

NOVEMBER 2023

TAI CALON £105M REFINANCE

In a groundbreaking move that promises to transform the affordable housing landscape in Blaenau Gwent, Tai Calon Community Housing, has achieved an extraordinary milestone. They have recently finalised a £105 million long-term debt refinancing partnership with NatWest Group. This landmark is the start of a new era of growth and progress for Tai Calon and the communities it serves.

2Tix Ltd is enormously proud to have helped bring to a successful completion our largest funding project in Wales. Tai Calon's original funding package dated back to its 2010 stock transfer from Blaenau Gwent County Borough Council. 2Tix Ltd was appointed to identify and implement an improved funding structure. Tai Calon now has the freedom to further invest in developing much needed new affordable homes in the area, and in improving the environmental efficiency of their existing homes.

This is just one example of the refinancing activities that we have completed or are in the pipeline this year.

2023 has proved to be a very interesting year at 2TIX. Here are a mix of the projects we have been working on lately and our thoughts for 2024:

2TIX ASSIGNMENTS

2023 has been the year of Covenant Breaches.

Since April we have been supporting several housing associations that failed an interest cover covenant at their year-end in March; before the start of the rent cap. Two were the subject of hugely expensive lender-commissioned Independent Business Reviews, by large accountancy firms. We helped our clients with a variety of tasks including: an update their business plans; cashflow forecasts; and treasury management advice including refinance. The different approach taken by each lender was surprising; but a common thread was a need for better forecasting, including 24 month cashflows. In every case the breach was actively managed, waived or suspended.

2024 will be a year of refinancing

In the last 3 months we have embarked on two large financings and have won the mandate for two more. In every case, changes to, or improvements of existing financial covenants will be a key requirement. During 2023, new loans, where funds will be used to refinance, have been in strong demand; a recent funding proposal received six highly competitive offers.



New Housing Associations are still being formed

In 2023 we had three approaches to support the creation of not-for-profit housing associations. One in the north of England and another in the midlands are being sponsored by local authorities; the third is currently under consideration by a private sector sponsor.

2TIX CONFERENCES AND SPEAKING

We had a stand at the NHF housing finance conference and exhibition in March and are planning our new 2024 stand for the next conference on 13 / 14 March 2024 at the ACC in Liverpool.

We were an exhibitor at the 2 day “One Big 2023”, Welsh Housing Conference in Cardiff, on 4th & 5th July where we sponsored the lanyards and we attended the Social Housing Finance Conference in London on 10 May.

We spoke at a break-out session at the Brabners “Just Housing” Liverpool Conference in October on the subject of Decarbonisation Challenges.

We were speakers at several webinars this year:

Anthony Collins webinar “The Ultimate Mitigation Strategy”

HQN webinar “Stress testing – The test you can’t and shouldn’t fail.”

Shakespeare Martineau webinar “Social Housing: Managing risk and avoiding financial difficulty in the current economic climate.”

Rent Policy and Formula Rents have been brought into Focus.

We were commissioned by a HA to review their rent policy amid concerns that some rents had been calculated incorrectly; a potential breach of the rent standard. The client asked us to validate and help rectify the position. The absence of original data necessitated commissioning a valuation as at July 1999 for the purpose of recalculating the formula rent.

Supported by our partners Abovo-Consult, and their rent model, we found that only one property had been overcharged. For much of the portfolio, there was a bigger gap between the rent currently charged and the formula rent than could be explained by the 2023 rent cap. In future years, the association will be able to relet these properties at the higher formula rent and recover the 4.1% lost from the 2023 rent cap.

Good business planning is now more important than ever.

With business plans under stress, we have seen many more HAs seeking expert help and assurance that their forecasting is up to scratch.

In one example, we were commissioned by a new client to undertake a review of a HousingBrixx business plan to provide quality assurance to the association’s board. By undertaking a structured review of the model construction, objects, inputs and original supporting papers we identified several errors. We went on to validate their stress testing and, following our suggested corrections, were able to give them assurance that their stress tests were consistently applied.

2TIX PEOPLE

For 2Tix, 2023 has been a year of expansion.

John Wearing

John has stepped away from legal advice to offer consultancy services based on his unique background and experience. This includes long periods providing practical advice to the charitable sector, being on the interim managers panel for the Charity Commission and acting as a trustee for a number of charities. He has a wide network of contacts developed over many years working in the legal sector.

John is looking to provide decision-making support and strategic advice to the boards and executives in the charitable / not for profit / care sectors, including housing associations.

Mike Kay

Mike is newly retired from Northampton Partnership Homes and has recently joined the board of Greatwell Homes.

2TIX PARTNERSHIPS

We were very excited to be appointed Nordkap's first partner in the UK in 2023 and look forward to a long and successful relationship.

Nordkap offers sophisticated treasury management software and over the summer we supported the refinement of their system for the UK market.

Our research of the competition has confirmed that the Nordkap system represents the best value for money treasury management system available to housing associations in the UK. It is still early days but we expect the Nordkap will become a major supplier of treasury software in the UK.

He is an experienced Chief Executive and Executive Director; a confident, resourceful and politically astute professional with the experience of setting up new companies and adding value across different businesses. He has a strong and demonstrable track record of strategic leadership and delivery of complex strategies, business plans, projects and programmes.

Through 2Tix Ltd, Mike is looking to provide mentoring support and advice to senior executives.

Paul Hackett

Paul has worked in housing finance for over 25 years and is a Board member at Homes in Sedgemoor. Following a recent stint as interim Finance Director at a 6,000 home housing association, and an eventful sponsored cycle ride across Europe in the summer, Paul has returned full time to the world of consulting and is looking to concentrate his efforts on providing Brixx support.

Paul can advise on regulatory returns, stress testing and building financial models and registering new and innovative housing organisations. He works with all sizes and types of housing provider.

And finally, a thank you.

There was so much more we could have said about 2023. It could not have been such a successful year without the continued efforts of Clive Eccleston and Carol Tilling. 2024 is already looking to be very interesting.

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Accurate calculation of interest payments; SONIA and Base rate updated automatically. Budget interest payable (Mthly, Qly), with automatic interest rate reforecasts.

Boost your Financial Control

Automatic reminders for rollovers and payments. Instant overview of undrawn loans, average interest rates, fixed and variable rates and counterparties.

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