



# 2019 Investor Presentation

**27 November 2019**

Carol Matthews, CEO

Cris McGuinness, CFO

Emma Turner, Head of Treasury



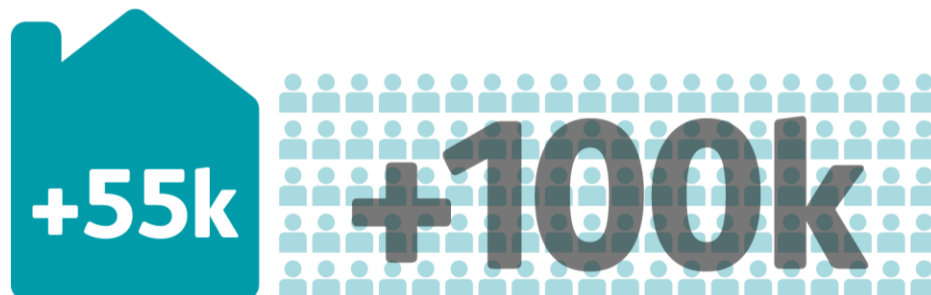


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# About Riverside

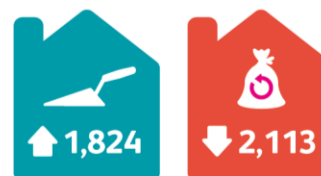


Homes owned and managed by Riverside (including Impact).

Customers living in our homes.



The split of our homes by business stream: general needs housing, housing for older people, supported housing and low cost home ownership and leasehold.



The number of Riverside properties built or acquired and disposed of in the past three years. The main driver of net growth has been merger.



Riverside's ranking by size of development programme.

Position	Private Registered Provider Ranking by stock owned and/or managed
1	Places for People Group Limited
2	Clarion Housing Group Limited
3	Sanctuary Housing Association
4	London & Quadrant Housing Trust
5	The Guinness Partnership Limited
6	<b>The Riverside Group Limited (inc. Impact)</b>
7	Sovereign Housing Association Limited
8	Peabody Trust
9	Home Group Limited
10	Hyde Housing Association Limited

# Geography



**+40%**

Over 40 % of Liverpool City Region neighbourhoods are in the poorest performing **25%** of Riverside neighbourhoods compared to around **10%** of neighbourhoods in the North region and South & Central.

**50%**

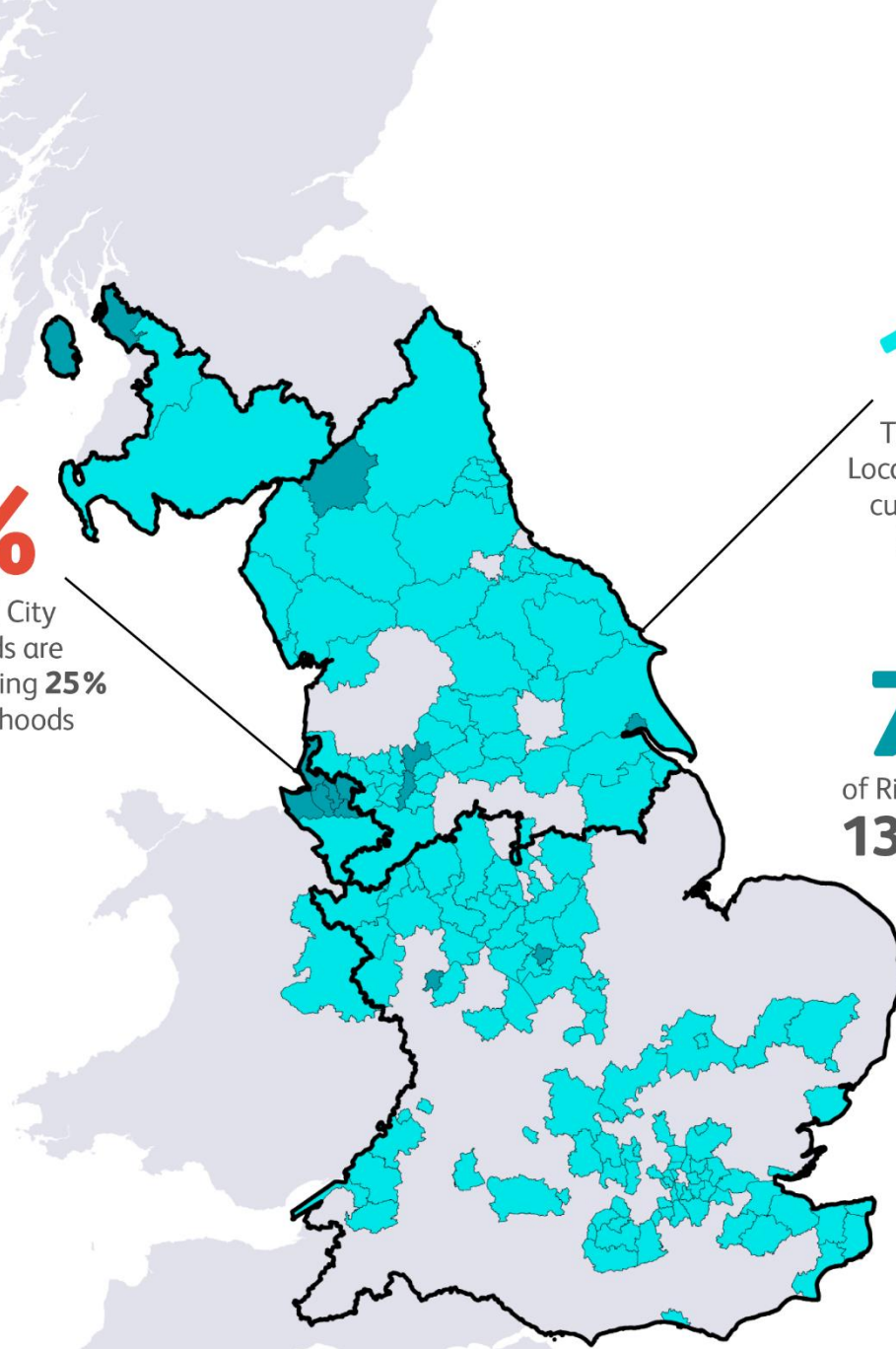
Half of Riverside stock resides in the most deprived areas of the country.

**156**

The number of Local Authorities we currently work in (2016: 163).

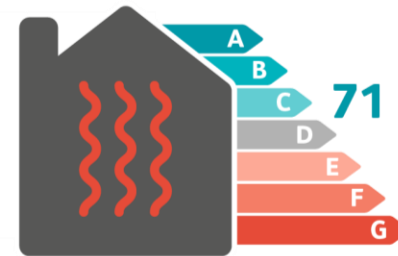
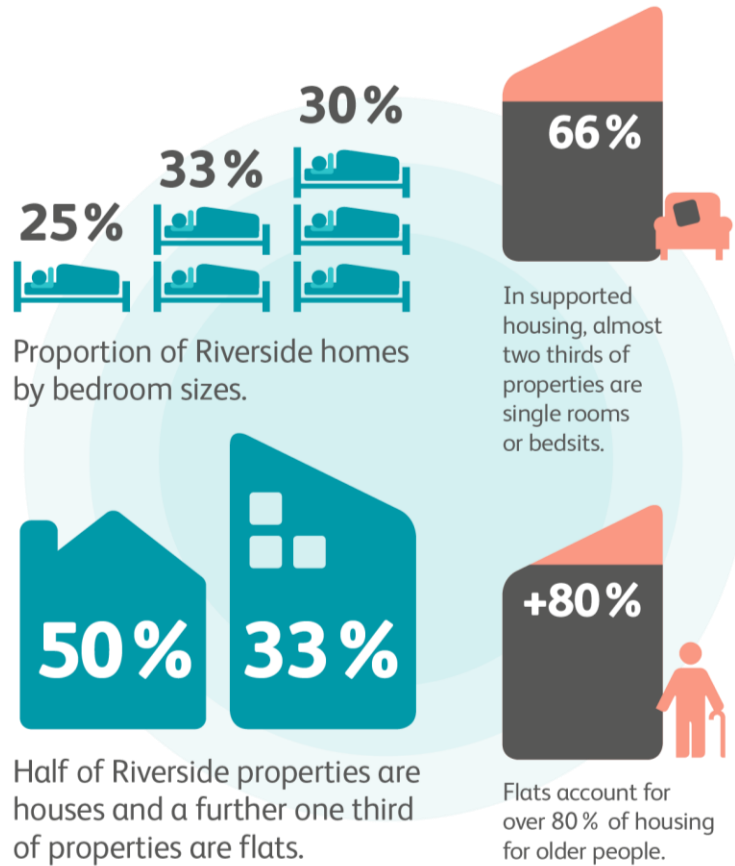
**70%**

of Riverside stock is in **13** Local Authorities.





# Properties



Energy efficiency – the overall Group average SAP rating is 71. This is a band C on an Energy Performance Certificate (EPC). Most English dwellings have an energy efficiency rating of D or C.



**42 years**

Average age of all Riverside properties. **15%** of properties are over 70 years old.



**£400m**

Over the next **5 years**, Riverside is planning to invest over £400m in its properties.

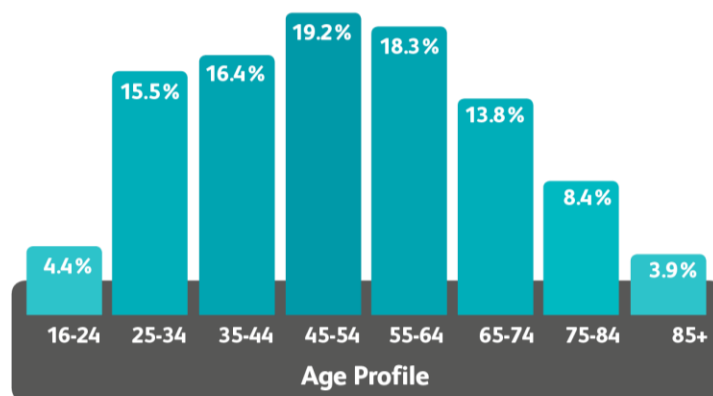


**£2.5m**

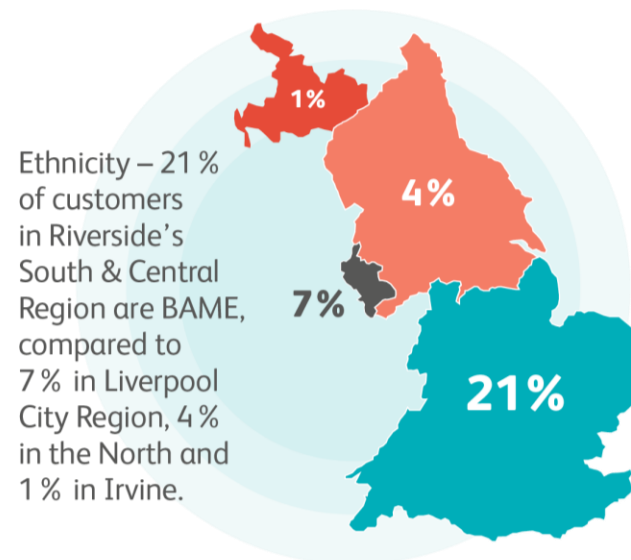
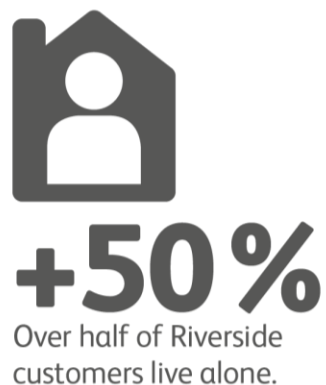
The amount spent by Riverside in 2018/19 on disrepair related activities.



# Customers



Our customer profile is ageing – the number of customers aged over 55 has risen by 4 % since 2010. 18 % of our customers aged over 55 are living in specialist housing for older people.



In 2012 almost half of Riverside customers had no access to the internet. In 2018, this has dropped to only a quarter of customers with no access to the internet.





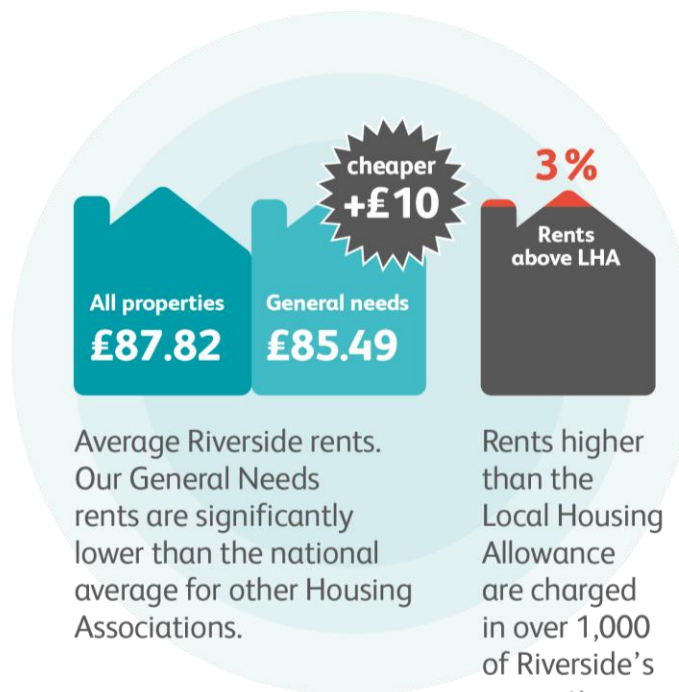
# Prosperity



Almost half of working age Riverside customers are in employment. The proportion of our customers in work has increased by 8 % since 2013.



The proportion of Riverside customers receiving benefits to support their housing costs. This has fallen by 14 % since 2013.



In the 2019 UC survey, over 80 % of respondents said the wait for their first UC payment had caused them financial hardship.



of respondents had to rely on help from charitable or voluntary organisations and foodbanks.



Nearly 80 % of respondents had to rely on help from family / friends or loan companies.







# Joint ventures

## Stanton Cross



- As noted last year, Riverside view this as an investment; we do not view this as an opportunity to significantly increase our own stock levels
- Joint venture with Bovis Homes created in April 2019
- 19 completions (68 sold) between JV inception and 31 October 2019
- On track to meet targets this year
- Operating margin in line with expectations



# London development programme



## Programme principles:

- Each site will build all affordable units first
- Single decant strategy – our customers will have the option to only move once
- Same rent – our customers moving into a unit with the same number of bedrooms will pay the same rent before and after the build. Customers also have the opportunity to move to units with more bedrooms if needed.

## Lambeth

- Joint venture with Bellway Homes; went live in October 2019 to deliver c400 homes

YES!  
YES!



# Update on strategy



- To provide certainty for Impact staff and customers, both the Impact and TRGL Boards have approved a Transfer of Engagements from Impact to TRGL by 31 March 2020 – ahead of original schedule
- Impact's financial performance prior to joining the Group and a change in accounting for pensions has led to the transfer being considered now, although there are no immediate going concern issues within Impact
- Only Impact shareholder approval is now required for the transfer to go ahead; Impact has less than 30 shareholders
- Riverside is fulfilling promises to Impact staff, customers and shareholders, including:
  - New Board, guided by Mark Cullinan (Chair)
  - Refinancing of Impact debt portfolio
  - Delivering investment in existing Impact stock
  - Developing new homes in Cumbria
- A new combined Cumbrian development strategy has been approved; the combined stockholding of Riverside and Impact makes us a key player in this market



# Business plan 2019/20

## Key highlights



- A strong, resilient plan – adheres to the ‘Golden Rules’ refined in 2018/19
- Moderate development in earlier years of the plan (10,000 homes across 10 years versus 13,000 homes in the previous plan)
  - Reflects a conscious decision to aim for sustainable growth rather than pushing development capacity to the very limits
- Margin ambitions are realistic; target of 22.4% for 2019/20, building to 27% in first five years. Recognition that margin targets need to be appropriate for *our* business, rather than targeting a specific figure
- Exposure to London redevelopment impacts from 20/21 to 30/31



# Business plan 2019/20

## Performance against 'Golden Rules'



Golden rule	Target	Tightest actual covenant	Tightest year	Headroom
Gearing	55%	60%	Year 2 – 36.1%	£544.7m
Interest cover	135%	130%	Year 1 – 285%	£35.6m
Liquidity	18 months' cash available across life of plan			
Operating margin (Year 1 – Year 5)	20%	n/a	Year 1 – 22.4%	£8.6m
Operating margin (Year 6 – Year 30)	25%	n/a	Year 7 – 27%	£8.5m
Unencumbered units	3,000	n/a	Year 11 – 5,293	2,293

# Financial performance

31 March 2019 results



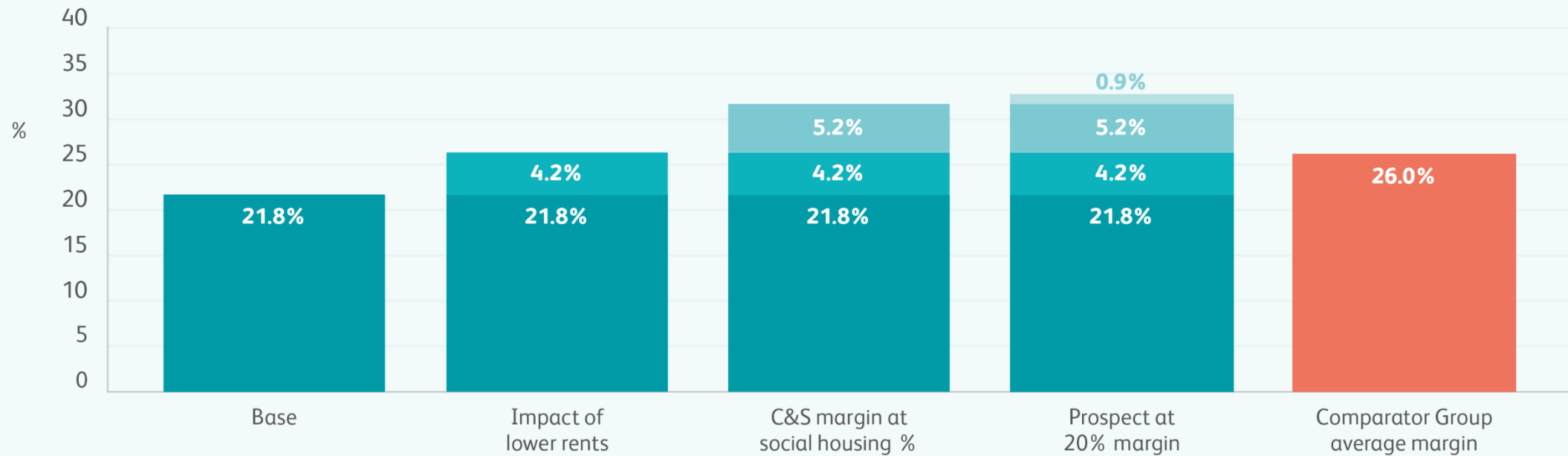
For the year ended 31 March	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual
Turnover (£'m)	326.0	365.6	370.1	346.2	<b>364.3</b>
Operating Costs	245.4	292.8	290.0	266.2	<b>296.7</b>
Gain / (loss) on Fixed Asset sales	5.0	13.5	22.3	15.4	<b>11.9</b>
Operating Surplus	85.5	86.3	102.4	95.4	<b>79.5</b>
Operating Margin	26.2%*	23.6%*	27.7%*	27.6%*	<b>21.8%</b>
Surplus for the Year	48.0	50.0	69.8	60.0	<b>26.4</b>

\* - To be in line with sector best practice, from the financial statements to 31 March 2019, Riverside now discloses sales from Fixed Assets as part of Operating Surplus. Prior year operating margin figures have therefore been recalculated on the same basis for ease of comparison

# Financial Performance



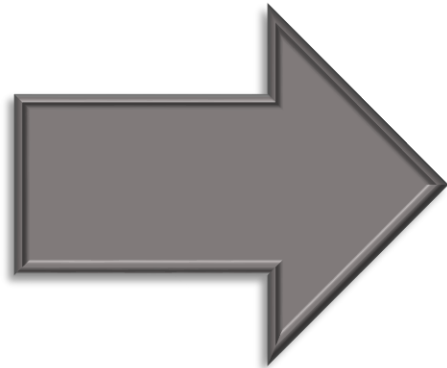
## Analysing Our Margin



Data sourced from Housemark as at August 2019

# Governance

## Successful succession planning





# Governance

## Strong executive team



### Left to right:

- Carol Matthews (*CEO*)
- John Glenton (*Care & Support*)
- Cris McGuinness (*CFO*)
- Ian Gregg (*Asset Services*)
- Patrick New (*Customer Service*)
- Jo Lucy joining January 2020 – *Business Support and Change (not pictured)*

# Development leadership

## Experienced and skilled



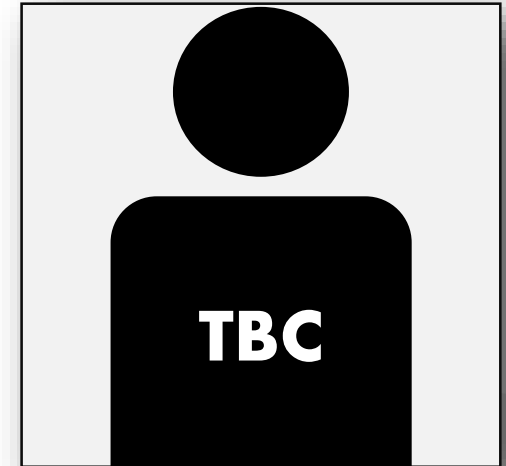
Dave Bullock  
*MD, Compendium  
and Stanton Cross*



Nigel Yates  
*MD, Prospect*



David Swarbrick  
*Director, London*



Vacant  
*Director, Non-London*

# Challenges

Those overcome



- **Pensions**

- Exited SHPS (except Impact); only two small LGPS schemes remaining
- Part of EBITDA journey; made the hard decisions to fund now but will benefit later
- Increased participation in DC schemes

- **Rent decreases**

- Have done what has been needed to manage effect of rent decreases
- Return to CPI+1 welcome – but we will still make the right choices taking into account our customers

- **Transformation**

- Operational changes now in final phase – complete before year end
- Continuous improvement processes now embedded into the business
- Investment made and now seeing the returns

- **IDA**

- G1 / V1 maintained

# Challenges

And those still to face



## Building a Safer Future

Independent Review of Building  
Regulations and Fire Safety:  
**Final Report**

May 2018  
Dame Judith Hackitt DBE FREng

Cm 9607

### Fire safety:

- No buildings with ACM cladding. Only eight buildings that are six storeys or higher; all have their FRA reports on our website
- Only one building in excess of ten storeys. We are adopting all of the main principles of the Hackitt Review and extending that to all of our buildings over time

### Sustainability:

- Likely to be a key feature of our next Corporate Plan from 2020 – 2023
- Use of LED lighting alongside business as usual maintenance: energy efficient boilers, uPVC doors and windows, insulation etc.

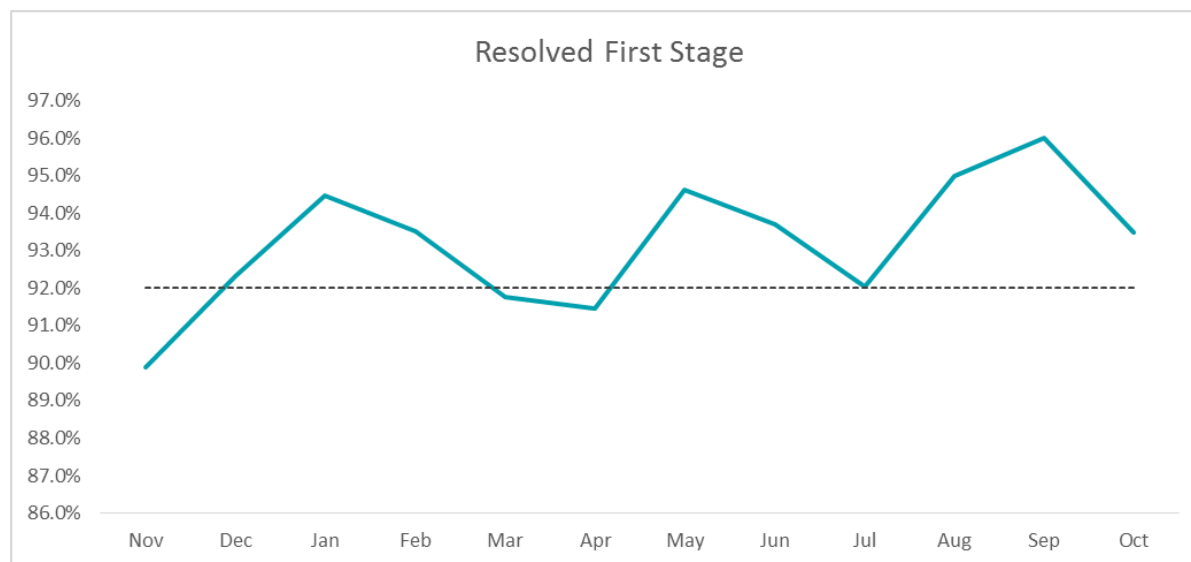


# Our Customer journey

## Improving.....

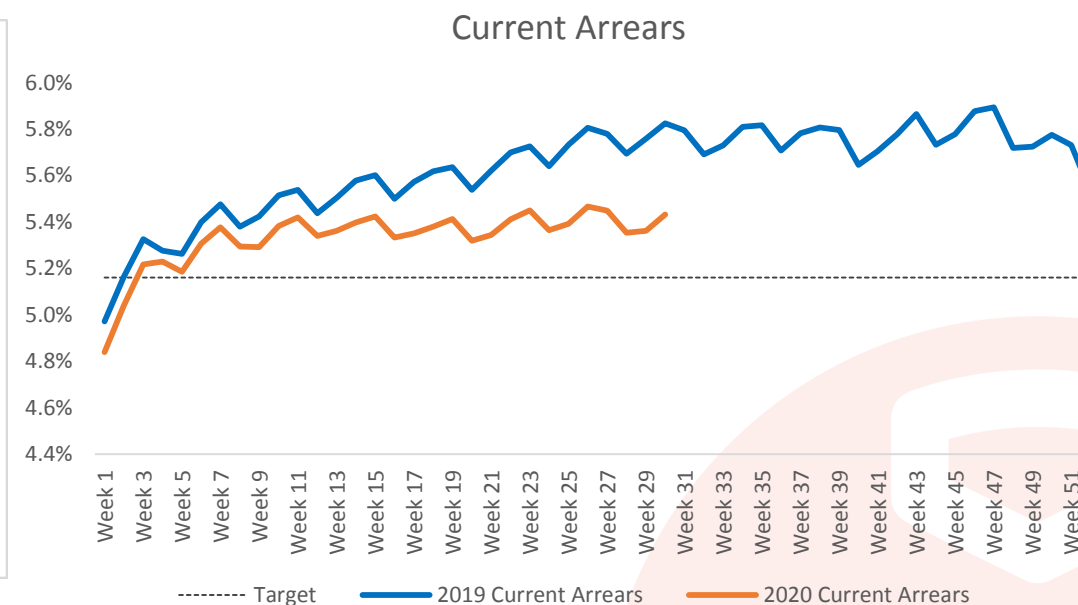


- Complaints:



Complaints resolved first stage  
93.7%  
Target: 92%

- Arrears:



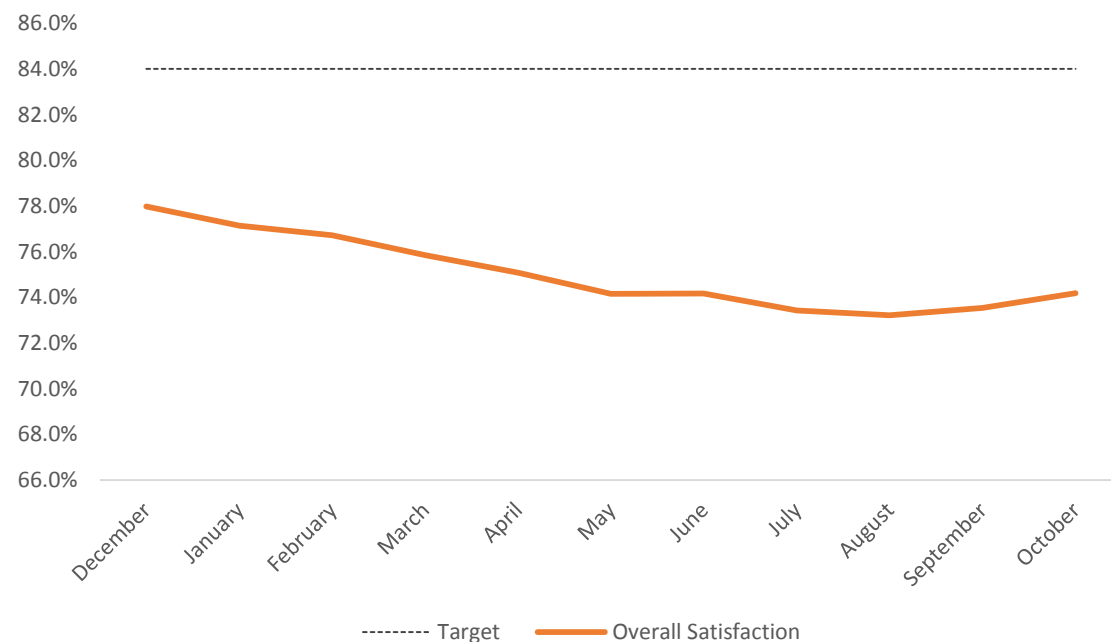


# Our Customer journey

## But still some way to go.....

- Complaints:

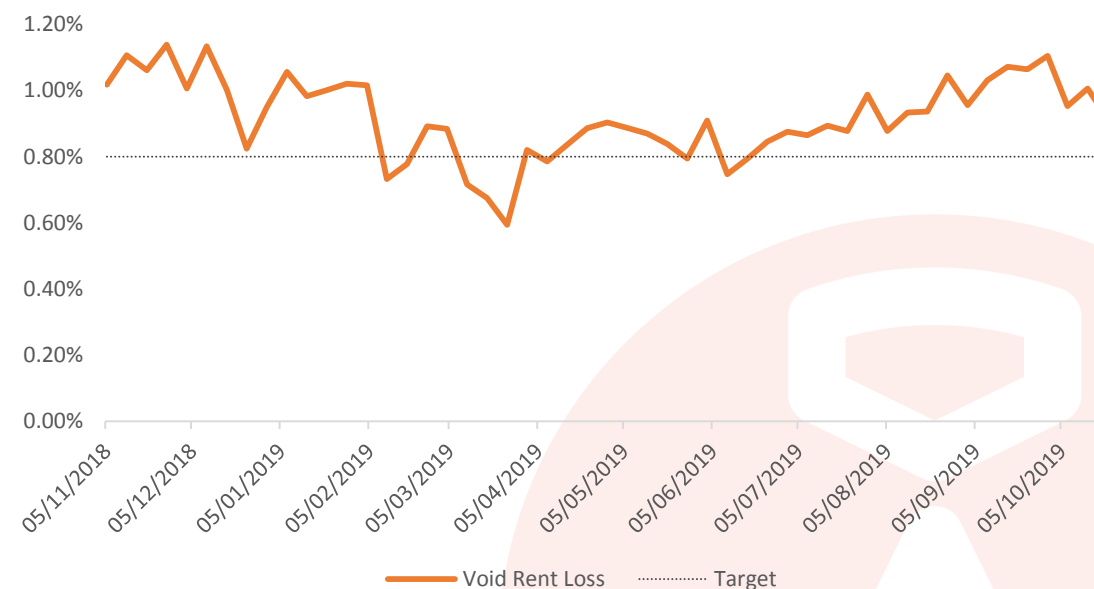
Overall Satisfaction



Overall satisfaction  
**74.2%**  
Target: 84%

- Voids:

Void Rent Loss



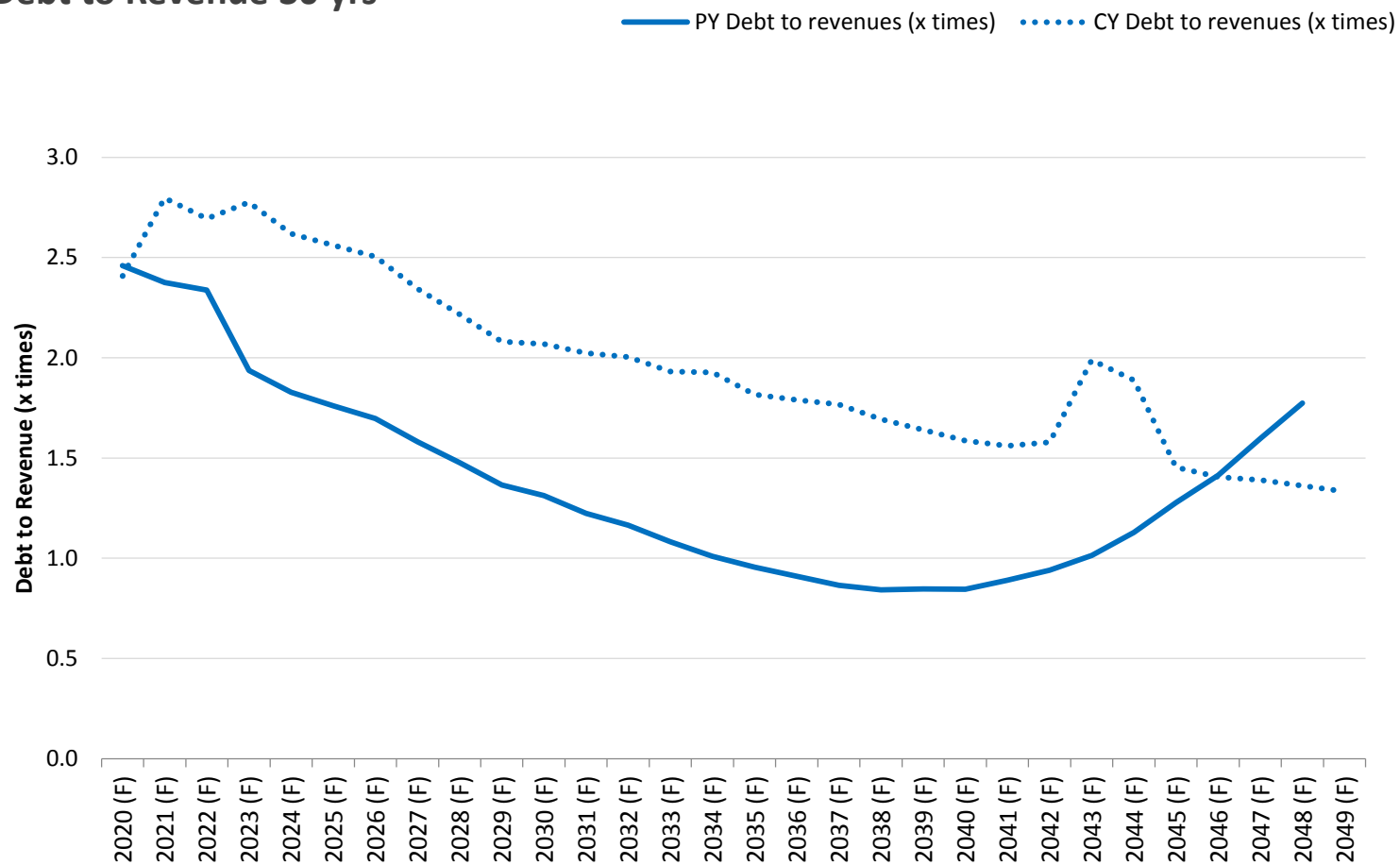
Void rent loss  
**0.93%**  
Target: 0.80%

# Treasury

## Debt to revenue



### Debt to Revenue 30 yrs



# Treasury

## Debt and liquidity - 30 September 2019



- Immediately available liquidity totals £337.3m:
  - £46.6m cash
  - £290.7m committed and fully secured loan facilities
- Further £28m facilities agreed but not yet secured; these should be available before the end of the current financial year
- Up to £130m of additional facilities may also be agreed by the end of the current financial year – leveraging excess security already lodged with lenders
- 34 months cover based on the latest reforecast of business plan
- 13,902 unencumbered units available to charge, which represents 24% of total Riverside units; has the potential to secure in excess of £400m additional debt
- Riverside Finance Plc bond fully issued - £250m at 3.875%, maturing Dec 2044



# Interest rate management



- Only one indexed linked loan remains in the entire Group portfolio; matures in September 2020, with c£150k currently remaining
- TRGL at 87.5% fixed and 12.5% floating rate debt
- Standalone swaps have fallen to notional of just under £140m:

Counterparty	MtM	Threshold	Margin Call	Collateral
Abbey	(£0.05m)	£2.0m	£0.0m	Property
Credit Suisse	(£9.4m)	£5.0m	(£4.4m)	Cash
Lloyds	(£1.9m)	£5.0m	£0.0m	Property
NatWest	(£0.8m)	£5.0m	£0.0m	Property
RBS	(£0.6m)	n/a	n/a	PFI assets
Sumitomo	(£6.3m)	n/a	n/a	PFI assets



Questions?

