

Residential Secure Income plc

31 December 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.

Quarterly highlights to 31 December 2023

Strong operational performance reflecting defensive nature of assets

- Portfolio focused on direct leases with pensioners and part homeowners
- Rent collection consistent at over 99% for the quarter
- Rental growth of 6.6% on 449 properties (15% of portfolio) giving 1.3% like-for-like growth
- Shared ownership portfolio fully occupied with record 96% retirement occupancy continuing

Advancing sale of Local Authority portfolio

- Exchanged on sale for £5.8mn of assets in line with September 2023 book value, with completion scheduled to occur by early April 2024
- As announced at year end, proceeds will be used to pay down floating rate debt
- Due diligence advancing with preferred buyer on remainder of the Local Authority portfolio

Fully covered dividend

- Quarterly dividend of 1.03p announced in line with FY24 target
- 121% dividend coverage from Adjusted EPRA earnings of 1.25p
- Local Authority portfolio sale is expected to reduce annualised, dividend coverage by c.6% but improve its quality through repayment of floating rate debt

Valuation decline as a result of a 10 basis points outward yield shift across the portfolio

- Total EPRA return for the quarter of -0.6% (0.7 pence per share ("p")) to give EPRA NTA of 80.1p (£148.3mn) as at 31 December 2023
- Driven by a 1.3p, or 0.6%, decrease in like-for-like investment property values, as follows:
 - 1.8p increase from inflation-linked rent reviews in the quarter
 - 3.1p decrease resulting from a further 10 basis points outward yield shift

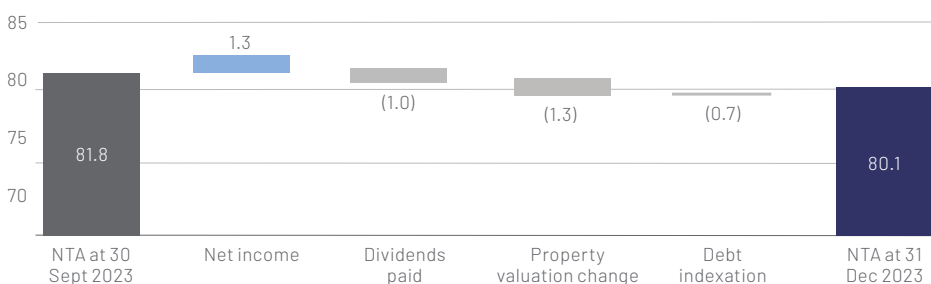
Resilient balance sheet with long-term and low-cost debt

- Diverse portfolio of 3,293 homes worth £343mn
- 21-year average debt maturity, 90% fixed or index linked
- Loan-to-value ratio of 52% and reduced to 43% when including 22% reversionary surplus
- Sale of Local Authority portfolio will allow for repayment of all floating rate and short term debt

Outlook

- Strong rental inflation-linked growth expected to continue, underpinned by wage/pension growth
- The manager believes there is strong and accelerating institutional appetite for residential exposure³
- Focus on driving retirement performance including rationalising portfolio footprint, driving rents and reducing leakage
- Continuing to review options for further disposals which support maximising shareholder value
- Acute need for more affordable homes, estimated at £34bn⁴ annually

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.

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 31 December 2023

Homes owned 3,293

Gross valuation £343mn

Dividend yield (prospective - share price)¹ 7.5%

Ongoing charges (annualised)² 1.5%

Share price 55.0p¹

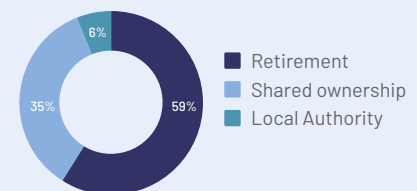
Market capitalisation £101.8mn¹

Discount to NTA² 31.3%

EPRA NTA per share 80.1p

IFRS NAV per share 85.9p

Asset type



Source: Gresham House (at 31 December 2023)

EPRA - European Public Real Estate Association
 IFRS - International Financial Reporting Standards
 1. Based on the Share Price as at 26 January 2024
 2. Based on the EPRA NTA per share of 80.1p and Share Price as at 26 January 2024 (as above)
 3. Source: Gresham House, based on recent conversations with institutional investors and brokers
 4. British Property Federation, and Legal & General 2022




Why ReSI plc?

ReSI plc delivers 97% inflation-linked income, which is generated from affordable and secure rents⁵ and supported by strong market drivers in shared ownership housing and independent retirement living.⁶




Secure long-term inflation-linked income⁵

Dividends paid quarterly

ReSI plc's business model is:

Supported by:	Creating:	Executed by:
 <p>Strong market drivers⁶ 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.40-person housing team with 20-year track record in UK housing</p>

ReSI plc's income is:

 <p>Diverse 3,293 households diversified across ages and stages of life</p>	 <p>Asset-backed Underpinned by c.£421mn home value with 23% uplift from reversionary surplus⁷ 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 ownership⁸</p>
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ReSI plc's portfolio focus

	Independent retirement living housing (£202mn GAV 2,240 homes 59% of portfolio)	Shared ownership housing (£121mn GAV 764 homes 35% 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 income⁵	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 Unique 45-year, 1.1% coupon, RPI-linked USS debt facility

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

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

7. ReSI plc financials, as at 31 December 2023

8. Grant policy for future acquisitions maybe subject to change

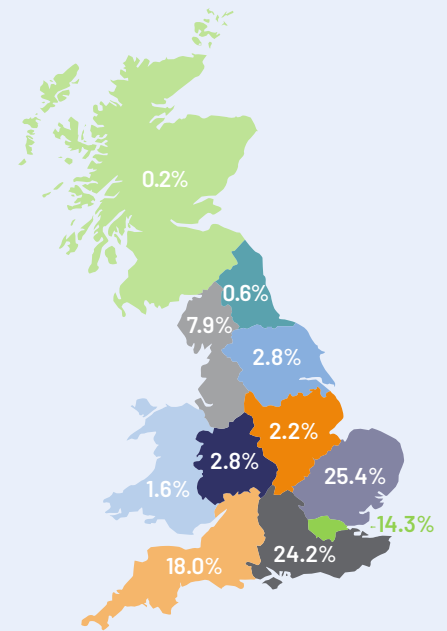
Contact details

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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

Elaine Bailey, Director

Key dates

Financial Year End: 30 September

Interim: 31 March

Dividends payment dates

July 2023 1.29p

September 2023 1.29p

January 2024 1.03p

March 2024 (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 Limited

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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