

# Residential Secure Income plc

31 March 2023

## 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.

## H1 23 results and outlook

### Results reflect inflation-linked income, offset by increased operating and floating rate debt costs

- £35mn of shared ownership acquisitions compared to previous year
- 6.2% rent review growth<sup>3</sup>
- EPRA adjusted earnings<sup>4</sup> of £4.1mn (H1 22: £4.2mn) with strong rent growth offset by increases in retirement costs, floating rate debt costs and fund operating expenses
- Valuations down 7.2% like-for-like with 50bps outwards yield shift, reflecting higher gilt yields
- LTV of 52% (H2 22: 47%) supported by 21-year average debt maturity
- Total dividends paid for the half-year of 2.6p (H1 22: 2.6p) with 86% dividend cover (H1 22: 96%)

### Portfolio and operational highlights

- Rent collection of over 99% for half year (H1 22: 99%)
- Shared ownership portfolio 99% occupied or reserved and record retirement occupancy of 94% (H1 22: 93%)
- Retirement net income flat due to 77% increase in energy costs for communal areas

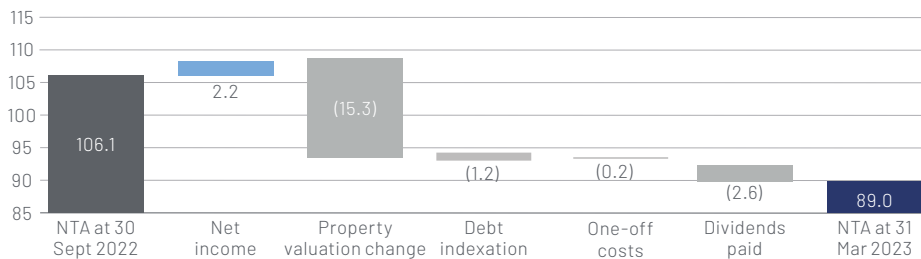
### Continuing to deliver Social and Environmental Impact

- Rent caps voluntarily implemented to protect resident affordability
  - Shared ownership rent increases voluntarily capped at 7% increase
  - Retirees benefit from 6% rent increase caps and further financial support for residents most in need
- 96% of directly rented properties now EPC-rated C or higher (H1 22: 94%)

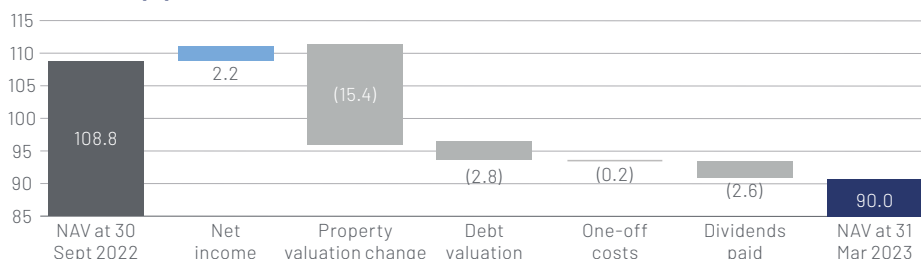
### Outlook

- Growing demand for affordable homes and structural undersupply underpin market<sup>5</sup>
- Strong inflation-linked rent growth should provide some uplift to H2 23 dividend cover
- Market transactional evidence suggests that downward pressure on valuations is starting to ease, although valuations remain sensitive to movements in gilt yields
- Focused on operational improvements to the retirement portfolio and sale of non-core assets

## EPRA NTA (p per share)



## IFRS NAV (p per share)



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



Since 1857

**Gresham House**  
Specialist asset management

## Fund manager



**Ben Fry**  
Lead Fund Manager

## Fund information

LEI LAR763213800D24WA531

Ticker RESI

ISIN GB00BYSX1508

Launch date 12 July 2017

## Key facts as at 31 March 2023

Homes owned 3,298

Gross valuation £355mn

Dividend yield (share price)<sup>1</sup> 8.1%

Ongoing charges (annualised)<sup>2</sup> 1.6%

Share price 63.4p<sup>1</sup>

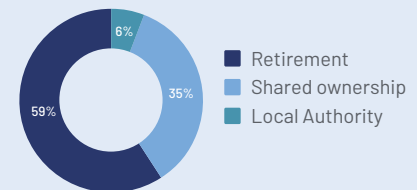
Market capitalisation £117.4mn<sup>1</sup>

Discount to NTA<sup>2</sup> 28.8%

EPRA NTA per share 89.0p

IFRS NAV per share 90.0p

## Asset type



Source: Gresham House (at 31 March 2023)

EPRA - European Public Real Estate Association

IFRS - International Financial Reporting Standards

1. Based on the Share Price as at 31 March 2023. Dividend yield is also based on the 1.29p dividend payable in July 2023 (annualised).

2. Based on the EPRA NTA per share of 89.0p and Share Price as at 31 March 2023 (as above)

3. Includes shared ownership rent increases on 1 April 2023

4. Alternative performance measure. 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.

5. The British Property Federation estimates a need for an extra £34bn per annum of investment into affordable housing over the next decade to start to tackle the structural housing shortfall.




## Why ReSI plc?

ReSI plc delivers 97% inflation-linked income, which is generated from affordable and secure rents<sup>6</sup> and supported by strong market drivers in shared ownership housing and independent retirement living.<sup>7</sup>




### Secure long-term inflation-linked income<sup>6</sup>

Dividends paid quarterly

### ReSI plc's business model is:

Supported by:	Creating:	Executed by:
 <p><b>Strong market drivers<sup>7</sup></b> Ageing population, declining home affordability, supportive Government policy</p>	 <p><b>Measurable impact</b> Providing affordable high-quality, energy efficient homes for life, and addressing elderly loneliness</p>	 <p><b>Expert manager</b> c.60-person housing team with over 20-year track record in UK housing</p>

### ReSI plc's income is:

Diverse	Asset-backed	Affordable
 <p>Portfolio comprises 3,298 households diversified across ages and stages of life, with a focus on direct leases with pensioners and part homeowners</p>	 <p>Underpinned by c.£428mn home value with 21% uplift from reversionary surplus<sup>8</sup> Subsidised shared ownership rents secured by homebuyers' stake</p>	 <p>Low retirement rents (in line with Local Housing Allowance) paid from pensions and welfare c.£15mn Government grant supports subsidised rents for shared ownership<sup>9</sup></p>

## ReSI plc's portfolio focus

	Independent retirement living housing (£209mn GAV   2,240 homes   59% of portfolio)	Shared ownership housing (£125mn GAV   769 homes   35% of portfolio)
<b>Driver</b>	Growing and increasingly lonely older population	Huge untapped demand for affordable home ownership
<b>Summary</b>	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, from ReSI plc, 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 drives a c.40% living-cost discount compared to market level rents
<b>Rent growth</b>	Increase with RPI each year	Increase contractually by RPI+ 0.5% each year
<b>Secure income<sup>6</sup></b>	Rent income paid from pensions and welfare	Subsidised, below-market rents Homebuyer equity stake
<b>ReSI plc advantages</b>	Scale: UK's largest private independent retirement rentals business Specialist in-house 30-person investment team with over 20-year track record	ReSI Housing – a for-profit Registered Provider of Social Housing

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

7. For further information regarding market drivers, please refer to the Market Drivers section in Residential Secure Income plc's Annual Report & Accounts 2022

8. ReSI plc Interim Results, as at 31 March 2023

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

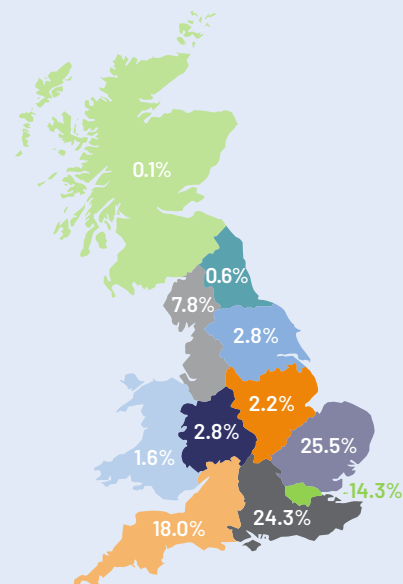
## Contact details

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www.resi-reit.com • www.greshamhouse.com

## 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

September 2022	1.29p
January 2023	1.29p
March 2023	1.29p
July 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

**Income is backed by secure tenancy but is not guaranteed.**

The opinion expressed is that of the investment management team at the time of writing and is subject to change.

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