

# Residential Secure Income plc

Factsheet - 30 June 2020



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 aims to make a meaningful contribution to alleviating the UK housing shortage by 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 new affordable housing
- 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>
- A well-performing £312m portfolio of 2,718 high quality properties

## Differentiators

- A Registered Provider of Social Housing - subsidiary, ReSI Housing Limited, enables acquisition of affordable housing, subject to s106 planning restrictions and those funded by government grant
- Managed by ReSI Capital Management, a wholly owned subsidiary of TradeRisks Limited. TradeRisks is a debt capital markets advisor and arranger to housing associations and local authorities, with a 19-year proven track record. At the beginning of March 2020, ReSI Capital Management and TradeRisks joined Gresham House, the specialist alternative asset management business which is listed on the London Stock Exchange and now has c.£3.3bn AUM<sup>2</sup>
- Investments are limited to those with sufficient cash flows, counterparty credit quality and property security to support long-term investment grade debt

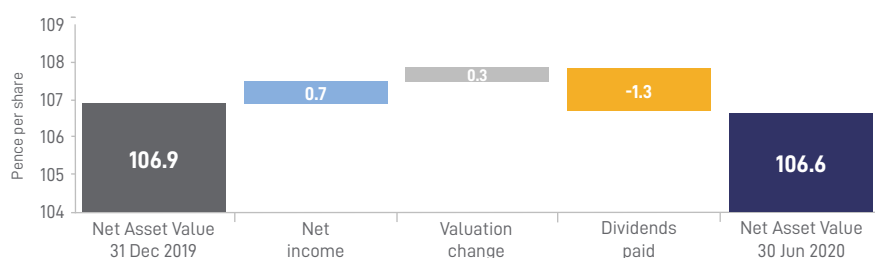
## Strategy

- Investment strategy delivers a secure income stream on housing portfolio, benefiting from:
  - Below market rents** ensuring ongoing demand
  - Diverse income streams, **with lower exposure to the economic cycle**
  - Strong counterparty covenants and managers** - shared ownership tenants, local authorities, large credit-worthy housing associations

## Recent news

- Total portfolio rent continues to be secure, with 99% of June rent collected, unchanged throughout the COVID-19 crisis and in line with normal performance. Rent collection for the whole third quarter was 99%
- As of 28 July 2020, ReSI's shared ownership portfolio comprised 205 homes, of which 88 homes were occupied, 44 were reserved and in sales progression and 58 remained available for shared owners. The remaining 15 homes are due to be acquired once construction is completed and the homes are occupied
- On 3 July 2020 ReSI entered into a £300m, ultra-long term secured debt facility from the Universities Superannuation Scheme, drawing an initial £34m with a coupon of 0.46%. The new 45-year facility is drawable against acquisitions over the next three years and represents the first standalone investment grade financing secured for shared ownership, a sector where growth and supply have been constrained by a lack of long-term institutional debt. The new debt has already enabled the Company to progress the following two transactions:
  - The completion on 3 July 2020 of the previously announced £34m purchase of 73 shared ownership apartments at Clapham Park
  - The completion on 7 July 2020 of 24 occupied shared ownership homes and exchange on an additional 15, which will be acquired by ReSI within six months once construction is completed and the homes are occupied. The aggregate cost of this portfolio is £3.5m, including deferred payments
- Interim dividend announced, at a maintained level of 1.25p per Ordinary Share for the period from 1 April 2020 to 30 June 2020

## NAV



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 2020

3. Based on the NAV per Share of 106.6p and Share Price of 88.8p as at 30 June 2020 (as above)

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

5. As set out at IPO

6. Social benefit over 25 years, per Social Profit Calculator

7. Includes acquisitions completed on 3 July 2020 and 7 July 2020

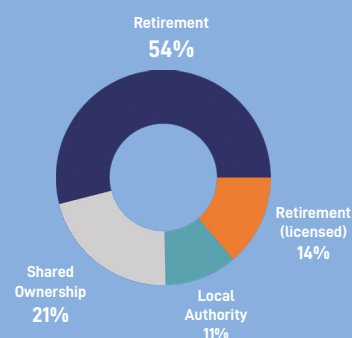
Capital at risk. Past performance is not a reliable indicator of future performance. Professional investors only.

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

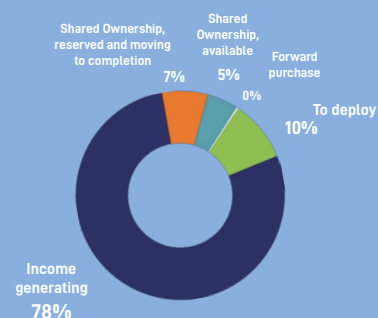
LEI	LAR763213800D24WA531
Ticker	RESI
ISIN	GB00BYSX1508

Units Owned	2,718
NAV <sup>2</sup>	£182.4m
NAV YTD Total Return	1.8p
Share Price	88.8p
Market Capitalisation	£151.9m
IFRS NAV p/share	106.6p
Discount to NAV <sup>3</sup>	16.7%
Ongoing Charges	1.5%
Dividend declared FY20	3.75p
Div Yield (prospective) <sup>4</sup>	5.6%
Target IRR (long term) <sup>5</sup>	8.0%
Social Value per share <sup>6</sup>	£4.27

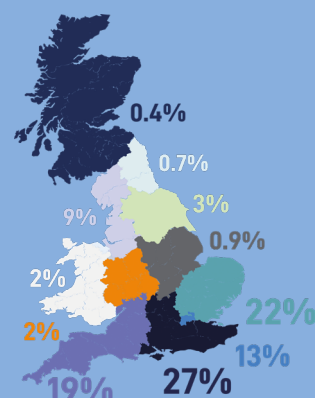
## Asset type<sup>7</sup>



## Deployment status<sup>7</sup>



## Portfolio by location<sup>7</sup>



## Portfolio overview



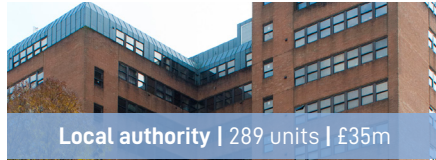
**Shared ownership<sup>1</sup> | 205 units | £66m**

- 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

#### Over 25 years - £209m<sup>1</sup>

- £209m of social impact, with Social Impact Ratio of £2.71, over 25 years<sup>1</sup>
- Opens door to home ownership
- Provides lifetime security of tenure
- Creates additional sub-market rental homes



**Local authority | 289 units | £35m**

- 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 rent levels to minimise downside if local authority does not renew lease

### Social impact

#### Over 25 years - £168m<sup>1</sup>

- £168m of social impact, with Social Impact Ratio of £4.94, over 25 years<sup>1</sup>
- Houses homeless or those at risk of homelessness
- Institutional landlord ensures adequate accommodation standards



**Retirement rental | 2,224 units | £211m**

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

### Social impact

#### Over 25 years - £354m<sup>2</sup>

- £354m of social impact, with Social Impact Ratio of £1.93, over 25 years<sup>1</sup>
- Supports independence for longer
- Frees up large family homes
- Avoids burdens and transaction costs of ownership with lifetime security of tenure (assured tenancy)



1. Shared ownership values include forward-purchase units

2. Social impact over 25 years per one pound of investment. Source: Social Profit Calculator using methodologies accredited by Social Value UK and Social Value International

**Disclaimer:** Approved for issue in accordance with section 21 of the Financial Services and Markets Act 2000 by ReSI Capital Management Limited (authorised and regulated by the Financial Conduct Authority). This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. The document is intended for information purposes only and does not constitute investment advice. It is important to remember that past performance is not a guide to future performance. Furthermore, the value of any investment or the income deriving from them may go down as well as up and you may not get back the full amount invested. If you are in any doubt about the contents of this document or the investment to which it relates you should consult a person that specialises and is authorised by the FCA to advise on this type of investment. ReSI Capital Management Limited is a wholly owned subsidiary of TradeRisks Limited. TradeRisks Limited was acquired by Gresham House plc in March 2020 and is authorised and regulated by the FCA and SEC (since 2001 and 2002 respectively).

## Contact details - ReSI Capital Management / Gresham House

### Fund management

#### Ben Fry

Fund manager; Head of Housing

#### Alex Pilato

Managing Director, Housing & Capital Markets

### Board

**Rob 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 2019	1.25p
December 2019	1.25p
March 2020	1.25p
June 2020 (declared)	1.25p

### Service providers

**Fund manager:** ReSI Capital Management, part of Gresham House

**Administrator:** MGR Weston Kay

**Auditor:** BDO LLP

**Company secretary:** Praxis IFM

**Corporate broker:** Jefferies

**Depository:** Thompson Taraz

**Legal adviser:** Cadwalader, Wickersham &

Taft LLP

**Tax adviser:** EY

**PR:** FTI Consulting

**Valuers:** Savills

T: (0)207 382 0900

E: info@resicm.com

www.resi-reit.com

www.greshamhouse.com