



RICS[®]

Delivering confidence

Global performance report 2019-20

Q3



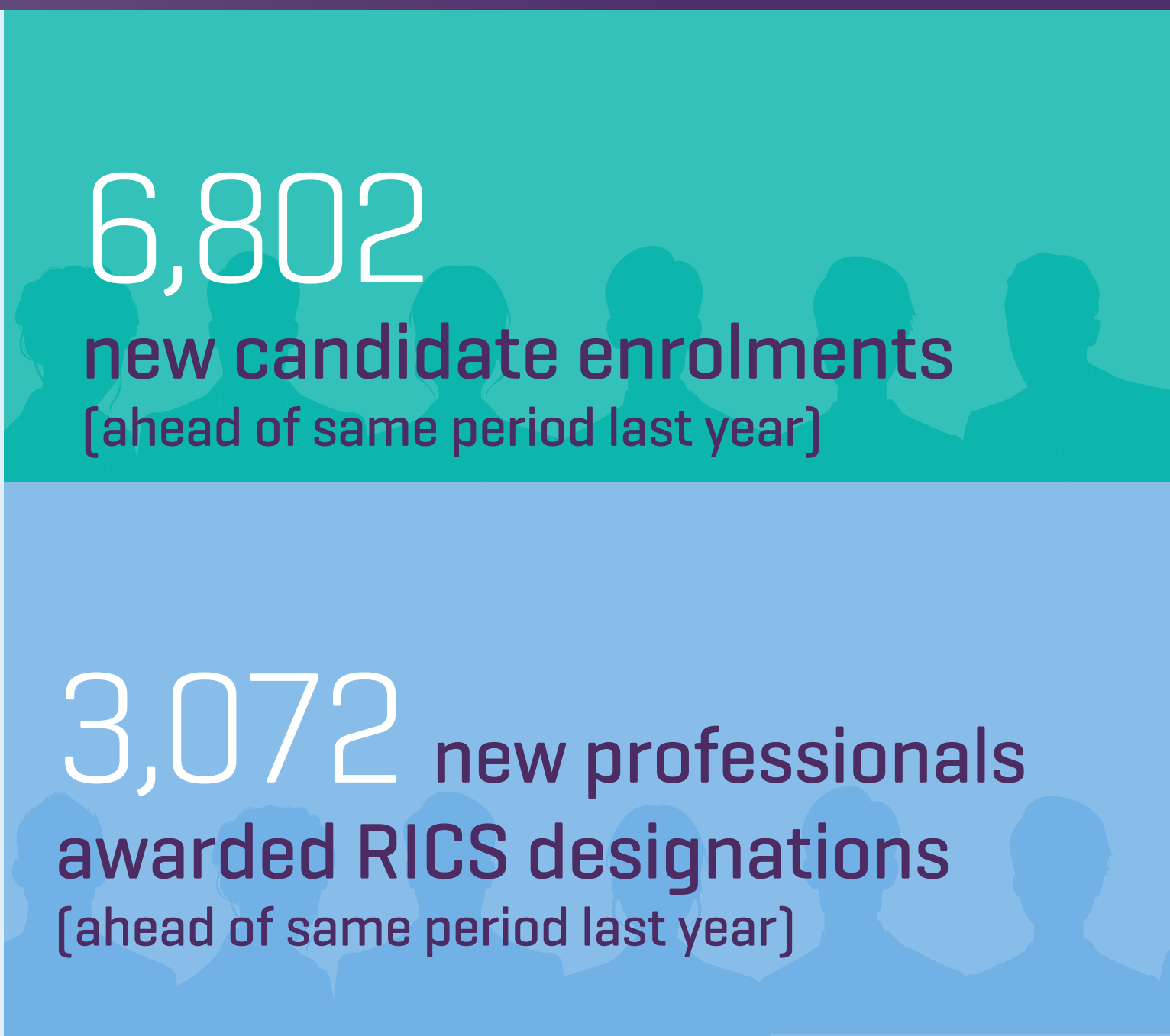
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To achieve Governing Council’s vision, Management Board established strategic goals for the 2018-21 business plan period, namely to be:

- Influential on matters of societal importance
- Trusted by our stakeholders
- A profession in demand
- Sustainable as an organisation both financially and in contribution to ESG



Commercial income was c£3m adverse to Plan year-to-date as we began to see the impacts of COVID-19 in our Asian markets and the beginning of this globally.

At the end of March, as a result of a strong first half year performance, cost saving measures and efficiency gains, operating surplus was £0.2m behind year-to-date plan.



Delivering confidence through resilience

Chair of Management Board &
Chief Executive Officer's introduction



Change is the force that most consistently shapes our lives. No generation is immune to this reality, but we can find confidence and meaning in purpose.

This quarter, RICS has held to the same purpose we have pursued throughout our 151-year history: to promote the usefulness of the profession for the public advantage.

This report summarises our performance from February to April 2020 – quarter three in RICS' financial year 2019-20 – towards our purpose and the four strategic priorities defined by Management Board to help achieve Governing Council's aim for RICS to be a relevant and trusted 21st Century global professional body.

At the end of February, we were pretty much on-track for a good performance year, with plans in place to address known potential challenges. This included uncertainty around the UK's future relationship with the EU, unrest in Hong Kong, and escalating public health developments throughout China and Asia. We were also making strides through our investment in a digital transformation to deliver the relevant content and improved experience called for in responses to our regular Survey of the Profession.

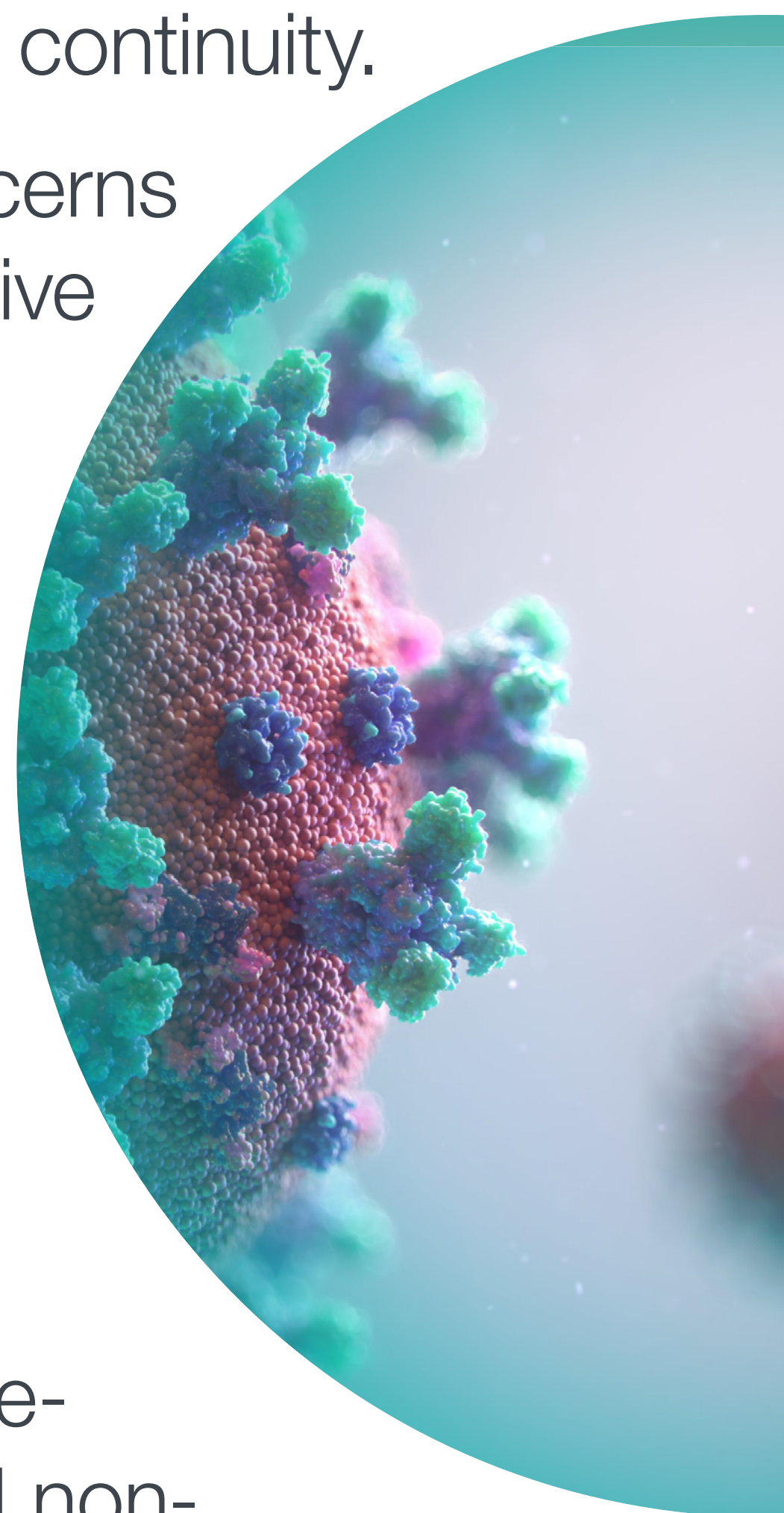
Since then, a new economic reality is beginning to emerge out of a global health crisis, one that none of us can yet safely predict with any certainty. Businesses have been hit hard by lockdown measures, and many – including some in our sector – have had to make extremely hard decisions in order to survive. RICS has been and remains agile in its moves to support the profession at a time of crisis, manage its own cash flows and performance, while seeking to maintain the wellbeing of our people. We continue to focus on maintaining public confidence in the ethics and competence of the profession worldwide.

Our response included:

- Rapidly updating professional guidance and moving key services like RICS Dispute Resolution Service online in order to support trust in regulatory continuity.
- Engaging governments to relay concerns and influence decisions to drive positive social impact through our sector.
- Opening up unlimited no-charge access to paid-for resources to help the profession continue to remain match-fit and ready to respond as the situation improves.
- Placing 200 staff (around 30% of our UK headcount) on the UK Government's Furlough Scheme, making voluntary and temporary base-pay reductions for the CEO (and paid non-executives) and Executive Team of 15% and 12.5% respectively, and instituting a pay and recruitment freeze in order to elongate our immediate positive operating cash position.
- Reviewing and reducing all project spends and operating costs while instigating a strategic review for Governing Council of the new RICS that will need to emerge and operate in a very different set of future post-COVID-19 economics.

Results have included:

- A shift in RICS global operations to digital delivery, built successfully on the investments we have been making in our digital transformation over the last 18 months.
- Over 500 professional assessments to-date delivered digitally around the world, with assessors and candidates embracing change to maintain the profession's future talent pipeline.
- 30,000 registrations for online CPD and insight sessions as part of time-limited free access, with over 50% engaging with these services for the first time.
- A 45% increase in our World Built Environment Forum membership as professionals seek to learn, network and support each other through the current situation.



- Continued influence in policy debate amongst global stakeholders, including recognition by the EU and UN for expertise on financing energy efficiency in the built environment, as well as engaging the UK Government with recommendations to enable good regulatory outcomes, healthy market performance and public confidence during the COVID-19 crisis.

Amid difficult circumstances for many professionals, we are also taking urgent steps to safeguard RICS' financial position against reductions in revenues due to significantly altered market conditions. In addition to shifting rapidly to be a digitally enabled organisation, we have reduced operating costs and put in place additional borrowing facilities.

It is fair to say that our investment in digital capability has proved vital for delivery in all these areas, and we have needed to rapidly accelerate our ongoing transformation. This now provides a model for how we must think, adapt and act in order to continue fulfilling our purpose in the future.

The lives of millions of people have changed. The global economy, our sector, and the professionals that work in it have changed too, and it is clear that there will be no going back to the way things used to be. However, by embracing and remaining true to our purpose, RICS will continue to build resilience across the profession and in ourselves so that we can deliver confidence now and in the years to come.

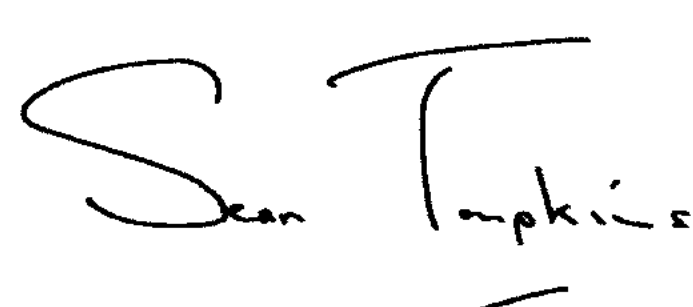
This report is available to members of the profession, RICS employees and other key stakeholders, including our Governing Council and Board members. We welcome all comments.

Our thoughts are with the profession, our employees and our partners as well as with all those battling and suffering as a result of this worldwide health crisis.



Paul Marcuse

Chair, RICS Management Board



Sean Tompkins

Chief Executive Officer, RICS

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Maintaining sustainable growth in the profession

Restrictions due to COVID-19 impacted both commercial real estate and capital projects across the world during the early months of 2020. Sentiment among global investors and occupiers markedly deteriorated, while construction and infrastructure professionals reported reduced workloads in line with the timing and scale of the virus' outbreak and the policy response by region.

In this context of uncertainty around trading volumes and restrictions on face-to face contact, RICS acted swiftly to deliver confidence amongst prospective professionals. This has maintained and realised demand for RICS qualifications, securing the profession's future talent pipeline and the sustainability of the organisation as a professional 21st Century body.

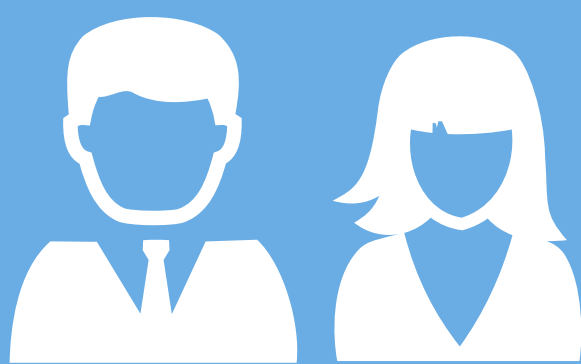
Where previously the majority of professional candidate assessments globally had been delivered in-person, RICS has leveraged and accelerated its programme of digital capacity delivery so that assessments and preparation for all entry-routes to the profession can now take place online. RICS has also developed updated guidelines and bespoke support for candidates, assessors, and mentors to enable the shift to digital assessments as standard.

RICS is extremely grateful for the commitment and flexibility that all assessors and candidates have shown during this crisis. Their professionalism is allowing the next generation of talent to realise its ambitions uninterrupted by the current situation.

In all, 3,072 new professionals were awarded RICS professional designations in the year to-date. 26% of newly qualified professionals were female, maintaining strong recent progress in representation achieved by a continued focus on outreach, mentoring and showcasing the diverse talent in the profession.



111,252
qualified
professionals
worldwide



3,072 newly qualified
professionals (26%
female) awarded RICS
designations

50.9% of these newly qualified
professionals are based outside
the UK & Ireland, notably Europe
[9.6%], East Asia [9.3%] and
China [7.1%]



6,802 new candidate
enrolments (26%
female)

39.1% of these newly enrolled
candidates are based outside
the UK & Ireland, notably MENA
[8.6%], Europe [7.2%] and East
Asia [6.3%]



23,278 candidates
(in 132 countries)
using our on-line
assessment resource
[ARC] to prepare for
their professional
assessments

¹RICS, ‘Q1 2020: Global Commercial Property Monitor’, 30 April 2020; <https://www.rics.org/globalassets/rics-website/media/news/news--opinion/q1-2020-global-commercial-property-monitor-headline-report.pdf>;
RICS, ‘International Construction and Infrastructure Surveys – Q1 2020’, 6-7 May 2020; <https://www.rics.org/globalassets/rics-website/media/knowledge/research/market-surveys/apac--mena-construction/apac-ci-q1-2020.pdf>

Supporting professionals to deliver confidence



By embracing online delivery, RICS has been more agile and responsive in assisting the profession to remain resilient. This applies both to COVID-19 and to other known future trends that will impact the built environment, including climate change, urbanisation, and technological development.



With a desire to bring innovation at pace for the profession digitally, RICS has extended the reach and development rate of its products, services, and content, allowing global audiences to experience current, relevant content regardless of their location. Activity included:

- Introducing free access to online training and CPD events until the end of July, as well as producing webinar series devoted to exploring the impact of COVID-19 and enabling the profession’s response.
- Profiling inspirational stories of public service delivery, commitment to high standards, and innovation in the face of COVID-19 among RICS professionals via the #ResilientResponse campaign.
- Bringing the RICS Dispute Resolution Service online, supporting confidence by enabling access to fast and trusted resolution mechanisms.
- Continually updating guidance and addressing

queries through a dedicated COVID-19 hub and email inbox, covering key issues such as valuation and client visits, specific concerns for small and medium-sized businesses, and updates from government engagements.

This approach has seen notable increases in the number of people accessing RICS digital offerings for the first time, including:

- Over 20,000 RICS professionals and APC candidates placing more than 65,000 free product-bookings globally.
- Approximately 4,000 professionals taking advantage of temporary complimentary access to isurv, RICS' online knowledge hub which provides resources and guidance from assessment preparation advice to specialist information by professional discipline.

This commitment to lifelong development and support is providing professionals with the practical guidance, knowledge, and confidence to keep up-to-date, increase knowledge and competence for both now and in the future.

²RICS, 'Resilient responses in the face of COVID-19', first published April 2020; <https://www.rics.org/uk/news-insight/latest-news/coronavirus-and-rics-events/resilient-response-in-the-face-of-covid-19/>

Influencing the global agenda

In times of uncertainty, it is more important than ever for RICS to exert an active influence on the profession's global policy context. This means shaping developments by building collaborative coalitions and providing thought leadership to deliver positive social impact in the communities that built environment professionals serve.

With one quarter of the year remaining, RICS has exceeded its annual ambition of global recognitions of its work in this area.

Year to date: **17** Full year target: 15

Highlights in this quarter include:

- Reducing the cost of low-value UK contract dispute-resolution for SMEs by chairing a working-party set up by the Construction Industry Council.
- Shaping an international approach to financing energy efficiency in buildings, receiving recognition by the EU & UN as a member of two new expert working-groups within the Energy Efficiency Financial Institutions Group.
- Influencing tax reliefs and support packages to enable professional firms to continue delivering by engaging the UK Government on its COVID-19 response.
- Exploring potential cost efficiencies achievable through International Construction Measurement Standards (ICMS) on a \$50bn system upgrade for New York City's Metropolitan Transit Authority, invited to collaborate with construction firms under the auspices of NYC Transit's President as the sole represented professional body.
- Increasing membership of RICS' World Built Environment Forum by 45% compared to the previous

quarter and engaging more than 3,000 attendees in a webinars series on the regional impact of COVID-19, maintaining RICS thought leadership influence despite the need to cancel the 2020 WBEF Global Summit in Shanghai on public health grounds.

- Achieving downloads of RICS economic surveys, insight papers and research reports by more than 17,000 people.

RICS' trusted research continues to influence the global policy agenda, and RICS remains committed to leading future developments relevant to the sector through active and purposeful engagement with all stakeholders.



Building trust through respected standards

Restrictions on face-to-face engagements and public sector stakeholders' preoccupation with crisis management mean that RICS has switched the focus of its efforts on standards adoption. Instead of seeking to drive recognition with end-users, the priority for delivering the greatest public benefit from respected standards is to support the profession in its response to the pandemic.

Highlights of how RICS' standards activity is supporting public trust in the built environment include:

- Ensuring sound client understanding of how valuation advice is adapting to the restrictions of COVID-19, developing the valuation practice alert to give greater clarity on the Material Uncertainty Clause for valuation reporting within the Red Book.
- Enabling safe and compliant onsite property inspections and construction work to continue during lockdown by working closely with UK Government departments and the Construction Industry Council to develop professional advice.
- Delivering accessible and timely ongoing updates to professional guidance and advice via the dedicated RICS COVID-19 hub, and by informing webinar series content to support the performance of best-practice across the profession.

The new normal will take time to embed, but respected standards will always form the basis of RICS' endeavours to deliver positive social impact through the well-regulated activity of its profession, delivering for the benefit of the built and natural environment.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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