



Gresham House
Specialist asset management

Residential Secure Income plc (ReSI plc)

FY 2023 results presentation

December 2023

For professional investors only. Capital at risk.



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‘Gresham House’ pertains to, as relevant: Gresham House plc, Gresham House Asset Management Ltd, Gresham House Holdings Ltd

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Highlights

FY 2023 key metrics

+6.1%

Like-for-like
rent growth¹

96%

Record Retirement
occupancy²

>99%

Rent collection

-3%

EPRA Adjusted
Earnings growth

91%

Dividend
coverage

-9.9%

Like-for-like
valuation decrease

-18.1% / 81.8p

H1 2023 total return /
EPRA NTA p per share

50%

Loan to
value

89% / 21 years

fixed or inflation-linked
debt for 21 years³

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

Source: ReSI plc Annual Report and Accounts FY 2023

1. Rental reviews include homes that were occupied and eligible for rent reviews during the year ending September 2023
2. September 2023 Occupancy: 100% in Shared Ownership including 5 reservations that completed post year end
3. 39% inflation-linked and 51% fixed measured at carrying value of debt per the statement of financial position as at 30 September 2023

ReSI plc - overview and opportunity


- Focused on two growth markets
- Continuation of top-line growth whilst continuing to protect residents
- Local Authority portfolio now under offer and expected to complete in early 2024
- Aim to strengthen balance sheet to only long-term debt¹ (23-year average maturity)
- Dividend target rebased to 4.12p per share for FY24
- Investing in expanded Asset Management team to drive retirement performance
- Management fee reduction to more closely align with shareholders
- Continue to review options for further disposals which support maximising shareholder value



Past performance is not necessarily a guide to future performance. Dividend targets are targets only and are not guaranteed Capital at risk.

Source: ReSI plc Annual Report and Accounts FY 2023

1. Drawn debt, excludes working capital facility that would be undrawn



Portfolio overview and performance

Two strong platforms in growth markets

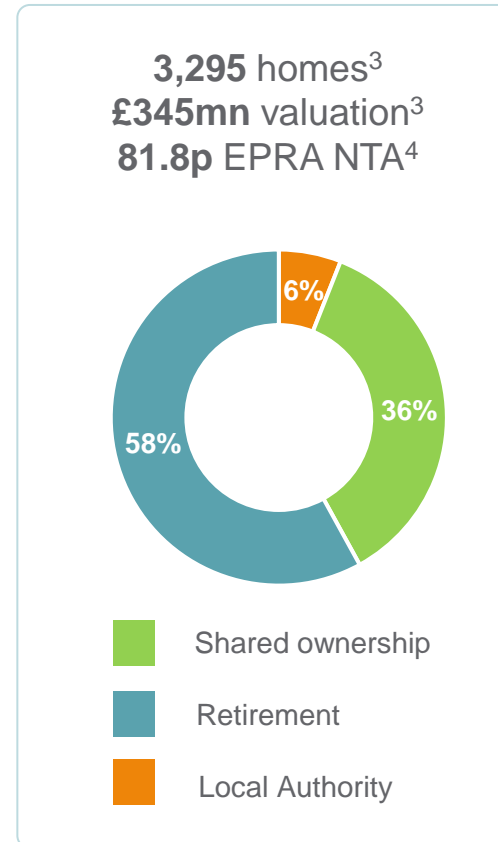
Focused on two resilient sectors of affordable housing¹ to deliver 97% inflation-linked income²

Independent retirement living

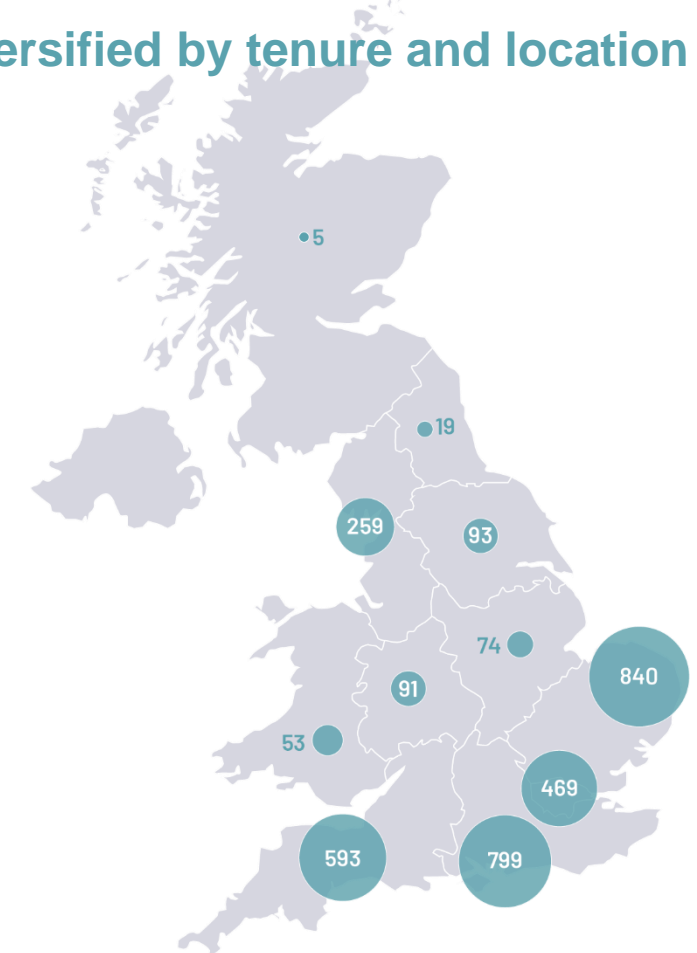
- UK's largest private rent portfolio⁴
- Maintaining independent living (without care)
- Affordable rents with lifetime tenancies
- 60% customers reported mental health benefits⁵

Shared ownership

- Affordable homeownership
- Part-rent / part-buy
- Supported by government grant



Diversified by tenure and location



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

1. Based on 99% rental income stream

2. Portfolio weighting of total based on valuation at 30 September 2023. ReSI plc's RPI inflation linkage lags RPI and is subject to caps and floors.

3. ReSI plc portfolio as at 30 September 2023

4. Source: ReSI plc 30 September 2023 Annual Report & Accounts

5. Source: ReSI Property Management Limited (RPML) 2023 customer survey

Shared ownership portfolio performance

Accelerating demand

- Now fully occupied² including 59 new homes
- Rising mortgage rates and private rents fuelling demand

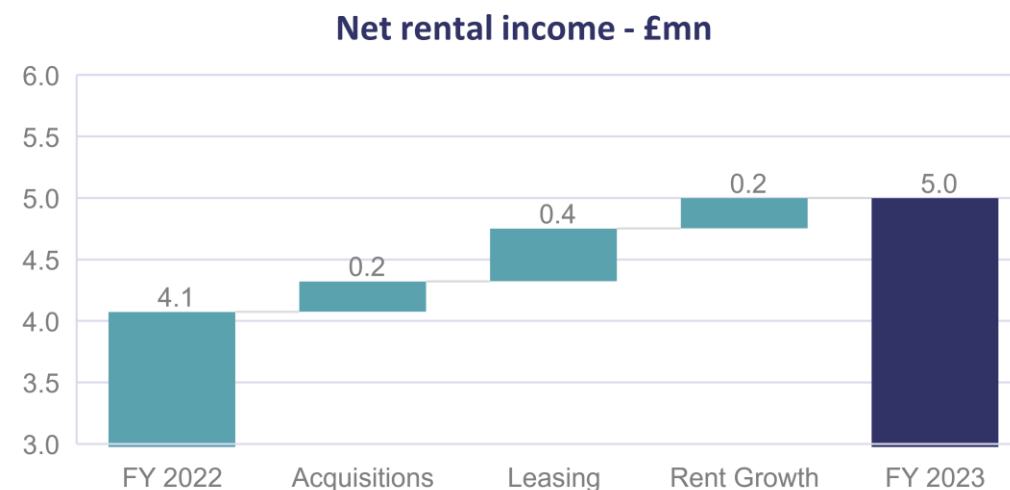
Secure income

- Underpinned by c.36% average shared ownership stake
- 99% rent collection³

Accelerating rent growth, whilst protecting residents

- Rents increase at RPI + 0.5% annually
- Apr 2023 increase voluntarily capped at 7% (contract 12.4%)⁴
- Apr 2024 increase of 9.4% in-line with earnings growth

FY 2023 key metrics	
Homes / Value	766 / £124mn
% leased or reserved ¹	100%
Like-for-like rent increases	+6.8%
Margin	94%
Unlevered net initial yield	3.4%
Average VP Value	£325,000 per home



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

1. £9mn is the commitment net of first

2. As at 4 December 2023, includes 1 home reserved but not yet occupied

3. For FY 2023

4. Effective 1 April 2023. ReSI reserves the right to increase future rent in accordance with the leases. The limit to the amount of rent we collect applies to 2023 rent increases only and ReSI reserves the right to increase future rent in accordance with the leases (including using a figure higher than 2023 rents, but no more than the uncapped FY 2023 rents as the basis for the next year's rent review). We will review the general economic environment ahead of any future rent increases

Retirement portfolio performance

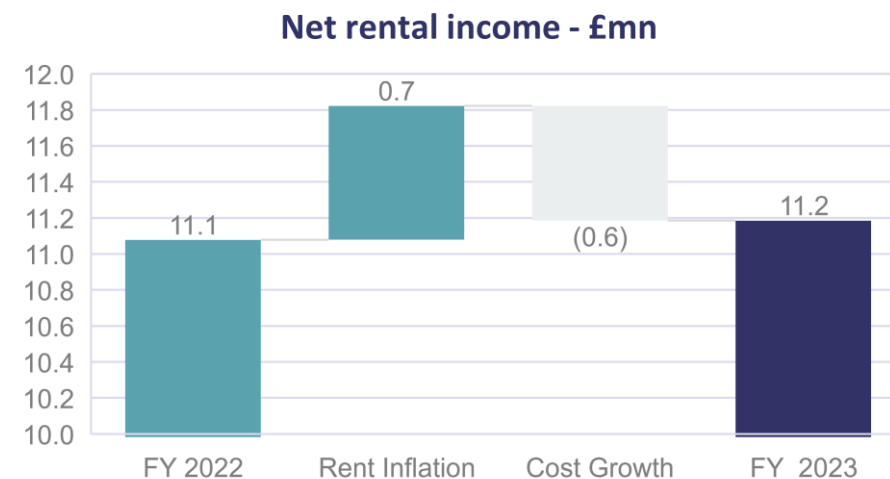
Top-line growth offset by cost pressure

- 6.0% like-for-like rent growth¹
- 96% occupancy² in September, up from 94% in year
- 99% rent collection¹
- Net income up 1% due to +13% YoY opex, driven by +45% energy cost

Key actions taken recently to drive future value

- Increasing technology in property management team
- Re-tendered maintenance contracts improving speed and quality
- 30% improving re-letting timing supporting occupancy growth
- Continuing to invest in energy efficiency, direct let now 98% EPC C

FY 2023 key metrics	
Homes / Value	2,240 / £201mn
Occupancy	96% ²
Like for like rent growth	+6.0%
Margin (excl. ground rent)	54%
Unlevered net initial yield	5.5%



1. For FY ending September 23

2. September 23

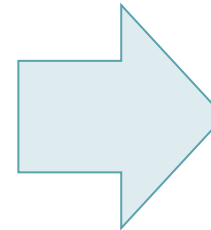
Retirement - driving future value

Active asset management of portfolio given strength of current market position and opportunity set

- Focused on rent growth given high occupancy achieved
- Planned bathroom and kitchen upgrades, with minimum 8% return on cash
- Introduction of self-serve technology
- Rationalise portfolio footprint to core areas to drive economies of scale and reduce leakage

homes per town:

- <7
- 7-14
- 13-21
- 21-28
- >28



Sustainable investment highlights

Social impact

THE
GOOD
ECONOMY

Saving on annual housing costs compared to alternative tenures

34% Shared owner vs.
outright owner

16% Shared owner
vs. renter

Customer surveys:
ReSI Housing²

77% Happy or not
dissatisfied with
ReSI's in-house
property manager³

73% Residents satisfied
that their home is
the same or better
value for money
than their previous
residence

Retirement

89% Happy or not
dissatisfied with
their property
manager

60% Retirement
residents have
experienced an
improvement in
their mental health

Past performance is not necessarily a guide to future performance.

1. Gresham House calculation
2. ReSI Housing is a Registered Provider of Social Housing
3. ReSI Property Management Limited (RPML)

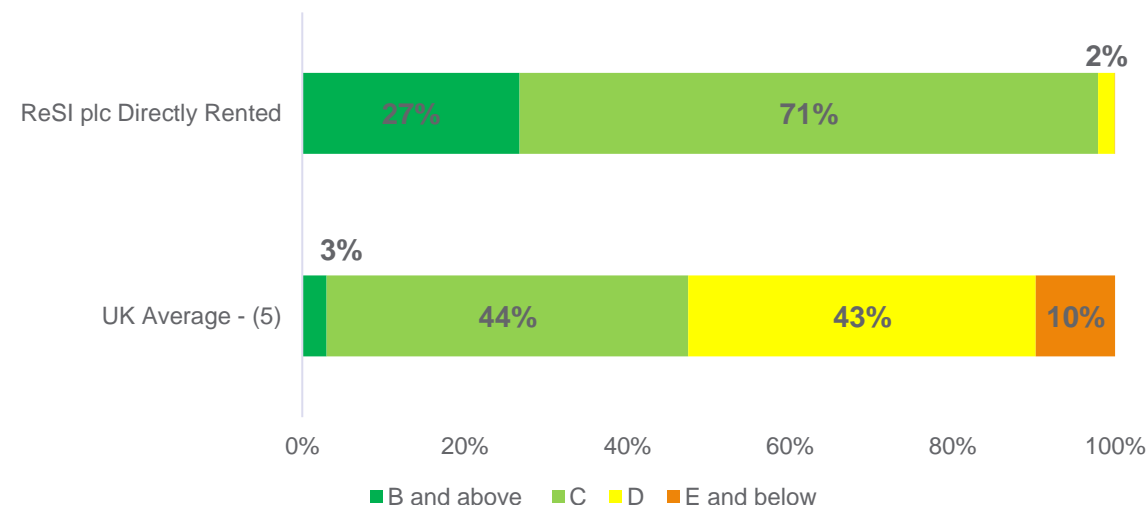
Environmental impact

KAMMA

£55 | 200kg CO₂

Monthly saving on energy
bills and carbon emission for
shared ownership residents⁴

EPCs ahead of wider market and improving



4. The Good Economy's assessment of the saving from the average EPC B home compared to EPC D. Financial saving scaled up for the October 2023 energy price cap
5. Average of all tenures. English Housing Survey: 2021 to 2022

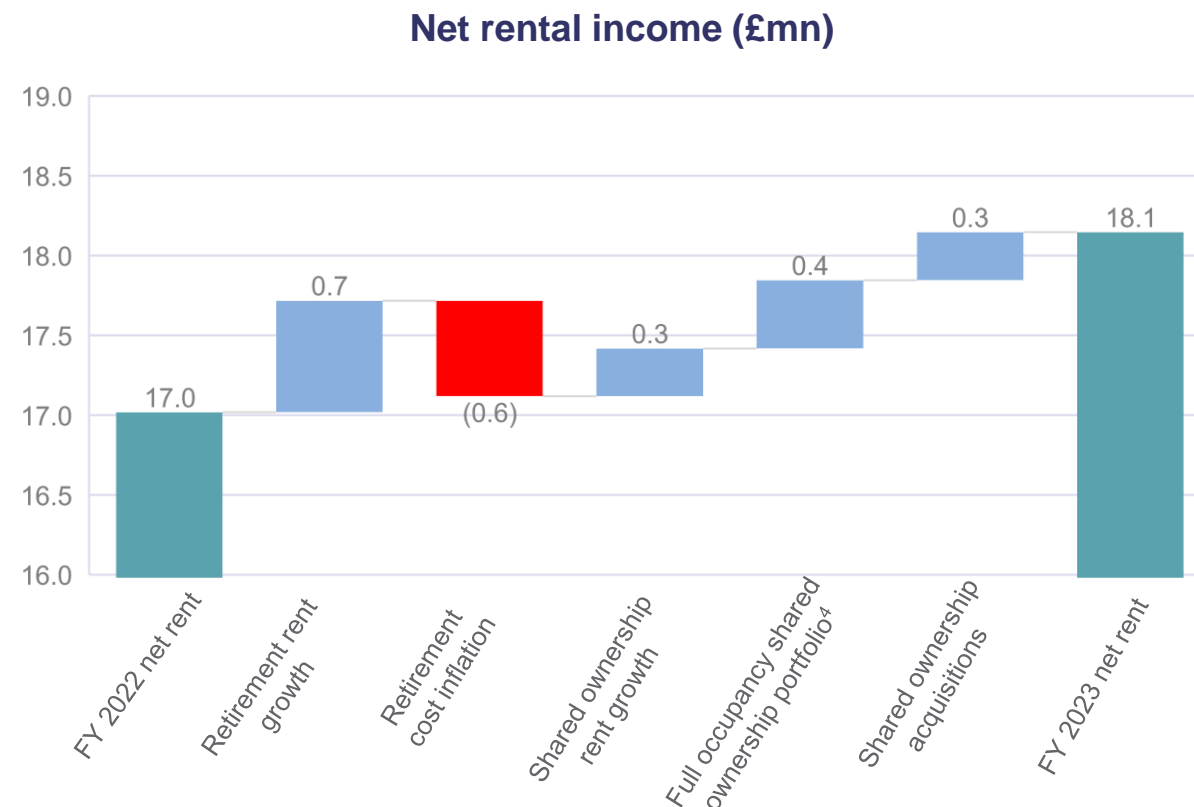


2023 financial results

FY 2023 income

Higher expenses and floating rate financing costs more than offset 9% growth in gross rental income

	2023	2022	Change
Gross rental income	£27.9mn	£25.7mn	+9%
Net rental income ¹	£18.1mn	£17.0mn	+6%
First tranche sales profits ²	£0.4mn	£0.5mn	-18%
Net finance costs ³	£(6.5)mn	£(5.6)mn	+16%
Management fees	£(1.9)mn	£(1.9)mn	-%
Overheads	£(1.5)mn	£(1.1)mn	+30%
EPRA Adjusted earnings	£8.7mn	£9.0mn	-3%
EPRA Adjusted earnings (p per share)	4.7p	5.0p	-6%
IFRS Adjusted EPS	(12.5)p	7.4p	-269%
Dividend cover	91%	97%	+10%
Share count	185.2mn	180.1mn	+3%



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

Source: ReSI plc Annual Report & Accounts 30 September 2023

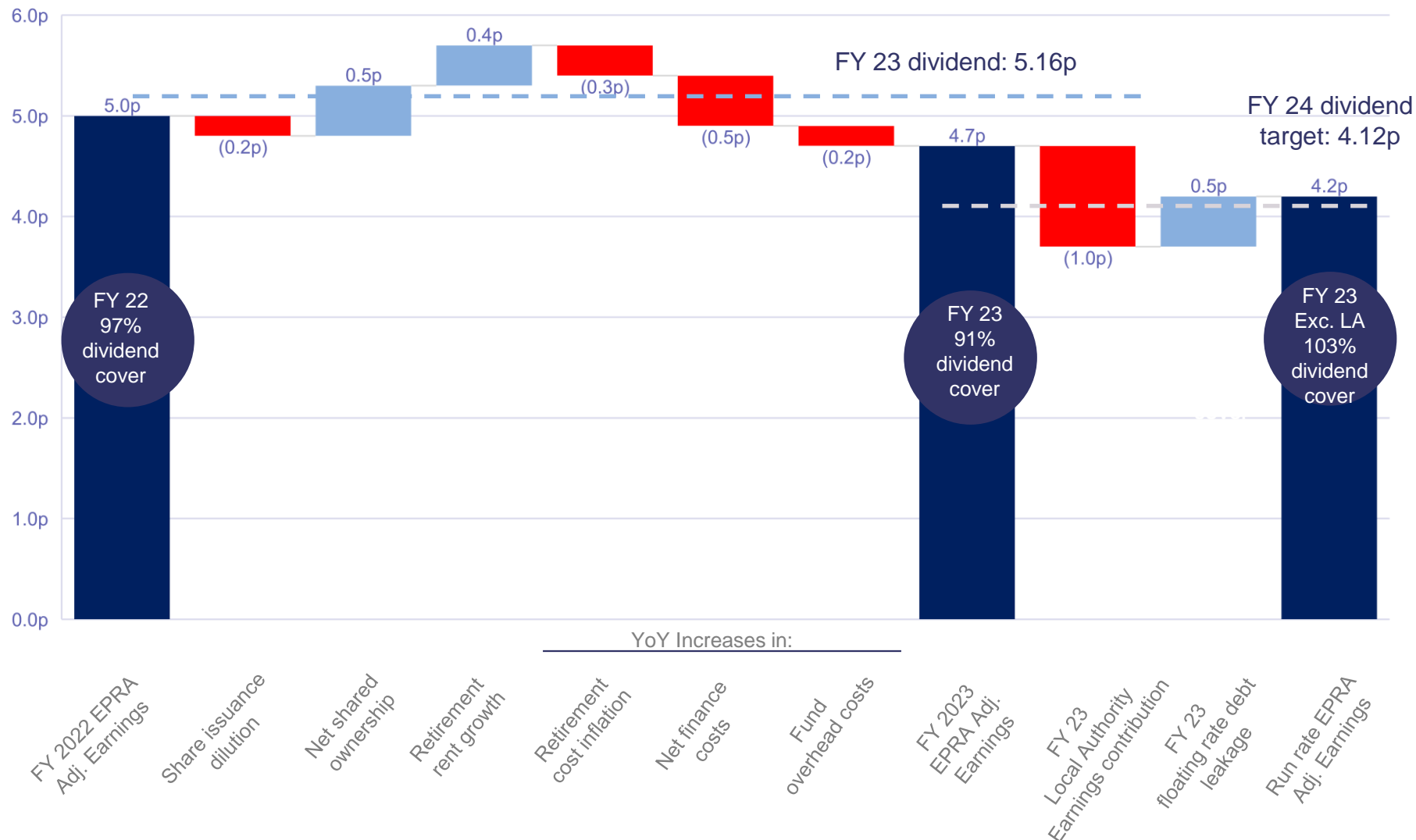
1. Net rental income represents gross rental income after deducting property operating expenses, including ground rent paid

2. First tranche sales profits will generate future shared ownership 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

Adjusted EPRA Earnings

Movement in adjusted EPRA Earnings (pence per share)



2023 dividend cover: 91%

Dividend cover reduced by 0.3p/6bps from higher:

- retirement energy costs
- floating rate debt costs
- fund overheads

FY 24 dividend target:

Rebasing to 4.12p

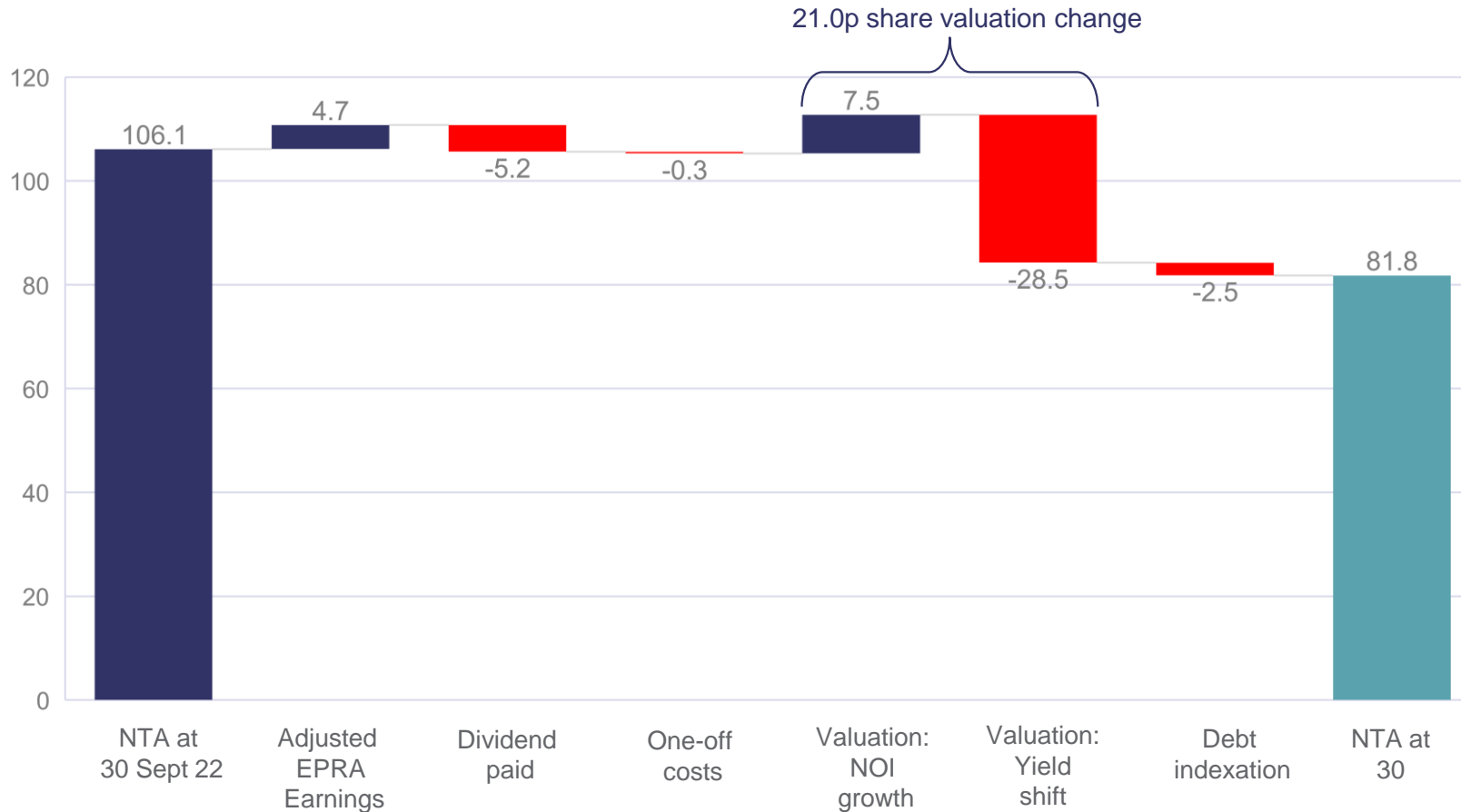
Allowing for full coverage and a progressive dividend policy

Underpinned by portfolio inflation linkage thereafter

Improved income quality by repaying floating rate debt (through LA portfolio sale)

European Real Estate Association Net Tangible Assets (EPRA NTA)

FY 2023 movement in NTA (pence per share)



FY 23 total return: (19.1)p

- £8.7mn/4.7p net income
 - 91% dividend cover
- 21.0p valuation decline
 - 10% like-for-like valuation decrease
 - Rent increases of 6.1%
 - c.80bps¹ average yield increase
- 2.5p debt indexation
- 0.3p of one-off costs

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

Source: FY 2023 Annual Report & Accounts. European Public Real estate Association's Net Tangible Assets (EPRA NTA)

1. Year on year increase in weighted average valuation yield to 5.2% (5.5% in retirement and 3.4% in shared ownership)

Management Fee amendment

Greater alignment of Fund Manager with shareholder interests

- Fund Manager offered and agreed with the Board to align management fee more closely with share price
- Effective 1 Jan 2024, fee levels will be set relative to average of market capitalisation¹ and Net Asset Value (NAV) - with a cap at NAV
- Based on the current share price discount to NAV of c.30%, this would result in a 15% reduction in the fee
- Fund Manager continuing to invest in team expansion, despite absolute reduction in management fee, to facilitate shareholder return accretion

Average of mkt cap ¹ and NAV ²	Fee
<= £250mn	1.0%
> £250mn - £500mn	0.9%
>£500mn to £1,000mn	0.8%
>£1,000mn	0.7%

Demonstrating our confidence that the share price discount to NAV will reduce in the future

1. "Market Capitalisation" for these purposes means the average over the previous quarter of the mid-market price for an ordinary share in the Company ("Ordinary Share"), as derived from closing mid-market price published in the Daily Official List of the London Stock Exchange for each trading day Business Day in the relevant quarter, multiplied by the number of Ordinary Shares in issue on the last Business Day of the relevant quarter, excluding any Ordinary Shares held by the Company in treasury for all or such part of the quarter in question.

2. The average of the Market Capitalisation and NAV, provided that, such amount shall not exceed the NAV in the relevant Quarter (the Composite value). Should the amount be greater the prevailing NAV, the fee will be capped at the relevant percentage of NAV, meaning no fee increase would result from ReSI PLC's shares trading at a premium to NAV. Before the amendment fee was in reference to NAV only.

Long investment-grade debt

21 years¹

Average debt maturity

51%¹

Fixed (3.5% coupon)

c.38%¹

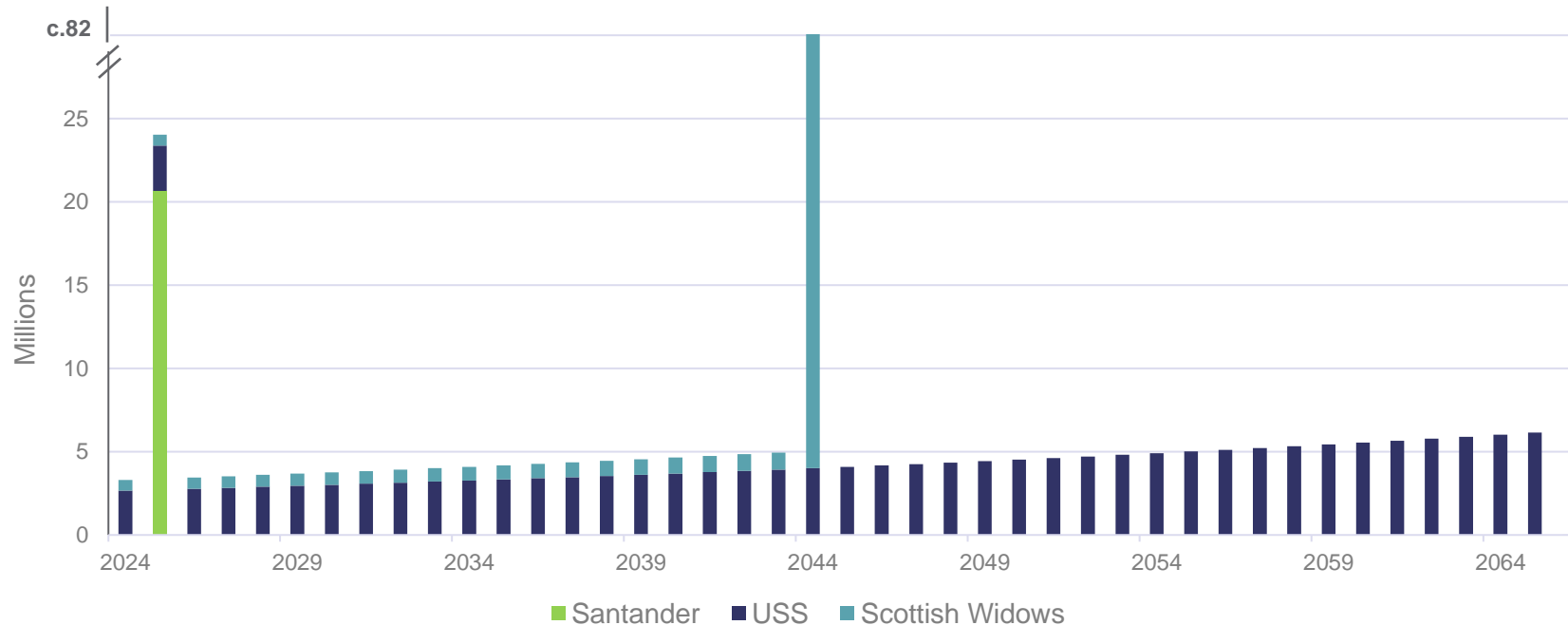
Inflation linked (5.5% cap)
(1.1% coupon)

50%

LTV (50% target)

44%²

Reversionary LTV



- c. £7mn of liquidity post near-term maturities³
- 89% fixed / inflation linked debt for a weighted average of 21 years¹
- Non-core asset sales expected to enable full repayment of floating rating debt
 - Leaving only long-term drawn debt (23 year average maturity)

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Source: ReSI plc Annual Report & Accounts 30 September 2023

1. 51% of ReSI's debt is fixed with 19 years average maturity and 3.5% blended coupon. 38% is index linked (measured at fair value) with 24 years average maturity and 1.1% coupon and principle increasing with RPI + 0.5% (with a 0.5% floor and 5.5% cap).

2. LTV on c.£423mn of portfolio vacant possession value, which represents a 22% uplift over the fair value of ReSI's portfolio as at 30 September 2023. Source: Gresham House and Savills, as at 30 September 2023.

3. Liquidity includes c.£4mn of revolving credit facility capacity and c.£3mn of unrestricted cash.

ReSI debt covenants

Aside from Santander LTV covenant, ReSI plc has ample room in debt covenants

	Loan covenants by portfolio - most recently reported covenants ¹		
Covenant	Shared Ownership / USS	Retirement / Scottish Widows	Total portfolio / Santander
Current debt balance ²	£69mn	£94mn	£21mn
LTV - Threshold	N/A	<58%	<55%
LTV - Reported	N/A	45%	51%
Value - Headroom (%)	N/A	24%	7%
Value - Headroom (£)	N/A	£50mn	£25mn
ICR / DSCR - Threshold	>0.95x	>2.0x	>1.5x
ICR / DSCR - Reported	6.4x	3.2x	3.0x
NOI - Headroom	85%	40%	31%

- Valuation yield could widen by a further c.40 bps (c.£25mn of headroom) before breaching Santander LTV covenant (c. 11% of total debt)
- Further valuation headroom via inflation linked rental growth
- Santander clean down in December 2024
- Advancing the sale of Local Authority to deleverage through repayment of floating rate debt

The information discussed on this slide are for information purposes and are subject to change. Assumptions are built into the models.

1. Based on most recent quarter of lender covenant reporting. The covenants presented do not represent a comprehensive set of debt covenants. This is not a performance forecast and there can be no guarantee that ReSI will continue to meet its debt covenants in the future.

2. As at 30 September 2023. USS debt balance shown at fair value, reflecting the impact of recurring quarterly indexation and movements in gilt yields and credit spreads.



Outlook

Summary & outlook

- Growing demand and structural undersupply underpin market
- Strong top-line growth in FY 23 curtailed by rising rates and cost pressure
- Wage/pension growth allow us to grow rents without impacting affordability
- Opportunity to drive value in retirement portfolio through active asset management
- Manager aligned to reduce discount to NAV
- Continue to review options for further disposals which support maximising shareholder value




ReSI has 2 strong platforms in growth markets that meet the two biggest problems in the UK housing market:

- Inability to access home ownership
- Growing elderly population and loneliness

Past performance is not necessarily a guide to future performance. Capital at risk. There can be no guarantee that ReSI plc's financial targets will be met.

Source: ReSI plc FY 2023 Annual Report & Accounts



Q&A

The background image shows a multi-story residential building with a mix of brick and red paneling. It has several windows with dark frames and a gabled roof. In the foreground, there are green bushes, a lawn with fallen leaves, and a large tree on the left. A semi-transparent blue overlay covers the entire image.

Appendices

Portfolio: valuation & returns

High-quality, affordable homes generating positive outcomes for residents

	Retirement	Shared ownership	Total ¹
Homes / Value	2,240 / £202mn ²	766 / £123mn ²	3,295 / £345mn ²
Unlevered net initial yield ³	5.5%	3.4%	5.2%
Levered net initial yield ⁴	7.1%	6.1%	7.0%
Inflation-linkage	RPI	RPI+0.5%	97%
Debt ⁵	£91.9mn	£69.3mn	£181.7mn
Loan-to-value	45%	52%	50%
Debt Coupon	3.5% (fixed)	1.1% ⁶ (inflation-linked)	
Maturity	2043 (amortising)	2065 (amortising)	Average 2044
Avg. Vacant Possession Value	c.£110,000 per home	c.£325,000 per home ⁷	
Avg. Building Age (years)	c.35 ⁸	c.19	c.31
Avg. rent / unit ²	c.£854	c.£483 ⁹	c.£744
Occupancy	96%	100% ¹⁰	
Rent collection	99%	100%	99%
Avg. stay / lease length ¹¹	5 years	243 years	



Homechase House,
Southport



Laureate Fields,
Felixstowe

Past performance is not necessarily a guide to future performance. Capital at risk. Source: ReSI plc fact sheet as at 30 September 2023

1. ReSI plc's 289-home local authority portfolio is not shown in detail but is included in the total figures
2. Figures as at 30 September 2023. Avg. rent / unit represents average rent per unit for tenanted stock.
3. Based on annualised Net Operating Income over fair value at September 2023
4. Debt / Equity split is as per IFRS balance sheet, with properties held at fair value at September 2023, and debt at amortised cost
5. Represents book value of debt.

6. 1.1% coupon and principle increasing with RPI + 0.5% (with a 0.5% floor and 5.5% cap)
7. Value shown at ReSI plc's ownership percentage (c.63%).
8. Retirement average building age excludes licensed house-managed units.
9. Average rent per unit shown at ReSI's ownership percentage
10. Includes 1 home reserved as at 4 December 2023
11. Assumes no staircasing

ReSI performance vs. peers and gilts

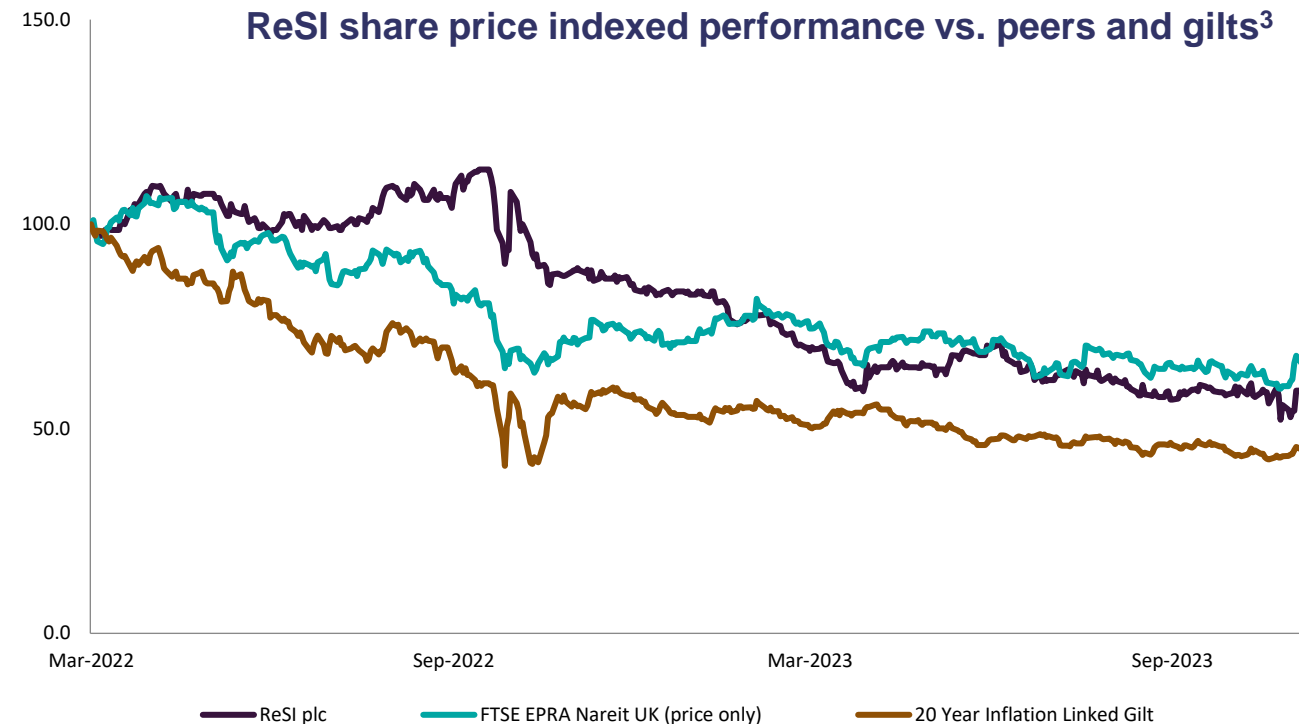
The recent changes in macroeconomic environment have impacted valuations and share price performance for ReSI and the wider REIT sector which is trading at a discount to NAV on average

ReSI vs. Peer Group¹

	Share Price (PPS)	Prem / (Disc) to NAV ¹
RESI	57.4	-36%
UK REIT Sector		-28%

Investing in ReSI vs. Gilts²

	ReSI		20-YR Index-linked gilt
	Share Price	NTA	
Price Performance	-43%	-16%	-55%
Total Return	-38%	-10%	-55%



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

Sources: Public filings, Refinitiv, Bloomberg and Peel Hunt, as at December 2023

1. Premium / (Discount) figures represent share price premium or discount to most recently reported NAV. ReSI's 37% discount is based on 91.1 NAV as at 30 September 2023 and share price as at 01 December 2023.

2. Assumptions: Investment made on 1 Mar 2022, and sold on 30 November 2023. Total returns reflect dividend distributions.

Rising cost of living - the impact on our residents

Costs for our residents increasing at a slower rate when compared to alternative open market tenures

Retirement

- 6% rent cap is:
 - Below average private rental increase of 11%¹
 - Below increase in state pension of 8%
- Efficient homes will save residents 14% on energy bills compared to average UK property²
- Total cost increase 47% less than equivalent private rental property⁴

		2022	2023	Increase	%
ReSI Retirement resident	Rent	10,200	10,812	612	6%
	Energy Bills ³	1,704	1,586	-118	-7%
	Total	11,904	12,398	494	4%
Equivalent average private rental property	Rent	10,200	11,271	1,071	11%
	Energy Bills	1,971	1,834	-137	-7%
	Total	12,171	13,105	934	8%

1. Rental Market Report , Zoopla – September 2023

2. The Good Economy's assessment of the saving from the average EPC C home compared to EPC D. Financial saving scaled up for the October 2023 energy price cap

3. 2022 energy bills as of March 2022 price cap. 2023 energy bills as of October 2023 price cap

4. 47% lower cost increase = (£934 average - £494 retirement) / £494 (as per table)

Table assumptions: Rent £850pcm; Retirement rent increase 6%; Retirement efficiency EPC C; average private rental efficiency EPC D,

Rising cost of living: the impact on our residents

Costs for our residents increasing at a slower rate when compared to alternative open market tenures

Shared ownership

- 2023 shared ownership rent increase capped at 7%, below average private rental sector growth of 11%¹
- Shared owners are less exposed to rising mortgage rates than outright owners when refinancing
- Efficient homes will save residents £55 per month on energy bills compared to average UK property²

		2022	2023	Increase	%
Typical ReSI Shared ownership resident refinancing at today's rates	Rent and service charge	7,688	8,226	538	7%
	Mortgage costs	3,579	4,644	1,066	30%
	Energy bills	1,261	1,173	-88	-7%
	Total	12,527	14,043	1,516	12%
Typical ReSI Shared Ownership resident with fixed rate mortgage	Rent and service charge	7,688	8,226	538	7%
	Mortgage costs	3,579	3,579	-00	0%
	Energy bills	1,261	1,173	-88	-7%
	Total	12,527	12,978	450	4%
Average UK outright owner	Mortgage costs	14,315	18,577	4,263	30%
	Energy bills	1,971	1,834	-137	-7%
	Total	16,286	20,411	4,126	25%
Average UK rental accommodation	Housing costs	14,700	16,244	1,544	11%
	Energy bills	1,971	1,834	-137	-7%
	Total	16,671	18,078	1,407	8%

1. Rental Market Report , Zoopla – September 2023

2. Calculated by scaling up The Good Economy's estimate of the saving from an EPC B property compared to EPC D, at the April 2023 price cap level of £3,000 per year

Table assumptions: OMV £300k; First Tranche Sale 25%; Deposit 10%; Mortgage term: 30 years; initial interest 3.3%; refinanced interest 5.5%; Rents: 2.75%; Service charge: £1,500 p.a; shared ownership efficiency EPC B; average private rental efficiency EPC D; rental yield: 4.9%; outright owner mortgage LTV: 90%. 2022 energy bills as of March 2022 price cap. 2023 energy bills as of October 2023 price cap

EPRA performance measures

	30 Sept 2023	30 Sept 2022
EPRA NDV per share (pence) 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	105.5p	121.8p
EPRA Net Initial Yield (NIY)¹ 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	5.2%	4.1%
ERPA 'Topped-Up' NIY 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)	5.2%	4.1%
ERPA vacancy rate Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	3.5%	5%
EPRA cost ratio including direct vacancy costs² Administrative and operating costs (including costs of direct vacancy) divided by gross rental income	39%	36%
EPRA cost ratio excluding direct vacancy costs² Administrative and operating costs (excluding costs of direct vacancy) divided by gross rental income	36%	34%

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

Source: ReSI plc Annual Report & Accounts FY 2023

1. In accordance with the EPRA Best Practice Recommendations, EPRA NIY is based on net passing cash rental. 2. In accordance with the EPRA Best Practice Recommendations, EPRA Costs should exclude service charges recovered through rents but not separately invoiced and include all property operating expenses.

EPRA reconciliation to IFRS profit

	FY 2023 (£'000)	FY 2022 (£'000)	Variance
Operating profit before property disposals and change in fair value	14,710	14,306	3%
Finance costs (excluding one-off debt arrangement costs)	(6,500)	(5,588)	16%
Non-recurring set up costs	464	234	98%
EPRA adjusted earnings	8,674	8,952	-3%
One-off debt arrangement / set-up costs	(155)	(369)	-58%
Non-recurring set up costs	(191)	(233)	-18%
Abortive acquisition costs	(273)	0	
Loss on disposal of investment properties	(11)	(24)	-54%
Change in fair value of properties	(38,944)	3,200	-1317.0%
Change in fair value of borrowings	7,747	1,809	328%
IFRS profit before taxation	(23,153)	13,334	-274%
Adjusted earnings per share (pence)	4.7 p	5.0p	-6%

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Source: ReSI plc Annual Report & Accounts 30 September 2023

Statement of financial position

	30 Sept. 2023 £'000s	30 Sept. 2022 £'000s	Variance
Total investments	345,138	374,785	-8%
Inventories - properties available for sale	431	1,203	-64%
Cash and cash equivalents	8,805	15,984	-45%
Borrowings – amortised cost	(199,039)	(194,701)	2%
Other	(3,882)	(786)	393%
EPRA NTA¹	151,453	196,486	-23%
Fair value of financial instruments and fixed int. rate debt	43,851	28,970	51%
EPRA Net Disposal Value (NDV)	195,303	225,456	-13%
Revaluation of trading properties and fair value of fixed interest rate debt	(26,624)	(24,067)	11%
IFRS NAV	168,679	201,389	-16%
Reversionary Surplus (excluded from NTA)	77,509	47,971	62%
<i>IFRS NAV per share (pence)</i>	91.1	108.8	-16%
<i>EPRA NTA per share (pence)</i>	81.8	106.1	-23%
<i>EPRA NDV per share (pence)</i>	96.0	121.8	-21%
<i>Reversionary surplus per share (pence)</i>	41.9	25.9	62%

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Source: ReSI plc Annual Report & Accounts FY 2023

1. The Group has elected to carry USS debt at fair value through profit and loss. In accordance with the EPRA Best Practice Recommendations, EPRA NTA should reflect the amortised cost of the debt rather than its fair value.

RISK WARNINGS

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Capital at risk.

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