

# Residential Secure Income plc

30 September 2023

## 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.

## Annual Results and outlook

### Key financial metrics

- 6.1% like-for-like rent growth
- EPRA adjusted earnings<sup>4</sup> of £8.7 million (FY 22: £9.0 million) with strong rent growth offset by higher retirement portfolio energy costs, increased floating rate debt costs and higher fund opex
- EPRA Net Tangible Assets ("NTA") total return of (18.0)% (FY 22: 3.3%) to give 81.8p per share NTA
- Total dividends paid of 5.16p per share (FY 22: 5.16p)
- Management fee reduction to more closely align with shareholder interests: from 1st Jan 2024, fee will be based on average of NAV and share price, instead of solely based on NAV

### Strong rental growth and record occupancy - solid rent collection maintained

- Rent collection of over 99% (FY 22: 99%)
- Shared ownership portfolio now fully occupied
- Record 96% occupancy in retirement at 30 September 2023

### Valuation impacted by macroeconomic environment

- (10%) decrease in like-for-like investment property values, representing (21.0)p
  - 28.5p decrease due to 80 basis point outward yield shift, partially offset by
  - 7.5p increase from inflation-linked rent reviews

### Delivering high-quality, energy efficient, well-managed homes

- 98% of directly rented properties now EPC rated A-C (FY 22: 96%) following upgrades during the year
- Rent caps voluntarily implemented to balance returns with affordability for our residents
- Almost 90% satisfaction levels with our inhouse property management team<sup>5</sup>

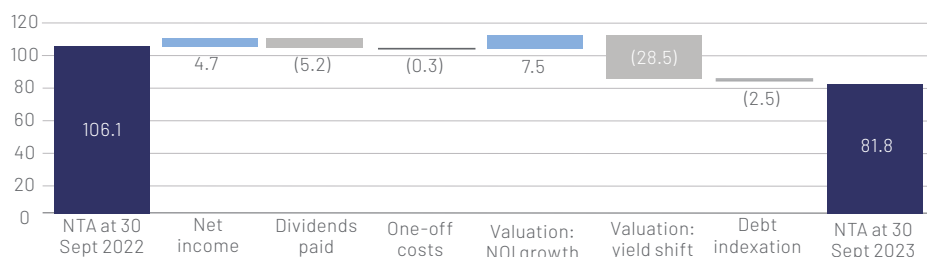
### Resilient balance sheet with long-term and low-cost debt

- 21-year average debt maturity
- 51% fixed with a 19-years average maturity and 3.5% blended coupon; 38% index linked with 25-years average maturity and 1.1% blended coupon and principal increases with RPI+0.5% (with a 0.5% floor and 5.5% cap)
- Loan-to-value ratio of 50% (43% at vacant possession value)

### Outlook

- Dividend target rebased to 4.12p per share for the year ended 30 September 2024, with focus on growth of covered dividend and portfolio value
- 97% inflation linked-rents provides a strong platform for future growth
- Asset management optimisation to drive retirement portfolio operational improvements
- Divestment of non-core assets which are under offer to remove floating rate debt and strengthen the balance sheet, leaving only long-term fixed and inflation-linked debt

## EPRA NTA (p per share)



## IFRS NAV (p per share)



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

## Investment team



**Mike Adams**

Managing Director, Real Estate



**Ben Fry**

Fund Manager



**Sandeep Patel**

Finance Director

## Fund information

LEI LAR763213800D24WA531

Ticker RESI

ISIN GB00BYSX1508

Launch date 12 July 2017

## Key facts as at 30 September 2023

Homes owned 3,295

Gross valuation £345mn

Dividend target FY 24: 4.12p<sup>1</sup>

Dividend yield (share price)<sup>2</sup> 6.3%

Ongoing charges (annualised)<sup>3</sup> 1.4%

Share price 65.4p<sup>2</sup>

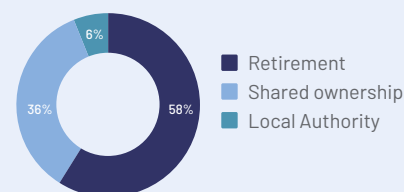
Market capitalisation £121.1mn<sup>2</sup>

Discount to NTA<sup>3</sup> 20%

EPRA NTA per share 81.8p

IFRS NAV per share 91.1p

## Asset type



Source: Gresham House (at 30 September 2023)

EPRA - European Public Real Estate Association  
IFRS - International Financial Reporting Standards

- These are targets only and not profit forecasts
- Based on Share Price as at 27 November 2023
- Based on the EPRA NTA per share of 81.8p and Share Price as at 27 November 2023
- EPRA adjusted earnings is EPRA earnings adjusted for income and costs which are not recurring and is equivalent to IFRS profit after tax, before one-offs and valuation adjustments
- Source: ReSI Housing Customer Survey

Why ReSI plc?

ReSI plc delivers 97% inflation-linked income, generated from affordable and secure rents<sup>6</sup> and supported by strong market drivers in shared ownership housing and independent retirement living.<sup>7</sup>

Secure long-term inflation-linked income<sup>6</sup>  
Dividends paid quarterly

ReSI plc’s business model is:

Supported by:




**Strong market drivers<sup>7</sup>**  
Ageing population, declining home affordability, supportive Government policy

Creating:




**Measurable impact**  
Providing affordable high-quality, energy efficient homes for life, and addressing elderly loneliness

Executed by:




**Expert manager**  
c.60-person housing team with over 20-year track record in UK housing


ReSI plc’s income is:



**Diverse**  
3,295 households diversified across ages and stages of life



**Asset-backed**  
Underpinned by c.£423mn home value with 23% uplift from reversionary surplus<sup>8</sup>  
Subsidised shared ownership rents secured by homebuyers’ stake



**Affordable**  
Low retirement rents (in line with Local Housing Allowance) paid from pensions and welfare  
c.£15mn Government grant supports subsidised rents for shared ownership<sup>9</sup>

ReSI plc’s portfolio focus

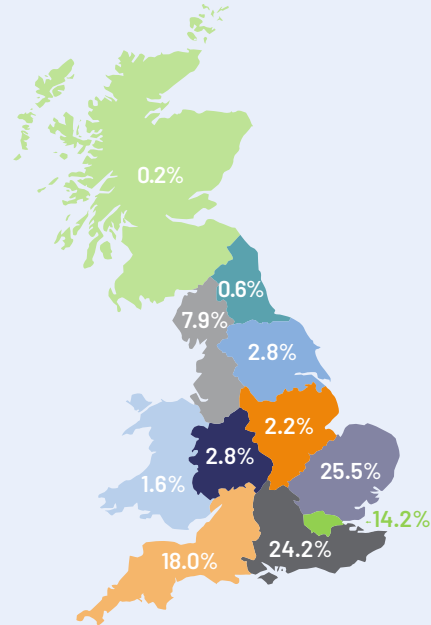
	Independent retirement living housing (£202mn GAV   2,240 homes   58% of portfolio)	Shared ownership housing (£123mn GAV   766 homes   36% of portfolio)
Driver	Growing and increasingly lonely older population	Huge untapped demand for affordable home ownership
Summary	Let to elderly residents with affordable rents and assured tenancies  Provides fit-for purpose homes for retired people, allowing them to maintain their independence without care provision	Homebuyers acquire a share in a residential property and rent the remainder  Helps house buyers acquire homes they would otherwise be unable to buy  Capital grant funding from government drives a c.30% living-cost discount compared to market level rents
Rent growth	Increase with RPI each year, generally capped at 6.0%	Increase contractually by RPI+ 0.5% each year
Secure income <sup>6</sup>	Rent income paid from pensions and welfare	Subsidised rents c.30% below market Homebuyer equity stake
ReSI plc advantages	Scale: UK’s largest private independent retirement rentals business  Specialist in-house 40-person team with over 20-year track record	ReSI Housing, a for-profit Registered Provider of Social Housing  Investment Partner of Homes England and the Greater London Authority for delivery of new affordable housing

6. ReSI plc has maintained c.99% rent collection since January 2020. 100% rent collection is not guaranteed  
7. For further information regarding market drivers, please refer to the Market Drivers section in Residential Secure Income plc’s Annual Report & Accounts 2023  
8. ReSI plc financials, as at 30 September 2023  
9. Grant policy for future acquisitions maybe subject to change

Contact details

T: (0)207 382 0900  
E: [resiplc@greshamhouse.com](mailto:resiplc@greshamhouse.com)  
[www.resi-reit.com](http://www.resi-reit.com) • [www.greshamhouse.com](http://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

January 2023 1.29p  
March 2023 1.29p  
July 2023 1.29p  
September 2023 (declared) 1.03p

Service providers

**Fund manager:** Gresham House Asset Management  
**Administrator:** MGR Weston Kay  
**Registrar:** Computershare  
**Auditor:** BDO LLP  
**Company secretary:** Computershare  
**Corporate broker:** Peel Hunt  
**Depository:** Indos Financial  
**Legal adviser:** Cadwalader, Wickersham & Taft LLP  
**Tax adviser:** Evelyn Partners Group Limited  
**PR:** KL Communications  
**Valuers:** Savills

Income is backed by secure tenancy but is not guaranteed.  
The opinion expressed is that of the investment management team at the time of writing and is subject to change.

**Disclaimer:** This document has been approved as a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000 by Gresham House Asset Management Limited (GHAM) of 5 New Street Square, London, England, EC4A 3TW. GHAM is registered and authorised in England and regulated by the UK Financial Conduct Authority (682776). 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. Investors in the Company are expected to be institutional, highly knowledgeable investors or professionally advised investors who are capable of evaluating the risks of such an investment. It is important to remember that past performance is not a guide to future performance. For a full list of risks, please read the Prospectus and KIID. 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. Please contact a member of the Gresham House team if you wish to discuss your investment or provide feedback on this presentation. Gresham House is committed to meeting the needs and expectations of all stakeholders and welcomes any suggestions to improve its service delivery. [www.greshamhouse.com](http://www.greshamhouse.com)