

Regulator of Social Housing

- In Depth Assessment (Aug 2022)
- Confirmed rating in stability check (Dec 22)
- Annual engagement visit (April 23)
- Refocused strategic priorities to manage material risks

Credit Rating Agencies

- Strong liquidity
- Strong housing demand
- Modest sales exposure
- Scaled down development plans

Treasury Position as at 30 September 2023

Drawn Debt = £3.5bn

Average life = **13.4 years**

Average cost = **4.17%**

Fixed Rate = 96%

Floating = **2%**

Indexed linked = **2%**

Liquidity = £933.0m

Undrawn facilities = **£914.2m**

Cash = **£18.8m**

Liquidity Availability = 42 months

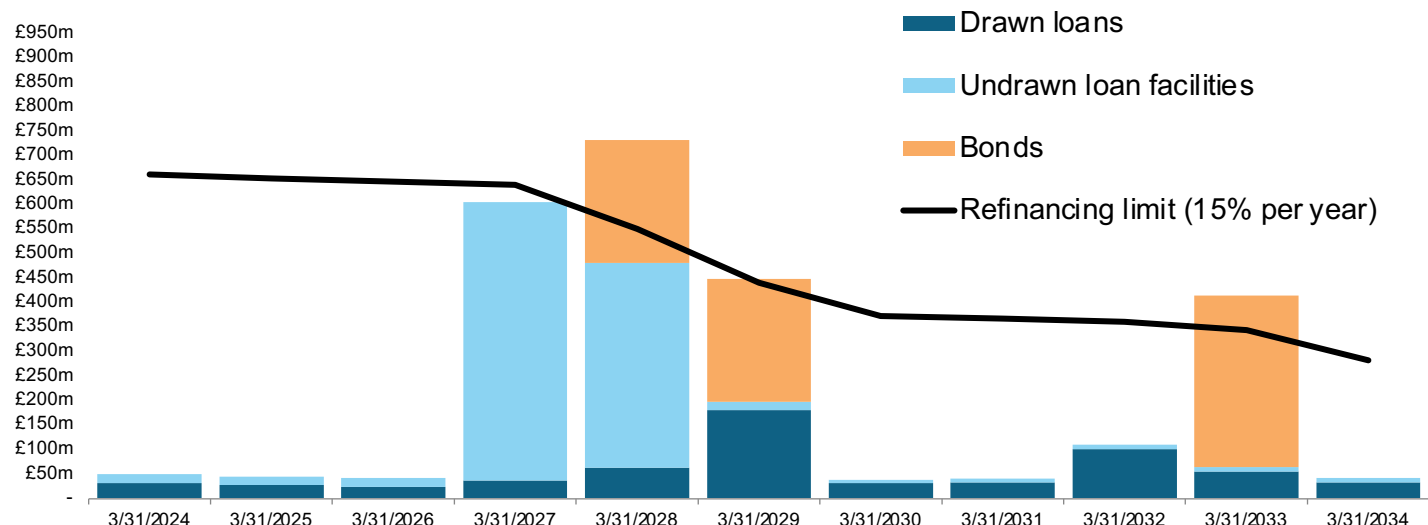
No immediate refinancing required

Security

16,927 unencumbered assets with security value of **£2.6bn**.

Securitised assets with lending value of £6.5bn (headroom c.£3.0bn)

Refinancing



Reduced Peak Debt

Peak debt is reforecast to reduce from £4.5bn in the previously approved plan to £3.6bn. This is expected to reduce annual finance costs by £35m by year 10.

Development, Sales and Building Safety

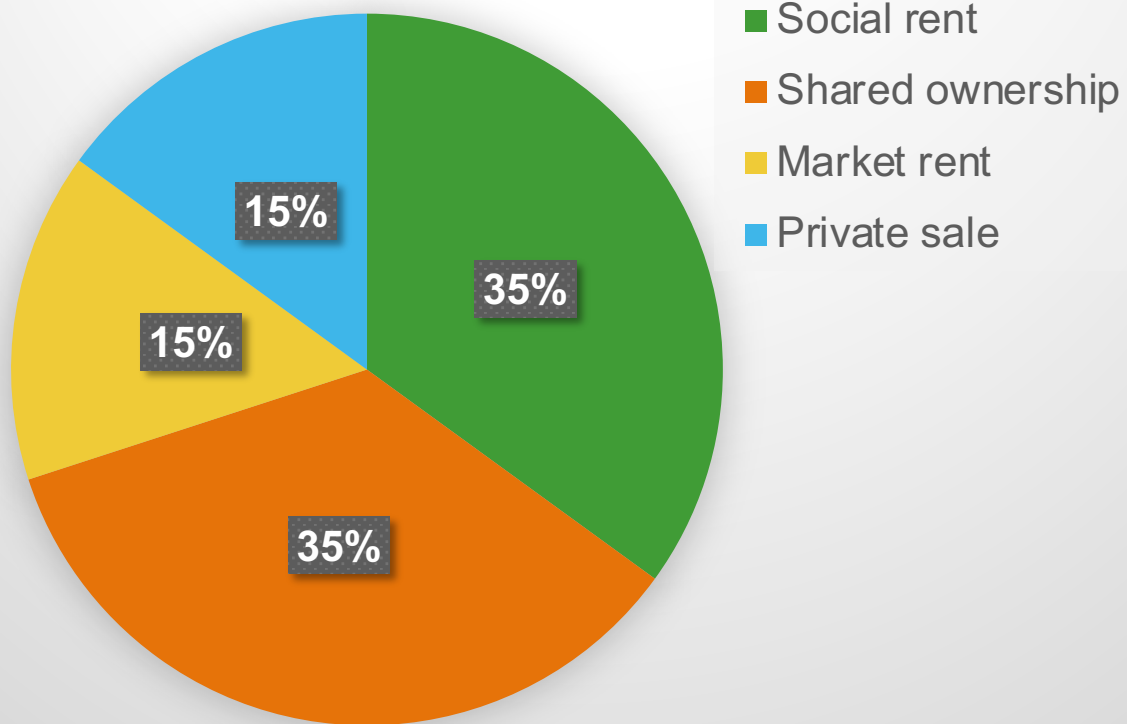


Royal Albert Wharf

1,750 homes. Final Completion 2025

Development and Sales

Programme split by tenure

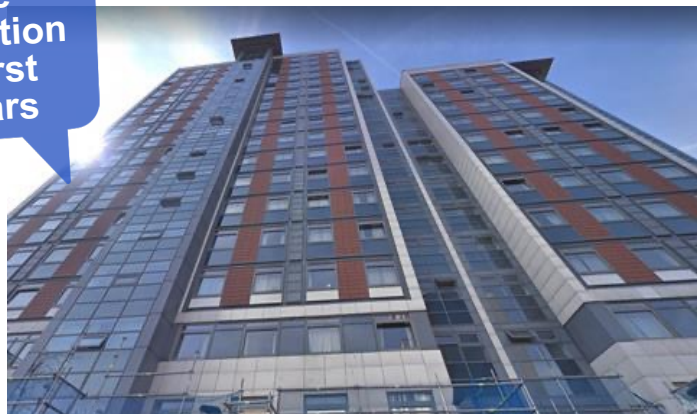


- Development target of 1,000 homes a year
- 3 unsold homes
- Reduced sales exposure in outright sale
- Shared ownership sales weighted towards the second half of the year

Building Safety and Regeneration



£173m of spend related to fire remediation over first 10 years



Grahame Park regeneration 209 affordable homes on site

Paragon remediation in progress with subsequent disposal



Aylesbury regeneration, Southwark

182 buildings registered with the Building Safety Regulator

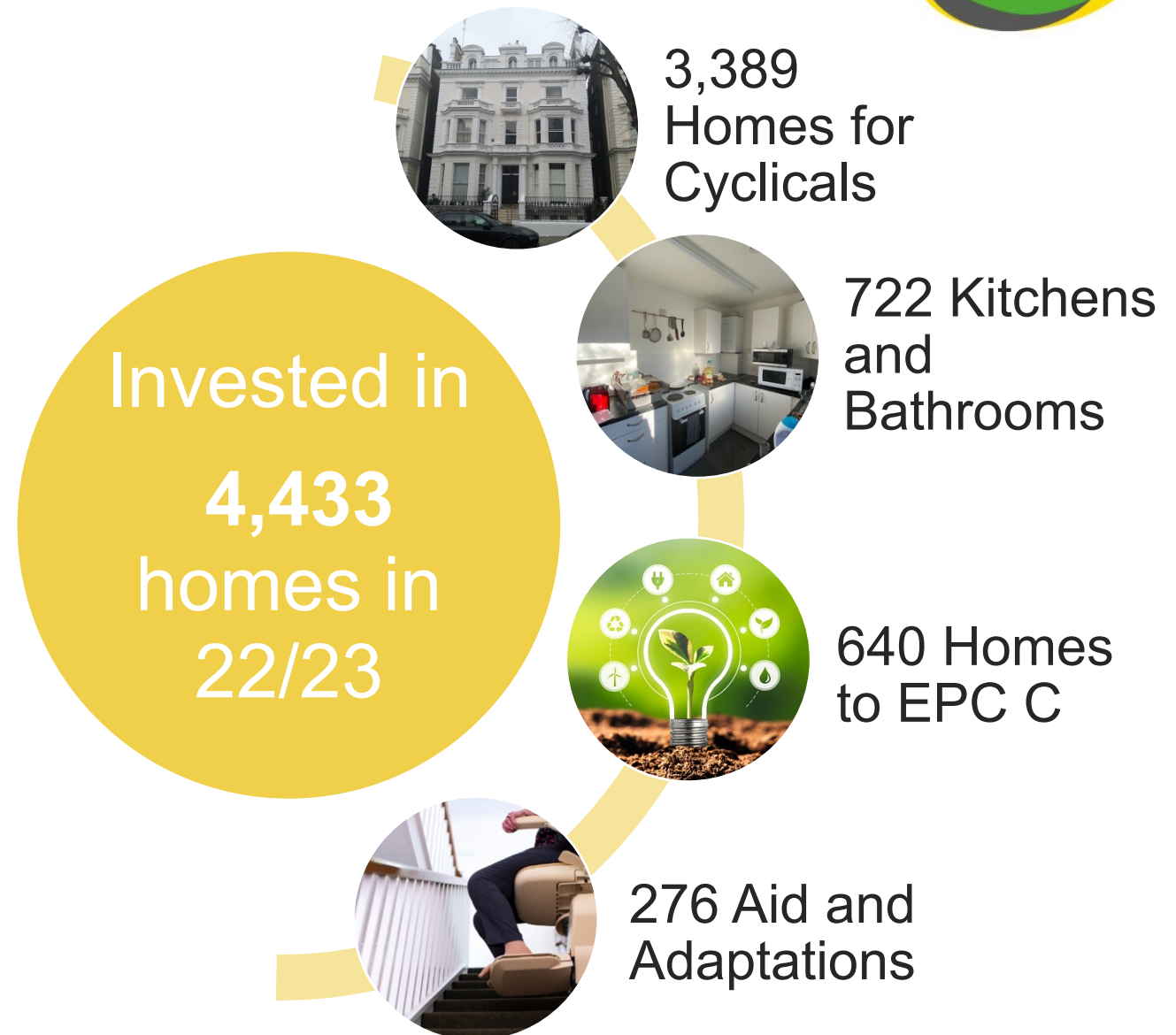
Assets and Sustainability



Asset Management Planned Programme



- £32.98m planned investment spend in 22/23 (excluding M&E)
- £45.95m budget 23/24
- £497.5m to invest by 2032 (excluding Leasehold)
- £8.1m Social Housing Decarbonisation Fund
- £4.5m Heat Network Efficiency Scheme funding secured
- Increased focus on damp and mould



Asset Management



Strategic Changes to Maintain Financial Resilience in Prevailing Risk Environment

Strategic asset management

Identification and sale of poor performing homes

Out of London disposal plan

Marketing 1680 homes in Herts and Essex to follow

ESG

Environmental, Social and Governance

Sustainability Strategy

- Warm, comfortable, low carbon homes
- Green spaces
- Using resources sustainably
- Achieving net zero by 2050

Sustainable Finance Framework linked to £250m green bond issue

Published in 2021

EPC C by 2030

9,649 homes require investment to improve EPC rating

Carbon Zero by 2050

c£0.7bn included in our long-term plan

Greener
spaces

Reduced
bills

Homes
that are
fit for the
future

2023 ESG report to be published September

Closing Remarks



Strong governance



Financially robust and risk aware



Understanding our residents and our assets



Driving positive change for people and places



Thank You

Geographic Footprint

67,110

Total properties owned
or under management

60,759 In London

6,351 Outside London

65,465

Properties under management
By tenure type:

General needs
35,435

Leasehold
9,747

**Shared
ownership**
8,954

**Supported
housing**
3,248

**Market
rent**
3,208

Temporary housing
2,853

Key worker 1,086
Student 839

