



Investor Presentation

September 2019

Disclaimer

For the purposes of the following disclaimer, references to “this presentation” shall mean these presentation slides (and any printed copies of them) and shall be deemed to include references to any related speeches made by or to be made by the management of the RHP Group (the “Group”), any questions and answers in relation thereto and any other related verbal or written communications.

This presentation may only be communicated or caused to be communicated in the United Kingdom to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) or high net worth entitles who fall within Articles 49(2)(a) to (d) of the Order (all such persons being referred to as “relevant persons”). Any investment or investment activity to which this presentation relates is available only to relevant persons and will be engaged only with relevant persons. Persons who are not relevant persons should not remain present for, or rely on, this presentation.

This presentation is being directed at you solely in your capacity as a relevant person (as defined above) for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior written consent of the Group.

The information in this document is confidential and subject to change without notice, its accuracy is not guaranteed, and it may be incomplete and is condensed. The information contained in this presentation is subject to updating, completion, revision or change, verification and amendment without notice. No representation or warranty, express or implied, is made by or on behalf of the Group or any of its board members directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this presentation and no responsibility or liability is accepted for any such information or opinions save that nothing in this paragraph shall exclude liability for any representation or warranty made fraudulently.

This presentation does not constitute a prospectus or offering documents in whole or in part and it is superseded by the final version of a prospectus or offering documents relating to any proposed transactions. Recipients of this presentation who intend to apply for securities issued by a member of the Group are reminded that any application must be made solely on the basis of any information contained in the final version of the prospectus or offering documents, which may be materially different from the information contained in this presentation. No reliance may be placed for any purpose whatsoever on the information or opinions contained in this presentation or on its completeness.

This presentation may contain certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements, is not warranted or guaranteed. By their nature, forward looking statements involved risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Although the Group believes that the expectations reflected in such statements are reasonable, no assurance representation or warranty can be given that such expectations will provide to be correct. These are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.

Nothing in this presentation should be construed as a recommendation or advice to invest in any securities. You should make your own independent evaluation of the proposed transaction. This presentation does not constitute or form part of any offer or solicitation or invitation to any person to acquire any securities from any member of the Group in any jurisdiction.



Agenda

1.	Introduction	3
2.	Our 5 Year Strategic Objectives	7
3.	Operational Performance 2018/19	11
4.	Development	15
5.	Financial Performance and Key Ratios	18
6.	Treasury	21
7.	Group Overview, Board and Executive	24
8.	Summary	28



Introduction



RHP Group owns and manages 8,411 social and 1,996 leasehold properties across 4 London Boroughs



Homes are located in South West London with high property values and strong demand (MV £3bn, EUV-SH £554m)



Clear, compelling vision “to be one of the best service providers in the country and a excellent employer”



Focus on social / affordable housing



G1/V1 rating from the Regulator of Social Housing



A+ (stable) credit rating from Standard & Poor’s



Strong operational and financial performance



Transforming the landlord service through the introduction of RHPi, self service digital proposition



Drive to reduce operating cost per unit through both development and efficiencies



Innovative approach to housing including RHPi and Launchpod

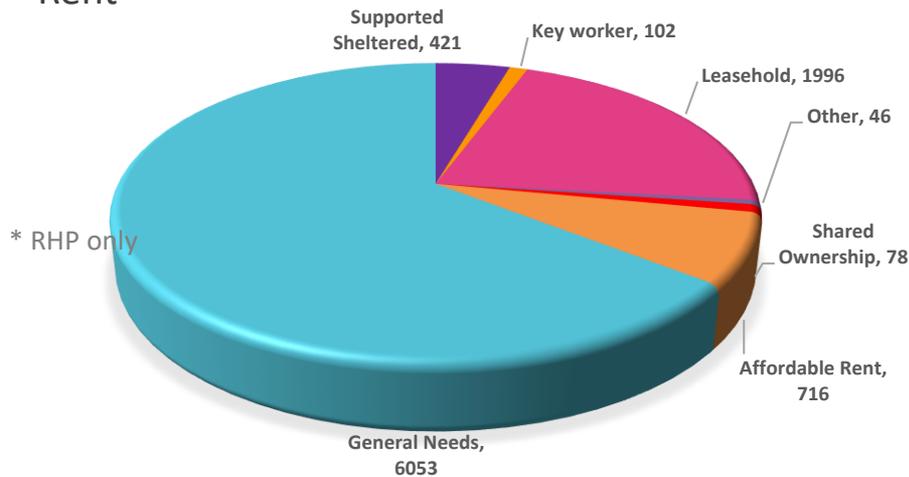


Introduction

RHP operates principally in the 4 London Boroughs of Richmond, Kingston, Hillingdon and Hounslow in West and South West London.

- Richmond: 8,165 units
- Kingston: 323 units
- Hillingdon: 30 units
- Hounslow: 612 units

Majority of our stock is General Needs and Affordable Rent



Introduction



A group of people are seated around a table in a meeting room, engaged in a discussion. The room has a yellowish tint. In the background, a diagram is visible on the wall, consisting of several circles connected by lines. The circles contain the letters 'z', 'Tr', 'TI', 'Rz', 'Rz', 'V', and 'V'.

Our 5 Year Strategic Objectives

Our Strategy

Our purpose:



We support local communities by providing good quality and affordable homes and excellent landlord services to meet a range of needs of people who cannot otherwise afford to live locally.

Our vision:



We aspire to be one of the best service providers in the UK and an excellent employer.

Our values & beliefs:

- ✓ Being a great place to work.
- ✓ Driving passion for customer service.
- ✓ Striving for excellence in everything we do.
- ✓ Constantly improving and innovating.
- ✓ Operating commercially and being efficient.



Our Strategy

OBJECTIVES	STRATEGY
1. Deliver a modern digitally enabled housing service.	<ul style="list-style-type: none">✓ Provide online access for all core transactional services maximising the use of self-serve and automated systems.✓ Build systems that are convenient, easy and enjoyable to use by both customers and employees, and scalable for use by other housing organisations.✓ Increase investment in new technology and learning and development to support our digital service aspirations.✓ Deliver high quality direct services.✓ Maintain support for non-digital customers.
2. Build more homes.	<ul style="list-style-type: none">✓ Invest £329m in building 1,000 new homes over 5 years.✓ Provide around half of these homes for traditional social housing and half for young people in west London.✓ Reduce cost of building using new methods of construction.✓ Use new technology to drive down the cost of managing and maintaining new homes.



Our Strategy

OBJECTIVES	STRATEGY
3. Maintain financial strength.	<ul style="list-style-type: none">✓ Maintain healthy operating margins so that we can cope with changes in our external operating environment and difficulties that may occur within our business.✓ Work within set hurdle rates and financial metrics required to support our credit rating.✓ Ensure we have the financial capacity to fund a long-term development programme of around 200 homes per year until at least 2028.✓ Drive down our operating costs.
4. Provide great place to work.	<ul style="list-style-type: none">✓ Maintain industry leading levels of employee morale and motivation.✓ Support a culture of innovation and creativity.✓ Increase investment in learning and development to ensure we have the digital skills needed to deliver an exceptional online service.✓ Provide increased flexibility for employees.



A man with a beard and a headset is working at a computer in a call center. He is looking at a monitor displaying a dashboard with various charts and data. The background shows other call center agents working at their desks. The entire image has a light blue overlay.

Operational Performance 2018/19

Modern Digitally-Enabled Housing Service

Fundamental part of our vision is to be one of the best service providers in the UK.

Moving from a traditional housing management model to a modern, digitally enabled service focused on

- improving the experience for customers; while
- reducing the cost of delivery

Over the past 5 years we've made excellent progress

- RHPi service for new tenants
- Strong takeup by existing tenants
- Operating costs down by 8% overall
- Continued high quality direct services through repairs and caretaking teams

KPIs	ACTUALS			
	15/16	16/17	17/18	18/19
Reduction in volume of repairs from pre-RHPi	N/A	N/A	15%	11%
Reduction in calls to RHP from the previous year	4%	16%	20%	(19%) increase
Customer interactions online	N/A	53%	70%	60%
Tenants with online accounts	32%	68%	79%	78%
Tenant satisfaction	78%	80%	84%	88%
Homeowner satisfaction	64%	63%	79%	72%
Tenant satisfaction with caretaking	85%	84%	87%	91%
Tenant satisfaction with repairs service	84%	76%	90%	92%
Repair jobs completed on time.	99%	99%	98%	97%
Occupancy rate	98.9%	99.9%	99.4%	99.8%
Rent collected from current and former tenants as % rent due	99.8%	99.2%	99.5%	100.2%



Operational Performance 2018/19

RHP Board Scorecard March

Modernising The Landlord Service

	Measure	Q3	Q4	Year End Target	Jan to Mar Trend
Excellent online experience	Easy to use digital service	93%	93%	85%	→
	Interactions online	63%	60%	78%	↑

High Quality Core Service	Tenant satisfaction	87%	88%	85%	↑
	Tenant satisfaction with repairs service	92%	92%	90%	→

Excellent Employer

Employees satisfied and very satisfied with working at RHP	96%	96%	90%	●
--	-----	-----	-----	---

All performance indicator definitions are contained overleaf

Building New Homes

	Measure	Q3	Q4	Year End Target	Jan to Mar Trend
	New homes completed	73	100	100	●
	New homes in contract to be delivered	160	224	300	●

Maintaining Our Financial Strength

Operating Margin	38.4%	37.3%	38.9%	↓
Rent collected as a % of rent debit	100.26%	100.22%	98.7%	↑
Operating cost per unit including capitalised repairs	£3,444	£3,486	£3,770	↓
Operating cost per unit excluding capitalised repairs	£2,876	£2,904	£2,807	↓



Health & Safety



Robust response to Grenfell and detailed review of all stock



Significant additional spend on fire safety measures including £2.5m on sprinklers with no recourse to leaseholders



British Safety Council – highest accolade the “Sword of Honour” in October 2017





Welfare reform

- ✓ Daily, weekly, monthly tracking – 1000 Universal Credit customers to date
- ✓ DWP and customer road shows
- ✓ Trusted partner with DWP
- ✓ Customer online budgeting tool rolled out and actively signposted by other agencies



Development

- ✓ Enhanced team, processes, controls and experience to ensure robustly prepared for growth planned.

Development



2018/19 Developments

KPIs	13/14	14/15	15/16	16/17	17/18	18/19
New homes completed	39	97	58	39	90	100
Homes acquired	-	-	-	186	-	-
Homes under contract added to pipeline	-	-	114	199	174	224



Development strategy

- ✓ Strategy to deliver 1,000 homes over 5 years for c.£329m
- ✓ Up to 50% to be modular homes
- ✓ No market sale activity planned, although increase in shared ownership sales does deliver some market exposure





Financial Performance and Key Ratios

Financial Performance

RHP Group - Five Year Summary

Statement of Comprehensive Income (£'000)	2019 FRS102	2018 FRS102 Restated	2017 FRS102	2016 FRS102	2015 Restated FRS102	2014 Old UK GAAP
Turnover	58,155	55,909	55,771	53,496	52,806	47,967
Operating costs and cost of sales	(37,867)	(35,003)	(33,436)	(31,816)	(32,748)	(31,430)
Operating surplus	20,288	20,906	22,335	21,680	20,058	16,537
Surplus on disposal of assets	679	257	284	101	220	179
Net interest charge	(7,849)	(8,602)	(8,698)	(9,175)	(7,196)	(6,020)
Movement in fair value	21	27	39	(668)	161	-
Actuarial gain/loss on pensions	(2,690)	727	(1,284)	731	(850)	-
Total Comprehensive Income	10,449	13,315	12,676	12,669	12,393	10,696
Operating Margin	36.0%	37.0%	40.0%	45.5%	37.9%	34.5%

Key Points to Note:

- ✓ Growth in turnover driven by an increase in shared ownership sales and rental income due to development of properties, offsetting the rent reduction.
- ✓ Strong operating margin of **36%** achieved.



Key Ratios

KPIs	2018/19 Actual Restated	2017/18 Actual Restated	2017/18 London Peer Group **	2016/17 Actual
Financial performance				
Operating margin (social housing lettings only)	39%	43.0%	31%	41.6%
Operating margin (overall)	34.8%	37.4%	29%	40.0%
Headline social housing cost per unit	£3,725	£3,548	£4,688	£3,799
Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) Interest cover	216%	216%	188%	235%
Financial strength				
Gearing	58.6%	59.8%	40%	52.9%
Return on capital employed (ROCE)	5.4%	5.9%	3.5%	6.6%
Delivery of new homes				
Reinvestment	12.4%	12.0%	5.4%	10.1%
New supply delivered % (Social housing units)	1.3%	1.3%	1.0%	2.0% 39

Excepting gearing due to our legacy debt from LSVT origins, all of our core metrics score in the top quartile.

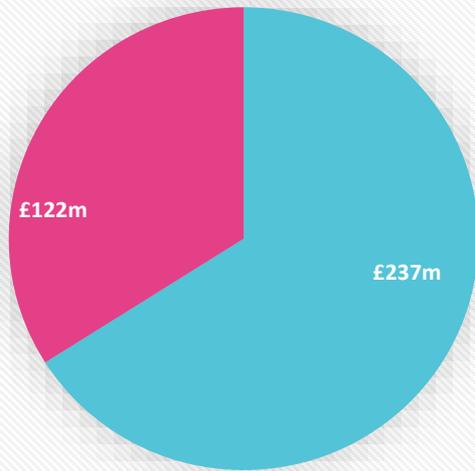
** Providers in London with over 1,000 units



A photograph of a man and a woman standing outdoors, overlaid with a semi-transparent yellow filter. The man on the left is wearing glasses and a dark zip-up sweater, with his arms crossed. The woman on the right is smiling and wearing a dark blazer. The word "Treasury" is centered in white text over the image.

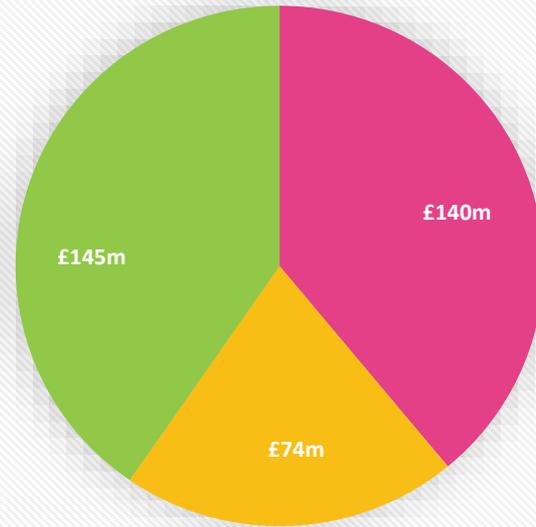
Treasury

Drawn vs Undrawn Facilities



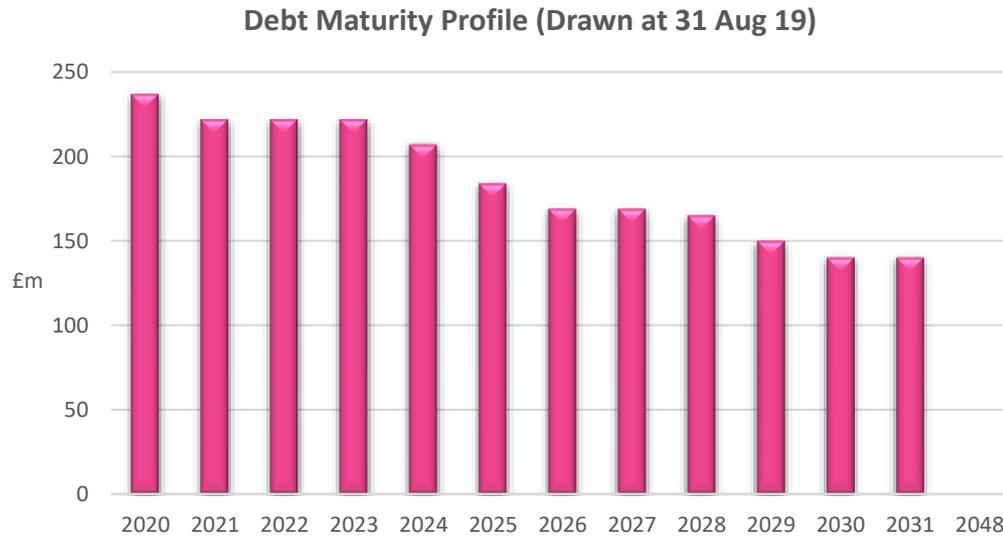
■ Drawn ■ Undrawn

Debt Facility Types



■ Bonds ■ Bank Loans ■ RCFs

Our current loan portfolio – business fully funded until 2022/23



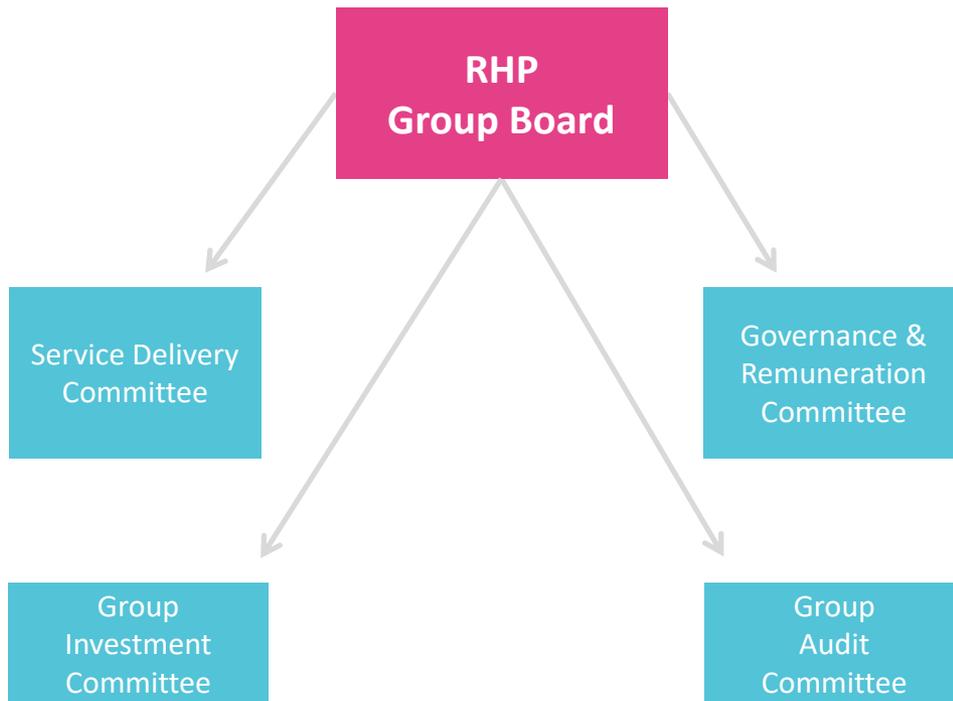
- ✓ Security in place to draw on available facilities up to full utilisation.
- ✓ Cash holdings of £16m as at 31 August 2019.
- ✓ £50m of new RCF agreed on 28 August 2019.
- ✓ 86% of debt held at fixed rates of interest.
- ✓ EUV-SH value of properties £547m (as at 31 August 2019) with £96m available to secure new funding.
Market value of homes £3bn.





Group Overview, Board and Executive

Corporate Structure & Governance



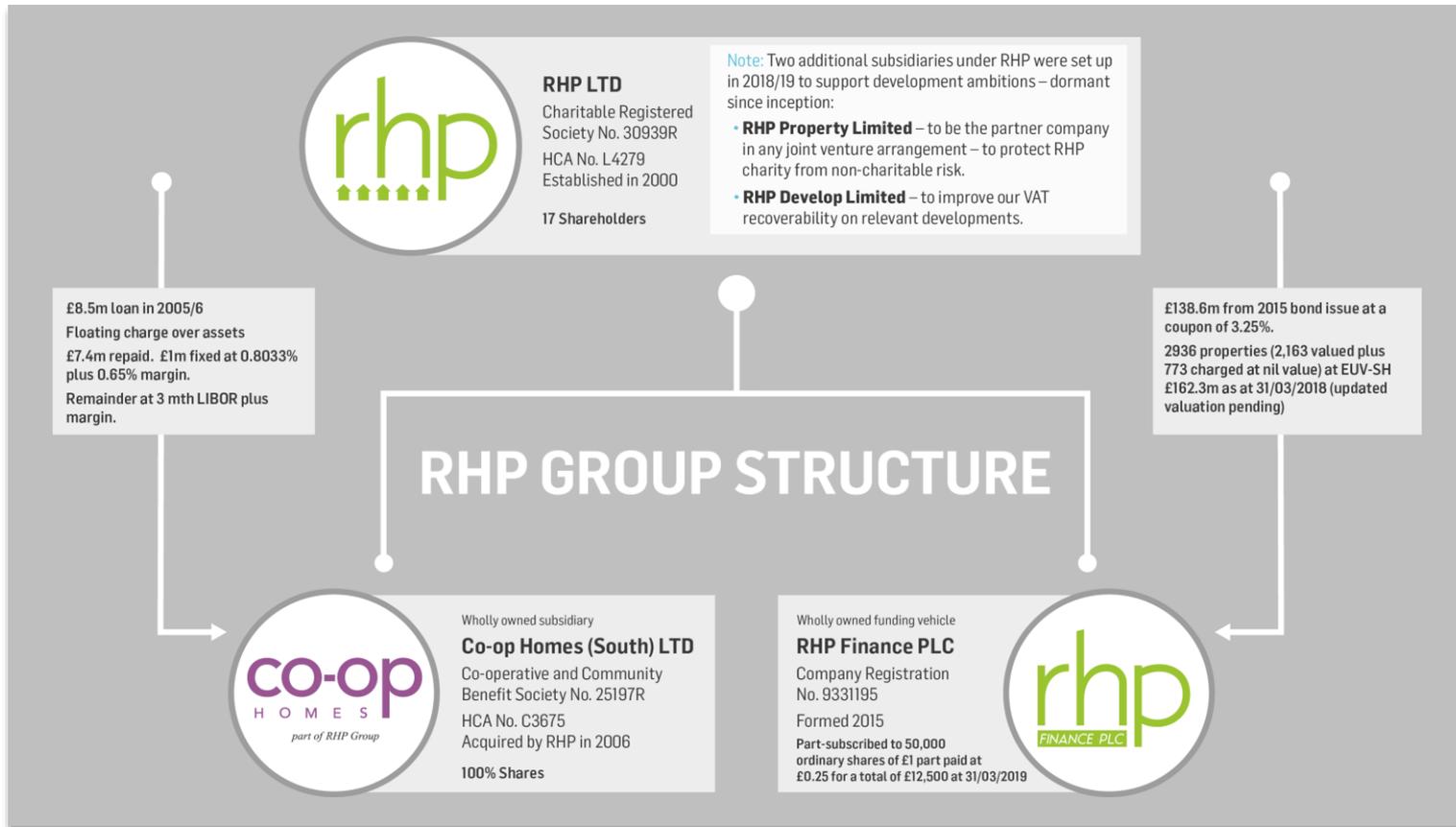
- ✓ Group Board of 11 including the Chief Executive – no constituency quotas since January 2015.
- ✓ Strong controls and governance including internal audit, risk frameworks and detailed risk management, recent external review of governance, detailed stress testing of business plan.

Board Member Skills - wide range of skills on the Board including:

- ✓ Finance & Treasury.
- ✓ Risk Management.
- ✓ Design and Development.
- ✓ Customer Service and Customer Perspective.
- ✓ Business and Property Management and Consultancy.



Group Structure



Chair & Executive Directors



John Newbury
Chairman
& Non-Executive Director

- Fellow of the Chartered Institute of Housing and Chairman of 2 HAS
- More than 35 years experience across public, commercial and not-for-profit sectors.



David Done
Chief Executive

- Led RHP since creation in 2000



Peter Cogan
Executive Director of
Customer Services

- Joined RHP in January 2019
- Previous roles have included Customer Operations Director at Thames Water and Transactional Banking Director at Barclays Bank
- Non Executive Director for CHP since October 2017.



Corinna Bishopp
Executive Director
of Finance

- Joined RHP in July 2017 from Thames Valley Housing
- Fellow of the ICAEW
- Worked in Housing since 2016 following career at PwC, Bupa, Centrica, Eversholt Rail.



Lucy Graley
Executive Director of
People and Business
Services and
Company Secretary

- Joined RHP in Oct 2018 from the Royal Horticultural Society
- Fellow of the CIPD
- Worked in a variety of sectors including Housing, Local Government, Professional Services and Not for Profit.



Tim Willcocks
Executive
Director of
Development

- Joined RHP in 2017 after ten years at Radian and the HCA
- Chartered Surveyor.





Summary

Summary

- ✓ Strong well governed business
- ✓ High levels of unencumbered property security in high property value locations. EUVSH (£554m) and Market Value (£3bn)
- ✓ Strong underlying financial and operational performance levels
- ✓ New service offer introduced successfully for new customers resulting in significant improvements in efficiency
- ✓ Development programme fully funded to 2022/23 with no market sale risk
- ✓ Continued strong liquidity levels

