



# Home Builders Federation Annual Policy Conference

---

MOELIS & COMPANY

**Confidence in the UK Housing Sector**

**Mark Aedy**

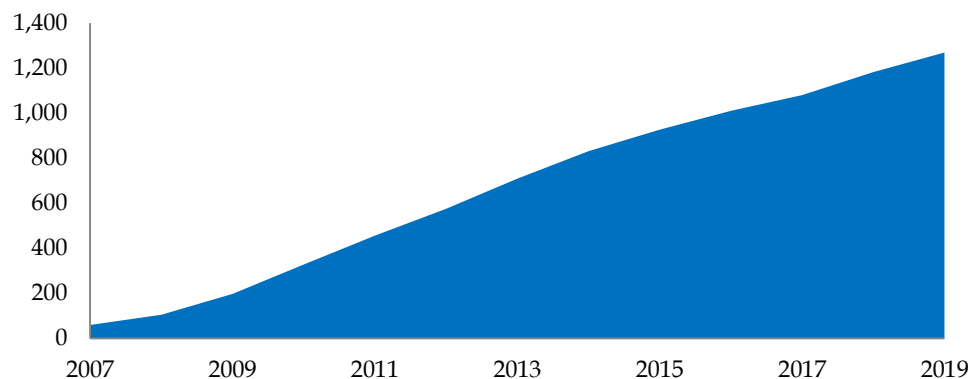
*Head of EMEA & Asia, Moelis & Company*

May 2021

# Robust Sector Fundamentals Remain Intact

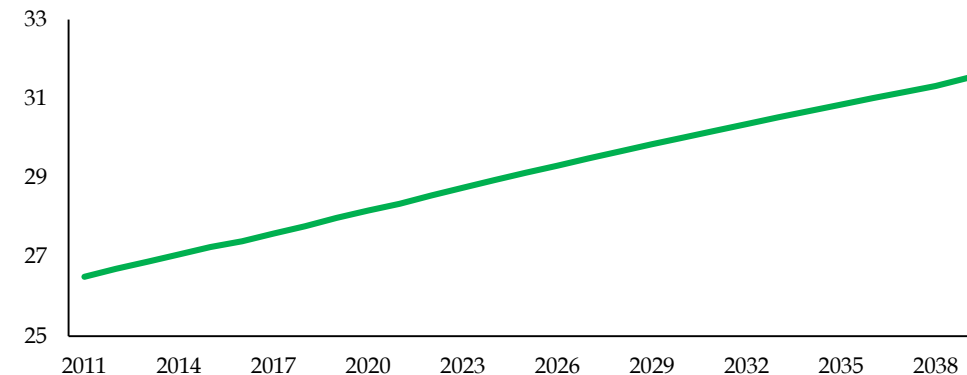
## GROWING UK HOUSING SHORTAGE

Cumulative housing shortage in England (thousands)



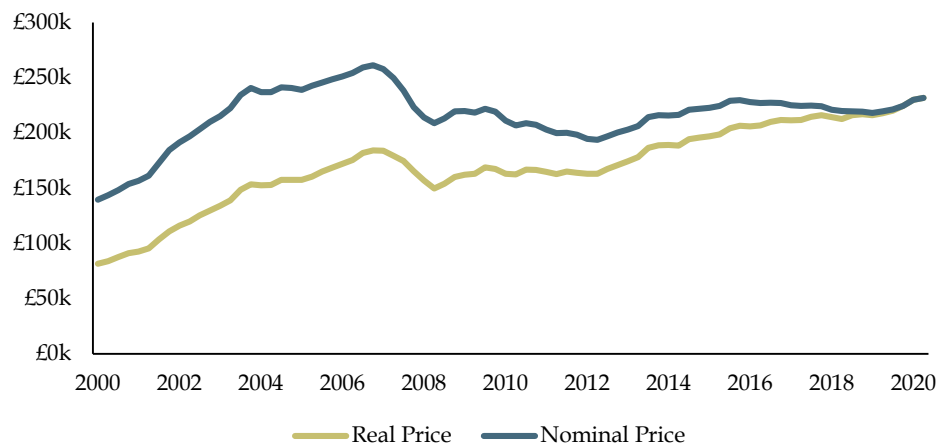
## HIGH GROWTH IN UK HOUSEHOLDS

UK Households (millions)



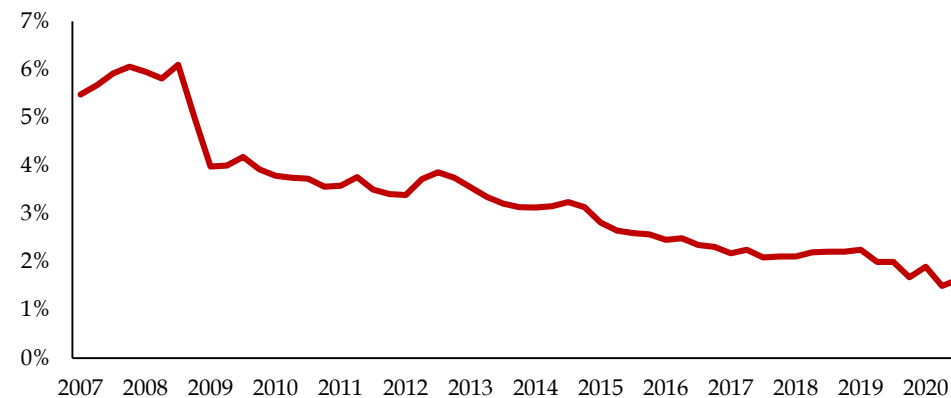
## CONTINUED HOUSE PRICE MOMENTUM

UK Nominal and Real House Prices

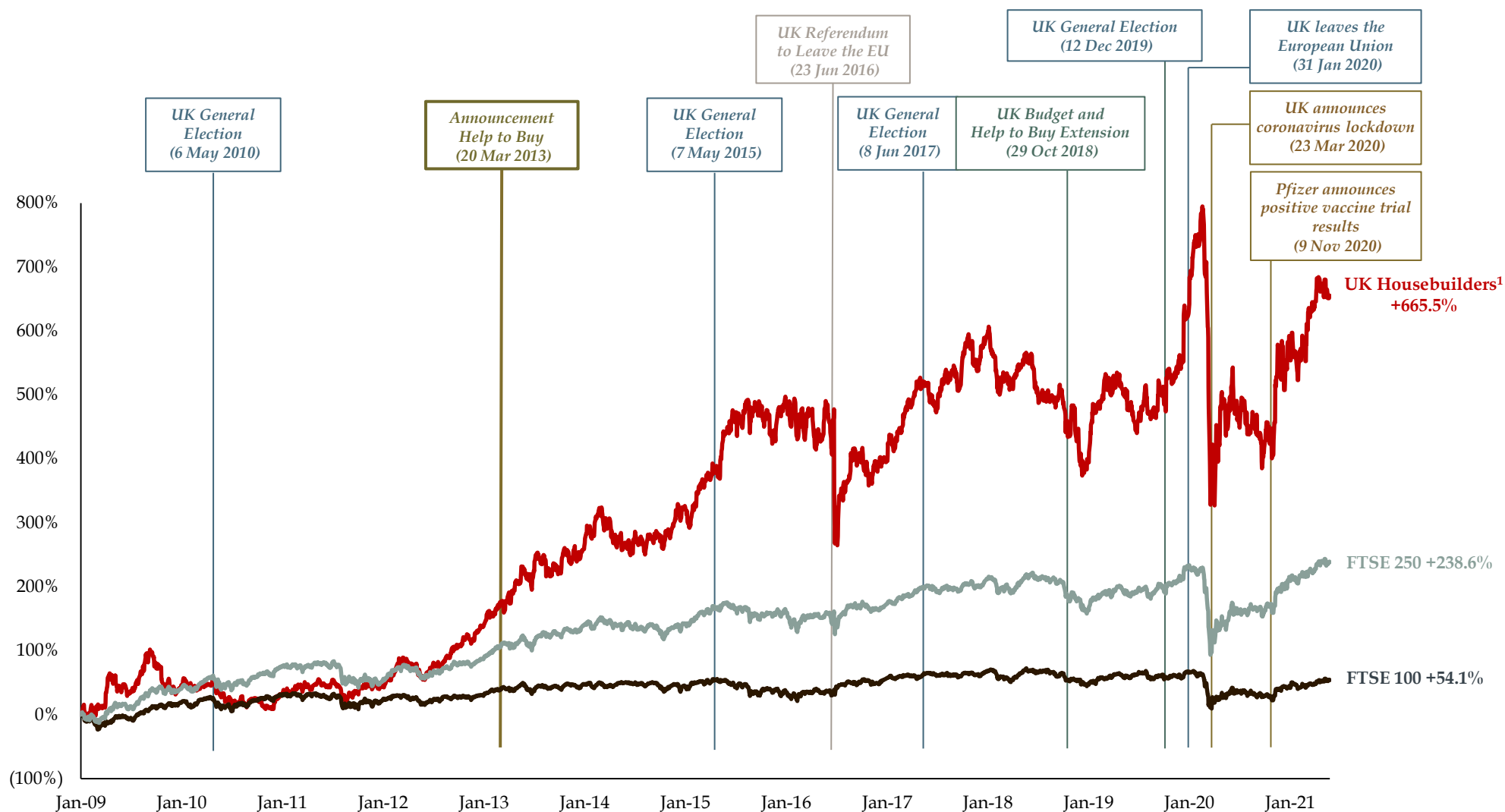


## MORTGAGE RATES NEAR ALL TIME LOWS

UK Mortgage Rates



# The Housing Sector Outperforms!

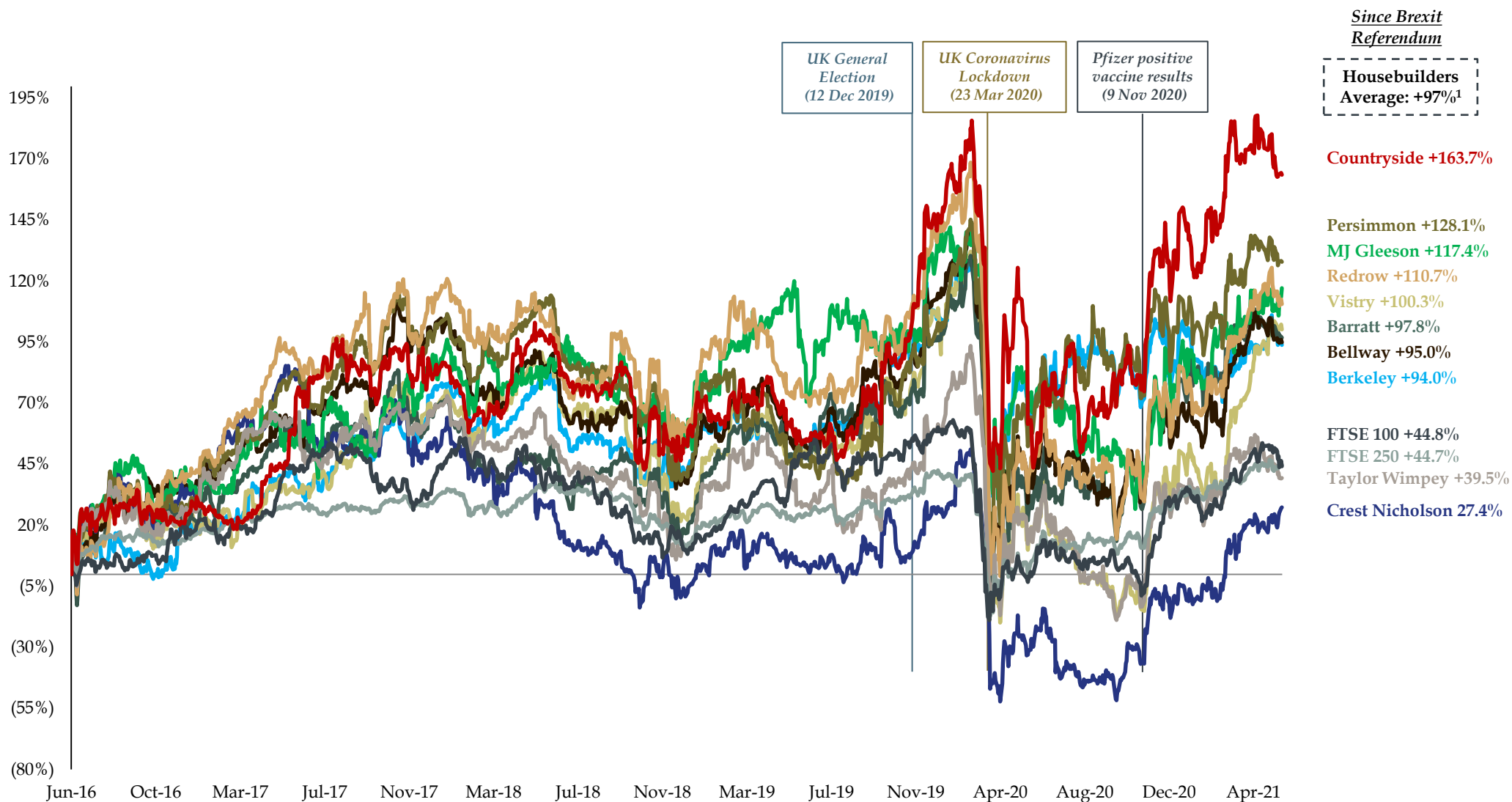


Source: Capital IQ as of 25 May 2021

Note: Chart shows share price performance from 1 January 2009 – 25 May 2021

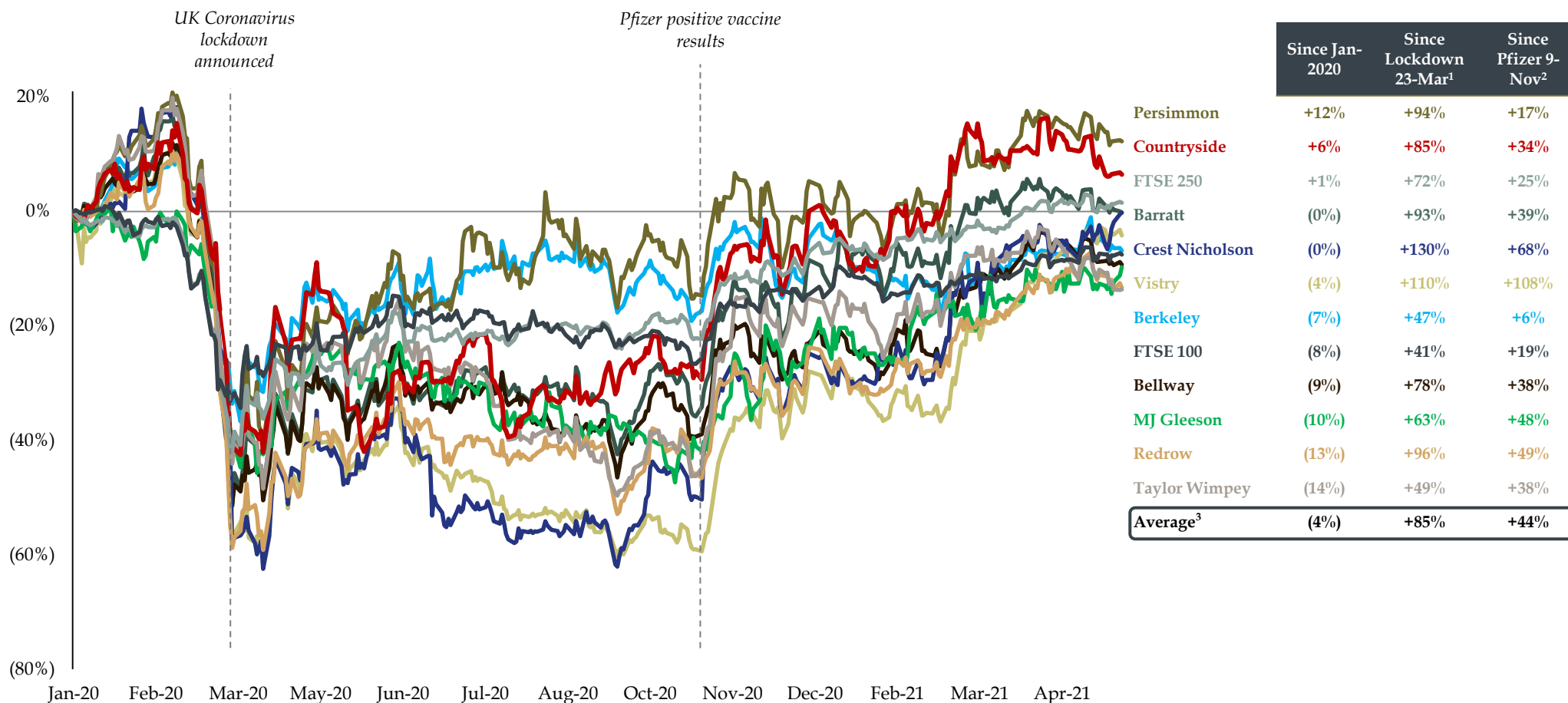
1. Includes Barratt, Bellway, Berkeley, Crest Nicholson, Galliford Try (share price until sale of Linden Homes and Partnerships & Regeneration businesses transaction completion on 02 January 2020), MJ Gleeson, Persimmon, Redrow, Taylor Wimpey and Vistry Group

# All builders are up since the EU Referendum, but some more than others



Source: Capital IQ as at 25 May 2021  
 Note: Chart shows share price performance from 28 June 2016 – 25 May 2021  
 1. Excludes FTSE 100 and FTSE 250

# Timing is Everything...



Source: Capital IQ as of 25 May 2021

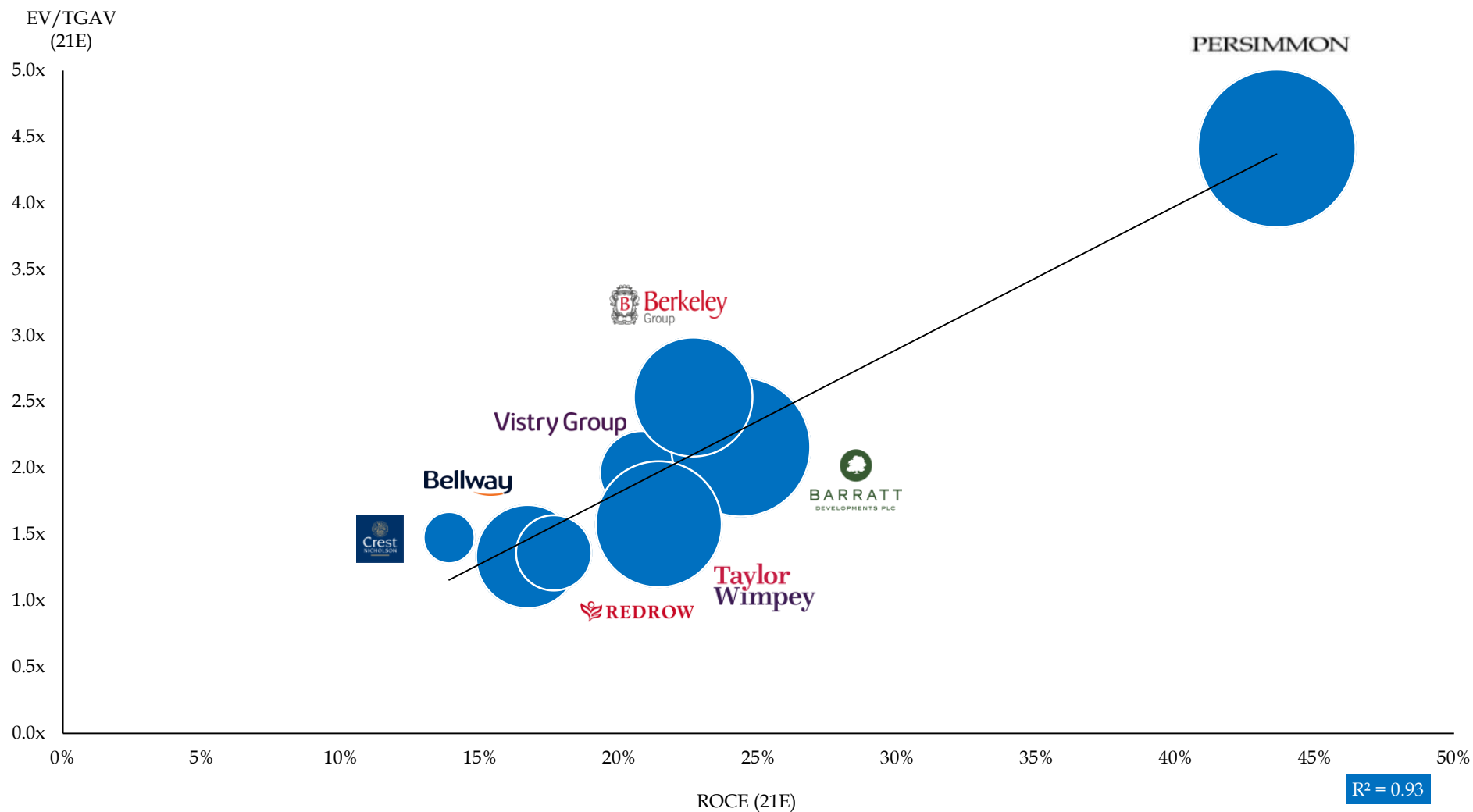
Note: Chart shows share price performance from 2 January 2020 – 25 May 2021

1. Based on FTSE100 lowest point on 23 March 2020

2. Based on market close on Friday 6<sup>th</sup> November; Pfizer announced interim vaccine trial results on Monday 9<sup>th</sup> November

3. Excludes FTSE 100 and FTSE 250

# ROCE is the Key Driver of Valuation in the Sector



Source: Broker research, Capital IQ, Company information, Thomson Estimates  
 Note: Calendarized for December year-end

# Unprecedented Corporate Activity – A Vote of Confidence

*Moelis advised process*


  
 Acquisition of
   



  
 Recapitalization in Partnership with
   




  
 Acquisition of
   



  
 Acquisition of
   



  
 Acquisition of
   


Jan-21

Feb-21

Mar-21

Apr-21

May-21

Jun-21

Jul-21


  
 Acquisition of
   



  
 Potential Offer for
   



  
 Joint venture with
   




  
 Separation of
   
 Homes division

# Lone Star's Acquisition of McCarthy & Stone Plc

## RELATIVE SHARE PRICE PERFORMANCE (2020)


January 2021



**LONE STAR FUNDS**

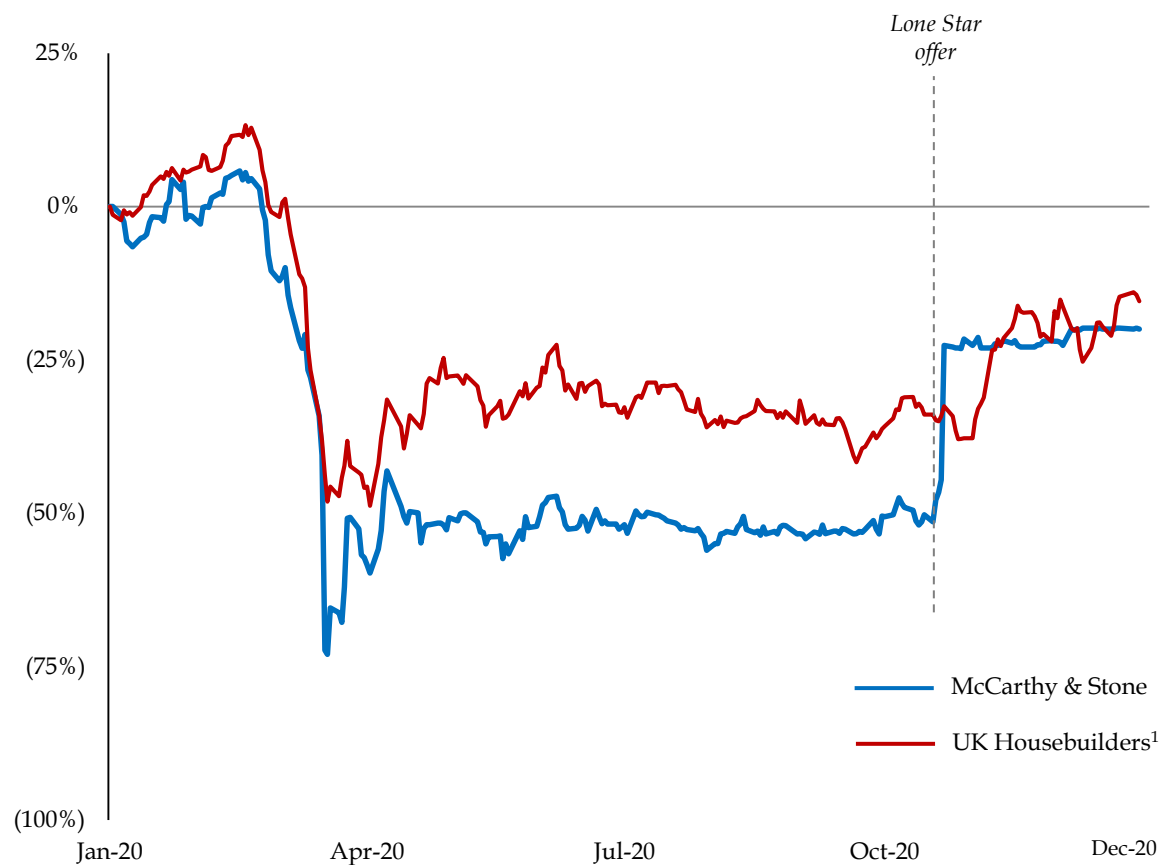
£630m

Acquisition of  
McCarthy & Stone plc



**McCarthy & Stone**

Lead Financial Advisor



Source: Capital IQ

Note: Chart shows share price performance from 2 January 2020 – 31 Dec 2020

1. Excluding McCarthy & Stone; includes Barratt, Bellway, Berkeley, Crest Nicholson, MJ Gleeson, Persimmon, Redrow, Taylor Wimpey and Vistry Group



## Morris Homes' Recapitalization in Partnership with Atlantic Park

*March 2021*



**£140m**

Capital Raise in Partnership with Atlantic  
Park Strategic Capital Fund



Financial Advisor to the Company

- Refinancing of the GSO unitranche loan established in 2013



# Avant Homes' Sale to Berkeley De Veer in Partnership with Elliott

## AVANT HOMES LOCATIONS

*April 2021*

**AVANT**  
homes

Sale by

**ALCHEMY**  

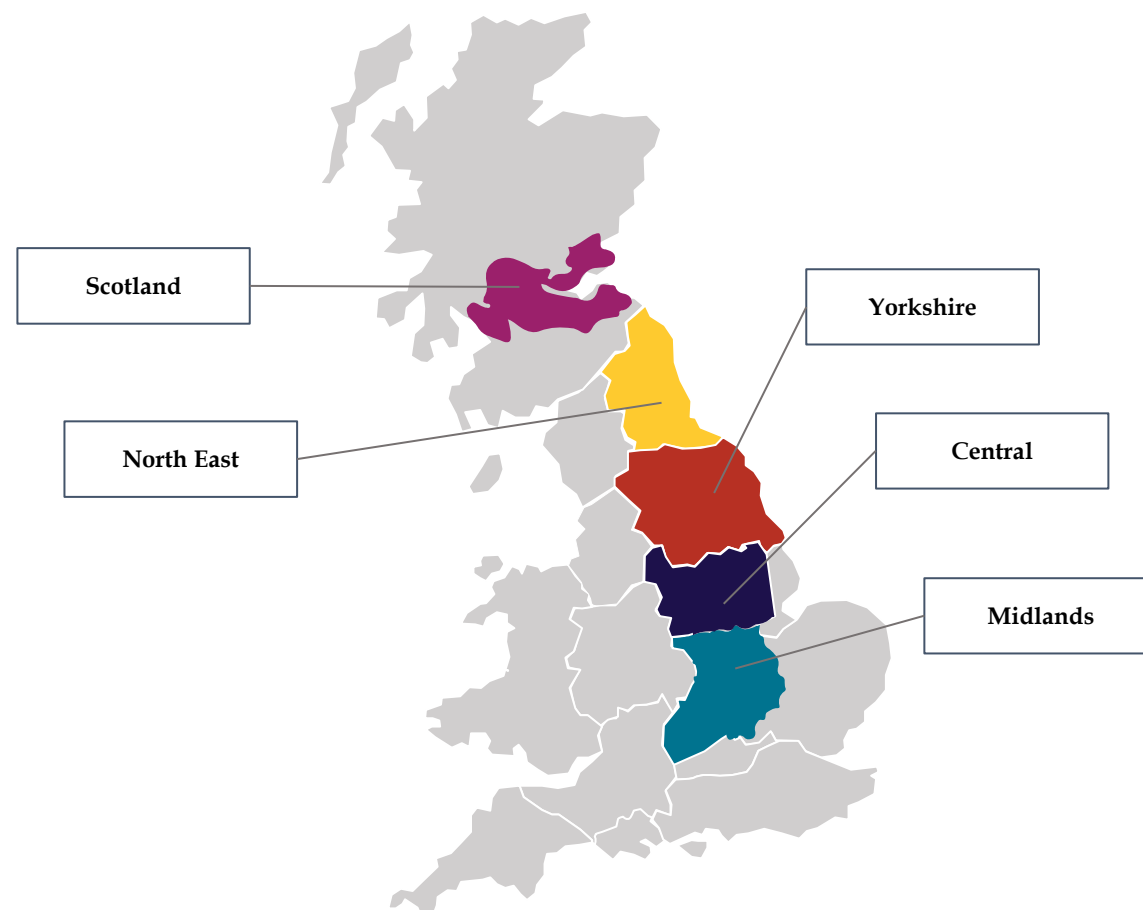
To

  
Berkeley  
DeVeer

In partnership with

**ELLIOTT**<sup>®</sup>

Financial Advisor



## Reasons To Be Cheerful...?

	<u>HBF Conference 2018</u>	<u>HBF Conference 2021</u>
Land Market Remains Benign	✓ ✓ ✓	✓ ✓ ✓
Management and Capital Discipline	✓ ✓ ✓	✓ ✓ ✓
Historic Underbuild	✓ ✓ ✓	✓ ✓ ✓
Supportive Government Policy	✓ ✓ ?	✓ ✓ ✓
Macroeconomic Environment Positive	✓ ?	✓ ✓ ✓
Positive Demographics	✓	✓ ✓
Housing Affordability	✓	✓ ✓

## Important Notice

---

Moelis & Company UK LLP (“Moelis”) prepared this presentation based on publicly available information and other information you have provided to us. Moelis has not and does not intend to verify independently any of such information, all of which Moelis assumes is accurate and complete in all material respects. If this presentation contains projections, forecasts or other forward-looking statements, Moelis assumes that they were prepared based on the best available estimates of the future events underlying such statements. This presentation speaks only as of its date and Moelis assumes no duty to update it or to advise any person that its conclusions or advice has changed.

This presentation is solely for your information purposes. Consider it along with all other facts, advice and your own insights before making your own independent decisions. Do not provide a copy of this presentation to any person without Moelis’ prior consent. No other person should rely on it for any purpose.

This presentation is not an offer to sell or a solicitation of an indication of interest to purchase any security, option, commodity, future, loan or currency. It is not a commitment to underwrite any security, to loan any funds or to make any investment. Moelis does not offer tax, accounting or legal advice.

Moelis provides mergers and acquisitions, restructuring and other advisory services to clients and its affiliates manage private investment partnerships. Its personnel may make statements or provide advice that is contrary to information contained in this material. Our proprietary interests may conflict with your interests. Moelis may from time to time have positions in or effect transactions in securities described in this presentation. Moelis may have advised, may seek to advise and may in the future advise or invest in companies mentioned in this presentation.