

## 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>
- Assembled a well-performing £323m portfolio of 2,678 high quality properties

## DIFFERENTIATORS

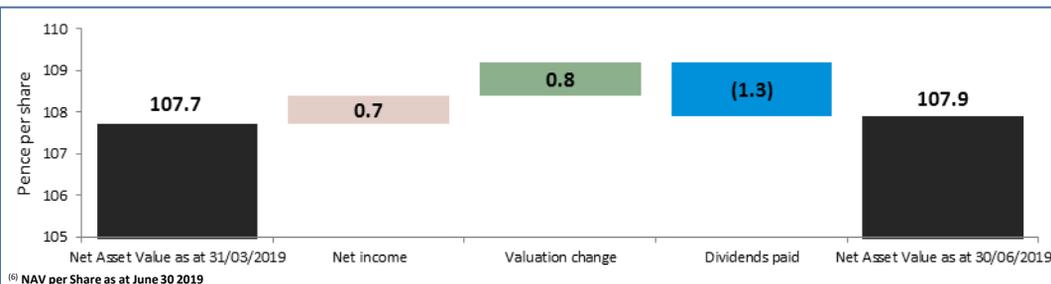
- Subsidiary, ReSI Housing Limited, registered as a for-profit **Registered Provider of Social Housing** enables acquisition of affordable housing subject to s106 planning restrictions and those funded by government grant
- Managed by ReSI Capital Management, a wholly owned subsidiary of TradeRisks Limited. TradeRisks is a **debt capital markets advisor and arranger** to housing associations and local authorities, with an **18 year proven track record**
- Investments limited to those with sufficient cashflows, 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;**
  - Diverse income stream from economically insensitive tenants;** and/or
  - Strong counterparty covenants and managers – **shared ownership tenants, local authorities, large credit-worthy housing associations**

## RECENT NEWS

- 0.5% uplift in the portfolio valuation, compared to the previous quarter, to £262.3 million. The largest contributor to the valuation increase was capital accretion due to the realisation of the contractual inflation-linked rent increases embedded in the portfolio. In the absence of changes to property valuation yields or other factors, such rent increases automatically drive capital accretion when the portfolio is revalued each quarter
- In May 2019, ReSI agreed a new 10-year management agreement with Places for People group, rated G1/V1 by the Regulator of Social Housing, and credit rated A- by Standard & Poor's, covering the day-to-day management, rent collection and maintenance of its 2,223-unit retirement housing portfolio. The new contract incentivises Places for People to drive value in the portfolio by reducing voids and improving operational performance, and builds on Places for People's prior management of the portfolio through its specialist retirement division, Girlings

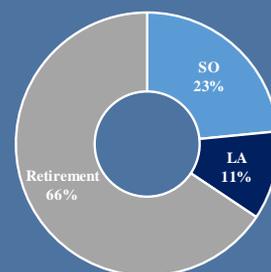


LEI LAR763213800D24WA531  
 Ticker RESI  
 ISIN GB00BYSX1508

## Key ReSI Stats (at 30 June 2019)

|                                       |         |
|---------------------------------------|---------|
| Units Owned                           | 2,678   |
| NAV <sup>(2)</sup>                    | £184.5m |
| NAV YTD Total Return                  | 6.0p    |
| Share Price                           | 93p     |
| Market Cap                            | £155.6m |
| IFRS NAV p/share                      | 107.9p  |
| EPRA NAV p/share                      | 107.9p  |
| Discount to NAV <sup>(3)</sup>        | 14%     |
| Ongoing Charges                       | 1.5%    |
| Target Div (18/19) <sup>(4)</sup>     | 5.0p    |
| Div Yield (prospective)               | 5.4%    |
| Target IRR (long-term) <sup>(5)</sup> | 8%      |

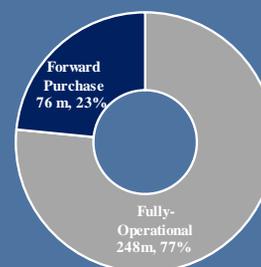
## Asset Type



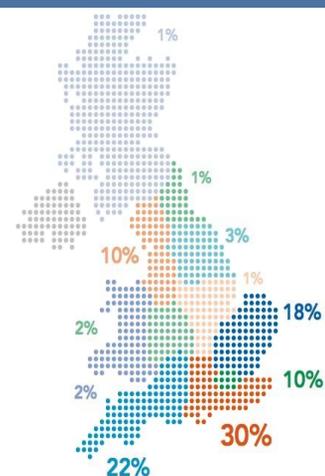
SO: Shared Ownership

LA: Local Authority Housing

## Operational Status



## Portfolio by Location



<sup>(2)</sup> As at 30 June 2019

<sup>(3)</sup> Based on the NAV per Share of 107.9p (as above) and the Share Price of 93p as at 28 June 2019 (as above)

<sup>(4)</sup> Based on the Target Dividend per Share (2018-19) and the Share Price as at 28 June 2019

<sup>(5)</sup> As set out at IPO

# Residential Secure Income plc

## OVERVIEW OF THE PORTFOLIO



### SHARED OWNERSHIP

166 units - £76m

- 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), crystallising expected valuation growth for ReSI

### SOCIAL IMPACT

- Shared ownership opens the door to **home ownership**
- Provides **lifetime security of tenure**
- Creates **additional sub-market rental homes**
- Delivers **social dividend of £86k per home** in London through rental discount



### LOCAL AUTHORITY HOUSING

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

- Provides homes to those who are **homeless or at risk of homelessness**
- **Savings to local authorities vs hotels** of £200 per week per unit
- Provides **institutional landlord** to ensure adequate standards of accommodation
- **£14k social benefit** of good quality accommodation



### RETIREMENT RENTAL

2,223 units - £212m

- **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

- Living with peers helps **address loneliness**, the largest health problem for elderly population
- **Supports independence** for longer
- **Frees up large family homes**
- Renting **avoids the burdens and transaction costs of ownership** and provides lifetime security of tenure through **assured tenancy**

## 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**
- ReSI Capital Management has analysed £4.5bn (£1.5bn Shared ownership, £3bn residential) and has an **immediate pipeline of 1,500 units (c. £500m)**

### 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 |
| Sep 2018 Dividend Paid     | 0.75p  |
| Dec 2018 Dividend Paid     | 1.25p  |
| Mar 2019 Dividend Paid     | 1.25p  |
| Jun 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                 |