

Residential Secure Income plc

30 June 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 Limited is authorised as a Registered Provider of Social Housing and holds our shared ownership portfolio.

30 June 2022 results and outlook

Income/Dividends

- Quarterly interim dividend of 1.29p paid out, in line with FY22 target⁴ of 5.16p per share, and a further 1.29p quarterly interim dividend declared in July
- Dividend 97% covered by recurring income during the quarter
 - Dividend cover is stable compared to H1 22, despite February share issuance, with at least 96% expected for the full year⁴
 - Inflation-linked rental income provides ongoing platform for dividend progression
- >99% rent collection maintained, highlighting the affordability of rents and the security underlying ReSI plc's inflation-linked income

Resilient financial position

- EPRA Net Tangible Assets (NTA) total return for the quarter of 2.0% (2.2 p)
- Total property portfolio of 3,291 homes with a value of £389 million up 0.9% or £3.2 million on a like-for-like fair-value basis
 - Movement driven by inflation-linked rental reviews with a growth of 6.1% on 1,142 properties in the quarter (36% of rent roll), driving 2.3% like-for-like rental growth
 - Portfolio is focused on £223 million of independent retirement living and £135 million shared ownership homes
- ReSI plc continues to maintain a robust balance sheet with a loan-to-value ratio of 44%. Total debt was £185 million at 30 June 2022 with a long average 22-year maturity and low weighted average cost of 2.2% (92% fixed or hedged)

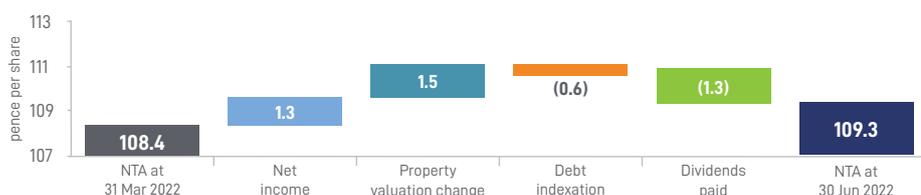
Operational and deployment highlights

- 59% of directly rented EPC D-rated properties upgraded to C in nine months, in line with target of achieving minimum EPC ratings of C for all directly rented properties by 2025
- £15 million equity raise in February 2022, fully committed to £28 million of shared ownership
- 30 June 2022 portfolio occupancy increased to 96% (June 2021: 95%), with c.6% retirement void loss (slightly below pre-Covid average)
 - Shared ownership portfolio now 100% occupied as at April 2022

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
- Aiming to deliver securely covered and growing dividends, and capital growth, backed by 97% inflation-linked income and supportive government policy

EPRA NTA (pence per share)



- 1.3p recurring income
- 0.6p debt valuation movement due to indexation
- 1.5p valuation gain (0.9% 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

Key facts as at 30 June 2022

Homes owned¹ 3,291

Gross valuation¹ £389mn

Dividend target FY22² 5.16p

Div yield (prospective) 5.1%

Target IRR (long-term)^{2,3} 8.0%

Ongoing charges (annualised) 1.5%

Share price 100.5p

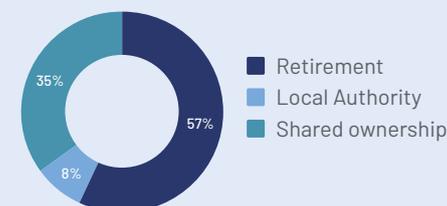
Market capitalisation £186.1mn

Discount to NTA⁴ 8.0%

EPRA NTA per share 109.3p

IFRS NAV per share 111.7p

Asset type



Source: Gresham House (at 30 June 2022)

EPRA - European Public Real Estate Association

IFRS - International Financial Reporting Standards

1. Including committed acquisitions of £15mn

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. Total return target is net of fees and charges.

3. As set out at IPO

4. Based on the EPRA NTA per share of 109.3p and Share Price as at 30 June 2022 (as above)

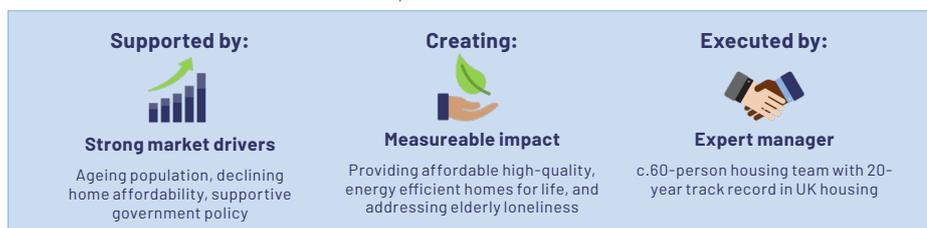
Why ReSI plc?

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

4.7% dividend yield (5.16p FY22 target, paid quarterly)⁵

ReSI plc's business model is:



ReSI plc's income is:



ReSI plc's portfolio focus

	Independent retirement living housing (£223mn GAV 2,218 homes 57% of portfolio)	Shared ownership housing (£135mn GAV ¹ 784 homes 35% of portfolio)
Driver	<ul style="list-style-type: none"> Growing and increasingly lonely older population⁸ 	<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 c.£14mn 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

5. Based on the target dividend per share (FY2022) and the EPRA NTA as at 30 June 2022

6. ReSI plc financials, as at 30 June 2022

7. Grant policy for future acquisitions maybe subject to change.

8. <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

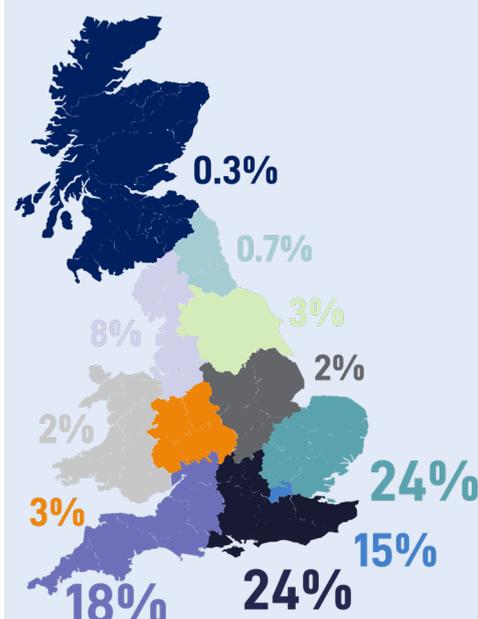
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Portfolio by location



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

January 2022 1.29p

March 2022 1.29p

July 2022 1.29p

September 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: Peel Hunt

Depositary: Thompson Taraz

Legal adviser: Cadwalader, Wickersham & Taft LLP

Tax adviser: Smith & Williamson

PR: KL Communications

Valuers: Savills

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