

Residential Secure Income plc

31 March 2022

Overview

Residential Secure Income plc (LSE: RESI) (ReSI plc) is a real estate investment trust (REIT) which aims to deliver secure, inflation-linked returns and has a focus on two sub-sectors in UK residential - independent retirement rentals and shared ownership - underpinned by an ageing demographic and untapped, strong demand for affordable home ownership.

ReSI plc's purpose is to deliver affordable, high-quality, safe homes with great customer service and long-term stability of tenure for residents. ReSI plc achieves this through 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 affordable housing.

ReSI plc's subsidiary ReSI Housing is authorised as a Registered Provider of Social Housing and holds our shared ownership portfolio.

H1 22 results & outlook

Full deployment and inflation linkage of rental income driving strong earnings growth

- 2.8% European Public Real Estate Association (EPRA) Net Tangible Assets (NTA) return for H1 22 (H1 21: 2.7%), driven by a 37% year-over-year increase in EPRA adjusted earnings⁶ to £4.2mn (H1 21: £3.1mn)
 - 4.0% total recurring return on EPRA NTA, excluding debt indexations catch-up of 0.9p and debt and equity issuance costs of 0.2p
- Net rental income up 25%, to £7.6mn (H1 21: £6.1mn)
- EPRA NTA of £200.6mn, or 108.4p (FY 21: 107.9p)
- £15mn equity raise in February 2022, fully committed to £28mn of shared ownership investments
- Total dividends paid for the half-year of 2.58p, in line with 5.16p target⁷ (H1 21: 2.5p)

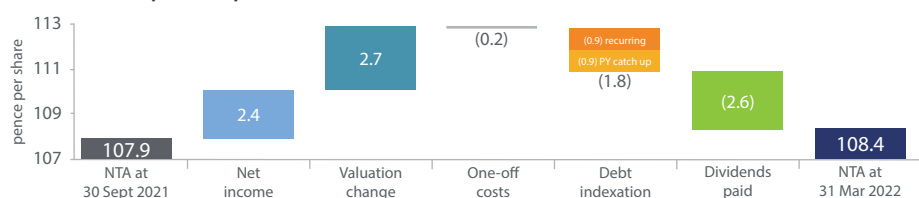
Operational and deployment highlights

- 40% of directly-rented EPC D-rated properties upgraded to C in six months (targeting minimum EPC C ratings for directly-rented portfolio by 2025)
- Annualised rental operating⁸ profit up 45% year-over-year, to £7.8mn (H1 21: £5.4mn)
- 41% growth in shared ownership portfolio to 765 homes, including committed acquisitions
- Like-for-like property valuation increase of 1.6% driven by 1.6% like-for-like rent growth
- 31 March 2022 portfolio occupancy increased to 95% (March 2021: 93%), with c. 7% retirement void loss (in line with pre-Covid average)
 - Shared ownership portfolio now 100% occupied as at April 2022
- 99% of rent collected in H1 21, highlighting the security underlying ReSI plc's inflation-linked income
 - Dividend coverage grown to 96% (H1 21: 72%), despite 3.1% increase and share issuance

Outlook

- ReSI plc is strongly placed to address the shortage of:
 - Affordable homes for home ownership, and
 - Suitable independent later-living accommodation for the UK's growing elderly population
- Committed to delivering securely covered and growing dividends, and capital growth, backed by 97% inflation-linked income and supportive government policy
- Full dividend cover on track to be re-achieved in Q4, with at least 96% expected for the full-year⁷

EPRA NTA (pence per share)



- 2.4p recurring income
- 1.8p debt valuation movement due to indexation (0.9p current year)
- 0.2p one off costs including the impact of share issuance in February 2022
- 2.7p valuation gain (1.6% like-for-like) driven by rent growth from ReSI plc's inflation linked leases

Capital at risk. Past performance is not a reliable indicator of future performance. Performance is net of fees and costs.

Fund managers



Managing Director, Housing
Ben Fry



Deputy Fund Manager
Brandon Holloway

Fund information

LEI LAR763213800D24WA531

Ticker RESI

ISIN GB00BYSX1508

Launch date 12 July 2017

Homes owned¹ 3,233

Gross valuation¹ £375mn

Dividend target FY22² 5.16p

Div yield (prospective)³ 4.7%

Target IRR (long-term)⁴ 8.0%

Ongoing charges 1.5%

Share price 110.0p

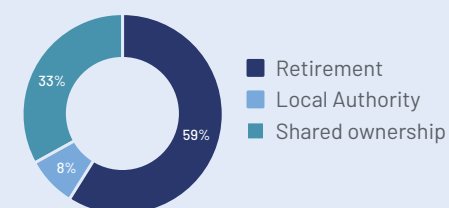
Market capitalisation £203.6mn

Premium to NTA⁵ 1.5%

EPRA NTA per share 108.4p

IFRS NAV per share 108.4p

Asset type



Source: Gresham House (at 31 March 2022)

EPRA - European Public Real Estate Association

IFRS - International Financial Reporting Standards

1. Including committed acquisitions of £25mn

2. These are targets only and not profit forecasts. There can be no assurance that the targets can or will be met and they should not be taken as an indication of ReSI plc's expected or actual future results

3. Based on the target dividend per share (2021-2022) and the Share Price of 110.0p as at 31 March 2022

4. As set out at IPO

5. Based on the EPRA NTA per Share of 108.4p and Share Price as at 31 March 2022 (as above)

6. EPRA adjusted earnings is adjusted for income and costs which are not recurring and is equivalent to IFRS profit after tax before one-offs and valuation adjustments.

7. The dividend target and total return target are not profit forecasts. There can be no assurance that either target will be met, and they should not be taken as an indication of the Company's future results.

8. Rental operating profit is adjusted earnings, excluding the impact of shared ownership first tranche sales.

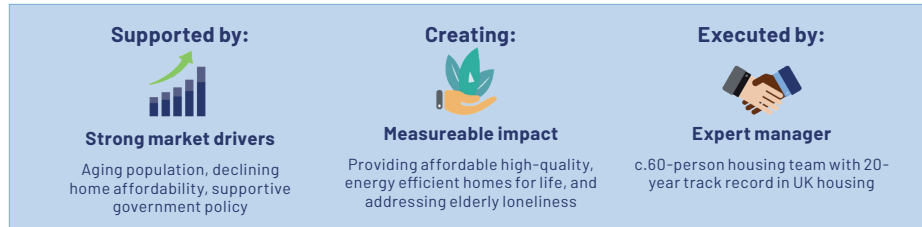
Why ReSI plc?

ReSI plc delivers 97% inflation-linked income, which is generated from affordable and secure rents and supported by strong market drivers in shared ownership housing and independent retirement living.

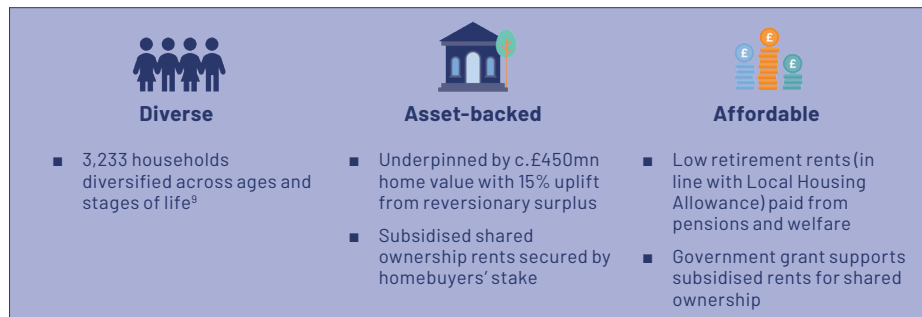
Secure long-term inflation-linked income

4.8% dividend yield (5.16p FY22 target, paid quarterly)

ReSI plc's business model is:



ReSI plc's income is:



ReSI plc's portfolio focus

	Independent retirement living housing (£220m GAV 2,218 homes 59% of portfolio)	Shared ownership housing (£124m GAV ¹ 726 homes 33% of portfolio)
Driver	<ul style="list-style-type: none"> Growing and increasingly lonely older population¹⁰ 	<ul style="list-style-type: none"> Young families and key workers can't afford to buy their own home
Summary	<ul style="list-style-type: none"> Let to elderly residents with affordable rents and lifetime tenancies Provides fit-for-purpose homes for retired people allowing them to maintain their independence without care 	<ul style="list-style-type: none"> The home is paid for in full by ReSI plc subsidised by £10m government grant The resident buys the bit they can afford and pays c.30% below market rent on the rest But the home is theirs to make their own
Rent inflation	<ul style="list-style-type: none"> Annual Retail Price Index (RPI) uplifts 	<ul style="list-style-type: none"> 100+ year, annual uncapped RPI+0.5% uplifts
Secure income	<ul style="list-style-type: none"> Rent paid from pensions and welfare 	<ul style="list-style-type: none"> ReSI plc investment underpinned by homebuyer equity stake in their home
ReSI plc advantages	<ul style="list-style-type: none"> Scale - UK's largest private independent retirement rentals business Specialist in-house 35-person property management team with a >20 years' track record 	<ul style="list-style-type: none"> ReSI Housing Limited - Registered Provider of Social Housing Unique 45-year debt facility providing 300bps yield pick-up

9. Based on the target dividend per share (FY2022) and the EPRA NTA as at 31 March 2022

10. <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/health-wellbeing/loneliness-and-covid-19--december-2021.pdf>

Contact details

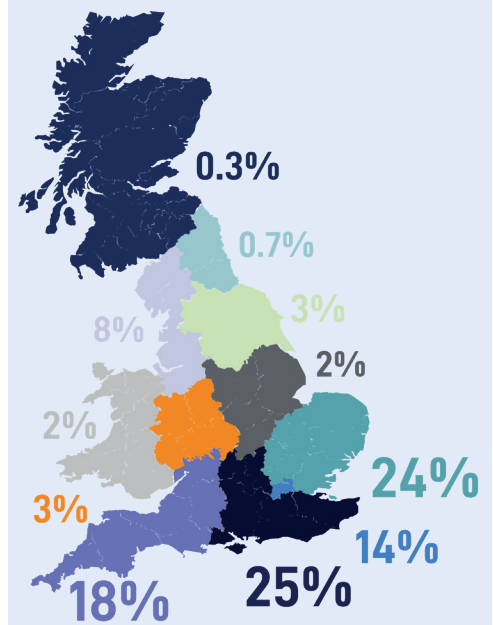
T: (0)207 382 0900

E: resiplc@greshamhouse.com

www.resi-reit.com

www.greshamhouse.com

Portfolio by location



Board

Rob Whiteman, Chairman

Robert Gray, Senior Independent Director & Audit Committee Chairman

John Carleton, Director

Elaine Bailey, Director

Key dates

Financial Year End: 30 September

Interim: 31 March

Dividends payment dates

August 2021	1.25p
January 2022	1.29p
March 2022	1.29p
July 2022 (declared)	1.29p

Service providers

Fund manager: ReSI Capital Management, part of Gresham House

Administrator: MGR Weston Kay

Registrar: Computershare

Auditor: BDO LLP

Company secretary: Computershare

Corporate broker: Jefferies

Depository: Thompson Taraz

Legal adviser: Cadwalader, Wickersham & Taft LLP

Tax adviser: Smith & Williamson

PR: KL Communications

Valuers: Savills

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