

Residential Secure Income plc

30 September 2022

Overview

Residential Secure Income plc (LSE: RESI) (ReSI plc) is a real estate investment trust (REIT) which aims to deliver secure, inflation-linked returns and has a focus on two sub-sectors in UK residential - independent retirement rentals and shared ownership - underpinned by an ageing demographic and untapped, strong demand for affordable home ownership.

ReSI plc's purpose is to deliver affordable, high-quality, safe homes with great customer service and long-term stability of tenure for residents.

ReSI plc achieves this through meeting demand from housing developers (housing associations, local authorities and private developers) for long-term investment partners to accelerate the development of socially and economically beneficial affordable housing.

ReSI plc's subsidiary ReSI Housing Limited is authorised as a Registered Provider of Social Housing and holds our shared ownership portfolio.

30 September 2022 Annual Results and outlook

Growing dividend and higher quality income

- EPRA Adjusted Earnings⁶ up 18% to 5.0p per share (FY 2021: 4.2p)
- Dividend up 3.20% to 5.16p per share
- Dividend 97% covered by recurring income in the year, return to full cover in Q4 2022
- Rental operating profit up 36% to £8.4mn (FY 2021: £6.2mn)
- £31mn of accretive shared ownership acquisitions completed

Strong rental growth and tight occupancy - solid rent collection maintained

- 4.5% like-for-like rental growth (FY 2021: 1.5%) with 3.7% in H1 and 5.1% in H2

Valuations impacted by macroeconomic environment

- EPRA net recurring inflation growth in valuations of 9.4p⁷ offset by 9.6p from 35bps discount rate increase

Delivering high quality, energy efficient, well-managed homes

- ReSI remains focused on residents' wellbeing and improving portfolio energy efficiency

- 96% of directly rented properties now EPC rated A-C (FY 2021: 90%) following upgrades during the year
- Almost 90% satisfaction levels with our in-house property management team⁸
- 54% of retirement residents reported an improvement in their mental health on moving in⁹
- Shared owners better shielded from cost of living increases than outright owners or private renters¹⁰

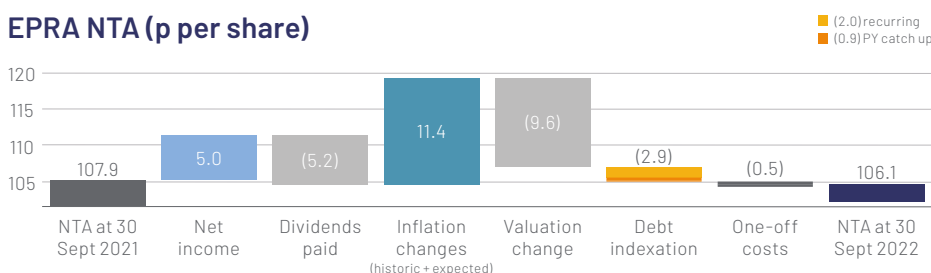
Resilient balance sheet with long-term and low-cost debt

- 22-year average debt maturity, 90% fixed or hedged with low 2.4% weighted average coupon
- 12% reversionary uplift in home values

FY 2023 outlook: Focus on maintaining dividend cover at 5.16p per share²

- 97% inflation linked rents provides strong basis for future growth
- Accelerating tenanted shared ownership opportunities from housing associations
- Headwinds in FY23 from increasing interest rates and energy costs in our retirement communal areas
- Near-term downwards pressure on NTA from rising interest rates

EPRA NTA (p per share)



- 5.0p recurring income
- 2.9p debt indexation (2.0p recurring)

- 1.8p valuation gain (0.6% like-for-like) driven by rent growth from ReSI plc's inflation linked leases, offset by discount rate increases

Capital at risk. Past performance is not a reliable indicator of future performance. Performance is net of fees and costs.

Fund managers



Ben Fry
Managing Director, Housing



Brandon Holloway
Deputy Fund Manager

Fund information

LEI LAR763213800D24WA531

Ticker RESI

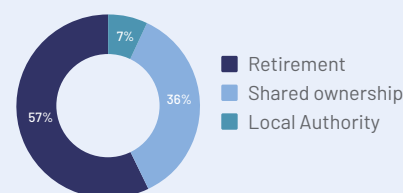
ISIN GB00BYSX1508

Launch date 12 July 2017

Key facts as at 30 September 2022

- Homes owned¹ 3,284
- Gross valuation¹ £383mn
- Dividend target FY23² 5.16p
- Dividend yield (share price)³ 6.0%
- Target IRR (long term)^{2,4} 8.0%
- Ongoing charges (annualised)¹ 1.4%
- Share price 86.4p³
- Market capitalisation £160.0mn³
- Discount to NTA⁵ 19%
- EPRA NTA per share 106.1p
- IFRS NAV per share 108.8p

Asset type



Source: Gresham House (at 30 September 2022)

EPRA - European Public Real Estate Association
IFRS - International Financial Reporting Standards

- Including committed acquisitions of £9mn
- These are targets only and not profit forecasts. Total return target is net of fees and charges
- Based on the Share Price as at 30 November 2022
- As set out at IPO
- Based on the EPRA NTA per share of 106.1p and Share Price as at 30 September 2022 (as above)
- EPRA adjusted earnings is EPRA earnings adjusted for income and costs which are not recurring and is equivalent to IFRS profit after tax before one-offs and valuation adjustments
- EPRA Net inflation growth in valuations of 9.4p per share includes 11.4p per share gain on property valuations less 2p per share debt indexation which related to FY 2022
- Source: ReSI Housing Customer Survey
- Source: Retirement Residents Customer survey
- Company internal calculation. Full calculation and assumptions disclosed in cost of living section of the FY 2022 accounts




Why ReSI plc?

ReSI plc delivers 97% inflation-linked income, which is generated from affordable and secure rents and supported by strong market drivers in shared ownership housing and independent retirement living.




Secure long-term inflation-linked income

5.16p FY23 target, paid quarterly²

ReSI plc's business model is:

<p>Supported by:</p>  <p>Strong market drivers</p> <p>Ageing population, declining home affordability, supportive government policy</p>	<p>Creating:</p>  <p>Measurable impact</p> <p>Providing affordable high-quality, energy efficient homes for life, and addressing elderly loneliness</p>	<p>Executed by:</p>  <p>Expert manager</p> <p>c.60-person housing team with 20-year track record in UK housing</p>
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ReSI plc's income is:

 <p>Diverse</p> <p>3,284 households diversified across ages and stages of life¹</p>	 <p>Asset-backed</p> <p>Underpinned by c.£454mn home value with 12% uplift from reversionary surplus¹¹</p> <p>Subsidised shared ownership rents secured by homebuyers' stake</p>	 <p>Affordable</p> <p>Low retirement rents (in line with Local Housing Allowance) paid from pensions and welfare</p> <p>c.£14mn Government grant supports subsidised rents for shared ownership¹²</p>
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ReSI plc's portfolio focus

	Independent retirement living housing (£219mn GAV 2,215 homes 57% of portfolio)	Shared ownership housing (£137mn GAV 780 homes 36% of portfolio)
Driver	Growing and increasingly lonely older population	Huge untapped demand for affordable home ownership
Summary	Let to elderly residents with affordable rents and assured tenancies Provides fit-for purpose homes for retired people, allowing them to maintain their independence without care provision	Homebuyers acquire a share in a residential property and rent the remainder Helps house buyers acquire homes they would otherwise be unable to buy Capital grant funding from Government allows total shared ownership housing costs to be c.40% below the level expected for renting an equivalent property in the private rented sector
Rent growth	Increase with RPI each year, capped at 6.0%	Increase contractually by RPI+ 0.5% each year
Secure income	Rent income paid from pensions and welfare	Subsidised rents c.30% below market Homebuyer equity stake
ReSI plc advantages	Scale: UK's largest private independent retirement rentals business Specialist in-house 25-person investment team with over 20-year track record	ReSI Housing - a for-profit Registered Provider of Social Housing Unique 45-year, 0.9% coupon, RPI-linked US\$ debt facility

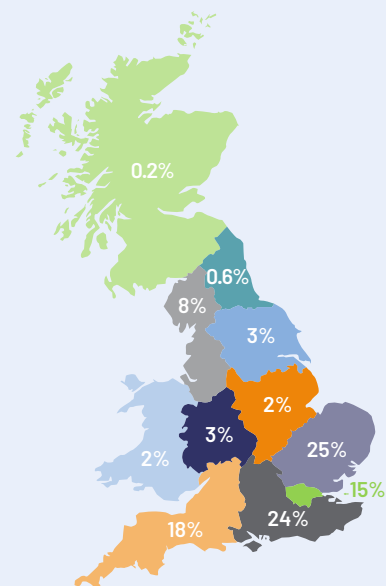
Contact details

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11. ReSI plc financials, as at 30 September 2022

12. Grant policy for future acquisitions may be subject to change

Portfolio by location



Board

Rob Whiteman, Chairman
Robert Gray, Senior Independent Director & Audit Committee Chairman
John Carleton, Director
Elaine Bailey, Director

Key dates

Financial Year End: 30 September
Interim: 31 March

Dividends payment dates

March 2022 1.29p
July 2022 1.29p
September 2022 1.29p
January 2023 (declared) 1.29p

Service providers

Fund manager: ReSI Capital Management, part of Gresham House
Administrator: MGR Weston Kay
Registrar: Computershare
Auditor: BDO LLP
Company secretary: Computershare
Corporate broker: Peel Hunt
Depository: Thompson Taraz
Legal adviser: Cadwalader, Wickersham & Taft LLP
Tax adviser: Evelyn Partners Group Limited
PR: KL Communications
Valuers: Savills

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