

Residential Secure Income plc

30 June 2024

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.

Quarterly highlights to 30 June 2024

Strong operational performance, underpinned by recurring inflation-linked rent growth delivering ample dividend coverage

- Portfolio focused on direct leases with pensioners and part homeowners
- Rent collection consistent at 99% for the quarter
- Rental growth of 6.5% on 1,425 homes (48% of portfolio) giving 2.7% like-for-like growth
- 100% shared ownership occupancy
- Retirement occupancy continuing at 96% vs. 94% long-term average occupancy
- Year-to-date dividend coverage of 123%

Portfolio and operational insights

- Diversified portfolio of 2,991 homes worth £315mn
- 83mn reversionary surplus of vacant possession value compared to fair value (26% uplift)
- Portfolio focused on direct leases with pensioners and part homeowners
- Rent collection remains at over 99% for the quarter
- Shared ownership portfolio 100% occupied
- Record retirement occupancy of 96% inline with long-term average occupancy

Strategic initiatives, disposals and retirement asset management advancing

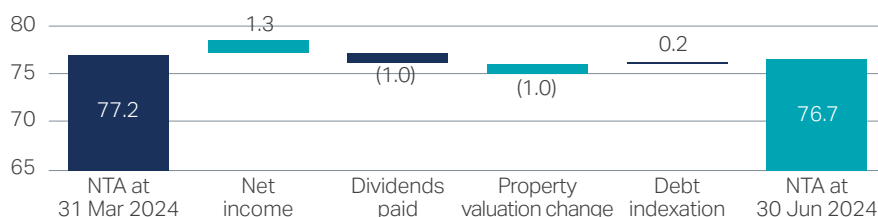
- Sale of the remaining local authority asset on track and expected to complete in H2 2024, with building control signoff for works already complete still outstanding
- Continuing to review options for further disposals which support maximising shareholder value, from which we would prioritise the return of capital. However, investment market volumes are expected to remain low until any future interest rate cuts, so we expect disposal opportunities may take time to emerge
- Local authority sale will facilitate repayment of floating rate debt, enhancing the predictability of inflation-linked earnings and strengthening the balance sheet leaving only fixed long-term debt with a 21-year weighted average debt maturity

Retirement portfolio asset management initiatives further progressing:

- 7 properties sold and 16 under offer (total sold or under offer is equal to 1% of the portfolio commanding a 19% premium to prevailing book value)
- 84 homes re-let to new residents in the quarter with average rent increases of 6.2%

3. British Property Federation, and Legal & General 2022

EPRA NTA (p per share)



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

Investment team

Mike Adams, Managing Director, Real Estate
Sandeep Patel, Finance Director
Ben Fry, Fund Manager

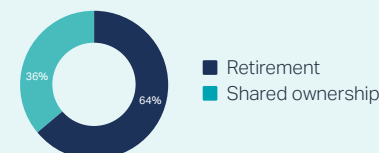
Fund information

LEI LAR763213800D24WA531
Ticker RESI
ISIN GB00BYSX1508
Launch date 12 July 2017

Key facts as at 30 June 2024

Homes owned 2,991
Gross valuation £315mn
Dividend yield (prospective - share price)¹ 8.3%
Ongoing charges (annualised) 1.5%
Share price 49.9p¹
Market capitalisation £92.4mn¹
Discount to NTA² 34.9%
EPRA NTA per share 76.7p
IFRS NAV per share 83.6p

Asset type



Portfolio by location

Scotland 0.1%
North East 0.6%
North West 8.3%
Yorkshire and the Humber 3.1%
East Midlands 2.5%
West Midlands 3.0%
Wales 1.8%
East of England 18.3%
South West 19.8%
London 15.6%
South East 26.6%

Board

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

Source: Gresham House (as at 31 March 2024)
EPRA - European Public Real Estate Association
IFRS - International Financial Reporting Standards

1. Based on the Share Price as at 1 July 2024
2. Based on the EPRA NTA per share of 77.2p and Share Price as at 1 July 2024 (as above)

Why ReSI plc

ReSI plc delivers 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 income⁴

Dividends paid quarterly.

ReSI plc's business model is:

- Supported by strong market drivers⁵
 - Ageing population, declining home affordability, supportive Government policy
- Creating measurable impact
 - Providing affordable high-quality, energy efficient homes for life, and addressing elderly loneliness

4. ReSI plc maintained c.99% rent collection since January 2020. 100% rent collection is not guaranteed

5. For further information regarding market drivers, please refer to the Market Drivers section in Residential Secure Income plc's Annual Report & Accounts 2023

- Executed by expert manager
 - c.60-person housing team with 20-year track record in UK housing

ReSI plc's income is:

- Diverse
 - 2,991 households diversified across ages and stages of life
- Asset-backed
 - Underpinned by c.£400mn home value with 26% uplift from reversionary surplus⁶
 - Subsidised shared ownership rents secured by homebuyers' stake
- Affordable
 - Low retirement rents (in line with Local Housing Allowance) paid from pensions and welfare
 - c.£15mn Government grant supports subsidised rents for shared ownership⁷

6. ReSI plc Interim Results, as at 31 March 2024

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

Key dates

Financial Year End: 30 September
Interim: 31 March

Dividends payment dates

September 2023 1.29p
January 2024 1.03p
March 2024 1.03p
July 2024 1.03p

Service providers

Fund manager: Gresham House Asset Management

Administrator: MGR Weston Kay

Registrar: Computershare

Auditor: BDO LLP

Company secretary: Computershare

Corporate broker: Peel Hunt

Depository: Indos Financial Limited

Legal adviser: Cadwalader, Wickersham & Taft LLP

Tax adviser: Evelyn Partners Group Limited

PR: KL Communications

Valuers: Savills

ReSI plc's portfolio focus

	Independent retirement living housing (£200mn GAV 2,233 homes 64% of portfolio)	Shared ownership housing (£115mn GAV 757 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 ⁸ allows total shared ownership housing costs to be c.30% 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 ⁴	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 60-person team with over 20-year track record	ReSI Housing - a for-profit Registered Provider of Social Housing Unique 45-year, 1.1% coupon, RPI-linked USS debt facility

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

Income is backed by secure tenancy but it is not guaranteed. The opinion expressed is that of the investment management team at the time of writing and is subject to change. Capital at risk. Past performance is not a reliable indicator of future performance. Performance is net of fees and costs. Forecasts are not a reliable indicator of future performance.

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