

# Residential Secure Income plc

Factsheet - 30 June 2021



Residential Secure Income plc

## Overview

- Residential Secure Income plc (LSE: RESI) is a UK REIT listed on the premium segment of the Main Market of the London Stock Exchange with the objective of delivering secure inflation-linked returns by investing in affordable shared ownership, retirement and local authority housing throughout the UK
- ReSI's purpose is to increase the provision of affordable housing by providing long-term capital to developers, housing associations and local authorities. This allows affordable, high quality, safe homes to be delivered while ensuring long-term stability of tenure for residents, and attractive, secure income for shareholders
- Targets secure, long-dated, inflation-linked dividend yield of 5.0% p.a. and a total return in excess of 8.0% p.a.<sup>1</sup>

## Why affordable and social housing?



**Stable, long term, inflation-linked rents**



**Increasingly diversified income stream**



**Supply/demand imbalance from historic undersupply**

2m shortfall in homes delivered\*



**Reducing development appetite from peers**

94% of affordable housing delivered by not-for-profits\*\*



**Secure, subsidised rents underpinned by pensions, housing welfare or shared owner stakes**

## Why ReSI?



**20-year track record in financing and advising social housing**



**Long-term investment grade equivalent debt**

Average 23-year maturity, unique £300m facility with 0.5% coupon\*\*\*



**Wholly-owned Group, Registered Provider of social housing**



**Investment Partner of Homes England and Greater London Authority**



**Sustainable investment approach maximises social impact**

\*Ministry of Housing, Communities & Local Government - shortfall in homes delivered over last ten years vs. National Housing Federation target

\*\*Ministry of Housing, Communities & Local Government and English Housing Survey

\*\*\*Source: Gresham House

## Recent news

### Ongoing earnings growth

- Net Recurring Income for the period of £1.9m or 1.1p a share, up 10% (31 March 2021: £1.7m or 1.0p a share) driven by:
  - £19m of income generating shared ownership acquisitions in March
  - Continued occupancy ramp-ups in retirement and the pre-existing shared ownership portfolio
  - Like for like rental growth from ReSI's inflation linked long leases
- Total portfolio rent collection remains secure, with 99% of rent collected in the quarter, unchanged throughout the Covid-19 crisis and in line with normal performance, demonstrating the secure nature of ReSI's cashflows
- Dividend cover of 90% for the quarter, up from 82% for the second quarter and ahead of the 80% full year target<sup>1</sup> (calculated on recurring profit before valuation movements)
- Full dividend cover continues to be on track to be achieved for the fourth quarter, i.e. from 1 July 2021<sup>1</sup> (on a look-forward basis)
- Interim dividend maintained at 1.25 pence per Ordinary Share for the quarter ended 30 June 2021, in line with the target of 5.0 pence per Ordinary Share for the current financial year<sup>1</sup>

### Resilient financial position

- IFRS (International Financial Reporting Standards) NAV per share of 105.5 pence<sup>4</sup> (31 March 2021: 105.1 pence)
- Total property portfolio of 3,059 homes with value of £348m<sup>5</sup> up 1% or £3.5m on a like-for-like fair value basis
  - the portfolio has an average EPRA NIY (European Public Real Estate Net Initial Yield) of 4.5%
  - the valuation movement reflects a small amount of yield compression driven by increased occupancy (and hence de-risking) combined with like-for-like rental growth over the quarter
- ReSI continues to maintain a robust balance sheet with a gross loan to value ratio of 48%. Total debt was £169m at 30 June 2021 with a long average 23 year maturity and low weighted average cost of 2.3%

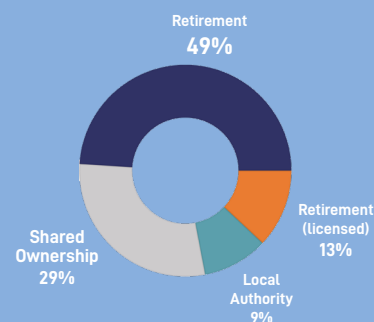
Past performance is not a reliable indicator of future performance. Capital at risk.

## Fund information<sup>2</sup>

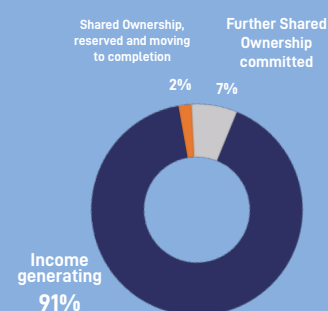
LEI	LAR763213800D24WA531
Ticker	RESI
ISIN	GB00BYSX1508

Launch date	12 July 2017
Homes owned <sup>4</sup>	3,059
IFRS NAV <sup>2</sup>	£180.5m
IFRS NAV YTD Total Return	4.3p
Share Price <sup>2</sup>	106.1p
Market capitalisation	£181.3m
IFRS NAV per share	105.5p
Premium to IFRS NAV <sup>7</sup>	0.4%
EPRA NTA per share	107.6p
Ongoing charges	1.5%
Dividend declared FY21	3.75p
Div yield (prospective) <sup>8</sup>	4.7%
Target IRR (long term) <sup>9</sup>	8.0%

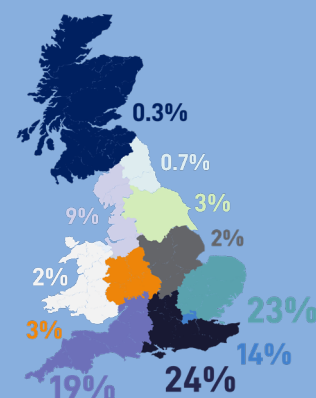
## Asset type



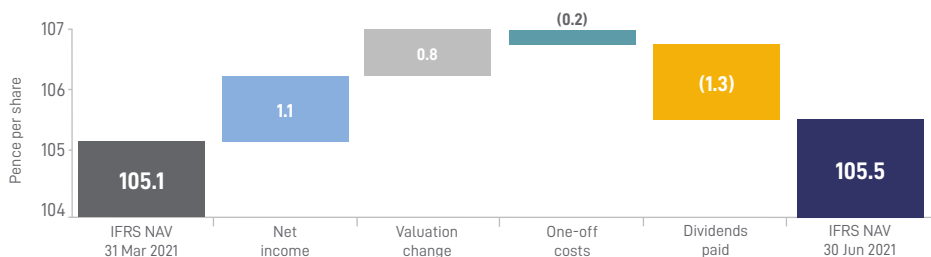
## Deployment status



## Portfolio by location



## IFRS NAV (pence per share)



- 1.9p total return before one-off costs
- 1.1p recurring net income, representing 90% dividend cover
- 0.8p of valuation gain

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

## Portfolio overview



Shared ownership | 548 homes | £101m<sup>4</sup>

- Shared ownership will be the predominant focus of ReSI's ongoing investment
- Affordable home ownership through part-buy, part-rent
- Shared owners purchase a c.25% stake in a property and pay a below market rent on the remaining 75%
- Shared owners have the option to staircase (i.e. purchase a larger share in the property at the then market value), releasing bulk discounts to ReSI

### Social impact

- Shared ownership opens the door to home ownership
- Provides lifetime security of tenure
- Creates additional sub-market rental homes



Local authority | 289 homes | £32m

- Leases directly to local authorities who have a statutory duty to house those at risk of homelessness
- Focus on areas with most need for accommodation and strong supply/demand dynamics
- Rent around market levels to minimise downside if local authority does not renew lease

### Social impact

- Provides homes to those who are homeless or at risk of homelessness
- Savings to local authorities versus bed and breakfasts of £200 per week per unit<sup>10</sup>
- ReSI acts as an institutional landlord, ensuring standards of accommodation are maintained



Retirement rental | 2,222 homes | £215m

- Rental payments are de-linked to economy as tenants pay through their pensions, housing benefits, etc.
- Provides fit-for-purpose homes for retired people, allowing them to maintain their independence without care provision

### Social impact

- Living with peers helps address loneliness, the largest health problem for an elderly population
- Frees up large family homes
- Renting avoids the burdens and transaction costs of ownership and provides lifetime security of tenure through assured tenancy

## Notes

1. These are targets only and not profit forecasts. There can be no assurance that the targets can or will be met and should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on the targets in deciding whether or not to invest in the Company or assume that the Company will make any distributions at all and should decide for themselves whether or not the target dividend yields are reasonable or achievable

2. As at 30 June 2021

3. A Section 106 is a legal agreement between an applicant seeking planning permission and the local planning authority, which is used to mitigate the impact of your new home on the local community and infrastructure

4. Reflecting an independent valuation of the property portfolio prepared on an IFRS basis

5. Excluding the finance lease gross up and including committed acquisitions

6. Includes committed acquisitions

7. Based on the IFRS NAV per Share of 105.5p and Share Price of 106.1p as at 30 June 2021 (as above)

8. Based on the target dividend per share (2020-2021) and the share price as at 30 June 2021

9. As set out at IPO

10. Social Impact Report, Social Profit Calculator, 2019

Performance is net of fees and costs.

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## Contact details - ReSI Capital Management / Gresham House

### Fund management

#### Ben Fry

Fund manager; Head of Housing Investment

#### Alex Pilato

Managing Director, Housing & Capital Markets

### Board

**Robert Whiteman** Chairman

**Robert Gray** Director & Audit Committee Chairman

**John Carleton** Director

**Elaine Bailey** Director

### Key dates

Financial Year End: 30 September

Interim: 31 March

### Dividends

September 2020	1.25p
December 2020	1.25p
March 2021	1.25p
June 2021 (declared)	1.25p

### 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:** Jefferies

**Depository:** Thompson Taraz

**Legal adviser:** Cadwalader, Wickersham & Taft LLP

**Tax adviser:** Smith & Williamson

**PR:** KL Communications

**Valuers:** Savills

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