



2022 Investor Presentation

31 March 2022

- Carol Matthews, CEO
- Cris McGuinness, CFO
- Emma Turner, Director of Treasury





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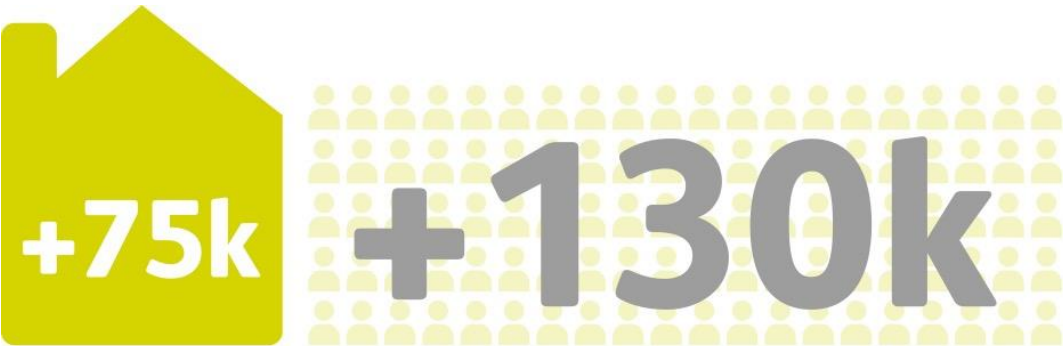
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Better and Stronger Together

COMBINED GROUP PROFILE - SNAPSHOT

Combined Profile 2021/22



Homes owned and managed.

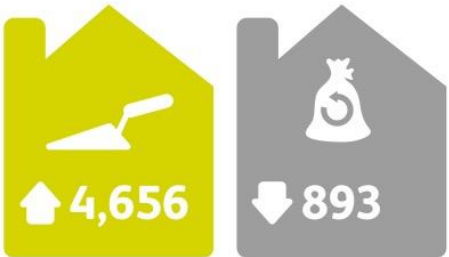
Customers living in our homes.



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



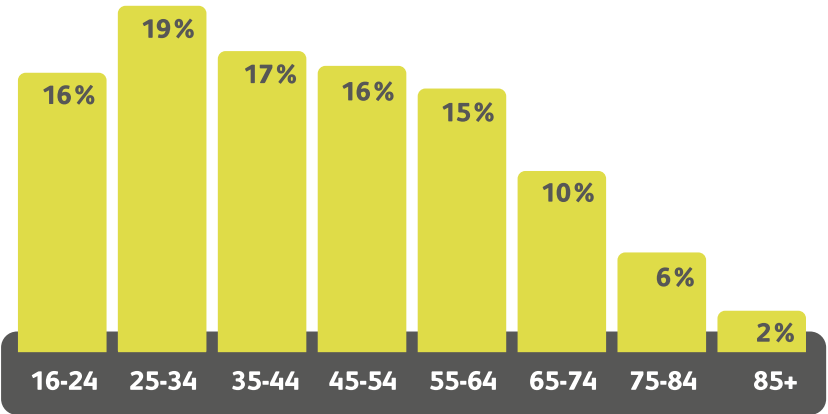
Based on publicly available information as at 31 March 2022



The number of homes built or acquired and disposed of in the past three years.



Customers

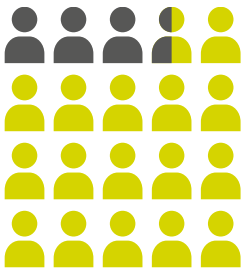


Age profile of our customers.



53%

of our customers live alone.



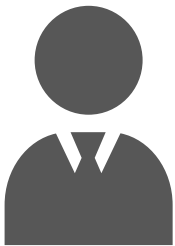
18%

of our customers identify as BAME.



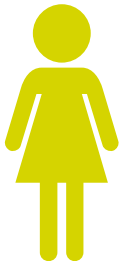
59%

The proportion of customers receiving benefits to support their housing costs



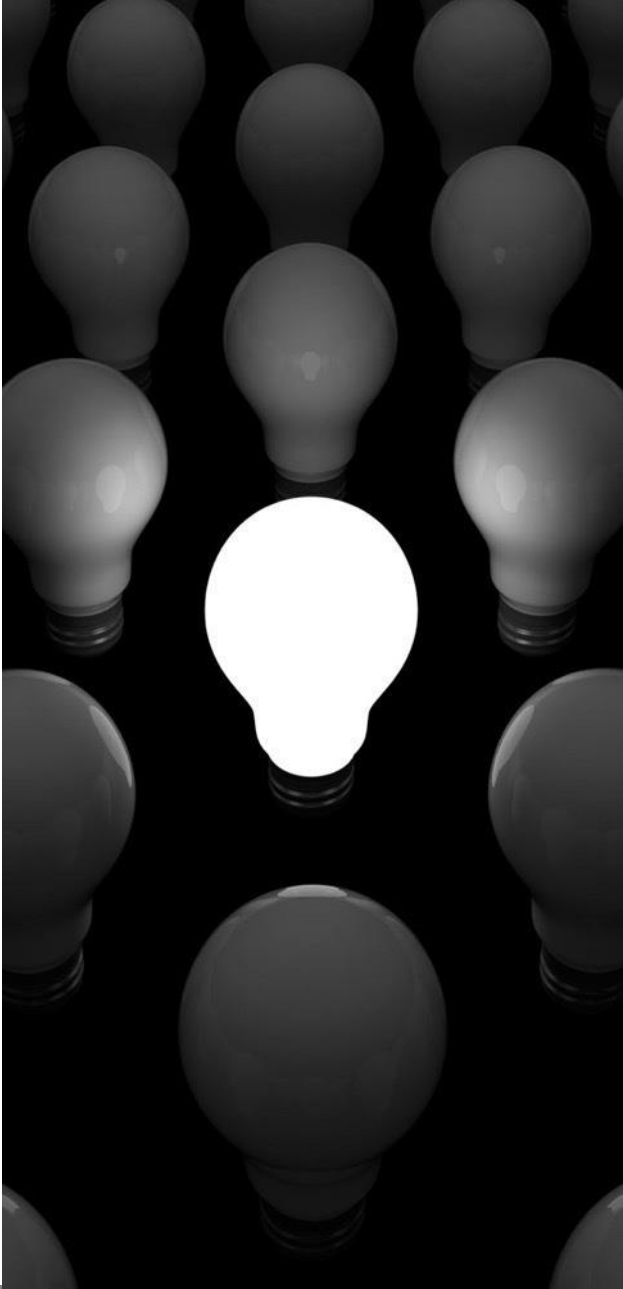
55%

More than half of working age customers are in employment.



57%

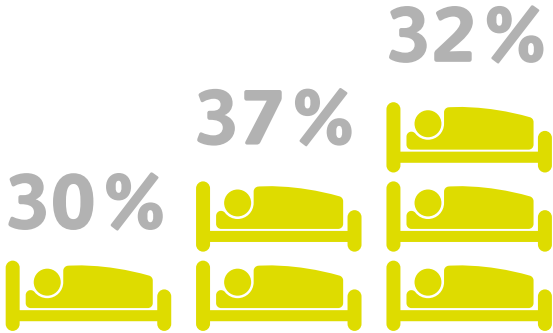
of lead customers are female



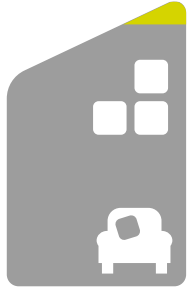
Homes



Our average rents (excluding services).



Proportion of our homes by bedroom sizes.

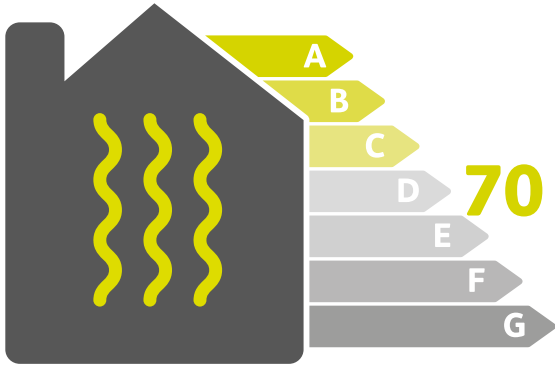


97%

Almost all supported housing properties are flats or bedsits.



Proportion of our homes that are houses or flats. Only 2 % are bedsits.



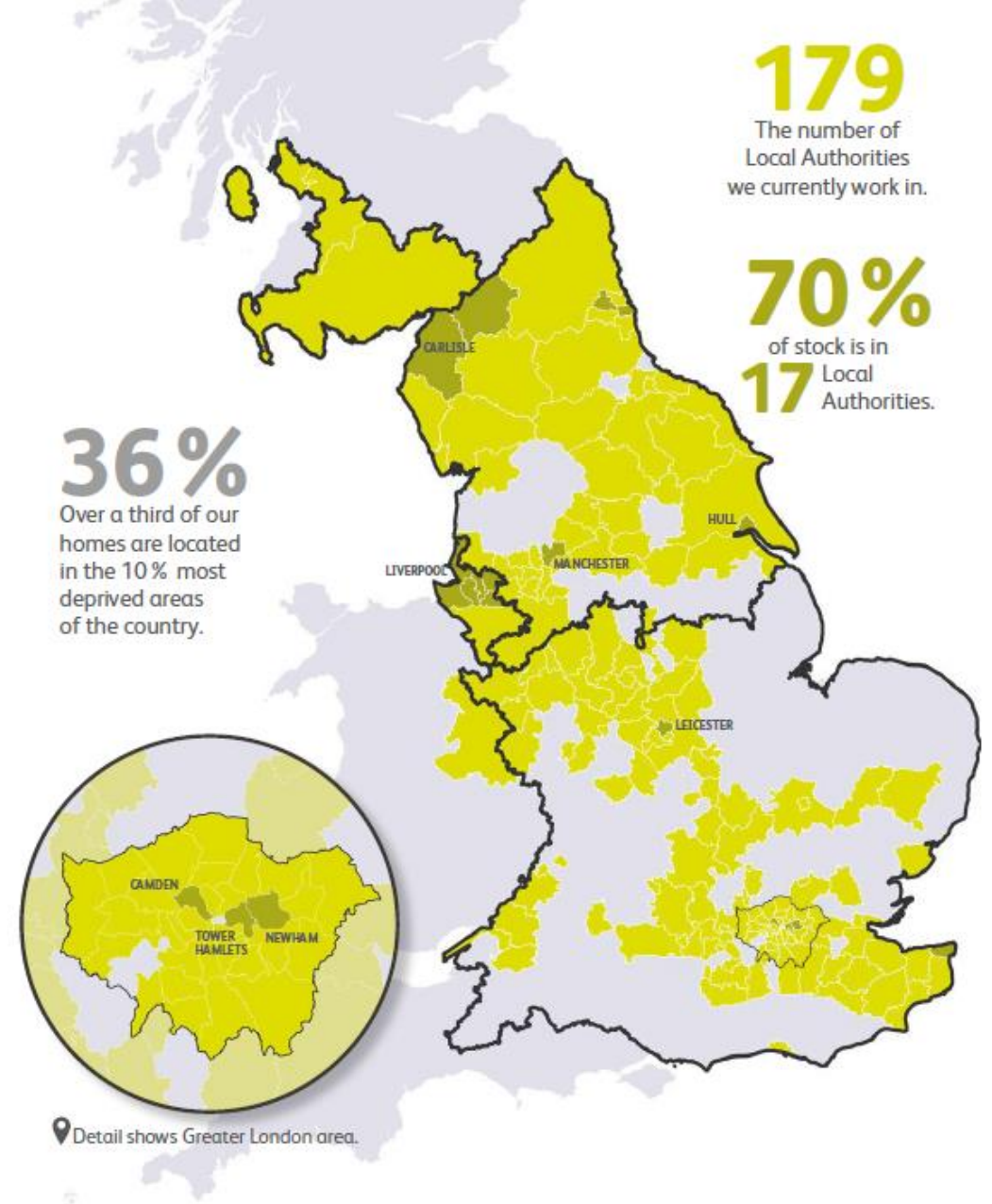
Energy efficiency - the overall Group average SAP rating is 70. This is a band C on an Energy Performance Certificate (EPC). Most English dwellings have an energy efficiency rating of D or C.



Rationale

Quite simply we can do more together than apart:

- ✓ **More for customers**, through digitally-led services, greater investment in homes including accelerated decarbonisation
- ✓ **More for communities**, through large scale regeneration in London and North
- ✓ **More for those needing care & support**, by pooling resources and expertise
- ✓ **More for future customers**, by building new homes
- ✓ **More for the sector**, by having a stronger voice; combining Riverside's leading position in the North via platforms such as H4N with the ability to be recognised as a member of the G15 provides an opportunity to enhance the level of influencing that Riverside already undertakes

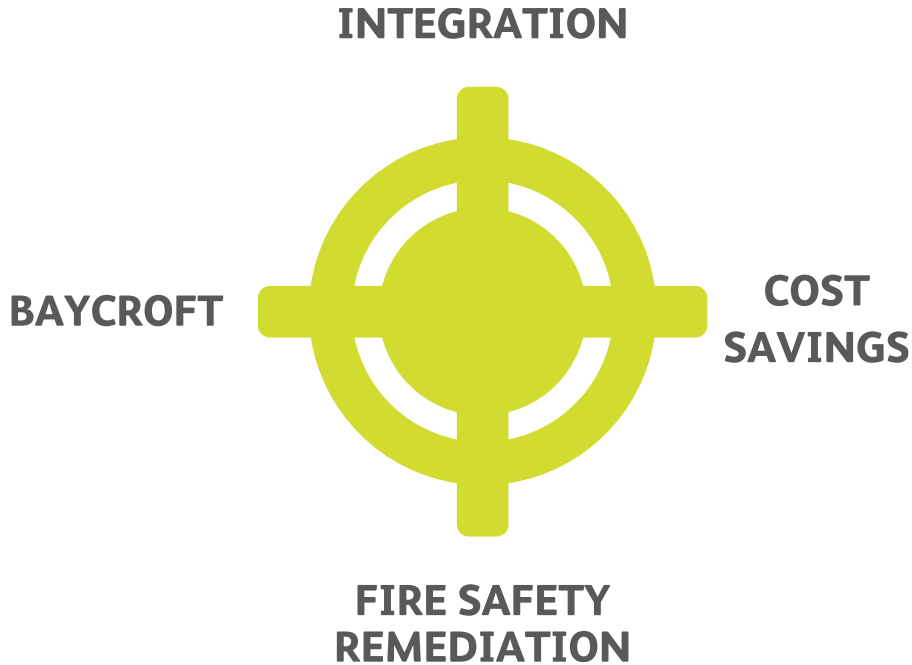


Risk Assessment

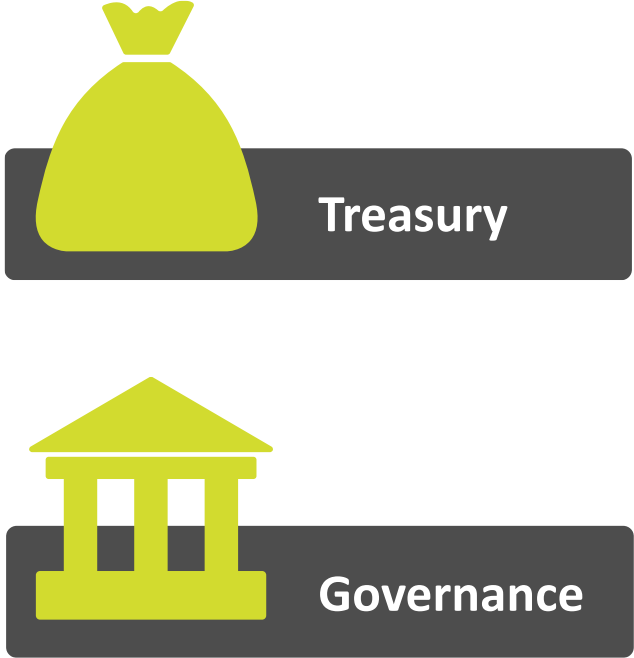


Key Challenges

To be faced...



...and in hand



Governance

Strong Board bringing together the best of expertise



- **Terrie Alafat remains as Group Chair**
- Pauline Davis remains vice-chair, joined by Caroline Corby as co-vice chair
- Rommel Pereira joins the Board and becomes Chair of Group Audit Committee
- Goi Ashmore remains on the Board and retains his role as Chair of Group Treasury Committee
- Ingrid Fife remains on the Board and retains her role as Chair of Care and Support Committee
- The other legacy Riverside Board members retaining their place on Group Board are Erfana Mahmood, Sandy Murray and Carol Matthews
- They are joined by new Board members Stewart Davenport and Sam Scott. Sam is also the new Chair of Customer Experience Committee
- We also have two customers who attend Board; Olwen Lintott as a Board member and Paula Simpson as an observer
- Pauline Davis and Ingrid Fife are the Riverside nominees (as Parent) to the OHGL Board
- Board Committee rationalisation has begun; GAC, GRC, Treasury and Development have already been appointed as group wide committees encompassing both Riverside and One Housing. This ensures consistency in Governance and risk management for key business areas



Savings and Pledges

Long Term Financial Plan only incorporates prudent savings

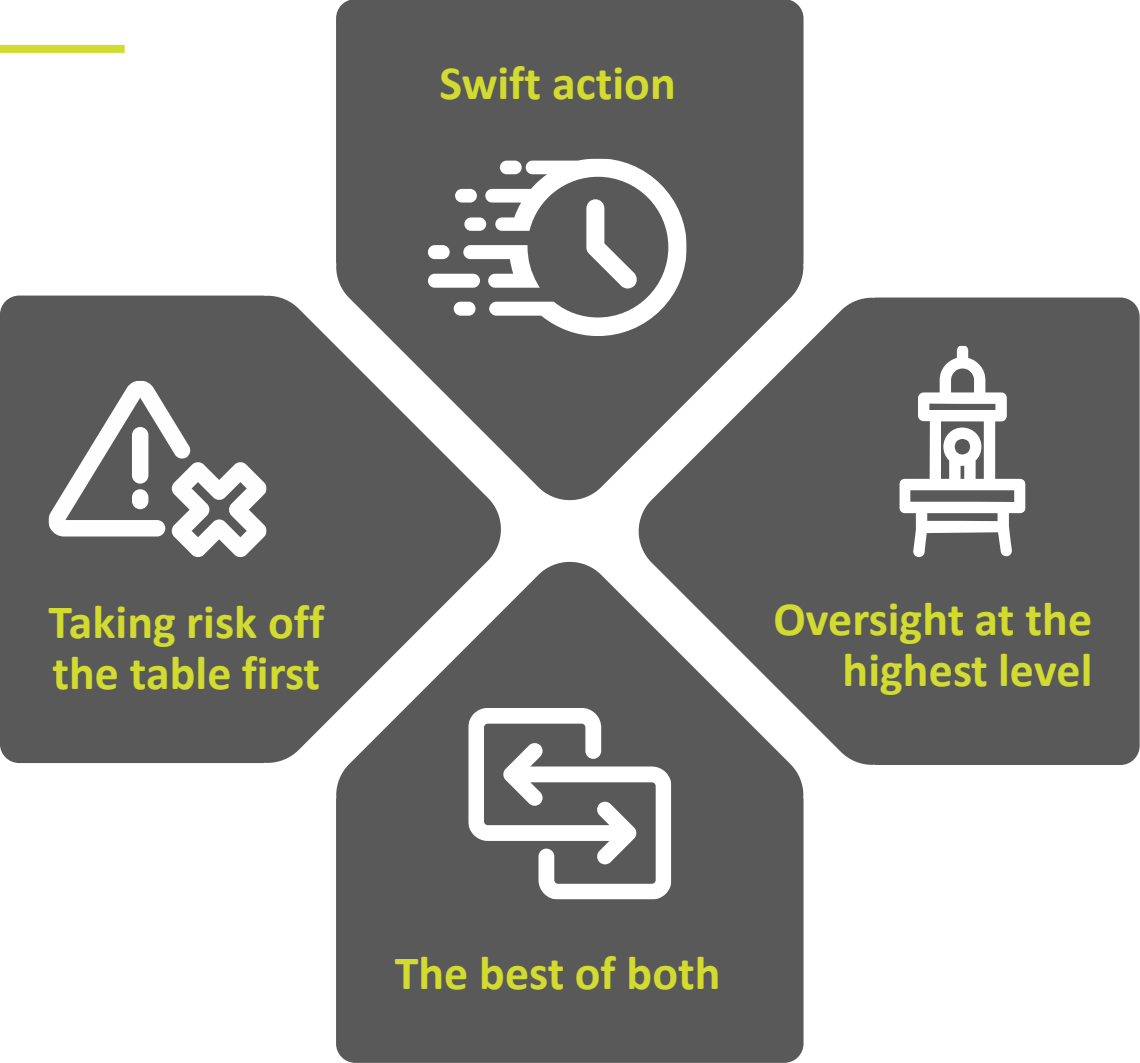
- Savings build up over the first four years of the plan to the equivalent of 25% of the cost of combined business support functions (c7.5m p.a.)
- Combined business functions include Finance, IT, HR, Business Change and Information, Governance and other Central Services
- Savings do not start until 2024 with implementation costs included from 2023; we appreciate there will be costs to be expended before the savings start
- For prudence, in forming the decision, no other savings were included in the business plan to support the partnership case; the deal had to stand up financially

Long Term Financial Plan allows us to be better and stronger together

- £2.5m p.a. to support additional customer and social pledges have been included. These include a tenancy sustainment fund, mental health support, money advice, community projects and other equality and diversity and consumer regulation initiatives. These start from 2022-23.
- £500m of total spend has been included to help reach the goal of net zero carbon by 2050
- The combined plan also includes 40% more development than the individual plans



Integration





The Riverside Group Limited

Key updates since the last Investor presentation



Governance

Strong and stable executive team



Left to right:

Carol Matthews (*CEO*)
John Glenton (*Care & Support*)
Cris McGuinness (*CFO*)
Ian Gregg (*Asset Services*)
Patrick New (*Customer Service*)



From 1 December 2022

Richard Hill (*One Housing CEO*)

Financial Performance

31 March 2021 Results



For the year ended 31 March	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual
Turnover (£'m)	370.1	346.2	364.3	355.7	374.3
Operating Costs	290.0	266.2	296.7	300.9	300.2
Gain / (loss) on Fixed Asset sales	22.3	15.4	11.9	4.8	4.1
Operating Surplus	102.4	95.4	79.5	59.6	78.2
Operating Margin	27.7%*	27.6%*	21.8%*	16.8%	20.9%
Surplus for the Year	69.8	60.0	26.4	28.9	49.0

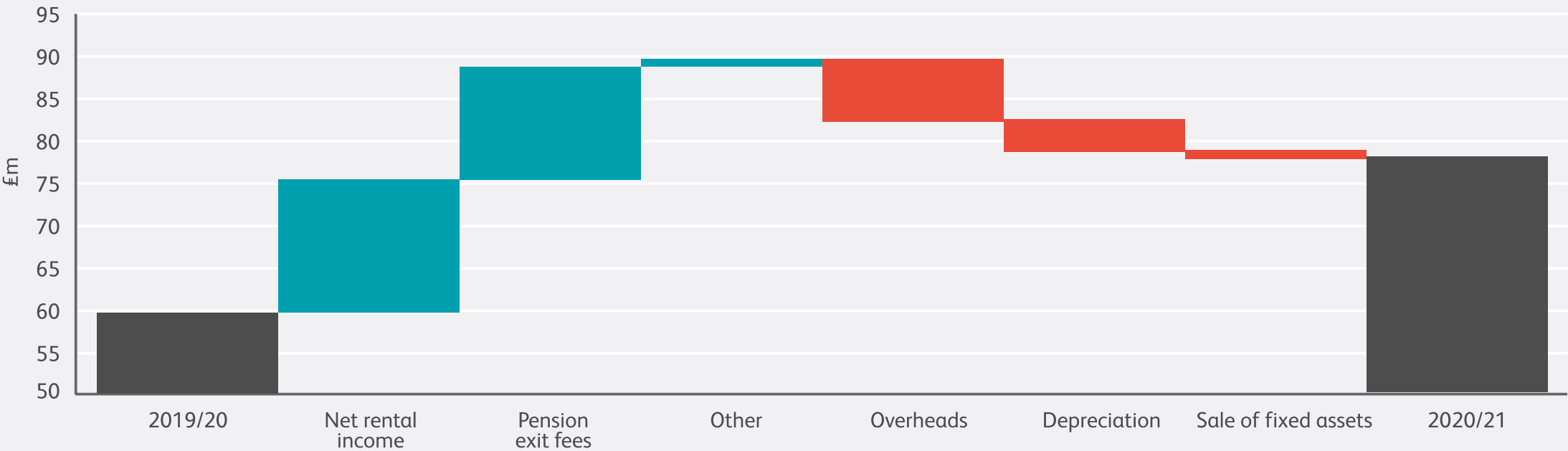
* - To be in line with sector best practice, from the financial statements to 31 March 2019, Riverside now discloses sales from Fixed Assets as part of Operating Surplus. Prior year operating margin figures have therefore been recalculated on the same basis for ease of comparison

Financial Performance

Key Costs in Year to 31 March 2021 Results



Movement in Operating Surplus

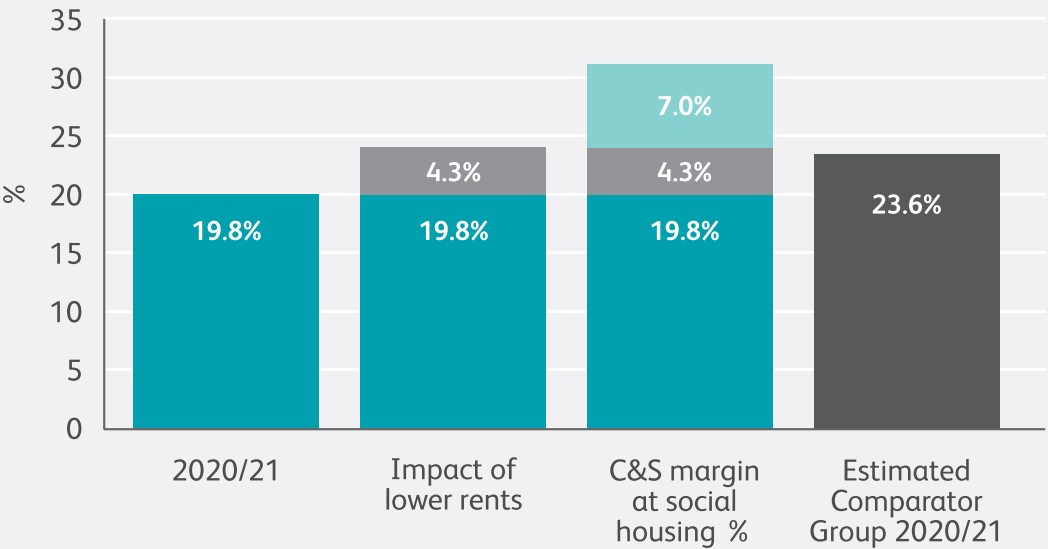


Financial Performance

Margin Analysis to 31 March 2021 Results



Our Margin Analysis



Data sourced from publicly available Statutory Accounts information

- Margin to 31 March 2021 was on target
- Still have a significant margin challenge, but the gap to our comparator group is closing
- Our estimate of the Comparator Group 2021 results (based on publicly available information) would be a median of 23.6% (excluding sales)
- Compliance and sustainability costs are the next hurdle to be managed, alongside increasing costs generally (especially things like building materials) as the supply and demand balance seemingly falters post Brexit

Operational update

- We completed the integration of Impact Housing into Riverside during the current financial year; feedback from legacy Impact customers remains positive
- We also completed the exit of SHPS in the financial year ended 31 March 2021 – part of our longer-term pension strategy to de-risk the balance sheet for the future
- However, with One Housing now having joined the group, another exit from SHPS is back on the horizon, hopefully by 31 March 2023
- COVID did not have a significant financial impact during the year to 31 March 21 as we implemented mitigation strategies early on to protect liquidity
- Arrears and voids both saw an increase during the year, but both were falling back to 'normal' levels by the end of the 2021 financial year. During the current year, positions have been affected by the further lockdowns, but more so by shortages of materials
- Market sales have not been hugely impacted; likely a result of the areas in which we operate and the house types for sale
- Repairs did slow down – customers did not want operatives in their homes. This has put pressure on repairs in this financial year
- Now seeing increase in building materials costs as supply chains disrupted and materials become scarcer; hard to distinguish between COVID 19 and potential Brexit impacts
- Labour shortages are also beginning to bite, especially in the trades and in Care and Support



Treasury

Debt and Liquidity – 31 December 2021



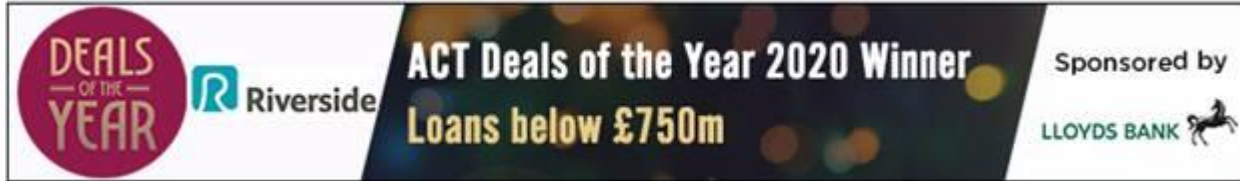
- Immediately available liquidity totals £539m (TRGL £328m):
 - **£45m cash** (TRGL £16m)
 - **£494m committed and fully secured loan facilities** (TRGL £312m)
- Over 40 months cover for Riverside, reducing down to 23 months once One Housing is considered, but still well in excess of 18 months liquidity required by the Regulator
- 13,203 unencumbered units available to charge in Riverside, which represents 20.7% of total Riverside units; has the potential to secure in excess of £500m additional debt
- Riverside swap exposure continues to reduce. No positions now require cash collateralisation. One Housing only has three swaps, all with Lloyds and are subject to current renegotiation before year end. Mark to Market positions are minimal
- Consideration of new fixes will be looked at as part of the next iteration of the Group Treasury strategy

Counterparty	MtM	Collateral
Credit Suisse	(£3.9m)	Cash
Lloyds	(£0.0m)*	Property
NatWest	(£0.0m)*	Property
RBS	(£0.2m)	PFI assets
Sumitomo	(£3.7m)	PFI assets

* Remaining exposure less than £100k

Treasury

Successes and continuous improvement



LIBOR



SONIA



Ts & Cs - Aligned



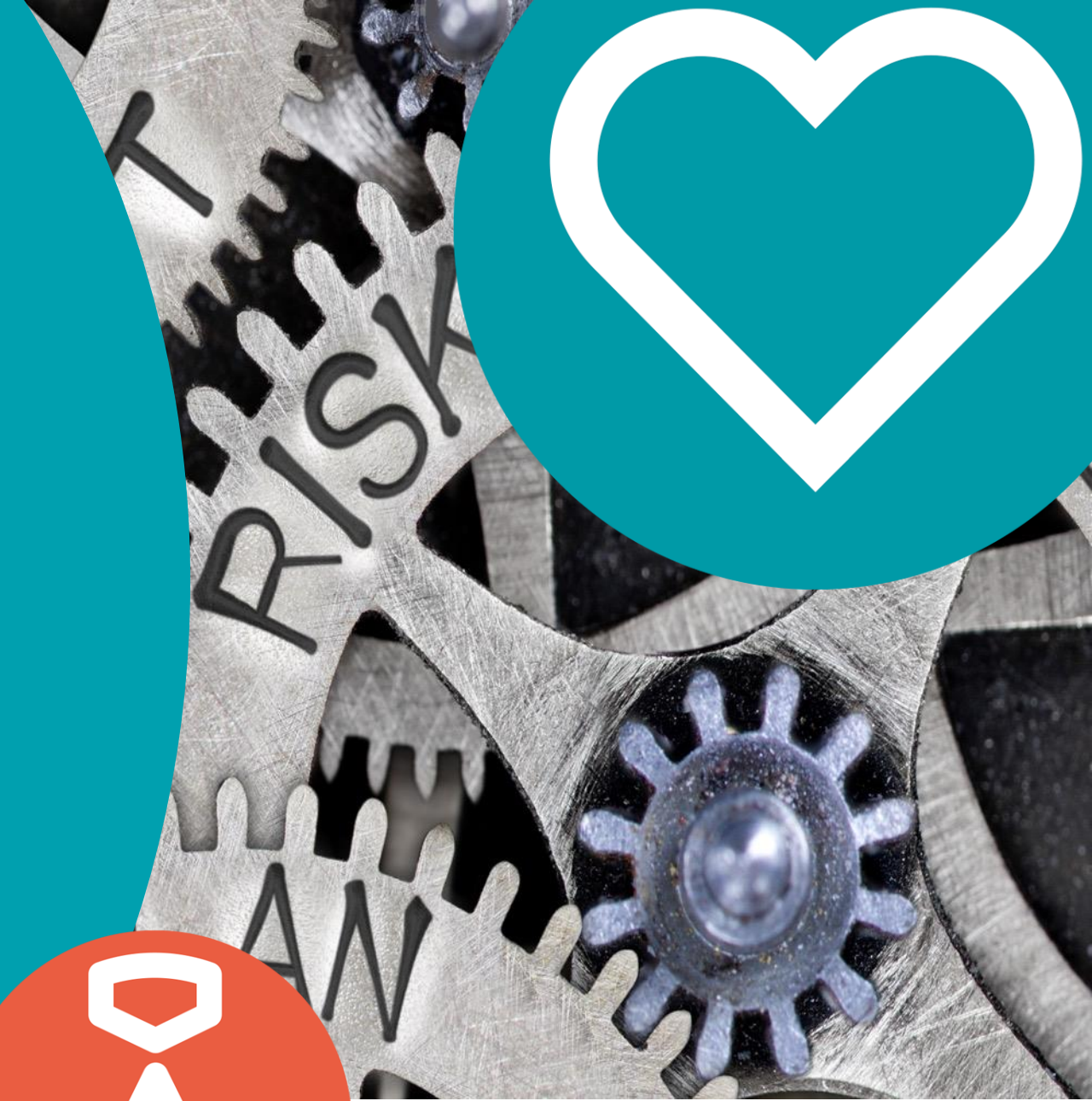
Security Values Maximised



Recent achievements for Riverside form aims and opportunities for the **One Housing** portfolio in the coming months



Key Risks and Future Challenges



Key Risks: What does the future hold?



Inflation

Geopolitical



People/Skills

Materials



Influencing



IT Investment

- IT investment at the heart of mitigating most risks identified from our 2020 risk map
- Was particularly essential to allow the move to home working where roles permit this
- Put us in good stead when we experienced a malware attack in November 2021; no data was lost or breached, but it did impact our business and in particular our customers
 - Caused a backlog in voids servicing and arrears which we are only now starting to catch up; this could take some time



Business Plan 2022/23

Under Development

- Our new business plan will be approved by Group Board in May 2022
- We will be revisiting the Golden Rules as part of the process to ensure that they remain the correct measures and mitigations given the new size and shape of the Group
- We will look to harmonise economic assumptions as compared to the previous base plans for Riverside and One Housing, as well as look to include efficiency savings, implementation costs, customer pledges, additional funding to reach zero carbon by 2050, additional stock condition investment, additional investment in damp and repairs and additional development of new homes as part of 'coming together' (additional refers to the comparison to each base plan on a standalone basis)
- We will look to support the Corporate Plan objectives for both Riverside and One Housing, with a target that two thirds of all new development should be for affordable tenures within the final financial plan



Asset Strategy 2021-2023

The drive for sustainability



To keep customers safe and provide a great service, no matter where they live

External Drivers:

- Charter for Social Housing Residents
- Commitment to net zero by 2050
- Future Buildings Standard and Future Homes Standard
- Building Safety Bill and Fire Safety Bill



Homes for the future

Undertaken a stock condition survey of 9,000 properties to establish the baseline for the energy performance of our stock



People at our heart

We will install smart technology to understand how customers use their property



Places to thrive in

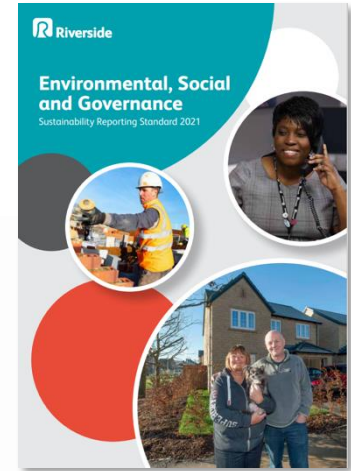
We will review heating sources with a view to alternative energy solutions



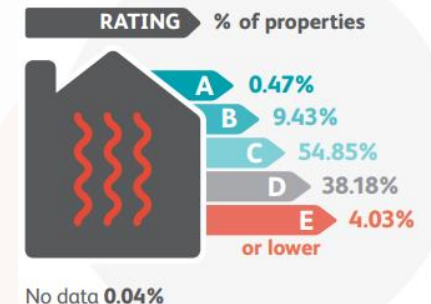
98% of our carbon emissions are linked to our properties

ESG at Riverside

- Riverside published its first ESG report in September 2021. Whilst we haven't formally adopted the Sustainability Reporting Standard yet, our report still follows those metrics
- We are committed to achieving an EPC C rating on all of our stock by 2030
- We have committed to investing £74m in Neighbourhood Regeneration Programmes that will deliver over 600 new homes, delivered to meet new Part L and Future Homes Standards and retrofit works to a further 166 homes
- We have established an Executive Director-led 'Climate Responsibility' (CR) Steering Group to oversee the production of a Group-wide CR strategy, with a 'paving the way plan' in place and a range of initiatives already delivered.
- Working with a specialist adviser we are developing a model to measure our scope 1, 2 and 3 emissions across the Riverside business and expect to be in a position to provide analysis of our emissions, based on this model in the next financial year. We will also assess the position for One Housing in due course to understand and report on this information at a Group level



Distribution of EPC ratings of existing homes
(those completed before the last financial year)





Questions?

