



Since 1857

**Gresham House**  
*Specialist asset management*

# Residential Secure Income plc

*Aims to generate secure inflation-linked returns while accelerating the development of socially and economically beneficial new housing*

FY21 Results presentation

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December 2021

*For professional investors only*



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# PRESENTATION TEAM



**Alex Pilato**

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**Ben Fry**

Fund Manager



**Mark Rogers**

Head of Origination &  
CEO, ReSI Housing Limited  
(ReSI plc's Registered Provider)

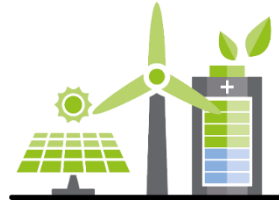


# GRESHAM HOUSE PLC - SUSTAINABLE ALTERNATIVES SPECIALISTS

*A specialist alternative asset manager offering clients tailored investment solutions*



**Housing**



**New Energy &  
Sustainable  
Infrastructure**



**Forestry**



**Public Equity**



**Private Equity**

## Our purpose

*To deliver effective alternative investment solutions to ensure clients achieve their financial objectives whilst making a meaningful contribution to advancing the world's transition to a more sustainable way of life.*

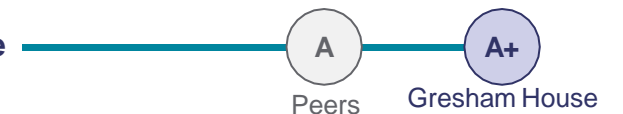


**Awarded the LSE  
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**Strategy & Governance**

**Gresham House vs. industry average**  
PRI scores in 2020





# **RESIDENTIAL SECURE INCOME PLC**

# ABOUT RESIDENTIAL SECURE INCOME PLC (RESI)

*Aiming to generate secure inflation-linked returns while accelerating the development of socially and economically beneficial new housing*

- UK REIT focused on delivering secure inflation-linked income
- Focus on two resilient sub-sectors in UK residential, underpinned by an ageing demographic and untapped, strong demand for affordable home ownership
- Fully covered inflation-linked dividend growing to 5.16p per share for FY22<sup>1</sup>
- Social impact maximised through a sustainable investment approach
- Unique platform for investment which we believe will continue to drive capital growth:
  - UK's largest provider of independent retirement rental management services<sup>2</sup>
  - Wholly-owned registered provider of social housing, ReSI Housing<sup>3</sup>
  - Innovative, ultra long-term funding programme



1. Calculated on recurring profit before valuation movements. **This is a target only and not a profit forecast. There can be no assurance that this target will be met.**

2. My Future Living is a trading name of ReSI Property Management Limited, a wholly-owned subsidiary of the Fund Manager

3. ReSI Housing Limited is registered with the Regulator of Social Housing (with registered number 5092)

**Past performance is not an indicator of future performance. Capital at risk.**

# RESI'S PORTFOLIO FOCUS

*Aims to deliver diversified secure inflation-linked income from residential sub-sectors with strong fundamentals and supply-demand imbalances*

	Independent retirement living housing (£215m GAV   2,218 homes   61% of portfolio)	Shared ownership housing (£105m GAV <sup>1</sup>   544 homes   30% of portfolio)
<b>Driver</b>	<ul style="list-style-type: none"> <li>Booming and increasingly lonely older population</li> </ul>	<ul style="list-style-type: none"> <li>Huge untapped demand for affordable home ownership</li> </ul>
<b>Summary</b>	<ul style="list-style-type: none"> <li>Let to elderly residents with affordable rents and lifetime tenancies</li> <li>Provides fit-for-purpose homes for retired people, allowing them to maintain their independence without care provision</li> </ul>	<ul style="list-style-type: none"> <li>Homebuyers acquire a share in a residential property and rent the remainder from ReSI</li> <li>Helps homebuyers acquire a home they would otherwise be unable to buy/afford</li> <li>£10m of capital grant funding from government allows rent to be c.30% below market levels</li> </ul>
<b>Rent inflation</b>	<ul style="list-style-type: none"> <li>Increase with Retail Price Index (RPI) each year</li> </ul>	<ul style="list-style-type: none"> <li>Increase contractually by RPI+ 0.5% each year</li> </ul>
<b>Secure income</b>	<ul style="list-style-type: none"> <li>Rent paid from pensions and welfare</li> </ul>	<ul style="list-style-type: none"> <li>ReSI investment underpinned by homebuyer equity stake in their home</li> <li>Subsidised rents c.30% below market</li> </ul>
<b>ReSI origination advantages</b>	<ul style="list-style-type: none"> <li>Scale - UK's largest private independent retirement rentals business</li> <li>Specialist in-house 30-person team with a &gt;20 years' track record</li> </ul>	<ul style="list-style-type: none"> <li>ReSI Housing Limited - Registered Provider of Social Housing</li> <li>Unique 45-year Universities Superannuation Scheme (USS) debt facility providing 300bps yield pick-up</li> </ul>

**Current pipeline strength provides the opportunity to double ReSI's portfolio over the next 24 months<sup>2</sup>**

1. Figure includes committed acquisitions

2. This is a target only and not a profit forecast. There can be no assurance that this target will be met.

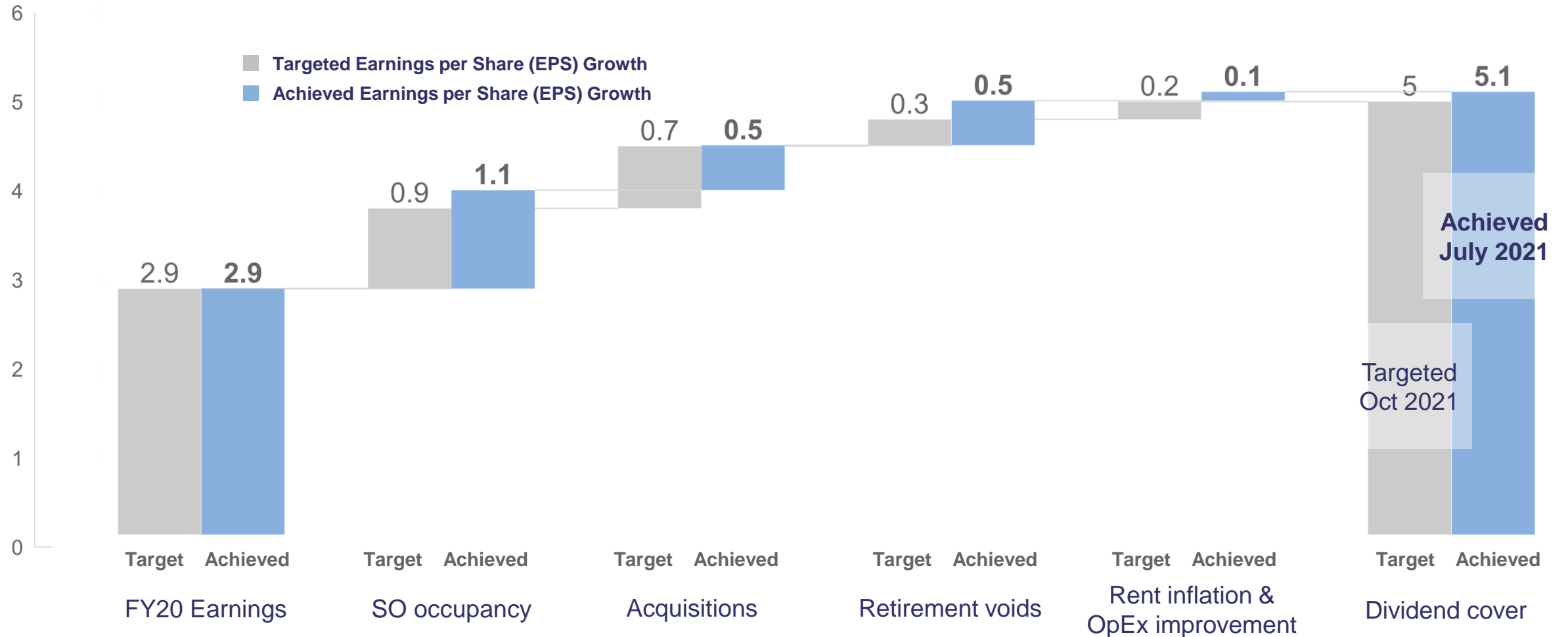
Source: ReSI plc Annual Results 30 September 2021

Past performance is not an indicator of future performance. Capital at risk.

# 2021 TARGETS / ACHIEVEMENTS

(All figures are presented in pence per share)

**Dividend coverage achieved three months ahead of target thanks to outperforming operational targets**



Source: ReSI plc Annual Results 30 September 2021

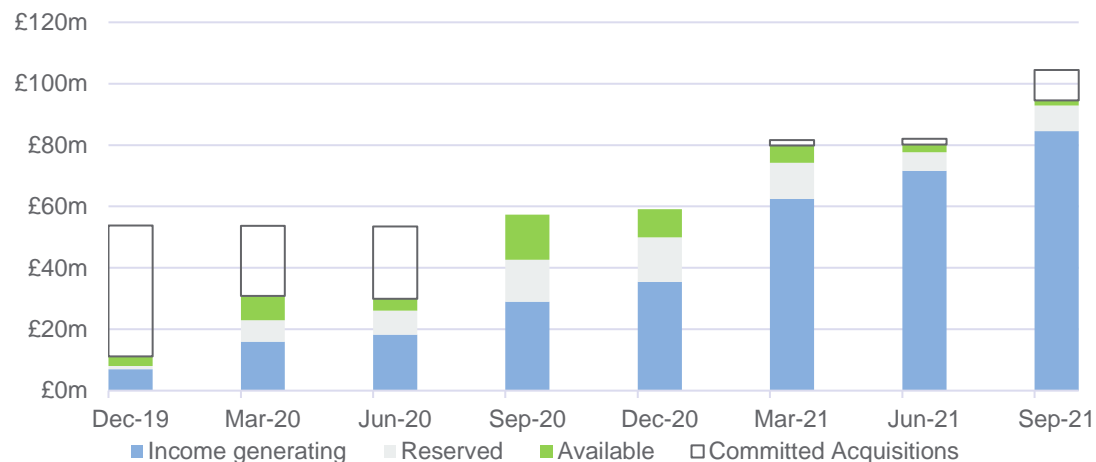
All targets for period September 2020 - October 2021 and all achieved for period September 2020 - July 2021

**Past performance is not an indicator of future performance. Capital at risk.**

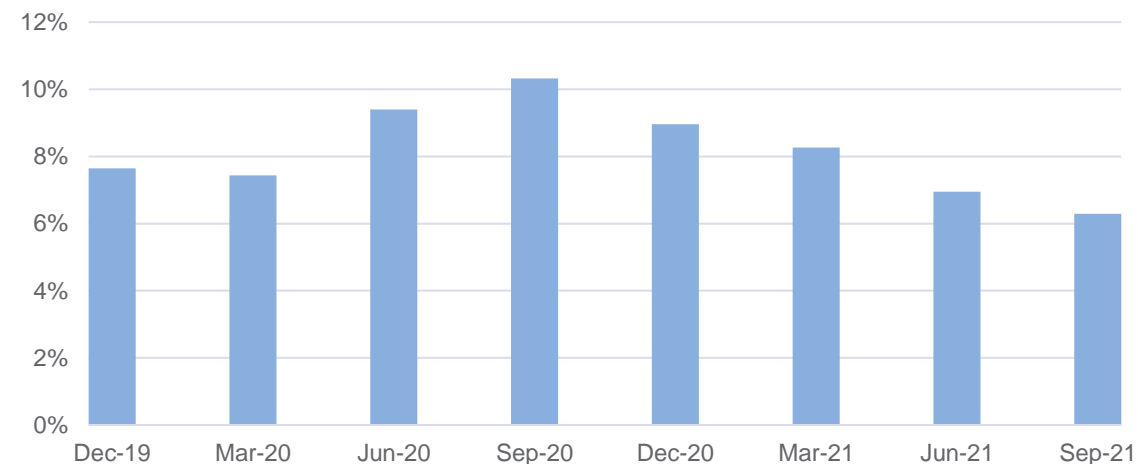


# EXCEEDING OUR TARGETS

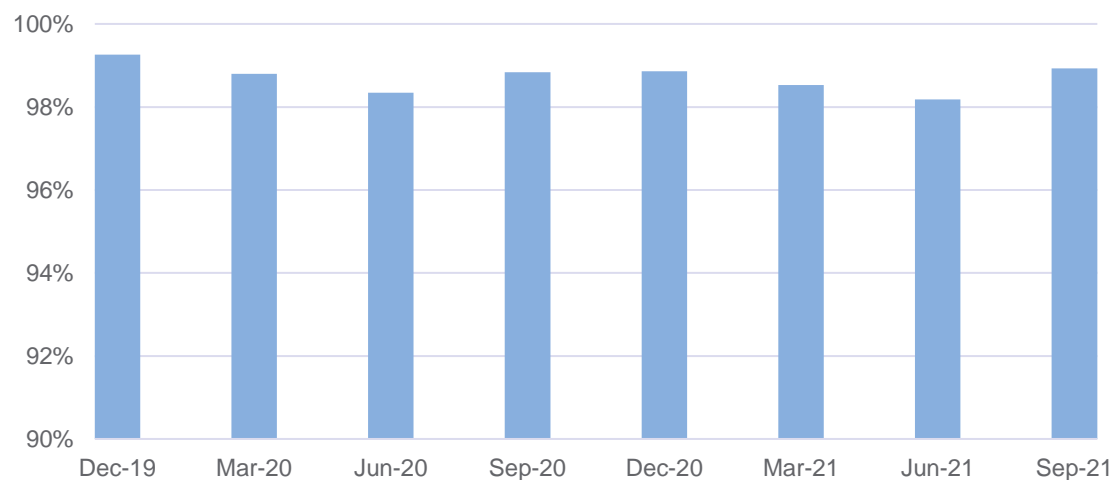
**Successfully delivering shared ownership homes**



**Retirement voids reduced to pre-Covid average**



**Robust rent collection rate through Covid**



***Past performance is not a guide for future performance. Capital at risk.***

Chart sources:

Successfully delivering shared ownership homes - ReSI plc Annual Results 30 September 2021

Robust rent collection rate through Covid - ReSI plc Annual Results 30 September 2021

Retirement voids reduced to pre-Covid average - ReSI plc Annual Results 30 September 2021

A blurred background image of a modern office interior. Several people are visible in motion, walking through the space. The office has large windows and a clean, minimalist design.

# **FY21 FINANCIAL RESULTS**

# FY21 HIGHLIGHTS

**£7.1m**

Recurring profit before  
fair value  
(FY20: £5.0m)

**4.2p**

EPRA adjusted earnings  
per share  
(FY20: 2.9p)

**7.5%**

Total return  
(on opening NTA)  
(FY20: -0.1%)

**5.0p**

Dividend per share  
(FY20: 5.0p<sup>1</sup>)

**107.9p**

EPRA NTA per share  
(FY20: 105.1p)

**£351m**

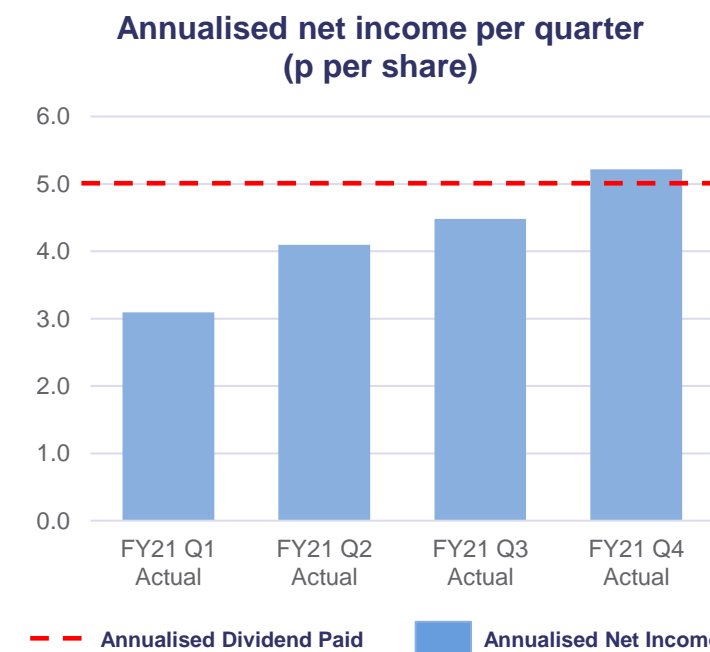
Value of investment  
property  
(FY20: £302m)

## Successfully delivered plan to reach full dividend cover

- 5p dividend paid to shareholders, fully covered by recurring income from FY Q4 2021
- Driven by achievement of December 2020 operational targets:
  - Fully occupied shared ownership
  - Reached full deployment with £40m of acquisitions
  - Retirement voids down to pre-Covid levels
- Insourcing and integration of property management for independent retirement living portfolio completed
- Like for like income growth 1.5%, ahead of 1.2% RPI for the relevant period<sup>2</sup>
- Returns underpinned by long-term, low cost leverage debt facility

## Inflation linkage, portfolio stabilisation and full deployment drive future dividend growth

- FY22 dividend target to be increased with September Consumer Price Inflation (CPI) of 3.1% to 5.16p<sup>1</sup>



Source: ReSI plc Annual Results 30 September 2021

1. FY22 dividend is a target only and not a profit forecast. There can be no assurance that this target will be met

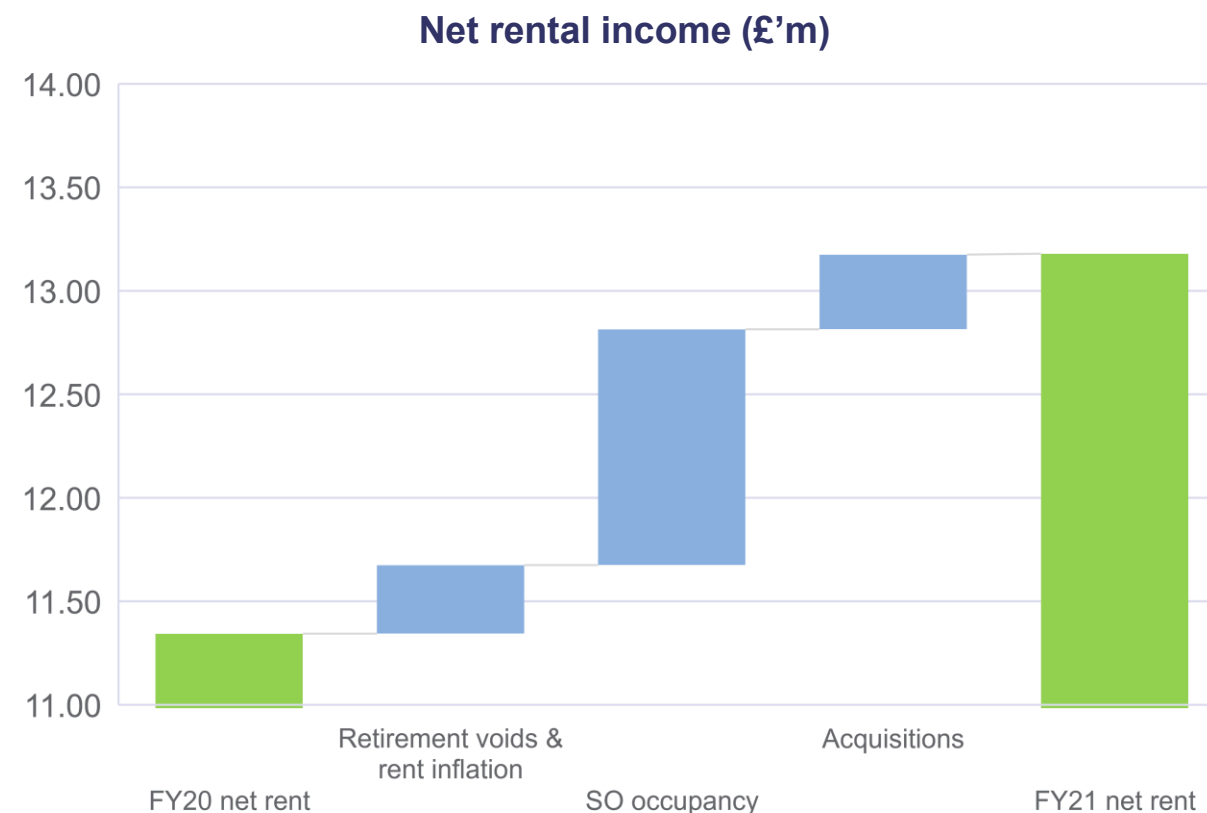
2. RPI average taken from April 2020 to March 2021. On average the impact of RPI lags by six months

**Past performance is not necessarily a guide to future performance. Capital at risk.**

# FY21 INCOME

*Growing operating income during Covid-19 crisis demonstrates portfolio's defensive characteristics*

	FY21	FY20	Change
Net rental income <sup>1</sup>	£13.2m	£11.3m	16%
First tranche sales profits <sup>2</sup>	£1.0m	£0.5m	98%
Net Finance Costs <sup>3</sup>	£(4.2)m	£(3.9)m	8%
Management fees	£(1.8)m	£(1.8)m	(2)%
Overheads	£(1.0)m	£(1.1)m	(4)%
<b>Adjusted earnings</b>	<b>£7.1m</b>	<b>£5.0m</b>	<b>42%</b>
<b>Adjusted EPS</b>	<b>4.2p</b>	<b>2.9p</b>	<b>41%</b>



Source: ReSI plc Annual Results 30 September 2021

1. Net rental income represents gross rental income after deducting property operating expenses, including ground rent paid

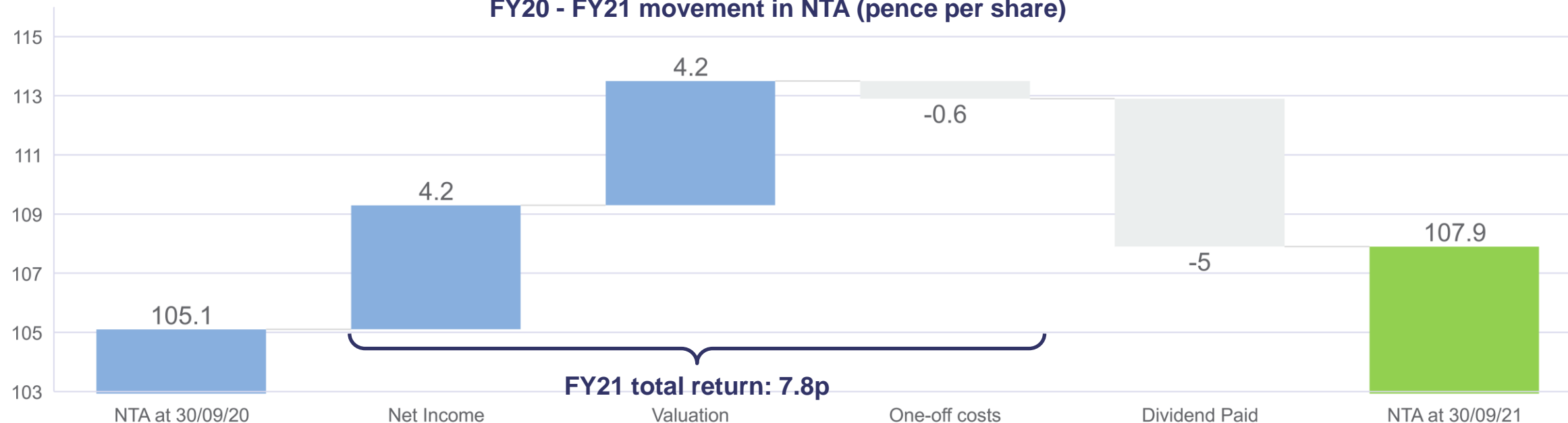
2. £1m profit from first tranche sales, which in turn will generate an equivalent amount of annual rental income

3. Net finance costs are presented excluding ground rent expense, which are finance costs under IFRS but have been included in net rental income

4. RPI average taken from April 2020 to March 2021. On average the impact of RPI lags by six months

**Past performance is not necessarily a guide to future performance. Capital at risk.**

## FY20 - FY21 movement in NTA (pence per share)



7.5%/7.8p per share total return comprising:

- £7.1m/4.2p per share net income representing 85% dividend cover for the year
- 4.2p per share valuation gain (2.5% like-for-like) driven by 1.5% like-for-like rent growth and stabilisation of shared ownership portfolio
- 0.6p per share one-off costs related to new debt (0.4p) and new property management (0.2p)



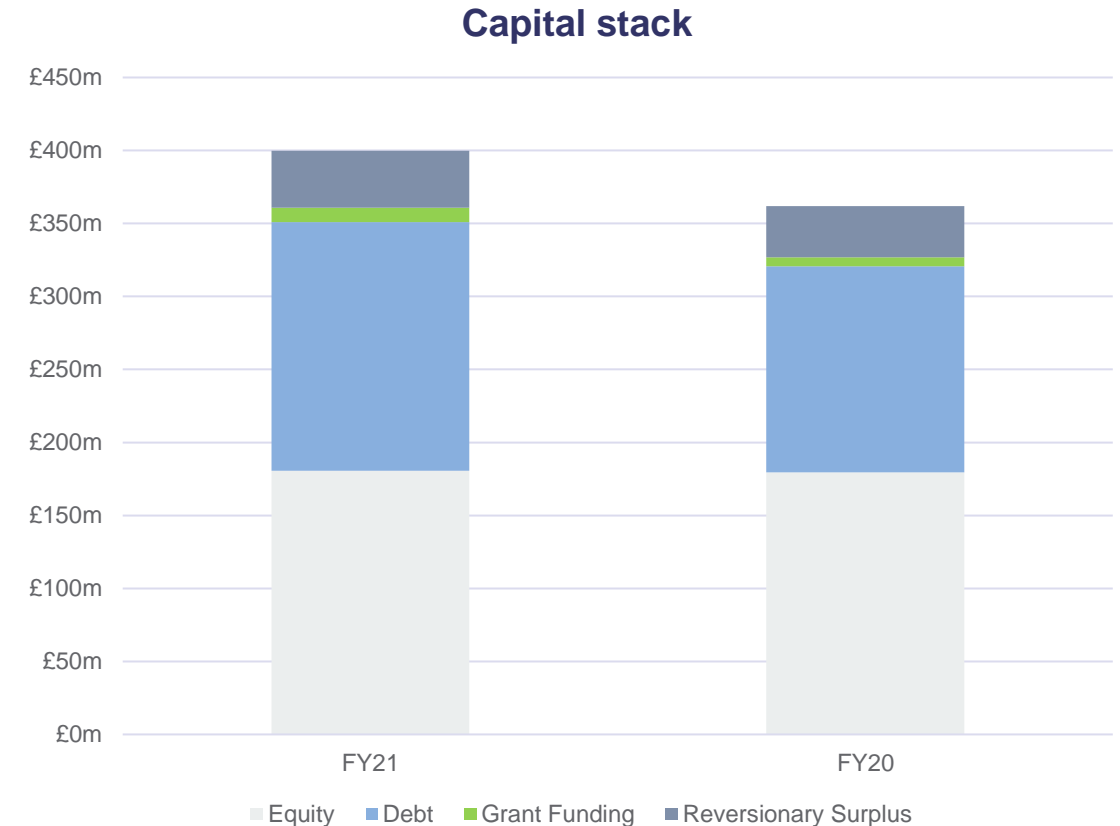
# CAPITAL STRUCTURE

*Investment grade debt ensures asset quality and provides access to low cost of funding, which expands investment opportunity to higher credit-quality investments at lower yields*

	FY21	FY20
Total debt	£166m	£141m
Total assets <sup>1</sup>	£350m	£316m
Loan-to-Value (LTV) (target 50%)	46%	42%
Leverage on reversion value <sup>2</sup>	43%	39%
Weighted average cost	2.3%	2.6%
Weighted average maturity	22 years	23 years

## Leverage strategy minimises traditional risks

- Refinancing risks
- Covenant risks
- Interest rate risks



Source: ReSI plc Annual Results 30 September 2021

1. FY21 figures include £10m of grant funding and £39m of reversionary surplus. FY20 figures include £6m of grant funding and £35m of reversionary surplus

2. The EPRA NTA measures exclude the reversionary surplus, representing the difference between the market value of assets used in the balance sheet and the value realised if they became vacant

**Past performance is not necessarily a guide to future performance. Capital at risk.**

# INFLATION'S IMPACT ON RESI'S OPERATIONS

## Inflation-linked revenues (largely uncapped)

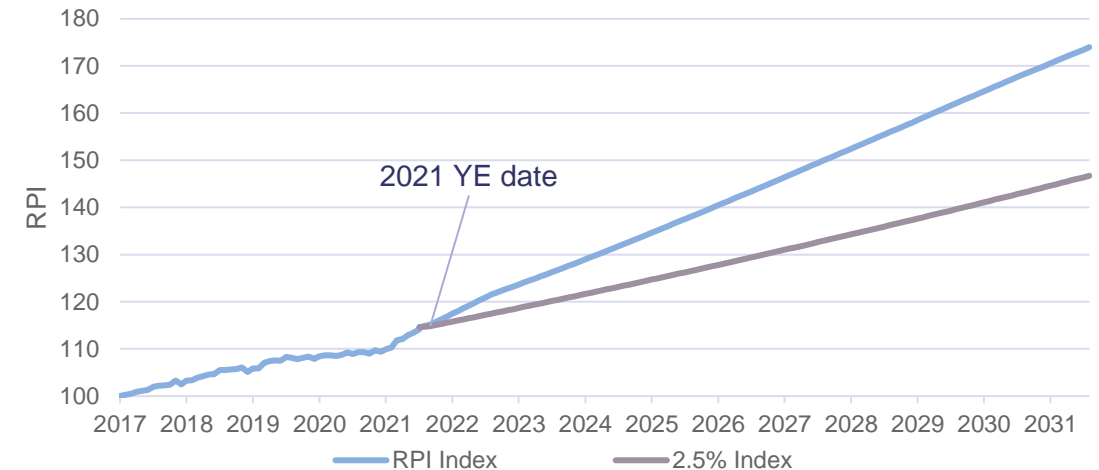
- 61%<sup>1</sup>: Independent retirement living increases with RPI each year
- 30%: Shared ownership increases contractually by RPI+ 0.5% each year, with residents on long-term leases
- 9%: Local authority housing - 60% linked to CPI

## Operating expenses

- Supply chain issues and structural issues in insurance and audit market are driving some operating expense growth
- Mitigant: investment in IT drives operating expense efficiencies
- Mitigant: Minimal maintenance costs with shared ownership

## Debt

- Long-term debt with an average maturity of 22 years
- 91% fixed or hedged to protect against rising interest rates
- 34% of debt is inflation-linked and capped at 5% RPI



Source: ONS, Bloomberg and Gresham House plc research, 2021



***Above inflation capital  
and income growth***

Source: ReSI plc Annual Results 30 September 2021

1. Portfolio weighting of total based on valuation at 30 September 2021

**Past performance is not necessarily a guide to future performance. Capital at risk.**



# **SOCIAL IMPACT**

# SUSTAINABLE INVESTMENT HIGHLIGHTS

**81%**

*Properties rated  
EPC A-C*

**336**

*Households helped  
onto housing ladder*

**6%**

*Reduction in carbon  
emissions per  
property*

**81%**

*Retirees have made  
new friends since  
moving in*

**Up to £607k**

*Annual saving to the public  
purse from Local Authority  
properties*

## Highlights for the year

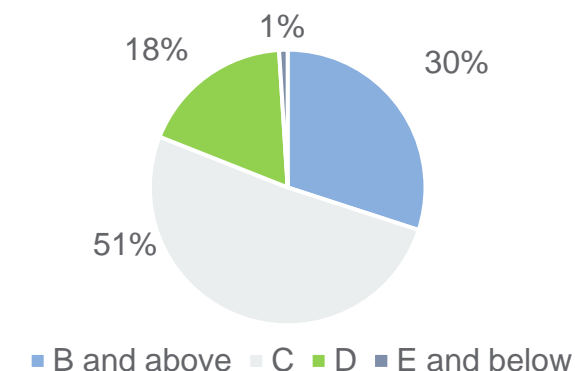
### Improved energy efficiency

- 100% of the least energy efficient directly rented properties, upgraded to an EPC rating of D or better
- Committed to upgrading all directly rented properties to a minimum EPC rating of C by 2025
- Working with Greengage Environmental in the coming year to map out ReSI's road to carbon net zero strategy

### Positive social impact

- Set shared ownership Customer and Environmental Charters, driving best practice in the shared ownership sector
  - e.g. private outdoor space, 1% staircasing option, making it easier to move on, lease extensions for those on short leases
- Alleviating loneliness amongst retirees helps to reduce the vulnerability of residents to illness<sup>1</sup>, contributing to a reduction in pressure on the health service
- ReSI's resident welfare team continue to work with digitally excluded residents to help them access the benefits both financially and socially of an increasingly digital led world
- Introduction of Fixflo which allows retirement residents to electronically record maintenance requirements

### EPC rating by property:



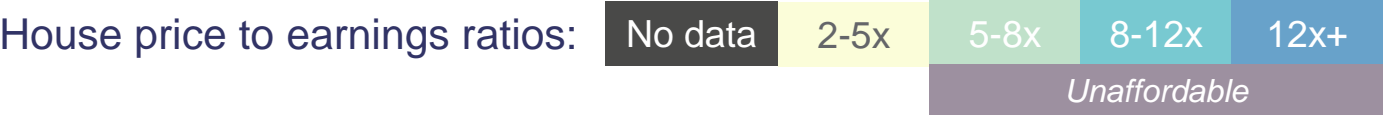
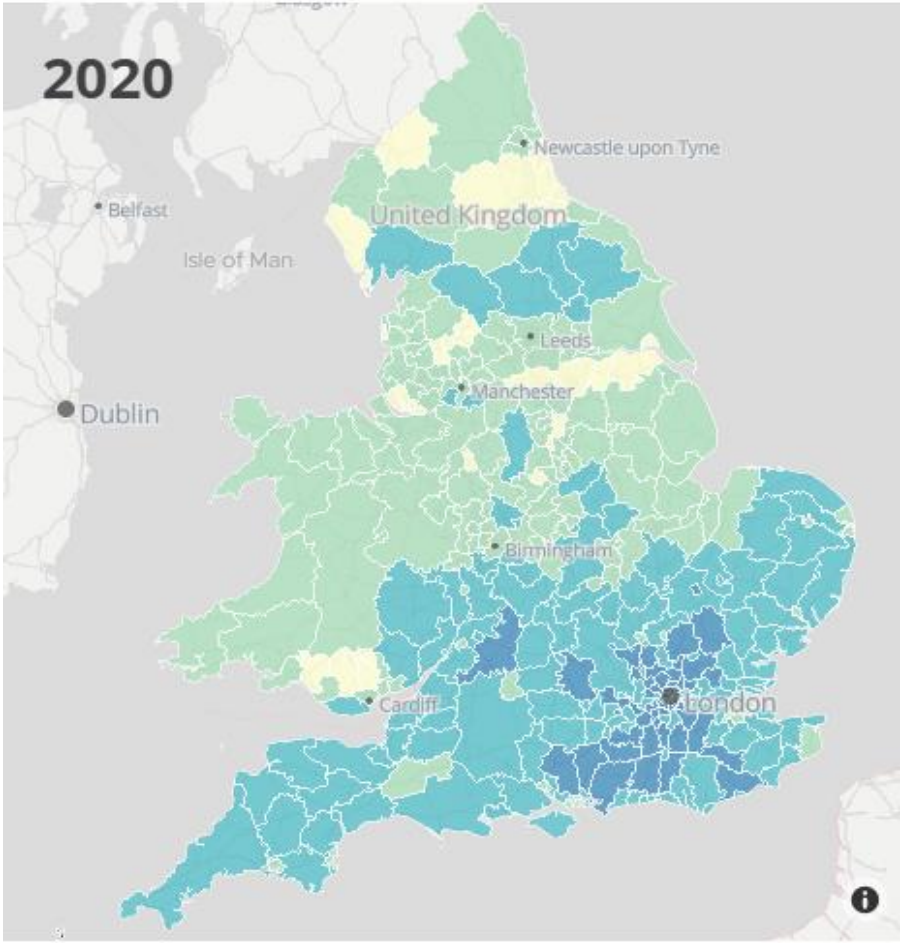
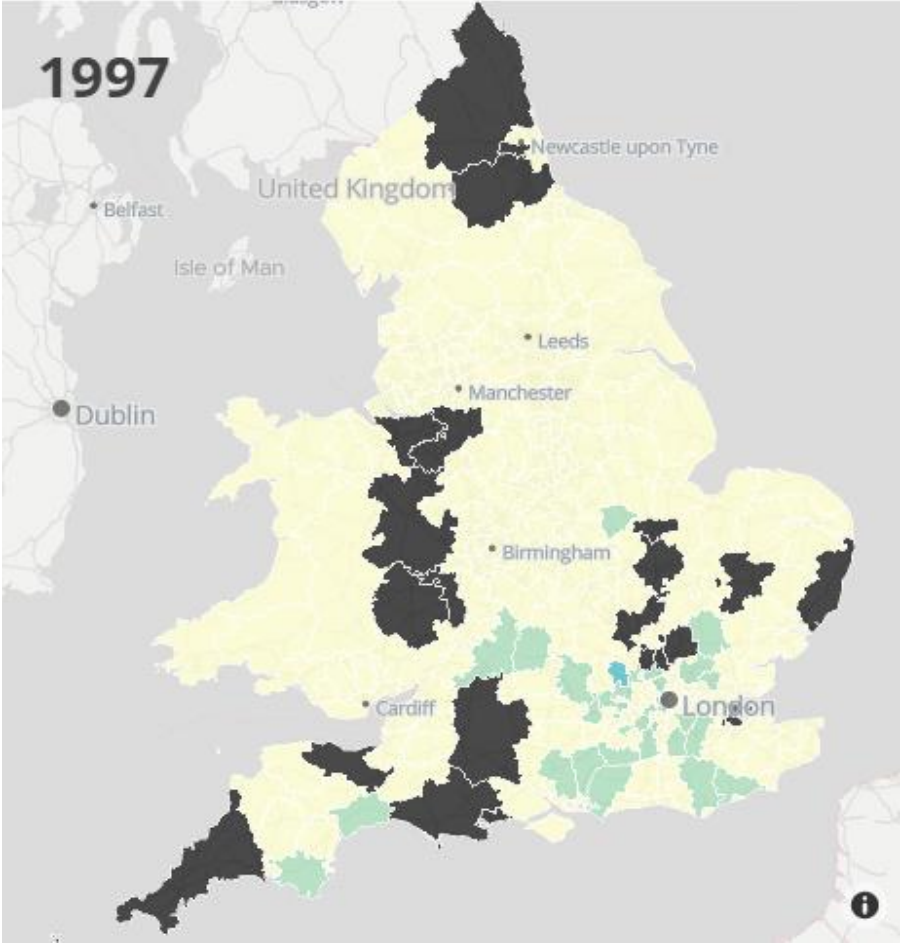
**THE  
GOOD  
ECONOMY**



# **DEMAND & ORIGINATION**



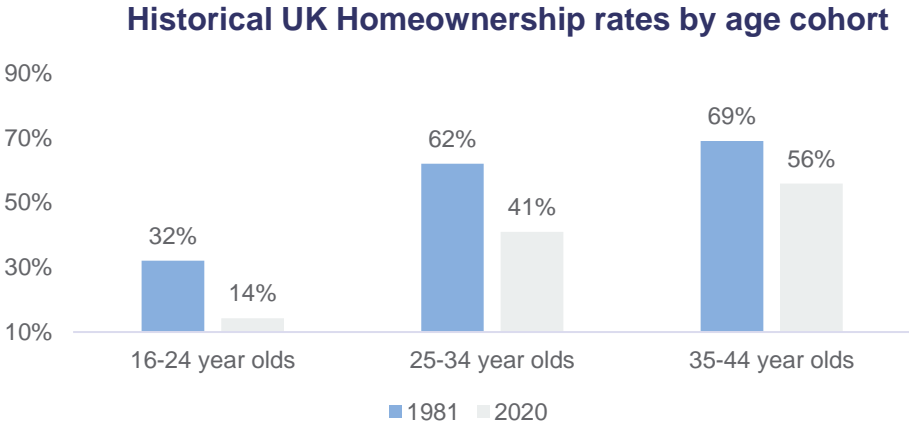
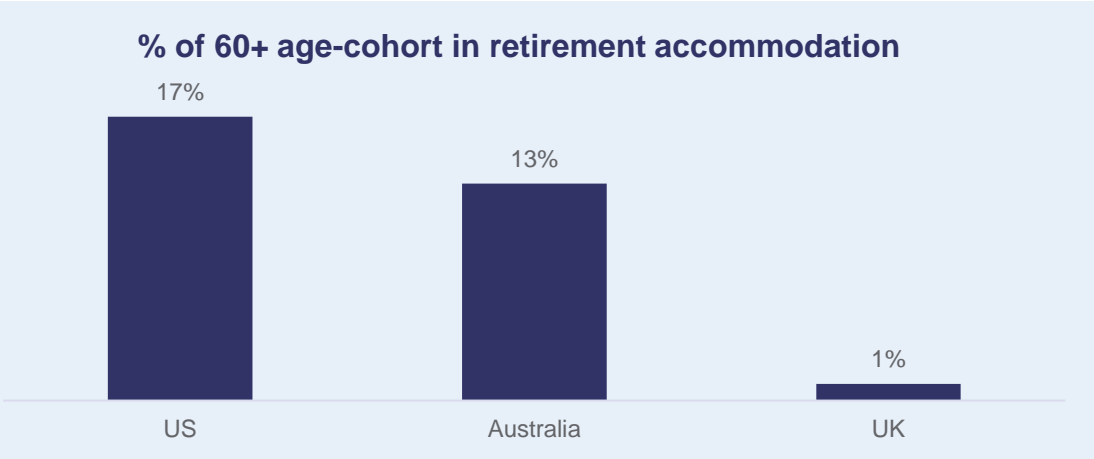
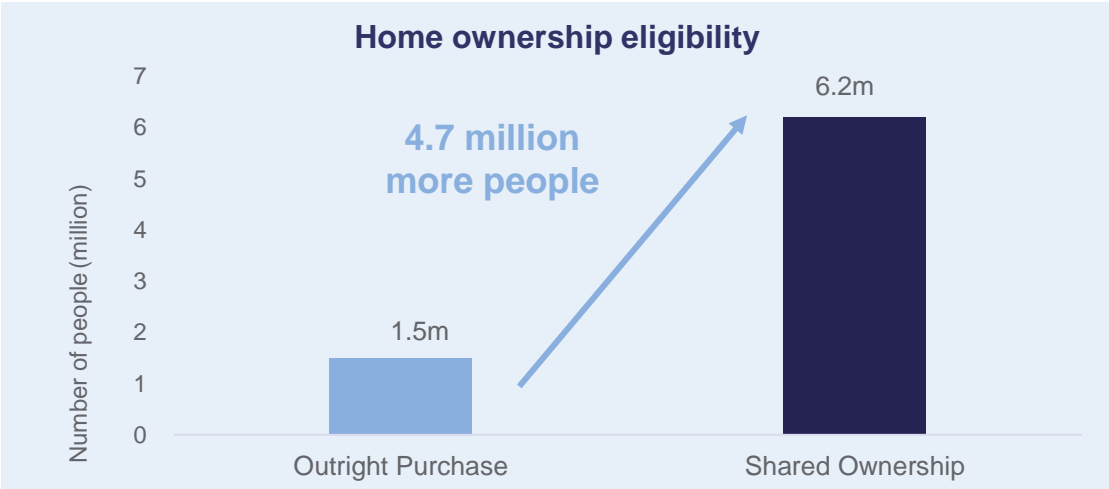
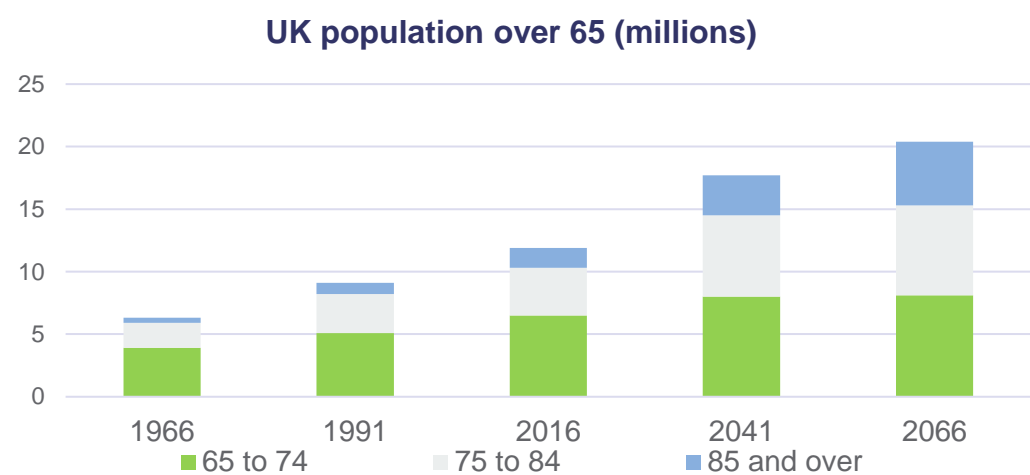
# WHY RESI: MITIGATING A SYSTEMIC UK HOUSING PROBLEM



Source: ONS

# DEMAND DRIVERS: INDEPENDENT RETIREMENT LIVING & SHARED OWNERSHIP

Structural drivers underpin returns for both independent retirement living and shared ownership housing



Sources left to right: ONS, Housing LIN and JLL (as of 2017). GOV.UK Percentile points for total income before and after tax, for tax year 1992 to 1993 to tax year 2018 to 2019  
[www.gov.uk/government/statistics/percentile-points-from-1-to-99-for-total-income-before-and-after-tax](https://www.gov.uk/government/statistics/percentile-points-from-1-to-99-for-total-income-before-and-after-tax)  
Source: Ministry of Housing, Communities & Local Government - English Housing Survey, 2019-20

# ORIGINATION (SOURCING)

*Strong relationships built up over 20 years in the social housing sector*

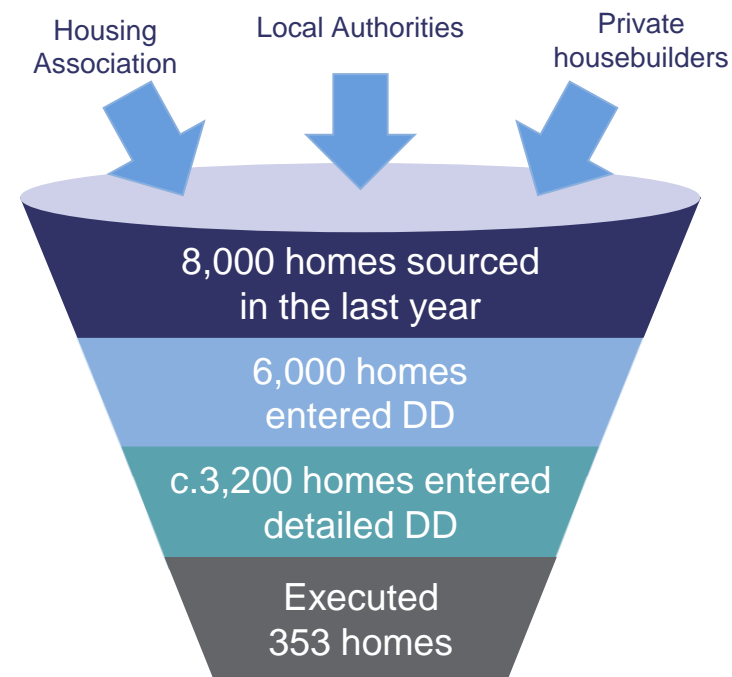
## What we buy

- Low-rise properties
- Simple to operate
- Secure and subsidised rents

## Key selection criteria

- Areas with high price-to-earnings ratios
- Diversified across:
  - Locations
  - Property type (houses and apartments)
  - Tenant characteristics (families and individuals)
- Risk management enhanced with concentration limits

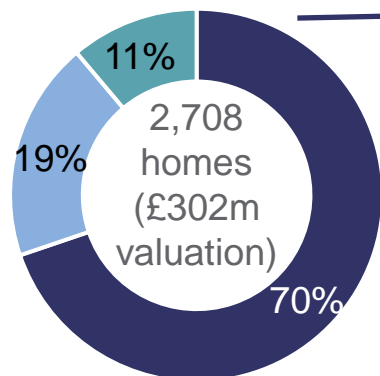
## Prudent approach to asset selection



1. Ministry of Housing, Communities & Local Government, Live table 1000: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply>  
2. Ministry of Housing, Communities & Local Government 2017-2018 Statistical Release of s106 deliveries

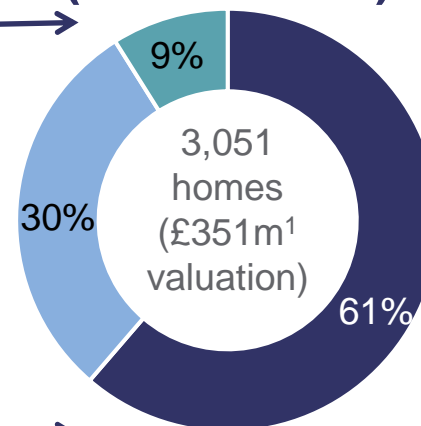
# 2021 INVESTMENT ACTIVITY

## 2020 portfolio split (valuation %)



**+16%  
YoY**

## 2021 portfolio split (valuation %)




**Independent Retirement Rentals**  
 (2,218 homes)


**Local Authority** (289 homes)


**Shared ownership** (544 homes)

- Acquired 307<sup>1</sup> homes worth £34m<sup>2</sup>, of which 100% are occupied or reserved
- Committed to a further 46 homes worth £8m, of which 76% are occupied or reserved



Source: ReSI plc Annual Results 30 September 2021

1. Five properties were fully staircased during FY21

2. Commitment values are disclosed net of first tranche sales proceeds and grant funding

# OUTLOOK

- **Year end targets achieved**, with 5p dividend covered from Q4 2021
- **Long-term, inflation-linked dividend and capital growth** is now supported by the portfolio's full deployment and stabilisation
- **FY22 dividend target growing** with inflation to 5.16p
- **Ring-fenced from other issues** in the wider market, with all regulated assets held within our own Registered Provider
- **Acute need continues** for further expansion of the UK's affordable housing stock, and we continue to see substantial interesting investment opportunities
- **ReSI is strongly placed** to meet the two biggest problems in the housing market:
  - **Inability to access home ownership**, which is getting worse; and
  - **Growing elderly population** requiring affordable, independent later living

***Current pipeline strength provides the opportunity to double ReSI's portfolio over the next 24 months***

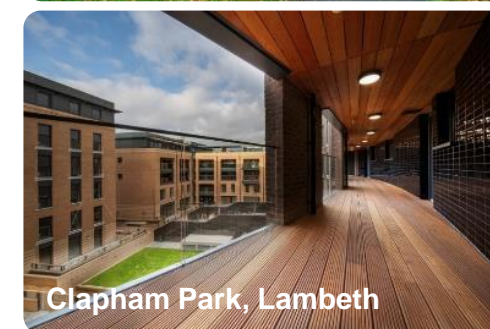




# APPENDICES

# PORTFOLIO RETURNS

	Retirement	Shared ownership	Local authority	Total
Value	£215m	£105m <sup>1</sup>	£31m	£351m
Homes	2,218	544	289	3,051
Net yield	5.3%	3.4%	5.4%	4.9%
Levered yield	6.9%	7.1%	7.1%	7.0%
Inflation-linkage	RPI	RPI+0.5%	60% linked to CPI	N/A
Annualised like for like rental growth	1.5%	2.2%	1.4%	1.5%
Avg. rent / unit <sup>2</sup>	c.£770	c.£460	c.£570	c.£700
Occupancy	94%	100% <sup>3</sup>	100%	97%
Rent collection	99%	100%	100%	99%



Source: ReSI plc Annual Results 30 September 2021

1. Reflects the acquisition of 351 homes in FY21, including committed acquisitions

2. Represents average rent per unit for tenanted stock as at 30 September, 2021

3. Includes 14 homes reserved

**Past performance is not necessarily a guide to future performance. Capital at risk.**

# SOCIAL IMPACT: EXAMPLES

## Shared ownership

- Rolled out customer charter, giving shared owners the option of 1% staircasing without legal and valuation fees
- Made it easier for shared owners to sell or move on
- Offered lease extensions to shared owners on short leases for £1
- All new build properties acquired in the year have private outdoor space



## Retirement

- 81% of our customers said they have made new friends since moving in
- The contribution ReSI's portfolio has made to alleviating loneliness amongst customers helps to reduce the vulnerability of residents to illness<sup>1</sup>, contributing to a reduction in pressure on the health service
- Our resident welfare team continue to work with digitally excluded residents to help them access the benefits both financially and socially of an increasingly digital led world
- Introduction of Fixflo has allowed retirement residents to electronically record maintenance requirements



1. <https://www.ageuk.org.uk/latest-news/archive/1-million-older-people-feel-lonely/>

# WHAT HAVE OUR CUSTOMERS SAID ABOUT US?

## Independent retirement living

*93% of our residents are funding rental payments through pensions or welfare*

*81% of our residents have made new friends since moving in*

*90% of our residents describe the stability of their retirement housing as the same, or an improvement on their previous living situation*



## Shared ownership

*90% of residents responded positively when asked what has been the main difference made by moving into their new home*

*Our home is ours and we have more security*



*The staff are really good... when you call, they come*

## Local authority housing



*I'm a lot happier than I was before... as the years have gone by Wesley House has improved every year. It is only getting better*

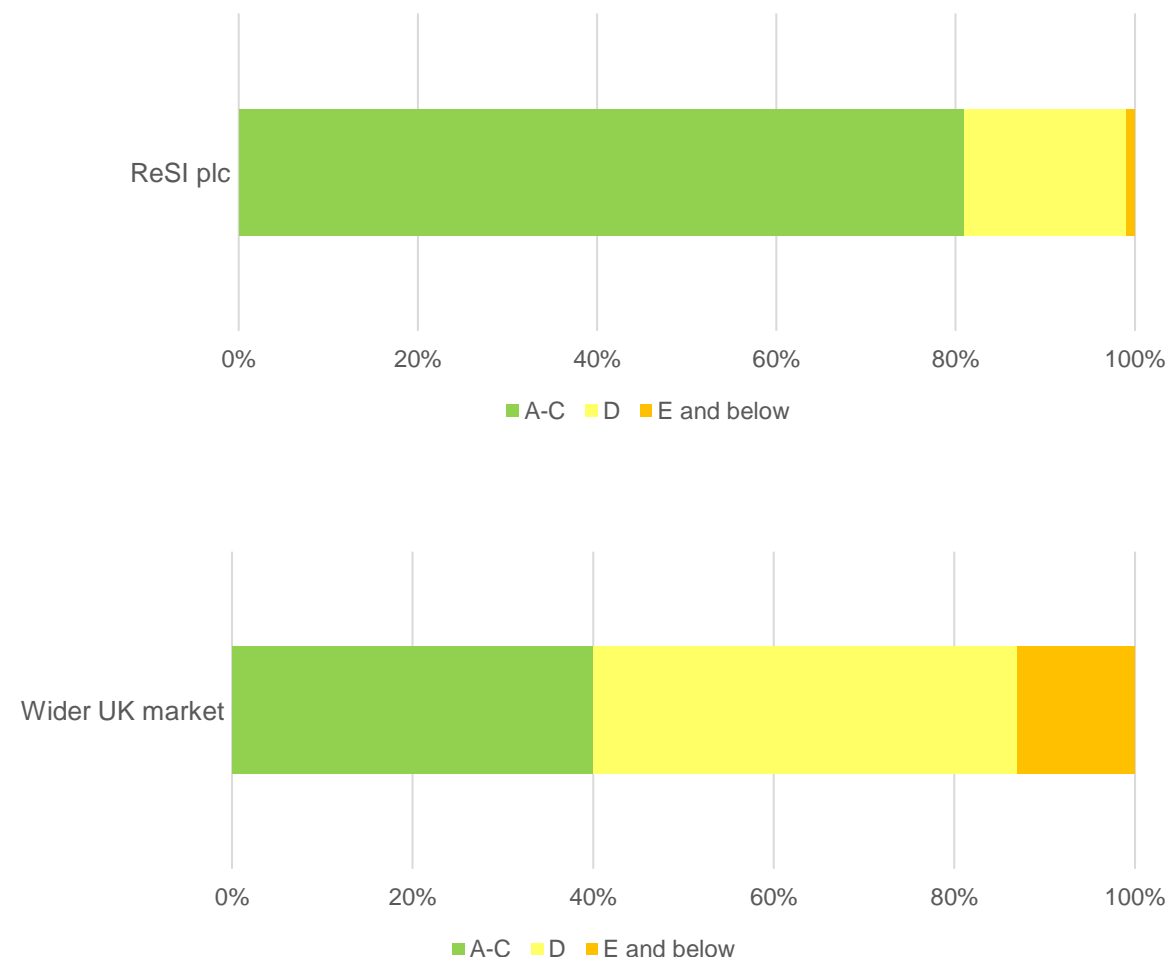


# ENVIRONMENTAL IMPACT APPROACH

- ReSI is focused on energy efficiency upgrades for its least efficient rental homes
- All new build developments are rated EPC B or higher
- Committed to achieving EPC rating of C or better for all directly rented properties by 2025 (2021: 90%)
- Current government regulation requiring minimum of EPC E is proposed to increase to EPC C from 2025 (2028 for existing tenancies)
- Proposed legislation doesn't apply to shared ownership properties
- ReSI's energy efficiency (measured by SAP rating) is higher than the social housing average



## EPC rating by property:



Source: Shift Environment

Chart source: Gresham House plc

1. Representative for all properties for which data was available (96% of properties)

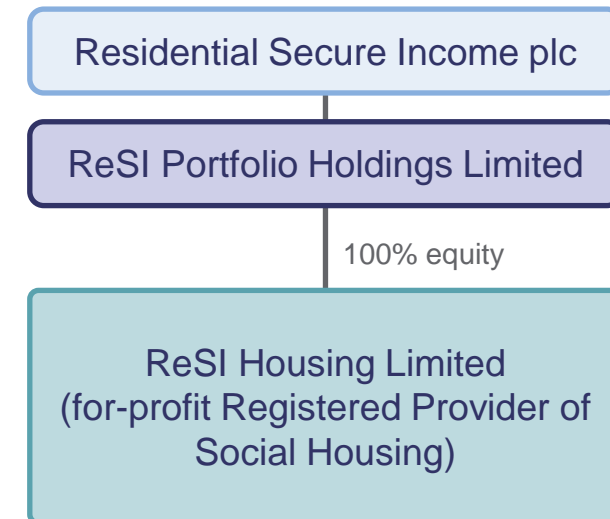
2. SAP rating is a way of comparing energy performance of different homes, with 100 being zero energy cost (i.e. most energy efficient). See: [Standard Assessment Procedure - GOV.UK \(www.gov.uk\)](https://www.gov.uk/standard-assessment-procedure)



# RESI GOVERNANCE & OVERSIGHT

ReSI's wholly-owned subsidiary, ReSI Housing Limited (ReSI Housing), is authorised by the Regulator of Social Housing (RSH) as a for-profit Registered Provider

- Investing via ReSI's wholly-owned, for-profit Registered Provider allows ReSI to hold and manage regulated affordable housing assets, such as shared ownership, including grant-supported and Section 106 schemes
- Operating and controlling ReSI Housing enables ReSI to benefit from a best-in-class governance process, combining the financial rigour of the business world with the regulatory framework for Registered Providers
- The RSH regulatory framework ensures good governance, financial viability, minimum maintenance and environmental standards, and protection of residents' welfare, thus supporting ReSI's goal of maximising social benefit



## Two independent Directors who can veto any action that threatens compliance with regulatory standards



**David Orr**  
 Independent Non-Executive Chairman

- Former Chief Executive of the National Housing Federation for 13 years and Chief Executive of the Scottish Federation of Housing Associations for 15 years
- Well-known expert on housing policy and campaigner for maximising the supply of social and affordable housing



**Gillian Rowley**  
 Independent Non-Executive Director

- Former Head of Private Finance at the Homes and Communities Agency for 13 years
- Former Head of Housing for multiple banks and lenders to social housing
- Expert on housing regulation

# TEAM & GOVERNANCE

## ReSI team

Investment management is led by  
**Ben Fry**

Capital Markets and Analytics



Asset Management



Finance and Legal



10<sup>1</sup>  
Investment  
and  
Execution

## My Future Living team

Property management is led by  
**Nigel Scourfield**

Maintenance



Operations



Business/Sales



12  
Lettings

Finance



## Investment Committee



**Alex Pilato**  
Managing Director,  
Housing & Capital Markets



**Ben Fry**  
Head of Housing  
Investment



**Mark Rogers**  
Head of Housing  
Origination



**Pete Redman**  
Head of Housing  
Management

## ReSI plc - Fully Independent Board



**Robert Whiteman**  
Chairman  
▪ CEO of Chartered Institute of Public Finance & Accountancy  
▪ Former CEO of Barking & Dagenham Council and Deputy CEO of Lewisham Council



**Elaine Bailey**  
Non-Executive Director  
▪ Previously the Chief Executive of Hyde Group  
▪ Member of the Industry Safety Standards Steering Group



**John Carleton**  
Non-Executive Director  
▪ Executive Director of Property Investment at Orbit Group  
▪ Former Executive Director of Markets & Portfolio at Genesis Housing Association



**Robert Gray**  
Non-Executive Director  
▪ Significant debt capital markets experience  
▪ Former Head of JP Morgan European Capital Markets  
▪ Former Chairman of HSBC Markets

Source: Gresham House plc  
1. Including new hires

# CASE STUDY: BRICK BY BRICK, AUCKLAND RISE

41 homes at Auckland Rise, Crystal Palace, purchased through ReSI's Registered Provider of Social Housing, ReSI Housing Limited

## Social impact

- Price to earnings ratio of 11.5x<sup>1</sup>
- Rents charged at a discount of 34%<sup>2</sup> to market rate
- Private outdoor balconies
- Maintained communal gardens and play areas
- Cycle storage provided for all residents



## Environmental impact

- EPC ratings of B or above
- Mechanical Ventilation and Heat Recovery units provide fresh, filtered air into resident's homes
- Apartments fitted with "green roofs", improving air quality and reducing carbon emissions
- Properties equipped with solar panels
- Electric vehicle charging points available on site



1: Data for Croydon London Borough from Hometrack

2: Compared with average SE19 apartment rental yield. Data from Realyse

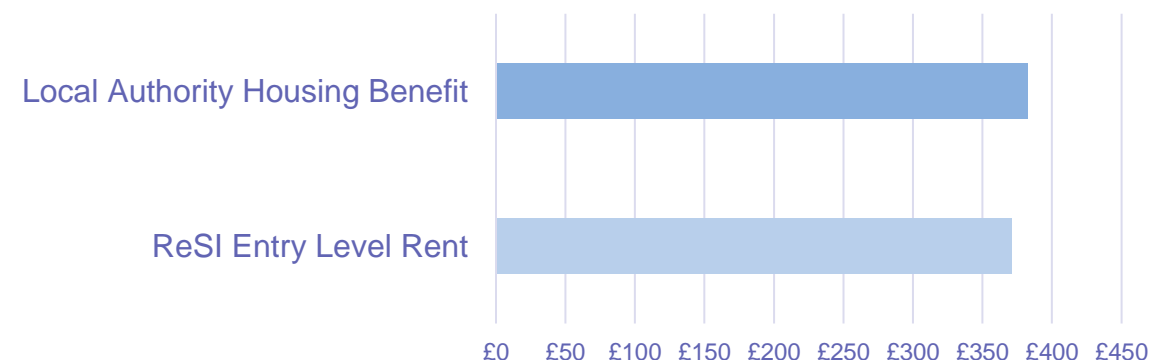
# CASE STUDY: BOWER HOUSE



- 24-hour management staff and a Careline alarm service provides tenants with security and confidence
- Residents have the chance to socialise with each other by partaking in frequent film nights and afternoon teas
- The development is surrounded by woodlands and landscaped grounds, allowing residents to explore the nearby greenery
- Reliable nearby bus service and connection to the M53 ensures residents can reach loved ones and travel to surrounding areas should they wish

Location	Wirral, Merseyside
Size	ReSI own 7 x 1 bed flats, 1 x 2 bed flats in a block of 54
Purchase Date	November 2017

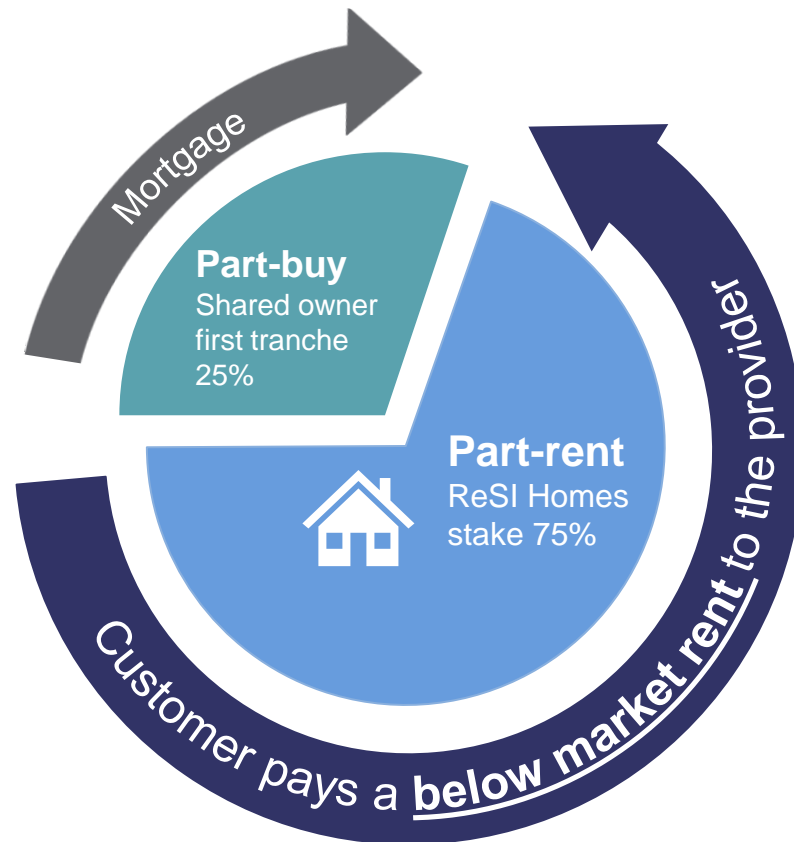
## Affordable rents



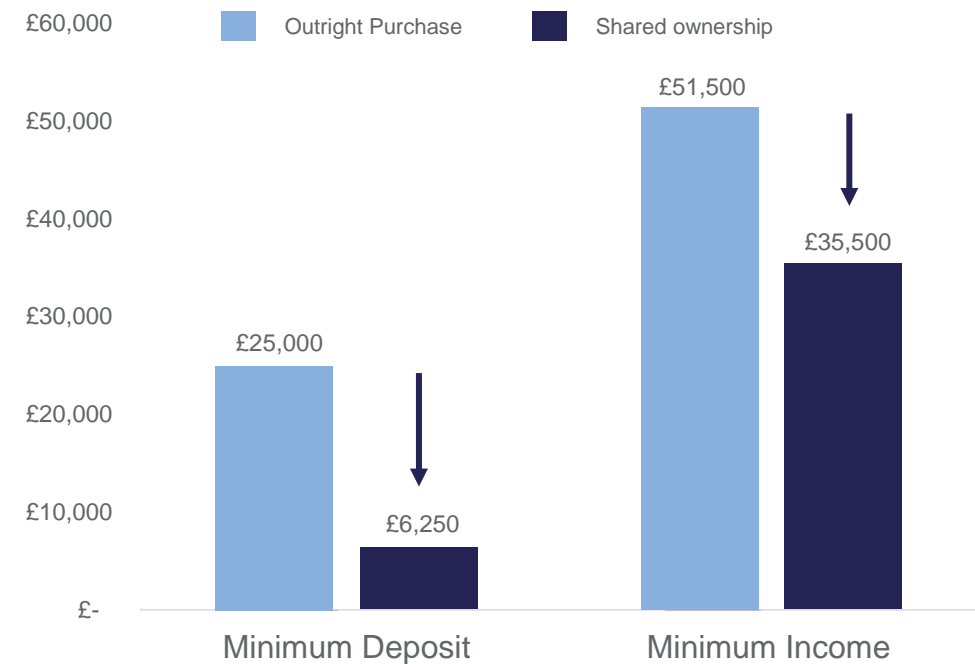
**ReSI entry-level rents can be entirely covered by Local Housing Allowance Benefit.**

# SHARED OWNERSHIP: OVERVIEW

*A part-buy, part-rent model with subsidised rents and low deposit requirements which allows access to the housing ladder and helps to build thriving and inclusive communities*



## Deposit and income comparison



***Shared ownership is a part-buy, part-rent model that can only be accessed via a Registered Provider***



# EPRA PERFORMANCE MEASURES

	30 Sept 2021	30 Sept 2020	Variance
<b>EPRA NDV per share (pence)</b> Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax	104.1p	95.8p	9%
<b>EPRA Net Initial Yield (NIY)</b> Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchase' costs	3.9%	3.5%	11%
<b>ERPA 'Topped-Up' NIY</b> This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents)	3.9%	3.5%	11%
<b>ERPA vacancy rate</b> Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	6%	13%	(54)%
<b>EPRA cost ratio including direct vacancy costs</b> Administrative and operating costs (including costs of direct vacancy) divided by gross rental income	30%	33%	(7)%
<b>EPRA cost ratio excluding direct vacancy costs</b> Administrative and operating costs (excluding costs of direct vacancy) divided by gross rental income	28%	30%	(6)%

Source: ReSI plc Annual Results 30 September 2021

**Past performance is not necessarily a guide to future performance.**

# EPRA RECONCILIATION TO IFRS PROFIT

	FY21 (£'000)	FY20 (£'000)	Variance
Operating profit before property disposals and change in fair value	11,956	9,880	21%
Finance costs (excluding one-off debt arrangement costs)	(5,221)	(4,941)	6%
Non-recurring set up costs	368	-	
Abortive acquisition costs	1	79	(99%)
<b>EPRA adjusted earnings per share</b>	<b>7,104</b>	<b>5,018</b>	<b>42%</b>
Debt set up costs	(39)	-	
One-off debt arrangement costs	(567)	(2,418)	(77%)
Non-recurring set up costs	(368)	-	
Abortive acquisition costs	(1)	(79)	(99%)
Loss on disposal of investment properties	(12)	(16)	(25%)
Change in fair value of properties	7,731	(759)	(1,119%)
Change in fair value of borrowings	(2,627)	703	(474%)
<b>IFRS profit before taxation</b>	<b>11,221</b>	<b>2,449</b>	<b>358%</b>
Adjusted earnings per share (pence)	4.2	2.9	41%

Source: ReSI plc Annual Results 30 September 2021

**Past performance is not necessarily a guide to future performance.**



# STATEMENT OF FINANCIAL POSITION

	30 Sept 2021 £'000s	30 Sept 2020 £'000s	Variance
<b>Total investments</b>	<b>341,128</b>	<b>302,478</b>	<b>13%</b>
Inventories - properties available for sale	3,800	10,421	(64)%
Cash and cash equivalents	8,370	10,365	(19)%
Borrowings	(168,339)	(141,101)	19%
Other	(278)	(2,455)	(89)%
<b>EPRA NTA</b>	<b>184,681</b>	<b>179,708</b>	<b>3%</b>
Fair value of financial instruments and fixed int. rate debt	(6,524)	(15,961)	(59)%
<b>EPRA Net Disposal Value (NDV)</b>	<b>178,159</b>	<b>163,747</b>	<b>9%</b>
Revaluation of trading properties and fair value of fixed interest rate debt	4,233	15,866	(73)%
<b>IFRS NAV</b>	<b>182,392</b>	<b>179,612</b>	<b>1.5%</b>
<b>Reversionary Surplus (excluded from NTA)</b>	<b>40,026</b>	<b>35,515</b>	<b>13%</b>
<i>IFRS NAV per share (pence)</i>	<i>106.6</i>	<i>105.0</i>	<i>1.5%</i>
<i>EPRA NTA per share (pence)</i>	<i>107.9</i>	<i>105.1</i>	<i>3%</i>
<i>EPRA NDV per share (pence)</i>	<i>104.1</i>	<i>95.8</i>	<i>9%</i>
<i>Reversionary surplus per share (pence)</i>	<i>23.4</i>	<i>20.8</i>	<i>13%</i>

Source: ReSI plc Annual Results 30 September 2021

**Past performance is not necessarily a guide to future performance.**