

Notting Hill Genesis

Investor Update 15 May 2020



INTRODUCTION AND UPDATE
Kate Davies

Introduction

This is an update on the current position for Notting Hill Genesis (NHG). We are going to cover:

- Our current response to Covid 19
- Our development programme for 2019/20
- Our unsold homes as at 31 March 2020
- Our liquidity position
- Year end reporting

Covid 19 - Operational management

Our Executive Board meets every morning to review the situation. We established a Covid Response Group, to co-ordinate our response and communications.

Front line staff and residents, have been able to use our digital platform - WorkWise - to manage day-to-day work, stay in touch, order repairs and make payments.

Our key technology suppliers - such as Microsoft, O2 and Novosco have worked with us to ensure that our key business systems have all been up and running and meeting increased demands.

Moving to different ways of working very quickly has been made possible by using technology (eg MS Teams and WorkWise).



Operations and Covid 19

Carl Byrne (Cheviot Gardens)

Covid 19 - Care and Support

NHG has a substantial care and support business. We have been working to scale back this business following a review when we first merged, and had already decided to dispose of our operations in Suffolk and Norfolk. This operation was principally care and support and included 497 such bedspaces.

We completed this sale to Sanctuary Housing on 30 March 2020 for £41m.

Covid 19 - Care and Support - continued

We also operate a number of extra care facilities, all in London. These are for elderly people, many of whom are at particular risk from Covid 19. Some key points follow.

- We are following Public Health England (PHE) guidelines.
- We have, to date, been able to source the Personal Protective Equipment (PPE) needed for extra care staff, but we have had to put in place arrangements to move PPE between locations.
- We have been able to secure the required staffing cover for our homes. We have instituted a successful recruitment drive for additional staff. Again staff are being redirected to the most appropriate locations as needed.

Covid 19 - Care and Support - continued

We have recently been notified by the Department of Health & Social Care that testing is available for staff and residents in extra care facilities with Covid-19 symptoms.

Given the frailty of some of our residents and that London is badly affected by Covid 19, there have been some deaths amongst our residents (not just care and support). Overall, the position is stable, with few affected so far, but we cannot rule out an infection in an extra care home that could lead to significant casualties.

We are accepting referrals in a very limited number of cases and maintaining infection control measures across all of our services

Covid 19 - Other operational issues

There are a number of issues that will be of interest.

- We are providing emergency repairs including repairs to the homes of vulnerable people and communal repairs. Some major works continue and preparations to restart are in place.
- We are continuing to carry out routine gas safety inspections with a high level of compliance.
- We have developed a voids turnaround service that complies with Government guidance on social distancing. Most local authorities are continuing to nominate people into social rented homes and lettings continue, although there are some delays.

Covid 19 - Other operational issues

- During 2019/20 we completed the transformation of our operating model. This means that each resident has a nominated housing officer. We had intended to visit all residents as part of this, but are now regularly talking to them by phone.
- As part of this, we have been able to identify a number of residents who have needed extra support and to arrange it.
- We have also implemented significant improvements to our IT systems as part of the new operating model.

Covid 19 - Development

The main effect on the Development operation in the short term has been a reduction in our expenditure as contractors close sites either because they cannot enforce social distancing or because they cannot secure materials. We have generally not instructed contractors to close sites and some remain open (and some closed sites have reopened). Overall, the rate of expenditure on building contracts has contracted sharply as even sites that are open are progressing much more slowly.

We are unlikely to enter into any major capital commitments while the current Covid 19 guidance persists.

Covid 19 - Staffing

Our administrative staff have transitioned to working from home with effect from the week of 16 March.

Our head office has a skeleton staff (mainly to deal with post) but all our other offices are closed to staff.

Some staff are under pressure dealing with such issues as year end.

Other staff have little to do and so we have furloughed staff in sales, development and maintenance, paying 80% of their usual salary and claiming support from the Government for the first £2,500 per month.

Overall, morale seems good and people are working effectively.

Covid 19 - Trends

This table sets out figures in relation to the Covid 19 effect on NHG. Some are prepared up to a date close to the end of the month, rather than the exact date.

Indicator	Description	28 Feb	31 Mar	30 Apr
Cash	Cash at bank and immediately available deposits	£29m	£95m	£41m
Liquidity (£m)	Cash plus undrawn facilities available at short notice	£506m	£569m	£519m
Occupancy	Number of homes let as a %age of those available	98.81%	98.89%	98.58%
Current Arrears	Current tenant arrears as a %age of annual rent due	5.00%	4.70%	5.02%
Gas servicing	Homes with landlord's gas certificate as %age of those requiring one	99.91%	99.86%	99.78%
Unsold homes (no)	Homes completed but not yet sold	484	610	578
Open development sites	Sites in operation - not necessarily at full speed	22	9	13
Repairs as %age of usual	Repairs raised as %age of February 2020 weekly average	100%	34%	36%
Furloughed staff	Staff furloughed under the Government's scheme	-	-	147



Development and Sales
Andrew Sugden (Chobham Farm)

2019 - 2020 Development programme

In November 2018, we reviewed the speed of sales and decided to slow down our development programme.

This led to a reduction in our total spend on new housing from £654m in 2018/19 to £470m in 2019/20.

Nevertheless, we had already entered into contracts for construction of homes, which we did not cancel. These generally take two to three years to complete.

The following page sets out the plots acquired, homes started and completions for 2019/20. This shows that we have significantly cut back on new commitments.

2019 - 2020 Development programme - continued

Tenure	Acquisitions		Starts		Completions	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Low cost rental	140	444	321	483	604	653
Shared ownership	72	293	190	192	581	617
Market rent	152	0	152	152	259	720
Private sale	154	159	2	191	392	121
Joint ventures	-	-	-	-	126	-
Total	518	896	665	1,018	1,962	2,111

Note that some homes have been converted away from sale tenures to rental tenures after construction commenced. The above table is based on their original intended use.

The joint venture sales are being managed by our JV partner and are not included in the unsold homes numbers.

2019 - 2020 Sales

During 2019/20 we completed a large number of homes intended for sale on a shared ownership and outright sale basis.

As it had become clear that the required depth of market was not there, we have converted a number of homes to rental tenures.

The following table sets out what has happened in relation to unsold homes during the year.

2019 - 2020 Movement on unsold homes

Category	Shared ownership	Private sale
Unsold homes as at 1 April 2019	549	56
Homes completed in 2019/20 – as originally intended	581	392
Homes transferred to London Living Rent tenure	(165)	-
Homes transferred to market rent tenure	(75)	(57)
Homes transferred between sales tenures	(11)	11
Homes sold on a a plot by plot basis	(428)	(168)
Bulk sale to LB Hounslow	(75)	-
Unsold homes as at 31 March 2020	376	234
Total remaining unsold homes for sale		610

Covid 19 - Sales

We have, not surprisingly seen a substantial slowing down of sales in recent weeks. We had projected 669 sales in 2020/21 (457 shared ownership and 212 private sale).

In the first month of 2020/2021, we completed a total of 29 sales and secured 8 net reservations.

In the same month, our sales turnover was £8.6m, against a budget (set before Covid 19) of £10.9m, but the rate of reservations suggests this will fall over the next few months.

It remains to be seen what effect the recent announcements opening the housing market will have.



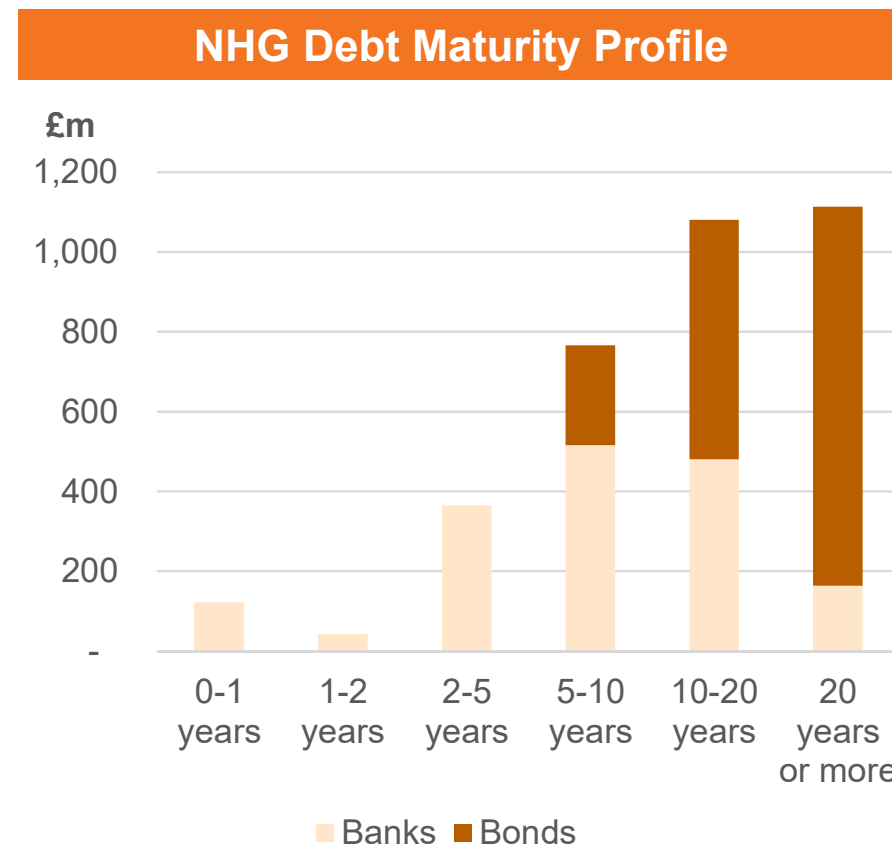
TREASURY UPDATE
Paul Phillips (Manor Place Depot)

Summary of debt and liquidity at 31 March 2020

Debt position as at 31 March 2020

	Facilities (£'m)	Drawn (£'m)	Undrawn (£'m)
NHG	3,738	3,234	504
NHHO	308	252	56
Other subs	6	6	-
Group	4,052	3,492	560

- Average life of drawn debt: 16.1 years
- Average cost of drawn debt: 3.98%
- Average drawn bank debt margin: 0.74%
- Total Borrowings: £3,492m
- Undrawn facilities secured & available: £474m
- Cash Balance: £95m



Summary of treasury position at 31 March 2020

Prudent interest rate management is optimised with the use of derivatives, but only to hedge existing interest rate exposures.

We maintain prudent levels of variable rate debt to manage sales receipts and have about 15,500 unencumbered properties.

NHG Debt Mix Position at 31 March 2020

Category	Target			Actual
	Lower	Central	Upper	
Fixed	50%	75%	95%	87%
Floating	5%	20%	40%	11%
Inflation linked	0%	5%	15%	2%

2019 - 2020 Year end reporting

We are not publishing results at this stage as is our practice.

We still intend to publish our year end results towards the end of July as usual.

We will make an RNS announcement on the day of publication. In the unlikely event of a delay beyond the end of July, we will provide an update to the market.

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