

## 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 £321m portfolio of 2,677 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 **18 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**

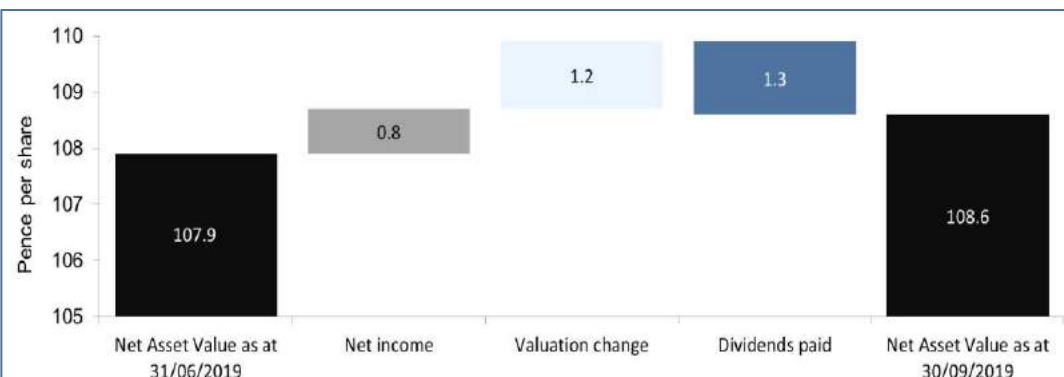
## STRATEGY

- 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**

## FY2019 ANNUAL RESULTS

Strong performance positions ReSI for future growth:

- Strong financial performance with 3.3% NAV growth driven by a 3.9% valuation uplift
- 8.0% annualised NAV total return from inception and 5p dividend declared, both in line with IPO target
- £83m committed during the year to 332 homes the majority of which are shared ownership
- Portfolio to deliver c. £730m of social benefit over 25 years, calculated by the Social Profit Calculator using methodologies accredited by Social Value UK and Social Value International
- Sustainable rental income growth to drive future performance and dividend coverage

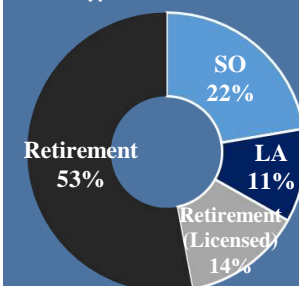


LEI LAR763213800D24WA531  
 Ticker RESI  
 ISIN GB00BYSX1508

## Key ReSI Stats (at 30 Sept 2019)

Units Owned	2,677
NAV <sup>(2)</sup>	£185.7m
NAV YTD Total Return	8.0p
Share Price	92.0p
Market Capitalisation	£155.6m
IFRS NAV p/share	108.6p
EPRA NAV p/share	108.6p
Discount to NAV <sup>(3)</sup>	15.3%
Ongoing Charges	1.5%
Dividend declared FY19	5.0p
Div Yield (prospective) <sup>(4)</sup>	5.4%
Target IRR (long-term) <sup>(5)</sup>	8.0%
Social Value per share <sup>(6)</sup>	£4.27

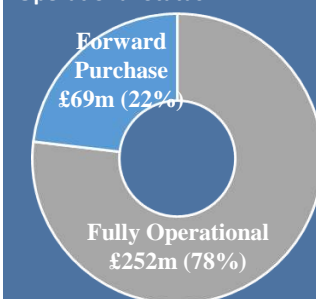
## Asset Type



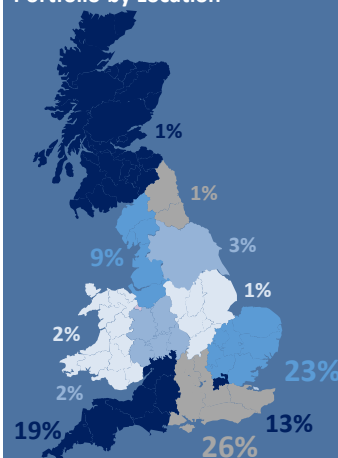
SO: Shared Ownership

LA: Local Authority Housing

## Operational Status



## Portfolio by Location



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

<sup>(3)</sup> Based on the NAV per Share of 108.6p (as above) and the Share Price of 92p as at 30 Sept 2019 (as above)

<sup>(4)</sup> Based on the target dividend per share (2019-2020) and the share price as at 30 September 2019

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

<sup>(6)</sup> 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 - £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 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 - £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

**2,222 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 - £354m<sup>1</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**)

<sup>1</sup> 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. Over the last year ReSI has analysed over £3.7bn opportunities, with a current shared ownership pipeline of £700m and growing

### 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
Sep 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

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 (FCA)). 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.