

# Capital Markets Day

Milton Keynes

27 June 2023



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# Agenda

Originate

Invest

Operate

## 1. Introduction

**Helen Gordon**

Chief Executive

## 2. Investing in Milton Keynes

**Sophie Lloyd & Sukhi Gill**

Milton Keynes City Council

**Tom Grounds**

Head of Market Research

## 3. Customer insight

**Paul Glibbery**

Chief Information Officer

**Andy Mason**

Head of Data and Analytics

## 4. De-risking development

**Mike Keaveney**

Director of Land and Development

## 5. Delivering results

**Eliza Pattinson**

Director of Operations and Asset Management

**Jon Pitt**

Director of Lettings and Residential Marketing

## 6. Q&A

# 1. Introduction



Helen Gordon  
Chief Executive



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# Grainger is strongly positioned

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1

## Secured growth

EPRA earnings to double with committed pipeline in 4 years



2

## Strong balance sheet

Low cost of debt fixed for 6 years



3

## Resilient valuations

Strong rental growth offsetting yield expansion  
Robust transactional evidence and strong investor appetite



4

## Inflation beneficiary

Rental income linked to wage inflation



5

## Strong demand-side characteristics

Defensive and resilient demand at our mid-market price point



6

## Healthy customer affordability

Our customers pay c.29% of income on rent



7

## Positive regulatory landscape and politically aligned

Policy focused on driving out poor-quality landlords and driving up standards



8

## Vast market opportunity

Opportunity for BTR and Grainger to significantly increase market share supported by structural changes



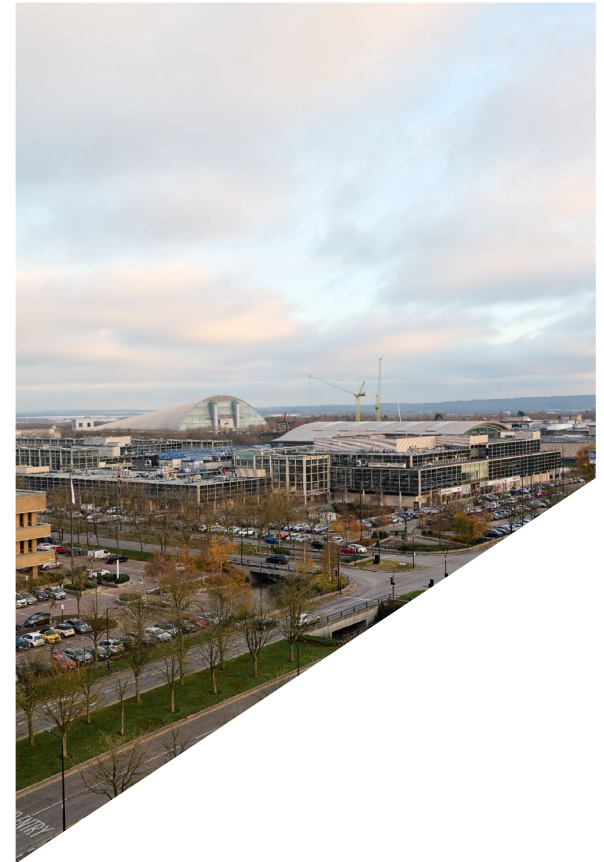
## 2. Investing in Milton Keynes



Sophie Lloyd & Sukhi Gill  
Milton Keynes City Council



Tom Grounds  
Head of Research



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# Milton Keynes Better by Design

Sophie Lloyd – Head of Economic Development  
Sukhi Gill – Town Deal Investment Lead





# City of Milton Keynes

Home to over **287,000** people  
(and over 120 robots!)

A Gross Value Added (GVA) of  
**£14bn** - bigger than the cities of  
Oxford and Cambridge combined

**180,400** employee jobs

Ambitious plans for future growth  
**population of 410k** by 2050 (as  
big as Cardiff city)





# Milton Keynes is UK's fastest growing city

#3 for Population Growth

#9 for Business Start-ups

Source: Centre for Cities, Cities Outlook 2023





# One of the most productive and innovative business cities in the UK

#3 for Innovation

#5 for Business Stock (per 10k pop)

#7 for GVA per hour

#1 city for job opportunities

Sources: Centre for Cities, Cities Outlook 2023  
Best UK Cities for Job Opportunities 2023, Ciph



# Major employers



# Skills and Higher Education

High-quality education providers in MK and surrounding areas, offering a potential strong supply of talent

- **Open University** – Undergraduate and postgraduate courses and qualifications
- **MK:U** – New university focused curriculum on the digital economy
- **South Central Institute of Technology** - Higher level technical Qualifications, consortium led by Milton Keynes College, industry partners Microsoft, KPMG and McAfee
- **Cranfield University** – Leading Postgraduate university, management and defence





# Connected city

Strategically located – midway between London and Birmingham, Oxford and Cambridge

## By Rail

35 minutes to London

50 minutes to Birmingham

## By Air

London Heathrow, London Luton, London Stansted, Birmingham and East Midlands, can be reached in 90 minutes or less



# City of Innovation

Milton Keynes is a leading Smart City both nationally and internationally

Largest privately owned 5G network designed for R&D – current trials include EV remote controlled taxis

European Robotics League competition host city 2023 (18<sup>th</sup> - 23 Sept)

Home to the world's largest fleet of autonomous robots – Starship robots





# City of Culture

Milton Keynes hosts a wealth of cultural organisations and venues

The IF: Milton Keynes International Festival is taking place in July 2023

The city hosted three matches and a semi-final of 2022 Womens UEFA Euros, and is home to MK Dons

Rich history of music at MK Bowl and StadiumMK



# Milton Keynes: Strategy for 2050

Provides a vision, framework and spatial strategy for the future growth of the city to 2050

Population growth to c.410,000 by 2050, and up to 90,000 new jobs

Ambition to be carbon neutral by 2030 and carbon negative by 2050

City status reinforces importance of achieving the longer-term Vision for the City



Strengthen those qualities that make Milton Keynes **SPECIAL**



Make Milton Keynes a **LEADING GREEN AND CULTURAL CITY** - by global standards



Ensure everyone has their own **DECENT HOME** to rent or buy



Build safe communities that support **HEALTH AND WELLBEING**



**PROVIDE JOBS FOR EVERYONE** by supporting our businesses, and attracting new ones



Offer better opportunities for everyone **TO LEARN** and develop their skills



Make it **EASIER FOR EVERYONE** to travel on foot, by bike and with better public transport

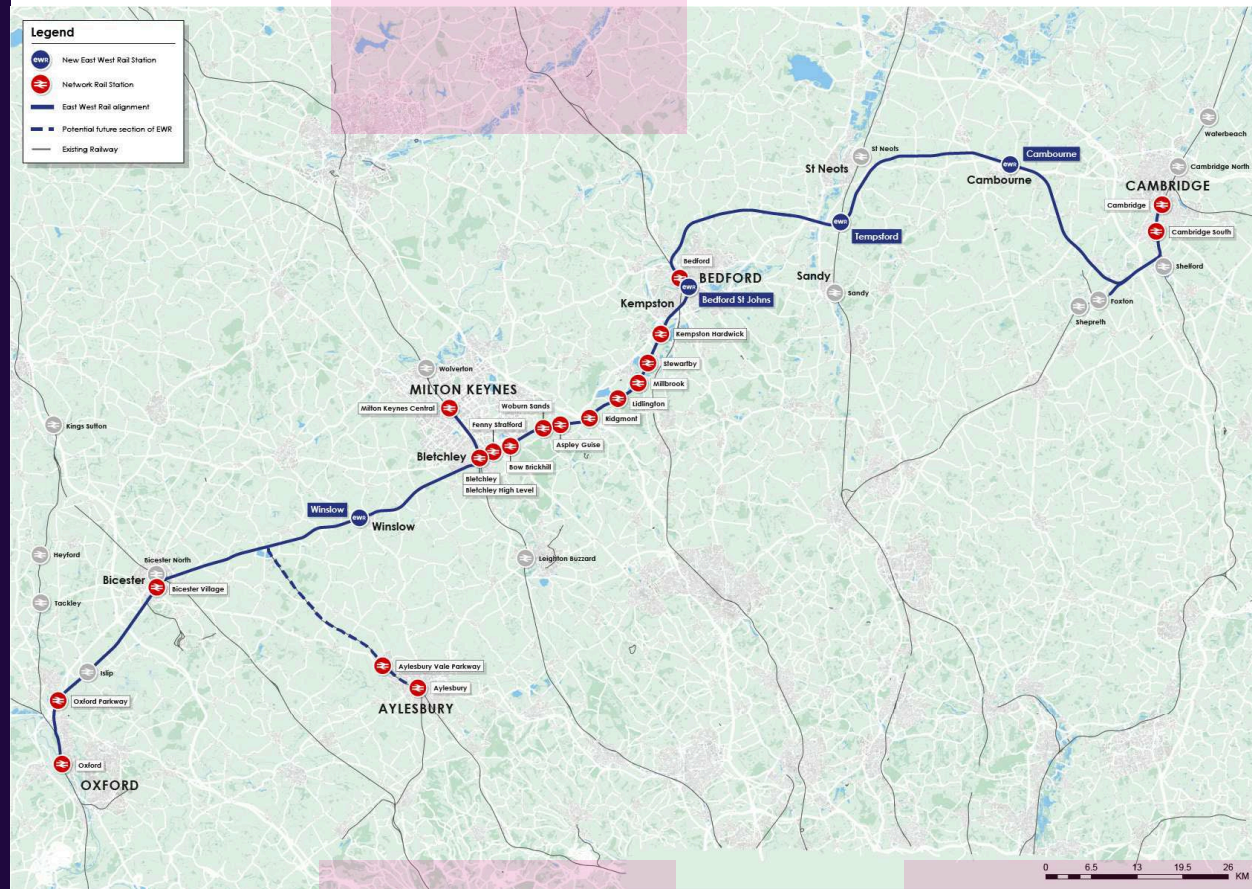


# Bletchley and East West Rail

Bletchley 'Home of the Codebreakers' is undergoing a transformation, with £22.7m Town Deal investment

East West Rail will link Milton Keynes/ Bletchley directly to Oxford, and Cambridge

Will provide significant improvements in journey times and frequency



# Stay Connected

LinkedIn - investmk

Twitter - @InvestMK

InvestMK

[www.investmiltonkeynes.com](http://www.investmiltonkeynes.com)



**Milton  
Keynes.**

Better by design

# Research-driven investment

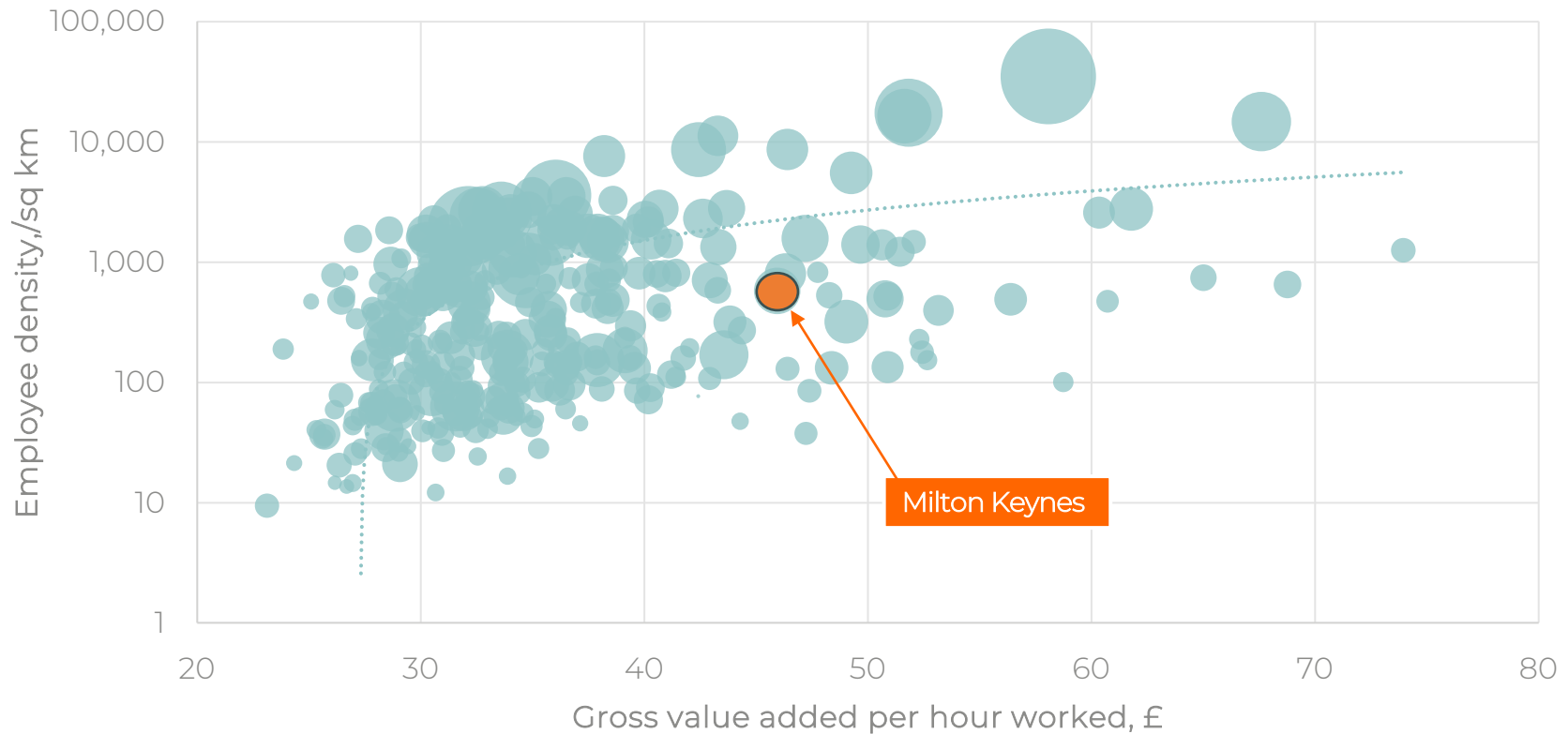
## Why do we remain focused on urban areas?

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### Employment density vs labour productivity



Sources: ONS Business Register and Employment Survey and ONS Labour Productivity Indices



# Economic indicators

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## Milton Keynes has a strong knowledge economy

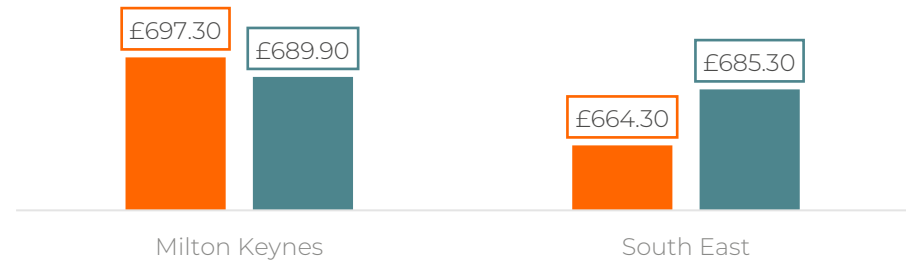
**9/63** Business start-ups per 10k pop, 2021

**5/63** Business stock per 10k pop, 2021

**3/63** New economy firms per 10k, 2022

Numbers above show Milton Keynes' ranking against the other 62 cities covered by Centre for Cities

### Gross weekly full-time wage, 2022

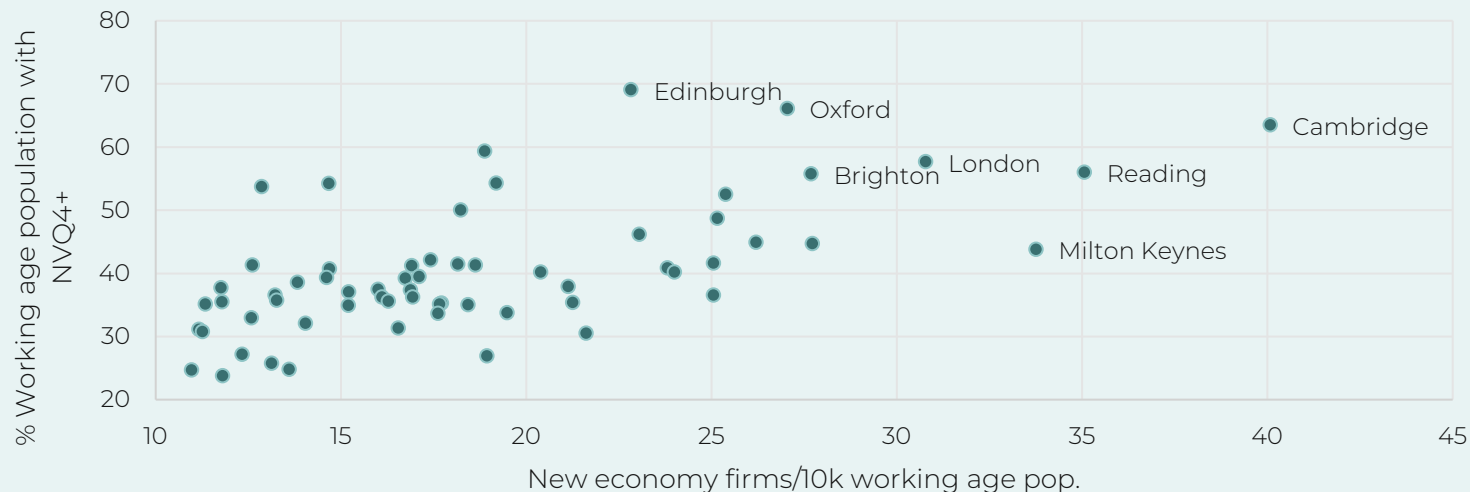


Source: Nomis

Workplace earnings

Resident earnings

### Milton Keynes: a strong "New Economy\*" city



Sources (clockwise): Centre for Cities, ONS annual survey of hours and earnings, ONS annual population survey and Centre for Cities.

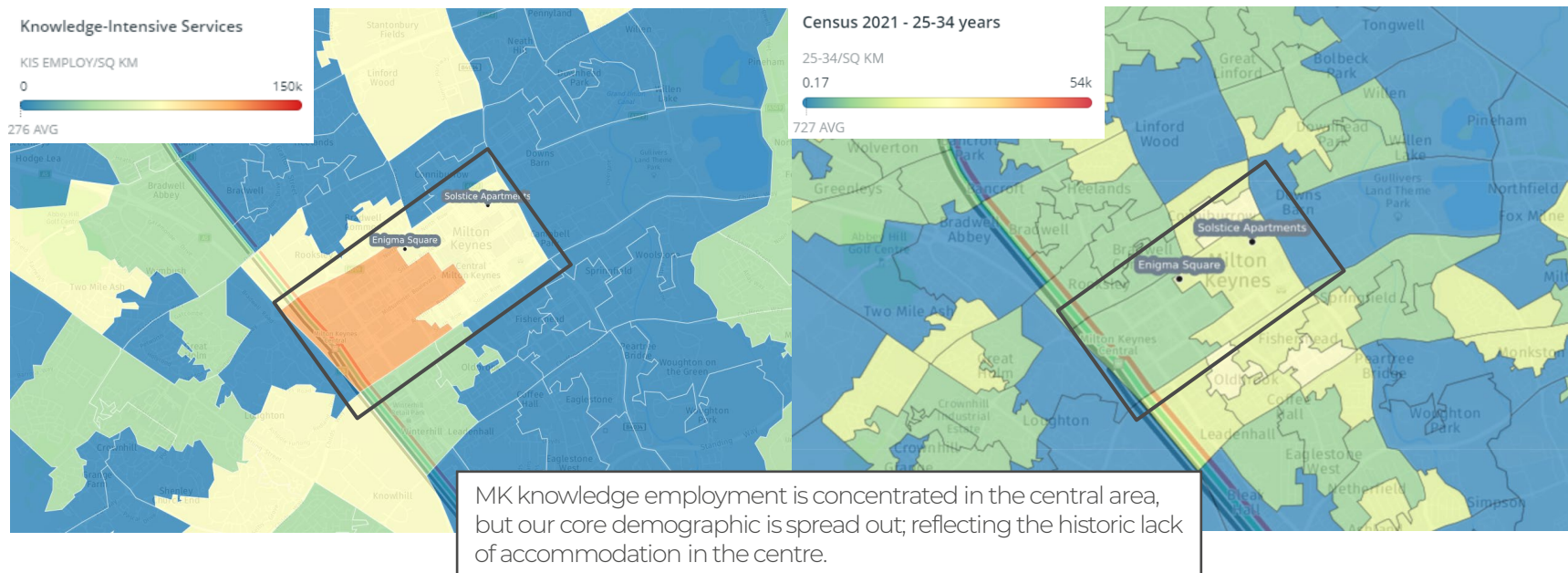
# Location structure

## Central Milton Keynes - candidate for densification

Originate

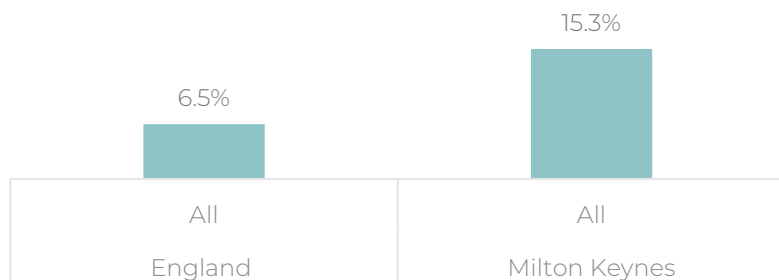
Invest

Operate

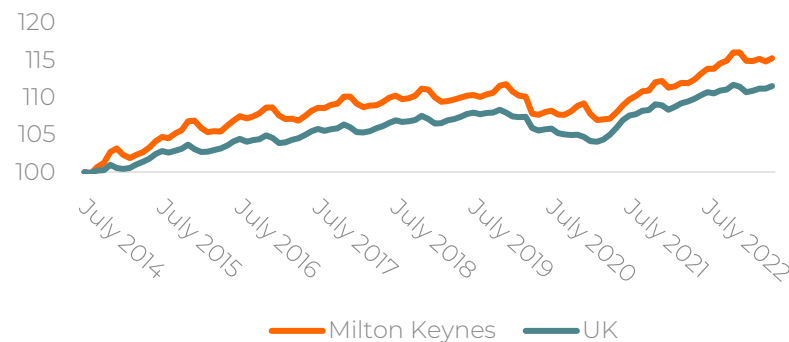


### Population growth

(10yr growth to Census 2021)



### Payrolled employees, index Jul-14=100



# Location demographics

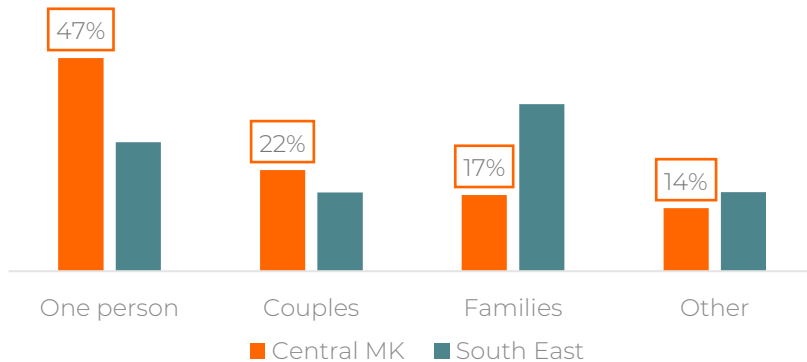
## Central Milton Keynes is a high-earning renter location

Originate

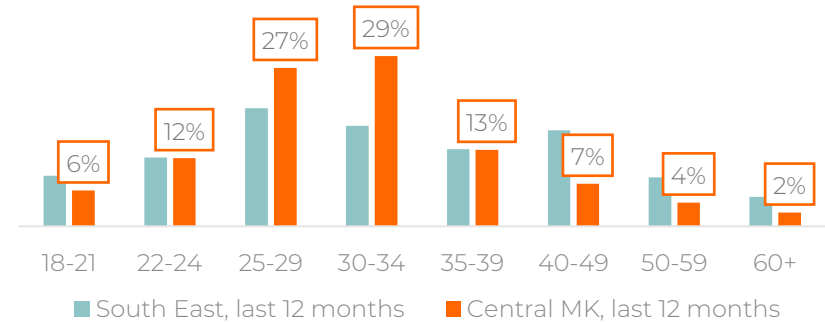
Invest

Operate

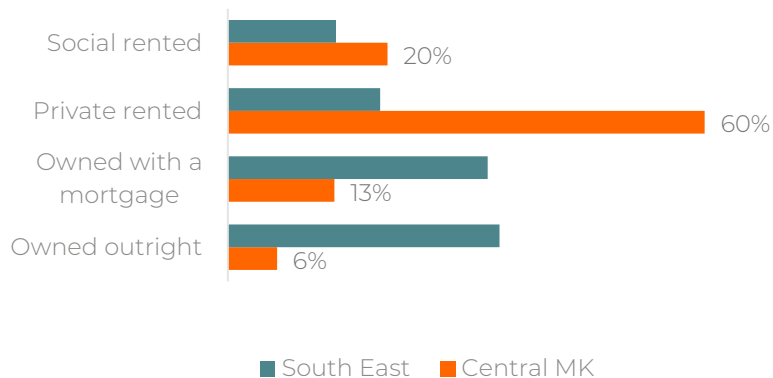
### Central MK - household profile



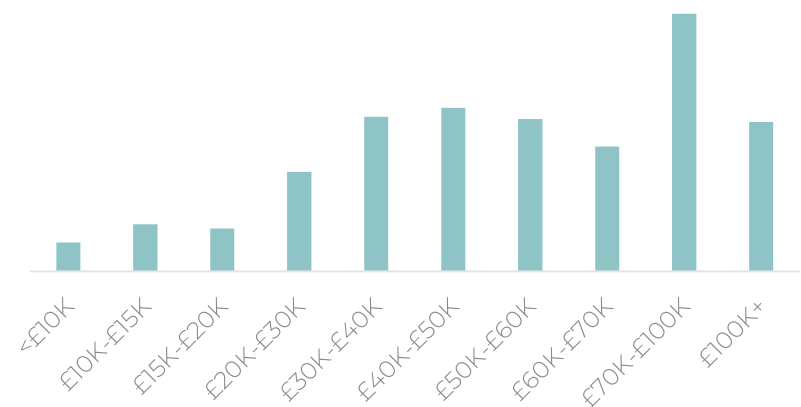
### Central MK – tenant breakdown (12 months)



### Central MK – tenure (households)



### Central MK - Private Renter Earnings



Sources: all from DataLoft exc. bottom right which is sourced from Experian

## Operate



22

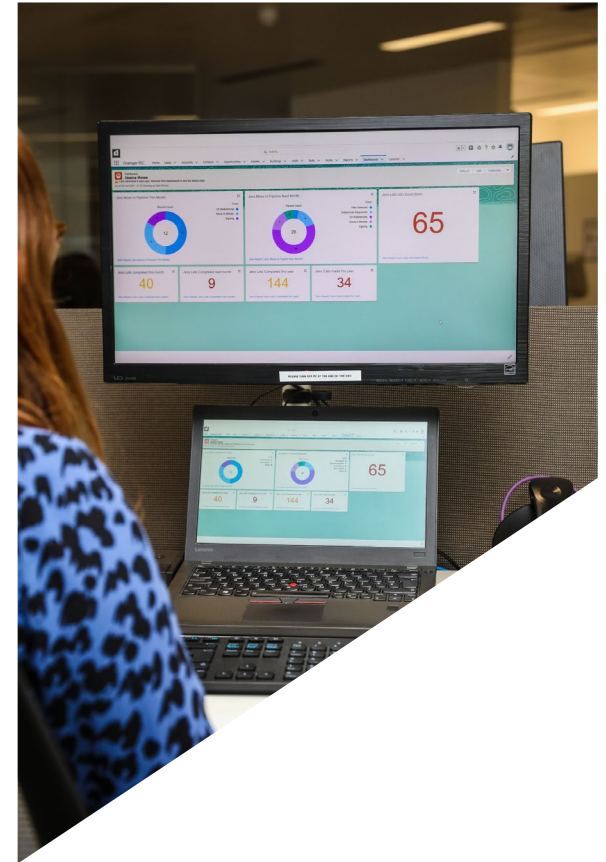
# 3. Customer insight



Paul Glibbery  
Chief Information Officer



Andy Mason  
Head of Data and Analytics



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# Grainger Insight Platform

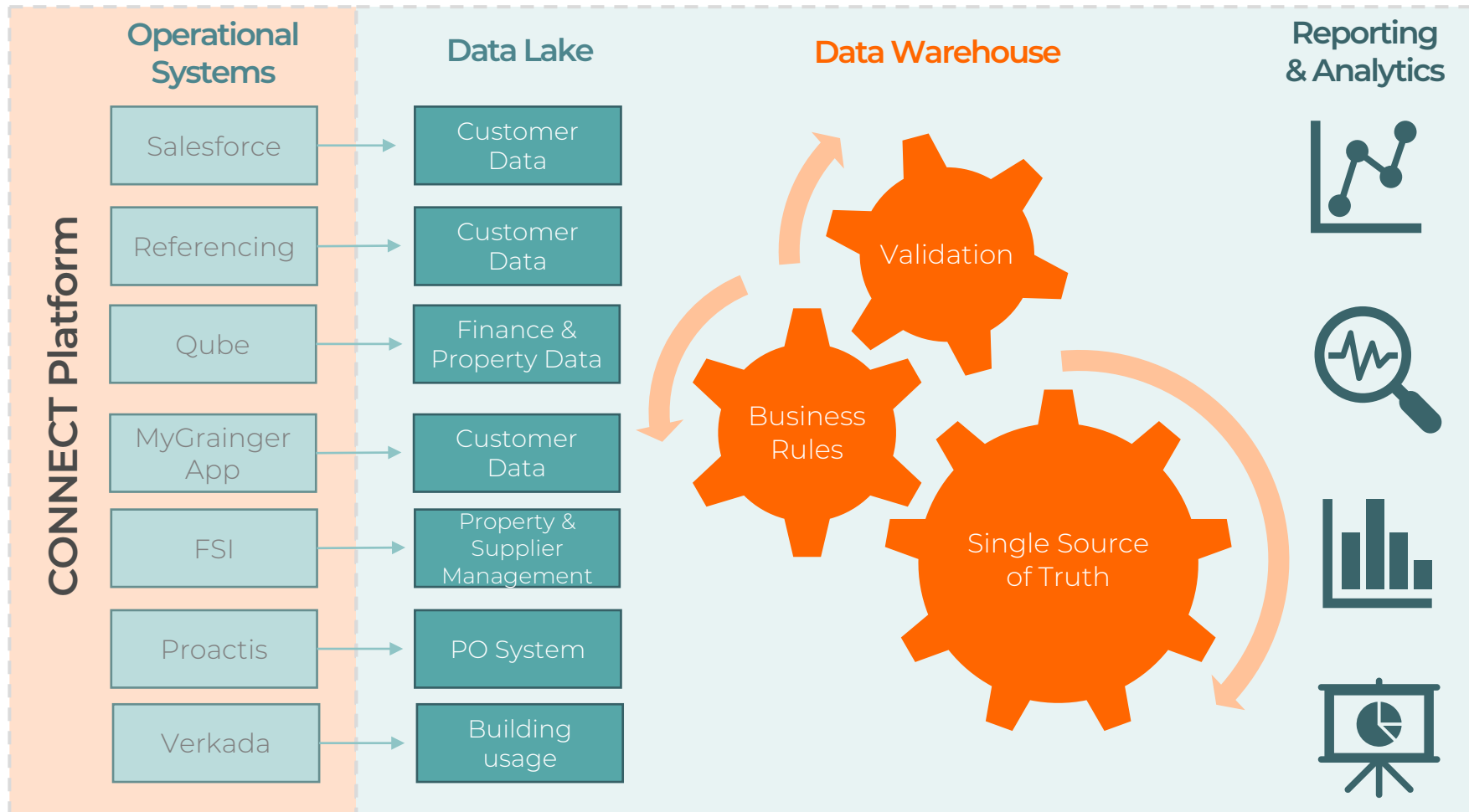
Originate

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Our investment in the **CONNECT** platform delivering insight and performance

## Grainger Insight Platform



# Our decision analytics program

Using data and insights to drive our decision making



Originate

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Operate

## Customers



**Ambition:** to maximise customer lifetime value

**Current initiatives:** focus on customer acquisition and revenue generation with lead management, marketing, rental growth initiatives underway

## Product & Service Design



**Ambition:** to deliver customer centric design and service in our best-in-class rental homes

**Current initiatives:** focusing on gathering data to inform building design specification with PropTech and automated customer surveys at key events

## Procurement and supply chain



**Ambition:** to maximise procurement benefits and supply chain efficiency / effectiveness through data

**Current initiatives:** developing granular data at component level, tracking supply chain and how they deliver for our customers

Integrated  
decision  
making

## Net Zero Carbon



**Ambition:** using data to inform, drive and accelerate our net zero ambitions

**Current initiatives:** utilizing net zero dashboards into business decision making and performance tracking



# Understanding our customers

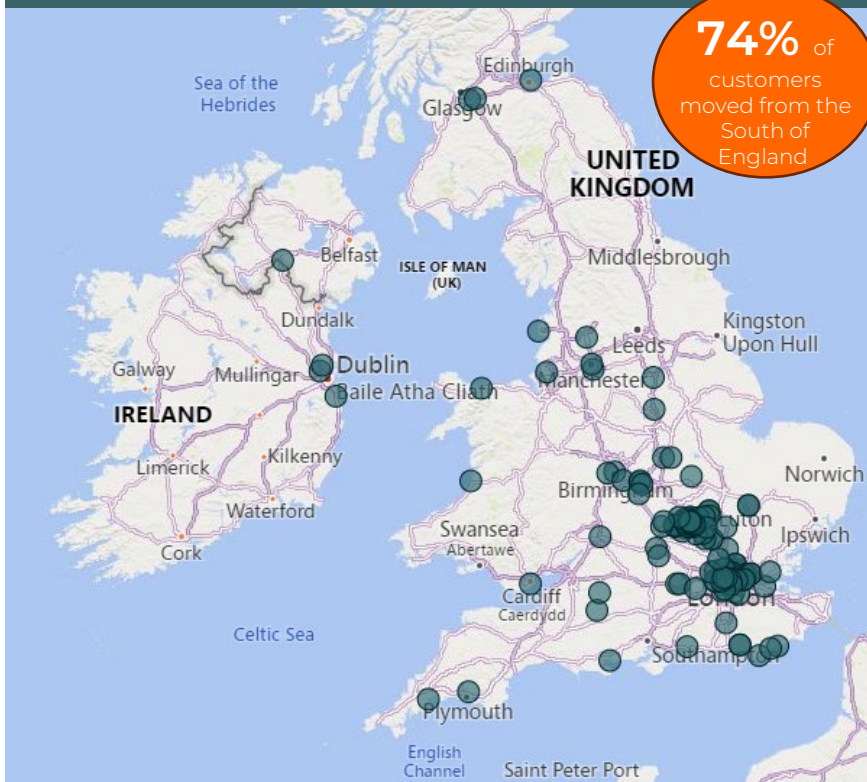
Originate

Invest

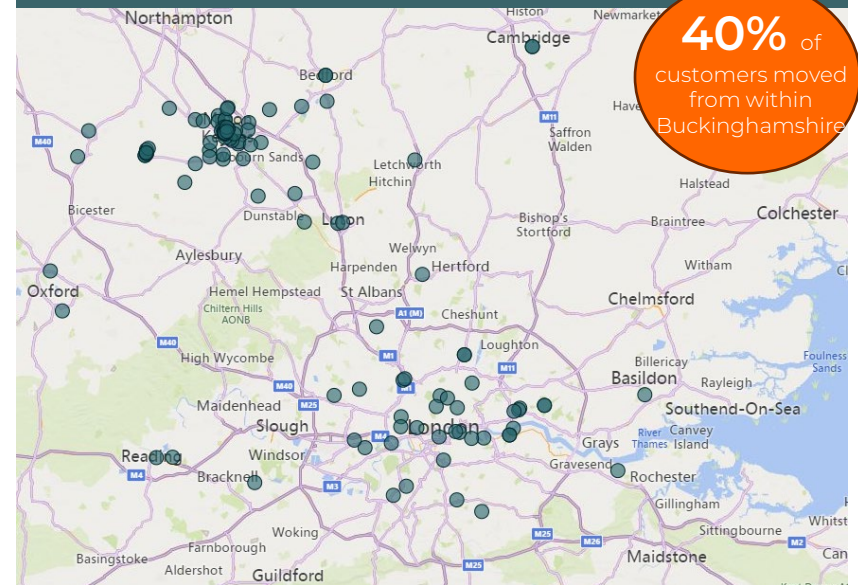
Operate

## Where are our customers coming from?

**UK** - customers moving to Enigma from across the UK



**London & SE** - Majority of customers moving locally or from London



Sources: Grainger insight portal

# Customer demographics

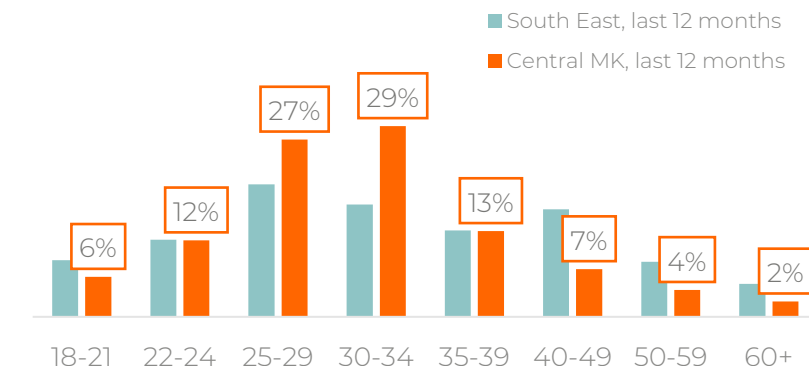
Originate

Invest

Operate

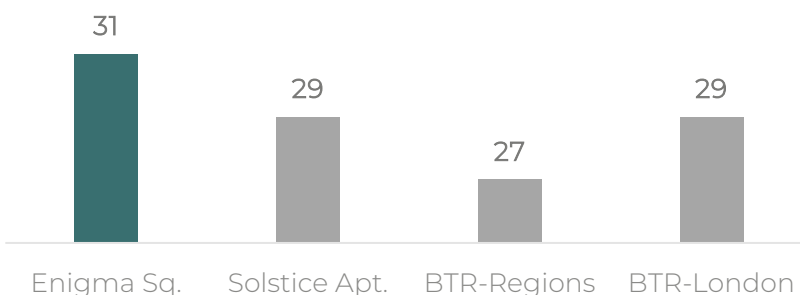
## Enigma Square demographic correlates closely to wider central MK

### Milton Keynes rental demographic – Central MK



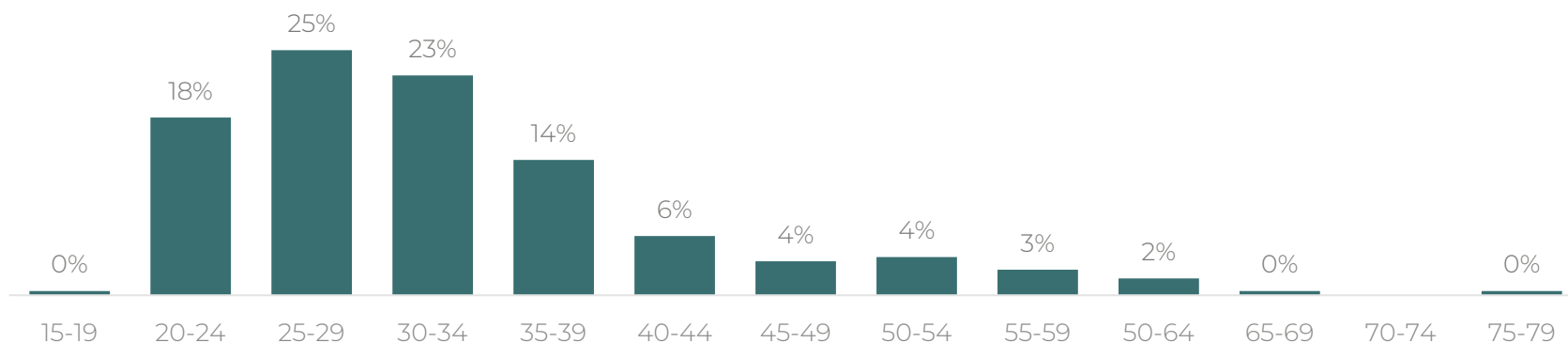
Source: Dataloft

### Median age of customers at Enigma Square compared with Solstice and the wider portfolio



Source: Grainger insight portal

### Enigma Square customer age demographic



Source: Grainger insight portal

# Monitoring customer affordability

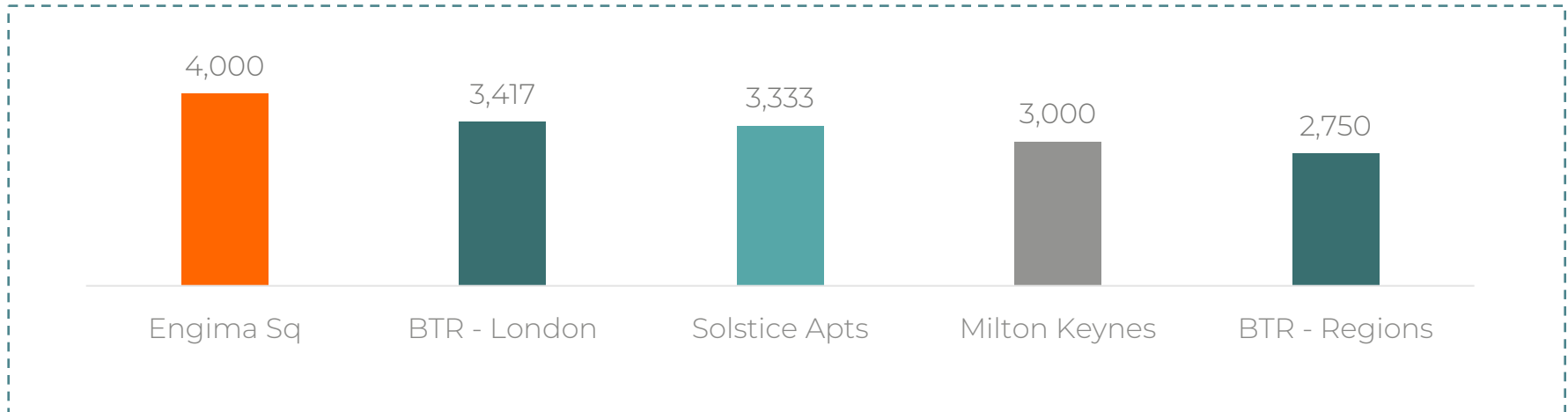
Originate

Invest

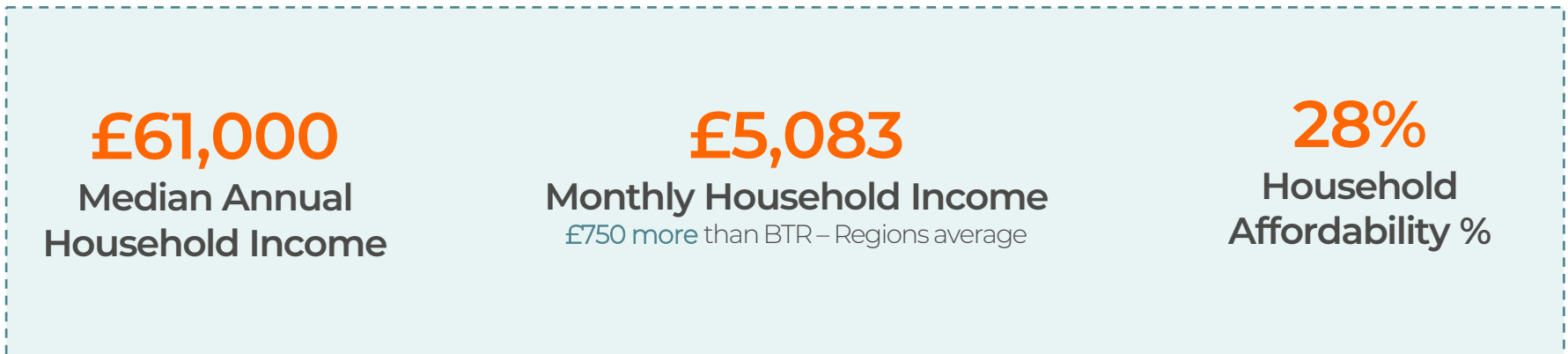
Operate

## Enigma Square attracts a more affluent customer base

### Individual Income at Enigma Square (£ per month)



### Household Income at Enigma Square



# Building our data use cases

## Developing our insight platform at speed



Finalist

Originate

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### Customers



**Ambition:** to maximise customer lifetime value

#### Products launched:

Customer  
Insight

Rental Growth  
Insight

Lead  
Management

### Product & Service Design



**Ambition:** to deliver customer centric design and service in our best-in-class rental homes

#### Products launched:

Building Usage  
Insight

Pro-active  
Management

Property  
Compliance

Integrated  
decision  
making

### Procurement and supply chain



**Ambition:** to maximise procurement benefits and supply chain efficiency / effectiveness through data

#### Products launched:

Supplier Insight

Supplier  
Compliance

Procurement  
Insight

### Net Zero Carbon



**Ambition:** using data to inform, drive and accelerate our net zero ambitions

#### Products launched:

Scope 1 & 2  
Measurement

Scope 3  
Measurement

Portfolio Insight

# 4. De-risking development



Mike Keaveney  
Director of Land & Development



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## Disciplined yet flexible approach to sourcing, benefit of each route

### Direct Development

- Full project control
- Ability to control initial design
- Benefits from full development profit
- Development risk
- Counterparty review and monitoring
- Longer time to develop

### Forward Funding

- Access to opportunities
- Accelerated pace of development
- Ability to influence design
- Development risk remains with developer with costs fixed
- Counterparty review and monitoring
- Lower development profit

### Stabilised Acquisitions

- Low risk
- Immediate income
- Limited opportunities
- Focus on quality



# Pipeline delivering at pace

**7** schemes delivering in the remainder of 2023

Originate

Invest

Operate

2023 Launches

Wider Pipeline

## Forward funding

**1.** The Mint,  
Guildford Station,  
Surrey

Onsite, 98 homes, Mid 23

**2.** Nautilus Apts,  
Fortunes Dock,  
Canning Town,  
London

Onsite, 146 homes, Mid 23

**3.** The Barnum,  
Queens Rd,  
Nottingham

Onsite, 348 homes, Mid 23

**5.** The Condor,  
Becketwell, Derby

Onsite, 259 homes, Late 23

**6.** The Copper  
Works  
Capital Qtr,  
Cardiff

Onsite, 307 homes, Late 23

**7.** The Tilt  
Works,  
Well Meadow,  
Sheffield

Onsite, 284 homes, Late 23

Millwrights Place,  
Bristol

Onsite, 231 homes, Early 24

The Sliver Yard,  
Exchange Sq,  
Birmingham

Onsite, 375 homes, Mid 24

West Way Sq,  
Oxford

Onsite, 150 homes, Early 25

Seraphina Apts,  
Fortunes Dock  
Canning Town 3,  
London

Onsite, 132 homes, Early 25

Redcliff Quarter,  
Bristol

Onsite, 468 homes, Late 25

Merrick Place,  
London

Onsite, 401 homes, Mid 26

## Direct Development

**4.** Weavers Yard,  
Newbury, West  
Berks

Onsite, 198 homes, Late 23

Waterloo,  
London

215 homes

Exmouth Junction,  
Exeter

230 homes

## Direct Development - Co-investment & JVs

Besson Street,  
Lewisham

324 homes

Arnos Grove,  
London  
(CLLJV)

162 homes

Kennington,  
London  
(CLLJV)

139 homes

Southall,  
London  
(CLLJV)

460 homes

Nine Elms,  
London  
(CLLJV)

479 homes



# Continual learning

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**Our integrated operating model provides continuous feedback which influences the evolution of design brief and specification**

- Over 110 years of residential experience
- 19 BTR projects since 2016
- Real time feedback from our operational portfolio
- Continuous improvement of our design brief

## Site specific tailoring

- Site specific brief tailored to location
- Designed with flexibility

## Processes and procedures

- Concise reporting
- Risk and control matrices
- Checklists



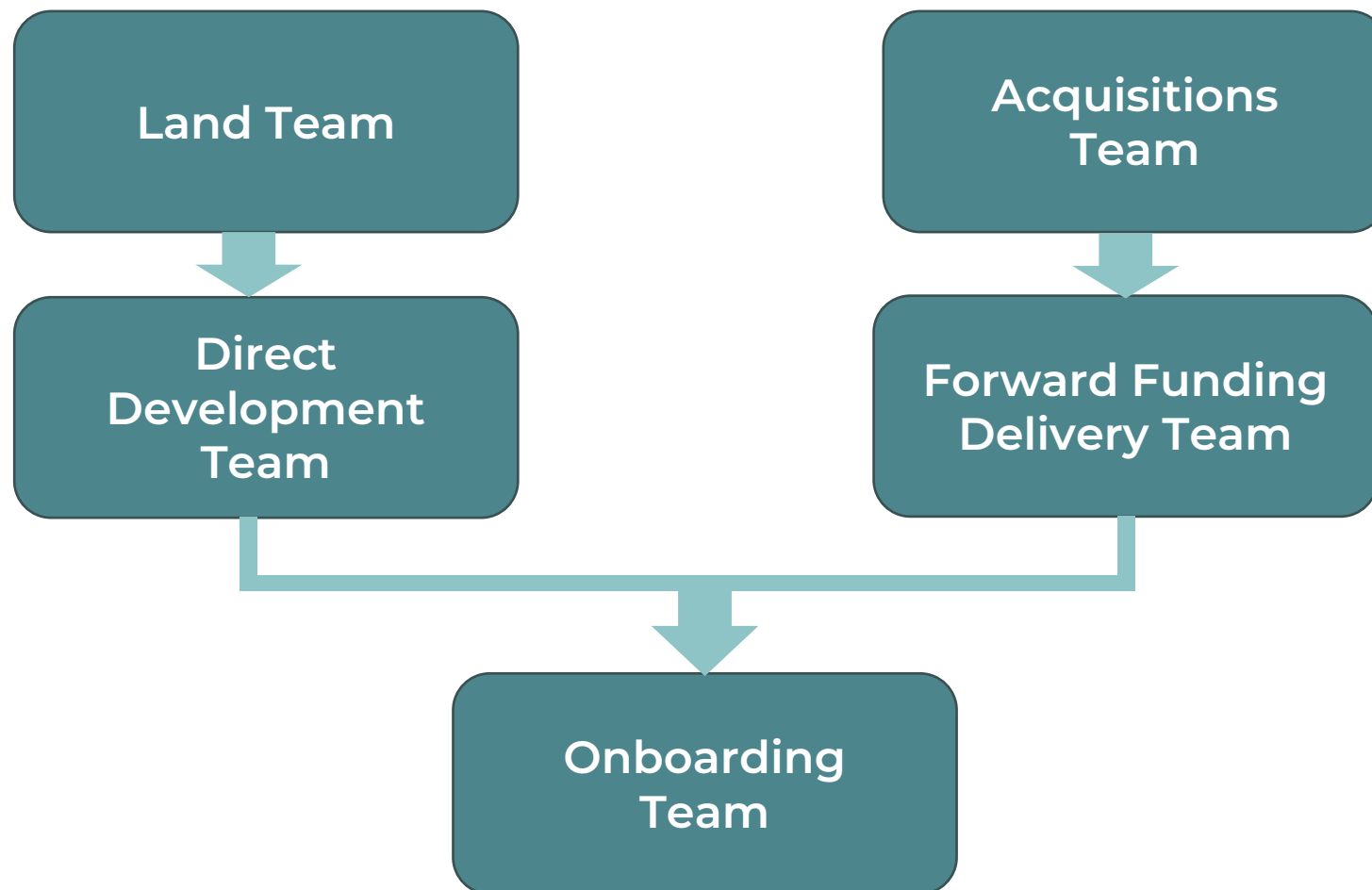
# Our expertise

Originate

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Inhouse expertise across sourcing, development and delivery



# Active risk management

A focus on managing and mitigating development risk

Originate

Invest

Operate

## 1. Careful partner selection

- Trusted development partners
- Long term relationships
- Repeat business

## 2. Robust due diligence

- Technical due diligence including ESG and Building Safety
- Counterparty review and risk assessment

## 3. Contractual protections

- Developers profit paid on completion
- Damages payable on delays, offsetting rent loss
- Additional protection from performance bonds

## 4. Ongoing monitoring

- Dedicated development manager
- Monthly site meetings
- Monthly development / project boards



Apex Gardens, London

# Delivering the right quality

Originate

Invest

Operate

- Developing our brief
- Careful team selection
- Monitoring & accountability



Enigma Square, Milton Keynes



Enigma Square, Milton Keynes



Enigma Square, Milton Keynes

# Case Study: Enigma Square

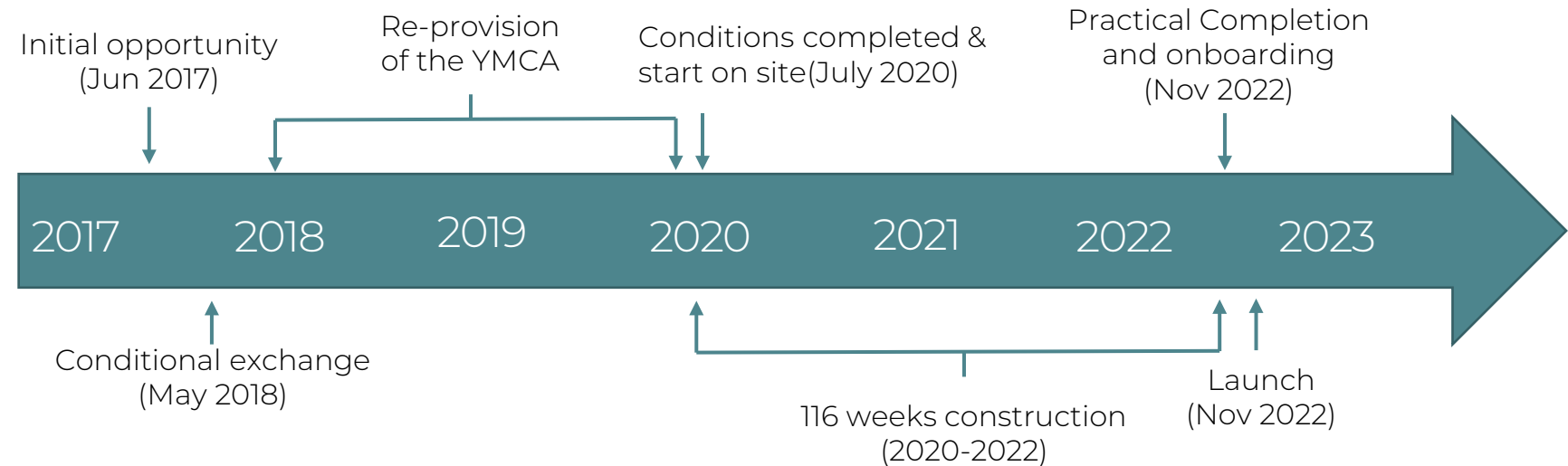
Originate

Invest

Operate

## Development Overview

- Transaction - Forward fund, secured in 2018
- Developer - Pevril Securities
- Contractor - Bowmer and Kirkland
- Investment - £63m
- Expected Gross Yield on Cost - 6.25%



# 5. Delivering results



Eliza Pattinson

Director of Operations and Asset Management



Jon Pitt

Director of Lettings and Residential Marketing



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# Enigma Amenity Design

Originate

Invest

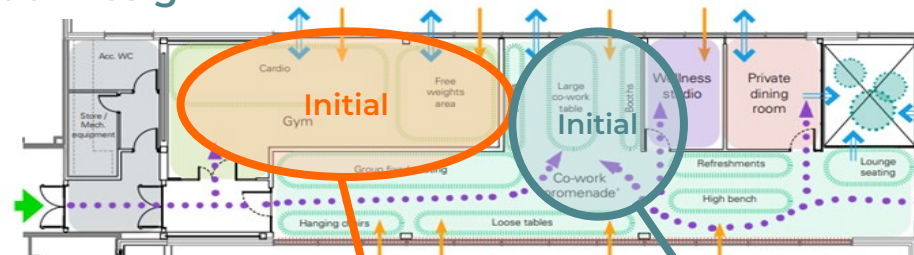
Operate

Using our experience, data and insights to optimise building and amenity design

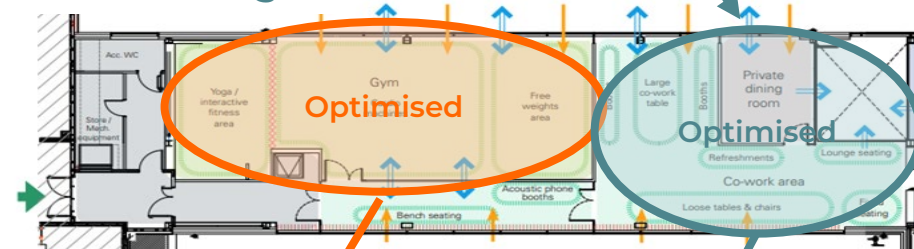
## Design enhancement

- Refined amenity designed to optimize space and offering
- Increased co-working and gym space
- Revised parcel storage from lockers to storage room
- Revised back-of-house office
- Interior design differentiated from neighbouring asset, Solstice

### Initial Design



### Optimised Design



# Our compelling customer offer

A great rental experience & “More than just a home”

Originate

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## WHY RENT WITH GRAINGER

- ✓ No middlemen
- ✓ Customer first
- ✓ No surprises
- ✓ Stay as long as you want
- ✓ Community matters
- ✓ We hear you

## A Quick & Easy Rental Process

1. View
2. Reserve
3. Approval
4. Move-In



Free superfast wifi



Long term tenancies available



Dedicated on-site service team



Energy efficient homes



Free gym



Responsive repairs



Community events



Top customer ratings



Award winning service



Accredited

# Data driven leasing strategy

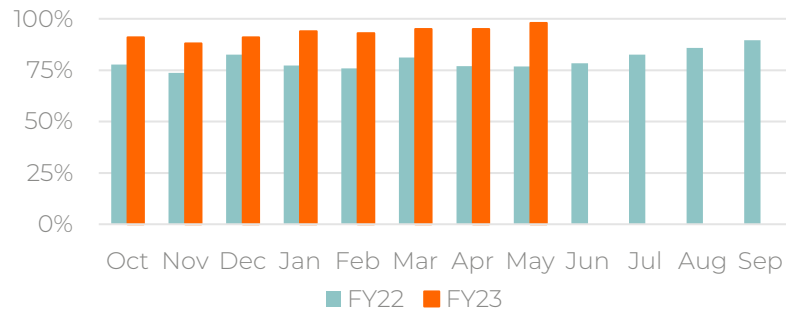
## Inhouse leasing expertise driving performance

Originate

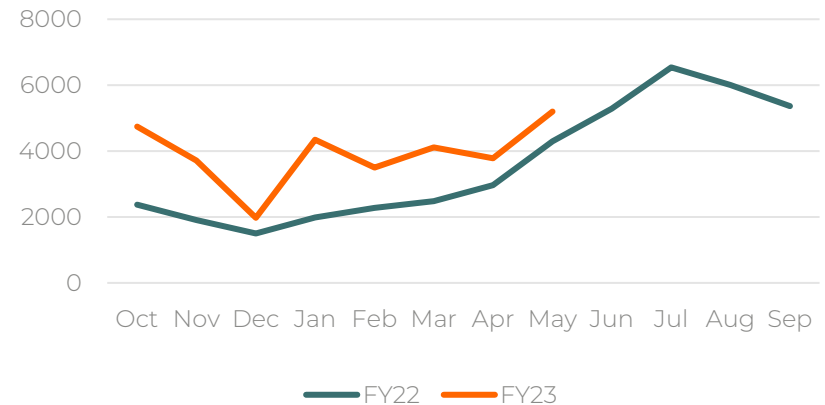
Invest

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### Direct Let % (YoY)



### Lead Volumes (YoY)



## New technology capability improving lead management

#### Leadpro Qualification

What is the household's annual income? £70 000 - £80 000

What is your employment status? Permanent

When are you looking to move? 2-4 weeks

Reason for moving/Any other questions?

Which industry do you work in? Financial Services

How long do you want to live with us? 12-24 months

How many bedrooms do you need? 2

How many people will be living with you? 2

Leadpro\_id 13424505

# Data driven leasing strategy

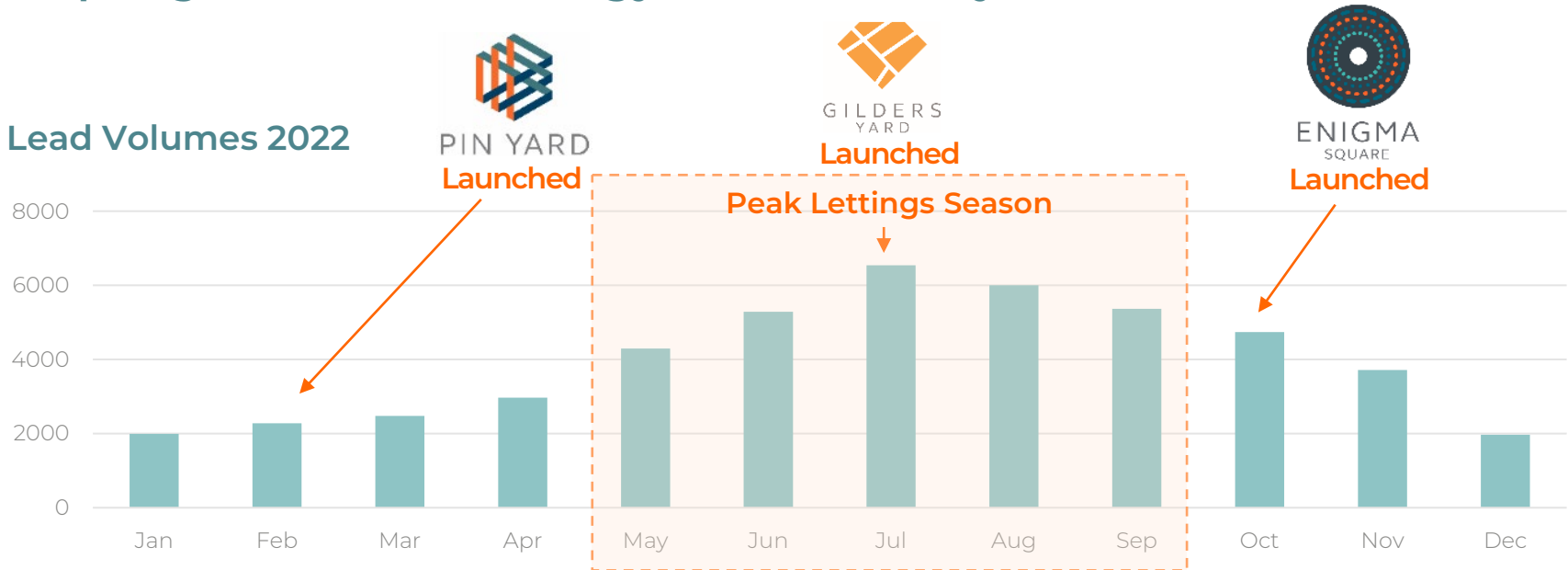
## Adapting our launch strategy for seasonality

Originate

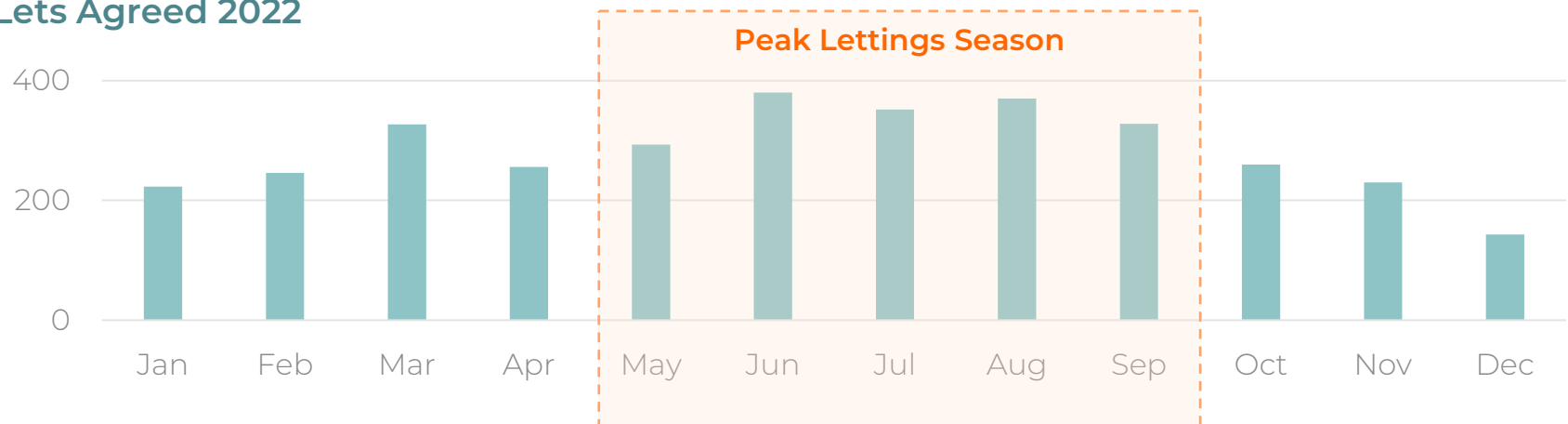
Invest

Operate

### Lead Volumes 2022



### Lets Agreed 2022





# Data-driven marketing strategy

How we generate awareness and convert leads

Originate

Invest

Operate

## Awareness

Road to  
Launch



Pre-  
Marketing



Practical  
Completion



Launch



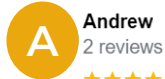
Letting

## Consideration

## Conversion



## Our focus on delivering best-in-class customer satisfaction and experience



**Andrew**  
2 reviews

★★★★★ 4 months ago

What an amazing experience!

For someone like me with a busy work life it's been great. From start to finish it's been a five star experience - from having keys ready, showing me round, explaining how everything works, taking packages, responsiveness to questions and asks of help, through to helping book dining facilities, and even showing colleagues up to the social area for me.

Really really good service that makes the whole product stand out over a normal 'apartment'.



**Márcio**  
1 review

★★★★★ 4 months ago

My experience with the Enigma Square in Milton Keynes could not have been better. I had to do my viewing online from Japan, and Rachel and Grace were great showing me things around.

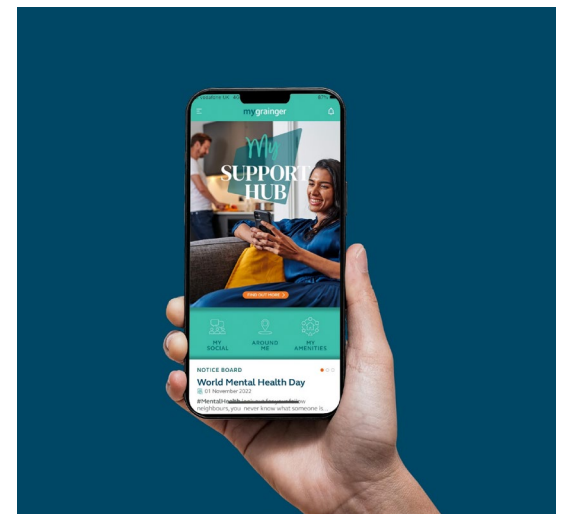
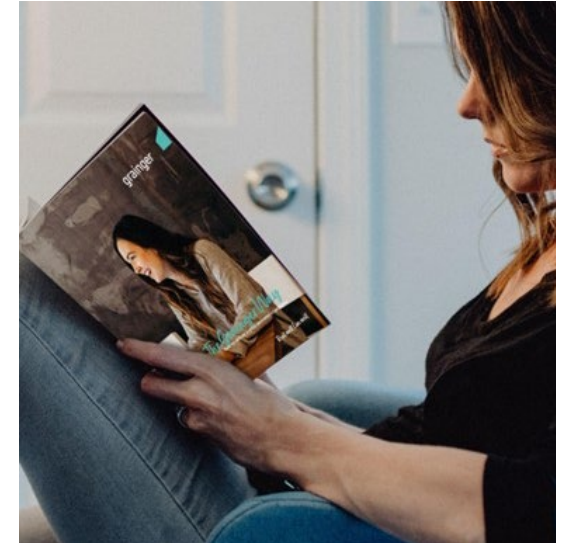
After, I decided to move apartments within the building, and the response was incredibly positive. Matas showed me several available apartment options to match my criteria, always with a smile and being incredibly friendly, and the whole took only a few days to be completed.



**Moses**  
1 review

★★★★★ a month ago

The resident team at Enigma Square has been absolutely phenomenal! From the initial apartment viewing, they have been incredibly helpful, friendly, and accommodating. Whether I have a question or need assistance with something in my unit, they are always quick to respond and willing to lend a hand. Grace in particular has been especially helpful since I've moved in. She's been very kind, supportive, and exceptional.



# Enigma Square

Originate

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261

PRS Homes

90%

Let

+4.4%

Above ERV



5 Star

Customer Reviews

Google Review Score





# Delivering results across the business

Originate

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Operate

**98.5%**

Occupancy

**+6.8%**

Rental growth  
(L4L, HY)

**62.3%**

Retention

**34**

Net promoter score

**25.5%**

Gross to net

**c.10,000**

Operational homes

**>1,000**

Leads per week

**95%**

Lettings via in-house

**10 min**

response time to initial enquiry following phased roll-out of our enhanced lead management capability



Landlord of the Year  
RESI Awards



# Thank you

## Q&A



Enigma Square, Milton Keynes

# grainger plc