

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.⁽¹⁾
- Assembled a well-performing £321m portfolio of 2,680 high quality properties

DIFFERENTIATORS

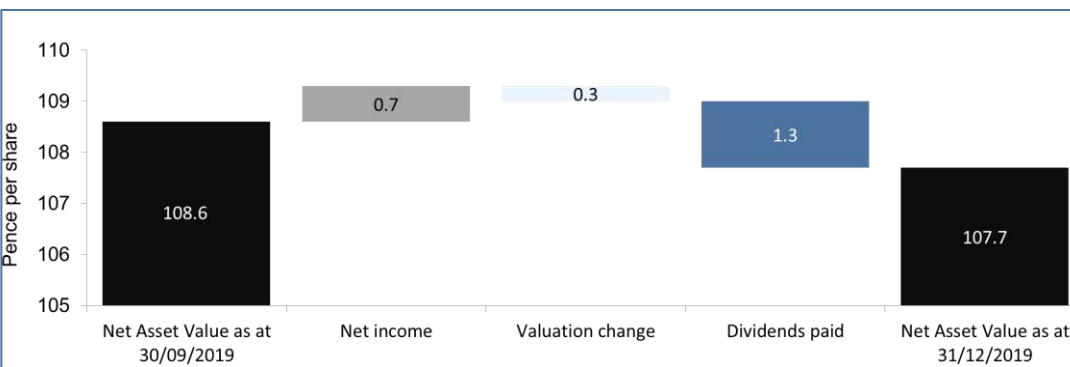
- Registered Provider of Social Housing:** Subsidiary, ReSI Housing Limited, enables acquisition of affordable housing subject to s106 planning restrictions and those funded by government grant
- Managed by ReSI Capital Management, a wholly owned subsidiary of TradeRisks Limited. TradeRisks is a **debt capital markets advisor and arranger** to housing associations and local authorities, with an **19 year proven track record**
- Investments limited to those with sufficient cash flows, counterparty credit quality and property security to **support long-term investment grade debt**

STRATEGY

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

RECENT NEWS

- On the 29th January 2020, ReSI completed its purchase of 59 apartments at Clapham Park intended for shared ownership. Over half of the purchased units are already reserved by customers at sales price at least in line with the target at acquisition, who are expected to complete on Shared Ownership leases in February 2020 from when the units will be income producing. The purchase of the remaining 73 units at Clapham Park that ReSI has committed to (bringing the total to 132 units) will complete before the end of March 2020, in line with expectations set out in the 2019 Annual Report.
- The work on the Shared Ownership debt has advanced to final stages and is now expected to complete simultaneously with the completion of the remaining 73 units at Clapham Park.

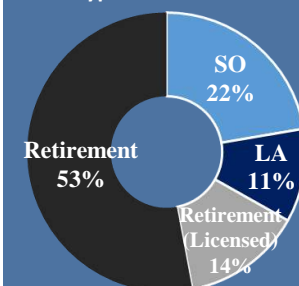


LEI LAR763213800D24WA531
 Ticker RESI
 ISIN GB00BYSX1508

Key ReSI Stats (at 31 Dec 2019)

Units Owned	2,680
NAV ⁽²⁾	£184.1m
NAV YTD Total Return	0.4p
Share Price	98.2p
Market Capitalisation	£167.9m
IFRS NAV p/share	107.7p
EPRA NAV p/share	107.7p
Discount to NAV ⁽³⁾	8.8%
Ongoing Charges	1.5%
Dividend declared FY20	1.25p
Div Yield (prospective) ⁽⁴⁾	5.1%
Target IRR (long-term) ⁽⁵⁾	8.0%
Social Value per share ⁽⁶⁾	£4.27

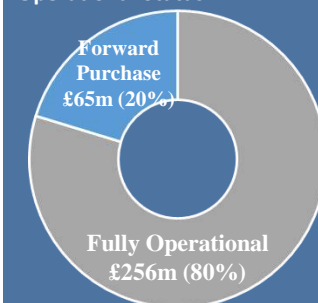
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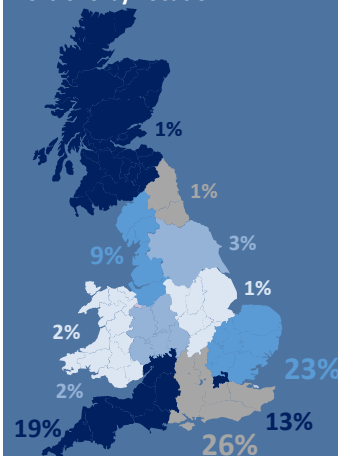
SO: Shared Ownership

LA: Local Authority Housing

Operational Status



Portfolio by Location



⁽²⁾ As at 31 December 2019

⁽³⁾ Based on the NAV per Share of 107.7p (as above) and the Share Price of 98.2p as at 31 Dec 2019 (as above)

⁽⁴⁾ Based on the target dividend per share (2020-2021) and the share price as at 31 December 2019

⁽⁵⁾ As set out at IPO

⁽⁶⁾ Social benefit over 25 years, per Social Profit Calculator

Residential Secure Income plc

OVERVIEW OF THE PORTFOLIO



SHARED OWNERSHIP

166 units - £72m

- 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 bigger share in the property at the then market value), releasing bulk discounts to ReSI

SOCIAL IMPACT

Over 25 years - £209m¹

- £209m of social impact, with Social Impact Ratio of £2.71, over 25 years¹
- Opens door to **home ownership**
- Provides **lifetime security of tenure**
- Creates **additional sub-market rental homes**



LOCAL AUTHORITY HOUSING

289 units - £34m

- 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 - £168m¹

- £168m of social impact, with Social Impact Ratio of £4.94, over 25 years¹
- Houses **homeless or those at risk of homelessness**
- Institutional landlord** ensures adequate accommodation standards



RETIREMENT RENTAL

2,222 units - £215m

- 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 - £354m¹

- £354m of social impact, with Social Impact Ratio of £1.93, over 25 years¹
- Supports independence** for longer
- Frees up large family homes**
- Avoids burdens and transaction costs of ownership** with lifetime security of tenure (**assured tenancy**)

¹ 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

THE FUTURE

- Being a **Registered Provider** allows ReSI Housing to acquire properties designated as affordable accommodation under **s106 planning obligations** (such as Shared Ownership and Sub Market Rental properties) and those that are **funded by government grant**
- The pipeline is focussed on shared ownership transactions, sourced via investment agreements and a wide ranging network. In 2019 ReSI analysed over £3.9bn opportunities, with a current shared ownership pipeline of £650m

Fund Manager

Ben Fry Investment Director
Ben joined TradeRisks in 2011 and before setting up ReSI in 2017 led the debt advisory business for Housing Associations, Local Authorities and student accommodation. Ben previously worked at Deloitte for 5 years

Pete Redman

Property Director
Pete has run some of the largest housing programs in the country, and has been Chief Executive of Notting Hill Housing Group among others

Fund Manager

Mark Rogers ReSI Housing CEO
Mark spent 12 years as Chief Executive of Circle Housing Group, a 65,000 unit housing association

Jon Slater ReSI Capital Management CEO
Jon has spent 8 years at TradeRisks, and is the former Head of JP Morgan Global Structured Credit Trading

Alex Pilato Group CEO
Alex founded TradeRisks (ReSI Capital Management's parent company) and is the former head of JP Morgan's Global Risk Advisory business

Board

Rob Whiteman Chairman
Robert Gray Director & Audit Committee Chairman
John Carleton Director
Mike Emmerich Director

Key ReSI Dates

Financial Year End:	30 Sep
Interim	31 Mar
Dec 2018 Dividend Paid	1.25p
Mar 2019 Dividend Paid	1.25p
Jun 2019 Dividend Paid	1.25p
Sep 2019 Dividend Paid	1.25p
Dec 2019 Dividend Declared	1.25p

Service Providers

Fund Manager:	ReSI Capital Management
Administrator:	MGR Weston Kay
Auditor:	BDO LLP
Company Secretary:	Praxis IFM
Corporate Broker:	Jefferies Int.
Depository:	Thompson Taraz
Legal Adviser:	Norton Rose Fulbright
Tax Adviser:	Ernst & Young
Public Relations:	FTI Consulting
Valuers:	Savills

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