

Residential Secure Income plc

30 September 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.

Annual Results and outlook

Key financial metrics

- 6.1% like-for-like rent growth
- EPRA adjusted earnings⁴ of £8.7 million (FY 22: £9.0 million) with strong rent growth offset by higher retirement portfolio energy costs, increased floating rate debt costs and higher fund opex
- EPRA Net Tangible Assets ("NTA") total return of (18.0)% (FY 22: 3.3%) to give 81.8p per share NTA
- Total dividends paid of 5.16p per share (FY 22: 5.16p)
- Management fee reduction to more closely align with shareholder interests: from 1st Jan 2024, fee will be based on average of NAV and share price, instead of solely based on NAV

Strong rental growth and record occupancy – solid rent collection maintained

- Rent collection of over 99% (FY 22: 99%)
- Shared ownership portfolio now fully occupied
- Record 96% occupancy in retirement at 30 September 2023

Valuation impacted by macroeconomic environment

- (10%) decrease in like-for-like investment property values, representing (21.0)p
 - 28.5p decrease due to 80 basis point outward yield shift, partially offset by
 - 7.5p increase from inflation-linked rent reviews

Delivering high-quality, energy efficient, well-managed homes

- 98% of directly rented properties now EPC rated A-C (FY 22: 96%) following upgrades during the year
- Rent caps voluntarily implemented to balance returns with affordability for our residents
- Almost 90% satisfaction levels with our inhouse property management team⁵

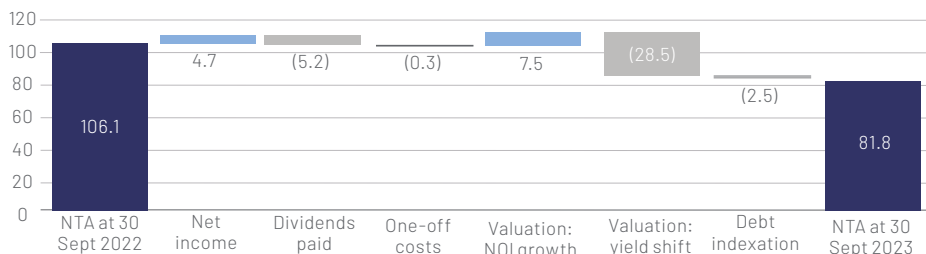
Resilient balance sheet with long-term and low-cost debt

- 21-year average debt maturity
- 51% fixed with a 19-years average maturity and 3.5% blended coupon; 38% index linked with 25-years average maturity and 1.1% blended coupon and principal increases with RPI+0.5% (with a 0.5% floor and 5.5% cap)
- Loan-to-value ratio of 50% (43% at vacant possession value)

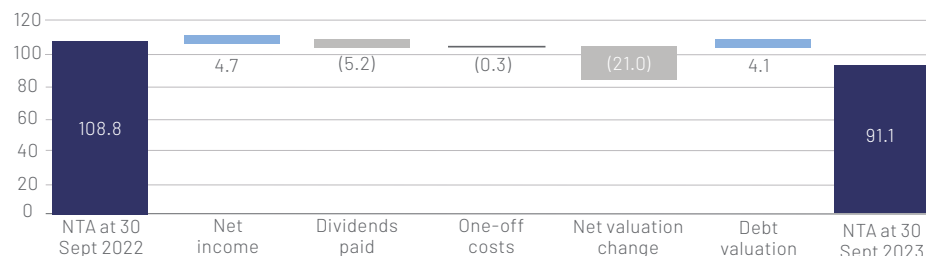
Outlook

- Dividend target rebased to 4.12p per share for the year ended 30 September 2024, with focus on growth of covered dividend and portfolio value
- 97% inflation linked-rents provides a strong platform for future growth
- Asset management optimisation to drive retirement portfolio operational improvements
- Divestment of non-core assets which are under offer to remove floating rate debt and strengthen the balance sheet, leaving only long-term fixed and inflation-linked debt

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

Investment team



Mike Adams

Managing Director, Real Estate



Ben Fry

Fund Manager



Sandeep Patel

Finance Director

Fund information

LEI LAR763213800D24WA531

Ticker RESI

ISIN GB00BYSX1508

Launch date 12 July 2017

Key facts as at 30 September 2023

Homes owned 3,295

Gross valuation £345mn

Dividend target FY 24: 4.12p¹

Dividend yield (share price)² 6.3%

Ongoing charges (annualised)³ 1.4%

Share price 65.4p²

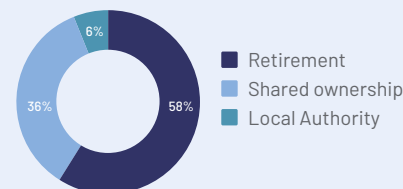
Market capitalisation £121.1mn²

Discount to NTA³ 20%

EPRA NTA per share 81.8p

IFRS NAV per share 91.1p

Asset type



Source: Gresham House (at 30 September 2023)

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

- These are targets only and not profit forecasts
- Based on Share Price as at 27 November 2023
- Based on the EPRA NTA per share of 81.8p and Share Price as at 27 November 2023
- 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
- Source: ReSI Housing Customer Survey




Why ReSI plc?

ReSI plc delivers 97% inflation-linked income, generated from affordable and secure rents⁶ and supported by strong market drivers in shared ownership housing and independent retirement living.⁷




Secure long-term inflation-linked income⁶

Dividends paid quarterly

ReSI plc's business model is:

Supported by:	Creating:	Executed by:
 <p>Strong market drivers⁷ Ageing population, declining home affordability, supportive Government policy</p>	 <p>Measurable impact Providing affordable high-quality, energy efficient homes for life, and addressing elderly loneliness</p>	 <p>Expert manager c.60-person housing team with over 20-year track record in UK housing</p>

ReSI plc's income is:

 <p>Diverse 3,295 households diversified across ages and stages of life</p>	 <p>Asset-backed Underpinned by c.£423mn home value with 23% uplift from reversionary surplus⁸ Subsidised shared ownership rents secured by homebuyers' stake</p>	 <p>Affordable Low retirement rents (in line with Local Housing Allowance) paid from pensions and welfare c.£15mn Government grant supports subsidised rents for shared ownership⁹</p>
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ReSI plc's portfolio focus

	Independent retirement living housing (£202mn GAV 2,240 homes 58% of portfolio)	Shared ownership housing (£123mn GAV 766 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 drives a c.30% living-cost discount compared to market level rents
Rent growth	Increase with RPI each year, generally capped at 6.0%	Increase contractually by RPI+ 0.5% each year
Secure income⁶	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 40-person team with over 20-year track record	ReSI Housing, a for-profit Registered Provider of Social Housing Investment Partner of Homes England and the Greater London Authority for delivery of new affordable 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 2023

8. ReSI plc financials, as at 30 September 2023

9. Grant policy for future acquisitions maybe subject to change

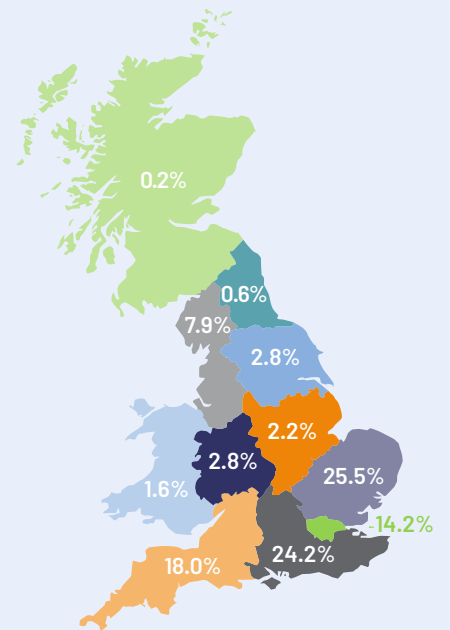
Contact details

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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

January 2023 1.29p

March 2023 1.29p

July 2023 1.29p

September 2023 (declared) 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

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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