Since 1857
Gresham House
Specialist asset management

Residential Secure Income plc

2021 Annual Report & Accounts

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

Our purpose is to deliver affordable, high quality, safe homes with great customer service and long-term stability of tenure for residents. We achieve 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.

Ashdown Gate, West Sussex

Portfolio Snapshot

WE INVEST IN UK AFFORDABLE HOMES TO DELIVER SECURE INFLATION LINKED INCOME

3,051
HOMES

30 September 2020: 2,708

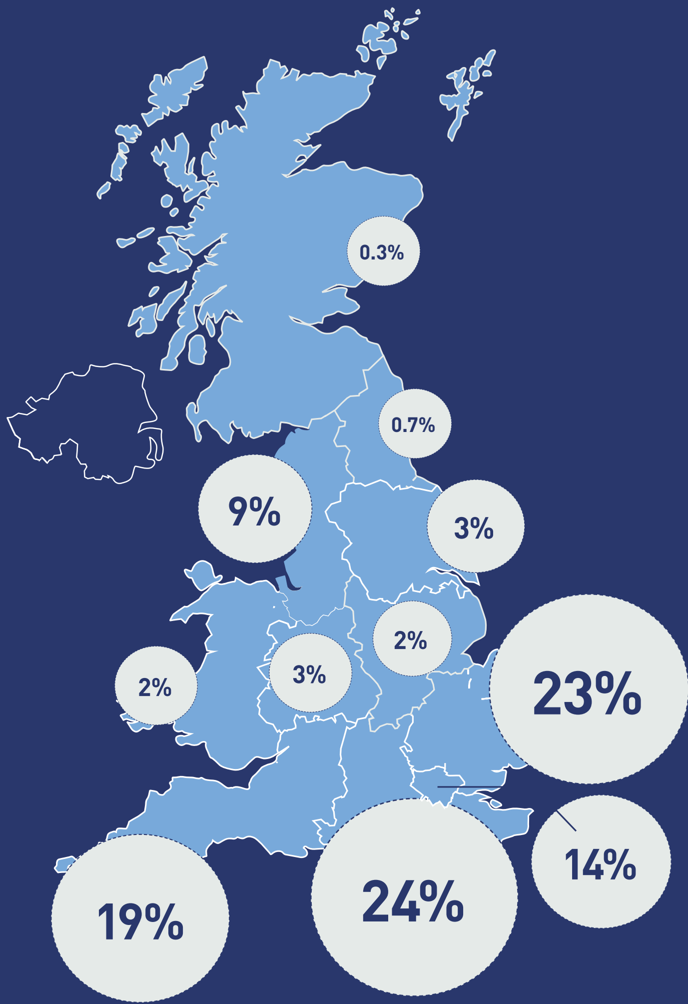
793
UNIQUE UK PROPERTY LOCATIONS

30 September 2020: 669

£351m
VALUE OF INVESTMENT PROPERTY*

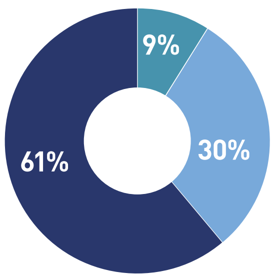
INCLUDING £10M COMMITTED ACQUISITIONS

30 September 2020: £302m



PORTFOLIO SPLIT

BY VALUATION



£215m	Independent Retirement Rentals
£105m*	Shared Ownership
£31m	Local Authority

*Including £10m committed acquisitions

NET RENTAL INCOME
for the year to 30 September 2021
£13.2m

Year to 30 September 2020: £11.3m
See note 6 on page 107

ANNUALISED NET RENTAL YIELD*
at 30 September 2021
4.9%

30 September 2020: 4.7%
See note 38 on page 124

2,356
NUMBER OF COUNTERPARTIES
30 September 2020: 2,113

Comparatives: Unless otherwise stated, comparative metrics are reported against 30 September 2020.

* Alternative performance measure

Our Portfolio Focus

RESI has a diversified secure inflation-linked income streams from residential sub-sectors with strong supply and demand imbalances and supportive property fundamentals.

	INDEPENDENT RETIREMENT LIVING HOUSING (£215M GAV / 2,218 HOMES / 61% OF PORTFOLIO)	SHARED OWNERSHIP HOUSING (£105M GAV[1] / 544 HOMES / 30% OF PORTFOLIO)
Driver	Booming 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	Home buyers acquire from ReSI 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 allows rent to be c.30% below market levels
Rent Growth	Increase with RPI each year	Increase contractually by RPI+ 0.5% each year
Secure Income	Secure rental income paid from pensions and welfare	Subsidised rents c.30% below market Home-buyer equity stake
ReSI Origination Advantages	Scale: UK's largest private independent retirement rentals business Specialist in-house 30-person team with over 20-year track record	ReSI Housing – for-profit Registered Provider of Social Housing Unique 45-year, 0.5% coupon, RPI linked USS debt facility providing 300bps yield pick-up
Net Yield	5.3%	3.4%
Levered Yield	6.9%	7.1%
Average customer stay / length of lease*	6 years	227 years
Annualised like for like rental growth	1.5%	2.2%
Occupancy	94%	100%[2]
Rent Collection	99%	100%

*Assuming no staircasing

1 Including committed acquisitions

2 Includes 14 homes reserved

Financial Highlights

as at 30 September 2021

INCOME

IFRS ADJUSTED EARNINGS PER SHARE*

EPRA ADJUSTED EARNINGS PER SHARE

4.2p

Year ended 30 September 2020: 2.9p
See note 15 on page 110

TOTAL RETURN* (ON OPENING NTA)

7.5%

Year ended 30 September 2020: -0.1%
See note 38 on page 124

TOTAL IFRS RETURN (ON OPENING NAV)

6.2%

Year ended 30 September 2020: 1.3%
See note 38 on page 124

£7.1m/+42%

RECURRING PROFIT*

BEFORE CHANGE IN FAIR VALUE AND PROPERTY DISPOSALS

Year ended 30 September 2020: £5.0m
See note 15 on page 110

IFRS EARNINGS PER SHARE

6.6p

Year ended 30 September 2020: 1.4p
See note 15 on page 110

DIVIDEND PER SHARE

5.0p

Year ended 30 September 2020: 5.0p

CAPITAL

106.6p/+1.5%

IFRS NAV NET ASSET VALUE **PER SHARE**

30 September 2020: 105.0p
See Note 33 on page 120

£107.9p/+2.7%

EPRA NTA* NET TANGIBLE ASSETS **PER SHARE**

30 September 2020: 105.1p
See Note 33 on page 120

£351m VALUE OF INVESTMENT PROPERTY*

including £10m committed acquisitions

30 September 2020: £302m
See Note 17 on page 111

2.4% (4.1m shares)

Of the total number of shares held by the Fund Manager, current and founder directors of the Fund Manager, and directors of ReSI plc as at the date of this report

(30 September 2020: 1.9% or 3.3m shares)

46% LOAN TO VALUE RATIO (LTV)

30 September 2020: 42%
See Note 37 on page 123

22 Years WEIGHTED AVERAGE REMAINING LIFE OF DEBT

30 September 2020: 23 years

2.3% WEIGHTED AVERAGE COST OF DEBT

(30 September 2020: 2.6%)

* Alternative performance measure

Chairman's Statement

Occupation of our shared ownership portfolio and reduction in retirement voids, fully deploying our leveraged capital, has driven the growth seen in ReSI's underlying financial results for the year, resulting in full dividend coverage in Q4, three months ahead of target.

Rob Whiteman CBE
Chairman

Summary

These full year results to 30 September 2021, show ReSI achieve, three months ahead of schedule, our key objective of reaching full income generation and dividend cover by the end of the financial year. The income growth in the year has been driven by reaching almost entirely full occupancy in our existing shared ownership portfolio, fully deploying our leveraged capital, and reducing voids within our retirement portfolio back to pre-COVID 19 levels. We have made this progress during the ongoing pandemic restrictions and uncertain economic climate, highlighting the importance of good quality, fit for purpose, affordable housing. ReSI's social value is demonstrated by extending affordable housing to under-served segments of the housing market: providing affordable housing to retirees to live with peers and avoid loneliness; providing high quality and spacious affordable home ownership to lower and middle-income households through shared ownership; and by providing accommodation for those who would otherwise be homeless.

ReSI's portfolio is defensive, positioned to weather economic stress. Unlike many areas of the real estate sector, our cashflows have remained secure, and rent collection has remained firm through the COVID-19 crisis, maintained at 99% rent collected due during the year, in line with performance during normal economic conditions.

Demand for our high-quality affordable accommodation continues to be strong, whether in our existing portfolio or newly acquired homes. Our shared ownership portfolio is, as at the date of this report, almost 100% occupied, stabilised and de-risked, whilst voids in our established retirement portfolio are now below their pre-COVID average of around 7%.

The transfer of the retirement property management contract from Girlings to a subsidiary of the Fund Manager, completed in July 2021, has progressed very well with portfolio performance improving as evidenced in the void figures. This change is expected to drive further cost efficiencies and operational improvements over the next twelve months.

We aim to be a best-in-class provider of affordable housing and drive an improvement in standards across the sector. In shared ownership the Fund Manager has unique Customer and Environmental Charters setting out commitments to our residents and stakeholders, and we continue to invest in improving the energy efficiency of our retirement portfolio and investing in technology to make the lives of our residents easier. During the current year ReSI has focused on the least energy efficient homes within its portfolio and has at the date of this report upgraded 100% of directly rented retirement homes to a minimum EPC of D, above the current government minimum of E. The focus now turns to upgrading our D rated directly rented properties to at least a C by 2025, as part of the ReSI's road to net zero plan.

Chairman's Statement

Net Asset Value and Results

The occupation of our shared ownership portfolio and reduction in retirement voids has driven the growth seen in ReSI's underlying financial results for the year, resulting in full dividend coverage in Q4, three months ahead of target.

ReSI's rigorous and disciplined approach to selecting and managing investments delivered a total EPRA NTA return of 7.8 pence per share (7.5%) during the financial year. After paying a dividend of 5 pence per share, the EPRA NTA per share increased 3% to 107.9p during the year to 30 September 2021. The portfolio produced £7.1m of recurring profit before change in fair value and property disposals, up 42% from £5.0m last year. The portfolio's valuation, assessed by Savills, rose £8.4m or 2.5% on a like-for-like fair value basis, to £351m[1].

IFRS total returns for the year were 6.6 pence per share (6.2%), leading to an increase in the IFRS NAV by 1.5% to 106.6 pence after paying out the 5 pence dividend. The difference to EPRA NTA returns is caused by an increase in the fair value of debt and trading properties of 1.4 pence (£2.3m).

1 including £10m committed acquisitions

EPRA adjusted earnings per share were 4.2p (2020: 2.9p), in line with the adjusted IFRS earnings per share of 4.2p (2020: 2.9p) (See Note 15). A full summary of ReSI's performance and a breakdown of our returns is included in the performance section of the Fund Manager's Report.

Deployment and Dividend Outlook

During the financial year ReSI reached full deployment of funds raised at IPO and leverage at our target ratio of 50%, with a £351m portfolio comprising of 3,051 homes, following approximately £40m of shared ownership acquisitions; £19m of which were acquired in March 2021 and were immediately income-generating. This included 68 homes from existing partner Metropolitan Thames Valley Housing and 275 homes from new partners, Orbit and Brick-by-Brick – a subsidiary of Croydon Council.

Dividends totalling 5 pence per share were declared for the year, comprising equal quarterly dividends of 1.25 pence, in line with our IPO target of 5 pence per share per annum.

Bower House, Cheshire

Chairman's Statement

Reflecting the inflation linkage of the portfolio and that ReSI is now fully deployed with its portfolio stabilised and fully income generating, the dividend target for the next financial year has been increased in line with September CPI of 3.1% resulting in a new annual dividend target of 5.16 pence per Ordinary Share for the year to September 2022.

Outlook

ReSI is now positioned to deliver long term inflation linked dividends and capital growth.

ReSI has built a platform of resilient cash-generative assets and long-term debt which, when paired with the robust governance from its for-profit Registered Provider and Gresham House's investment processes and substantial partnerships, will provide a strong basis for growth moving forward.

The UK's structural housing shortfall continues and most of the population lives in areas where home purchase is unaffordable. These twin factors drive the fundamental need for new, long-term investment into this sector. The government continues to support Homes England's Affordable Homes Programme, with total funding of £12.2 billion for new affordable housing over 5 years. However, housing associations, the traditional investors, need to invest huge sums into their existing stock to ensure safety and energy efficiency, which reduces their ability to provide new affordable homes. We remain excited by the opportunity to help housing associations recycle their capital with developers to deliver new affordable homes, helping to meet the critical shortage of affordable homes for independent retirement living and home ownership and in turn delivering inflation-linked income to our investors.

The Board is grateful for the support of ReSI's shareholders and the contribution of its advisers.

Rob Whiteman
Chairman
Residential Secure Income plc
30 November 2021

Auckland Rise, South London

Ashdown Gate, West Sussex

Flora Court, South London

Investment Case

Why invest in housing?

Bower House, Cheshire

- Stable, long term, inflation - linked rents
- Supply/demand imbalance from historic undersupply
  – 2m shortfall in homes delivered [1]
- Incredibly diversified income stream from thousands of homes and residents
- Reducing development appetite from peers
  – 94% of affordable housing delivered by not-for-profits [2]
- Nationwide shortage of affordable home ownership and independent retirement housing

Why us

Poplar Court, Lancashire

- 20-year track record financing and advising social housing
- Wholly owned Registered Provider of social housing, ReSI Housing
- Investment Partner of Homes England and Greater London Authority
- Unique proprietary Customer and Environmental Charters maximises social impact
- 30-strong Fund Manager's in-house property management business provides services to fund at cost
- Long-term investment grade equivalent debt
  – Average 22 year maturity, unique £300m facility with 0.5% coupon

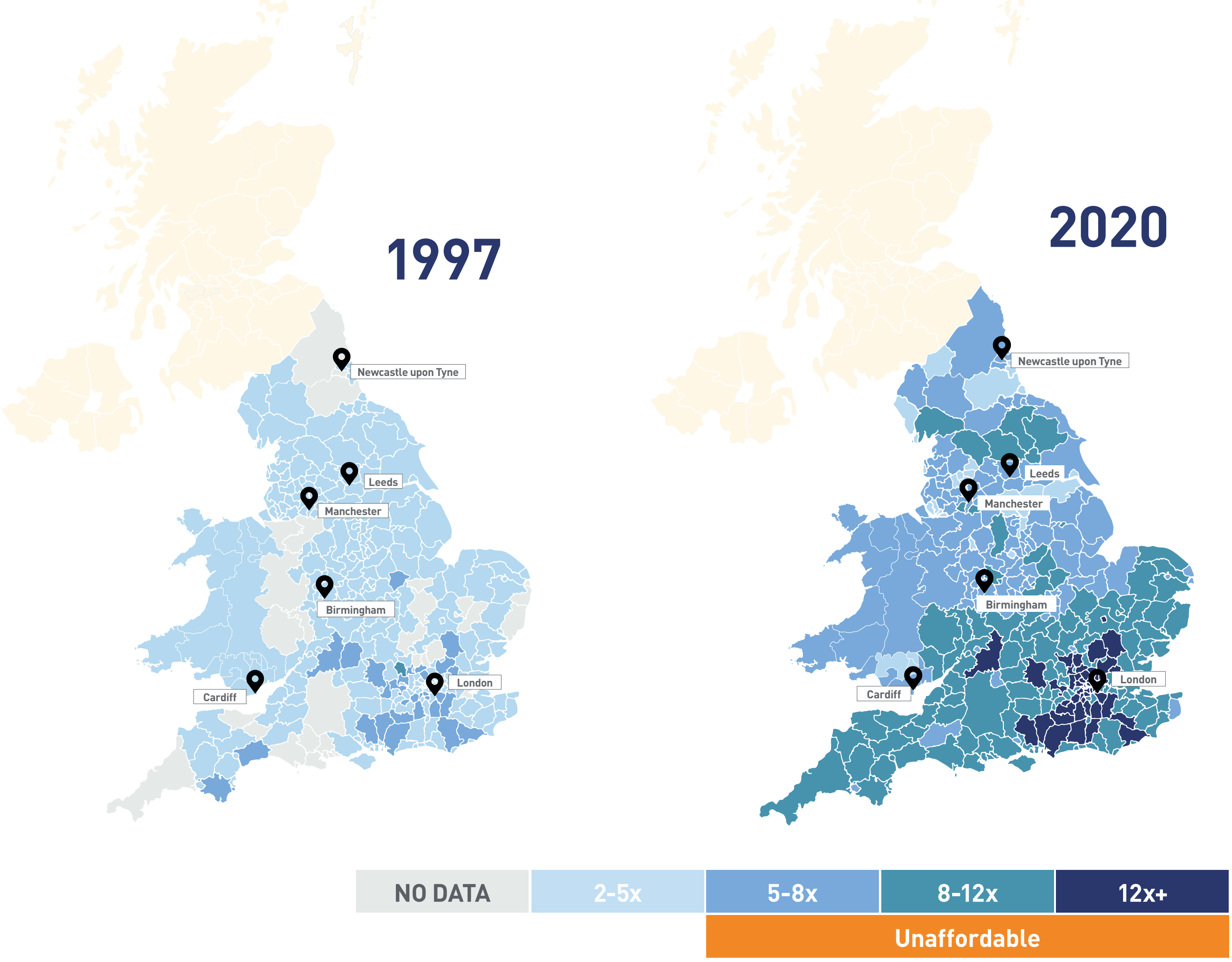
1 MHCLG - shortfall in homes delivered over last 10 years vs. National Housing Federation target
2 MHCLG and English Housing Survey

Market Drivers

Supply / demand imbalance from historic undersupply

The UK has experienced a sustained period of over 30 years of undersupply of housing and more importantly affordable housing. The National Housing Federation estimate that 145,000[3] affordable homes are required each year to both clear the current backlog of people that need a home and meet future demand, but housing completions are significantly below historical averages with average delivery of only c.50,000 affordable homes per year over the last 5, 10, 20 and 30 years.

Across England there are only 17 local authorities in which the average earner could obtain a mortgage to buy the average-priced property, as shown in light blue on the map[4]. This is caused by the well-documented mismatch of supply and demand for housing and a subsequent dearth of affordable areas nationwide. The maps show how the house price to earnings ratio has changed over recent decades:



While the UK does not build enough homes to meet rising demand, the homes that are built are increasingly out of reach for ordinary owners. The 2018 Letwin review concluded that this is a result of the high price of land making it impossible to meet the need for housing through market delivery alone. In Letwin's draft analysis papers, he refers to finding that the need for social rented housing is 'virtually unlimited', concluding that the market for social rented property is separate from the price-constrained market for open market sales. The solution to this problem is to ensure that new housing provides a wider range of tenures and includes more social and affordable housing for high levels of demand that cannot be met by the market.

3 https://www.housing.org.uk/our-work/building-new-homes/

4 https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2020

Market Drivers

Stable, long-term, inflation linked rents

The affordable housing sector has long-term structural demand drivers, liability matching return characteristics, potential for growth and insulation from volatility, resulting in stable inflation linked income. It offers the best opportunity for social impact, for long-term investors looking for responsible investment opportunities.

ReSI's residents pay their rents from secure income sources. Retirement rentals residents pay from pensions and savings, shared owners have ownership stakes in their homes and the local authority housing portfolio is leased to Luton Borough Council. ReSI has no leases with weak credit charities or housing association. ReSI's rental income stream is therefore significantly more secure than those from the supported housing sector, the private rental sector or commercial real estate.

Rent payments rise each year, typically in line with inflation for the retirement rental portfolio and contractually linked to RPI+0.5% for the shared ownership portfolio, offering a secure income stream and potential growth in the assets' values over time, in exchange for an upfront capital amount.

Reducing development appetite from peers

94% of affordable housing is currently delivered by not-for-profit medium to large housing associations. As financial pressures build on these associations due to the increasing cost burden of energy efficiency initiatives, health and safety and fire safety, new sources of funding are required to deliver affordable housing. The sector needs new sources of capital, more developers and providers of good quality affordable housing. The UK has been delivering around 46,000 new affordable homes per year since 2013 but this is significantly short of need, particularly in some parts of the country. Savills analysis suggests that a further 60,000 new affordable homes are needed per year, with significant shortfalls in London and the South East (Affordable Housing – Building Through Cycles, Savills, 2018).

Incredibly diversified income stream from thousands of homes and residents

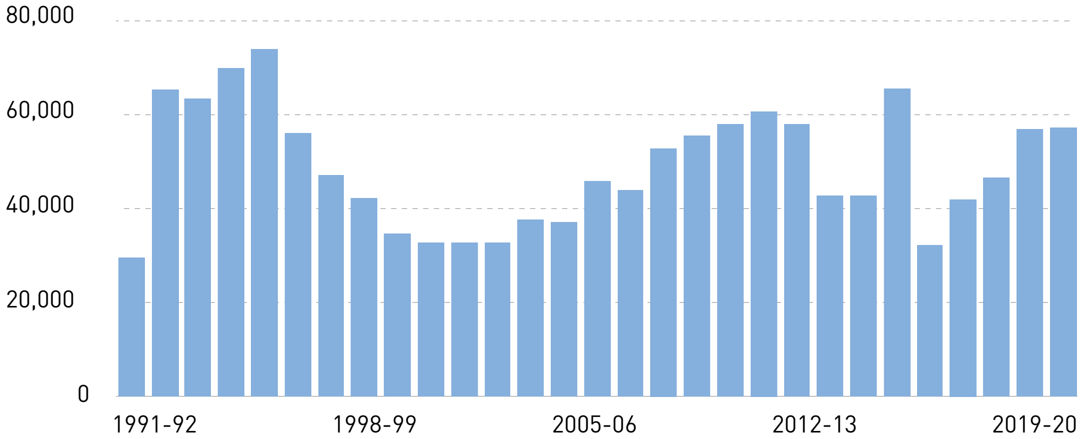
Affordable residential rents offer a diversified counterparty risk, through large numbers of residents and shared owners, resulting in lower overall counterparty risk compared to leases with weak credit housing associations and charities, and other real estate investments such as commercial real estate. Given the essential nature of the service being offered to residents and shared owners, the risk of rent arrears is comparatively very low. An investment in affordable residential real estate also diversifies the investor risk when combined with existing real estate investments.

Market Drivers

Nationwide shortage of affordable home ownership and independent retirement housing

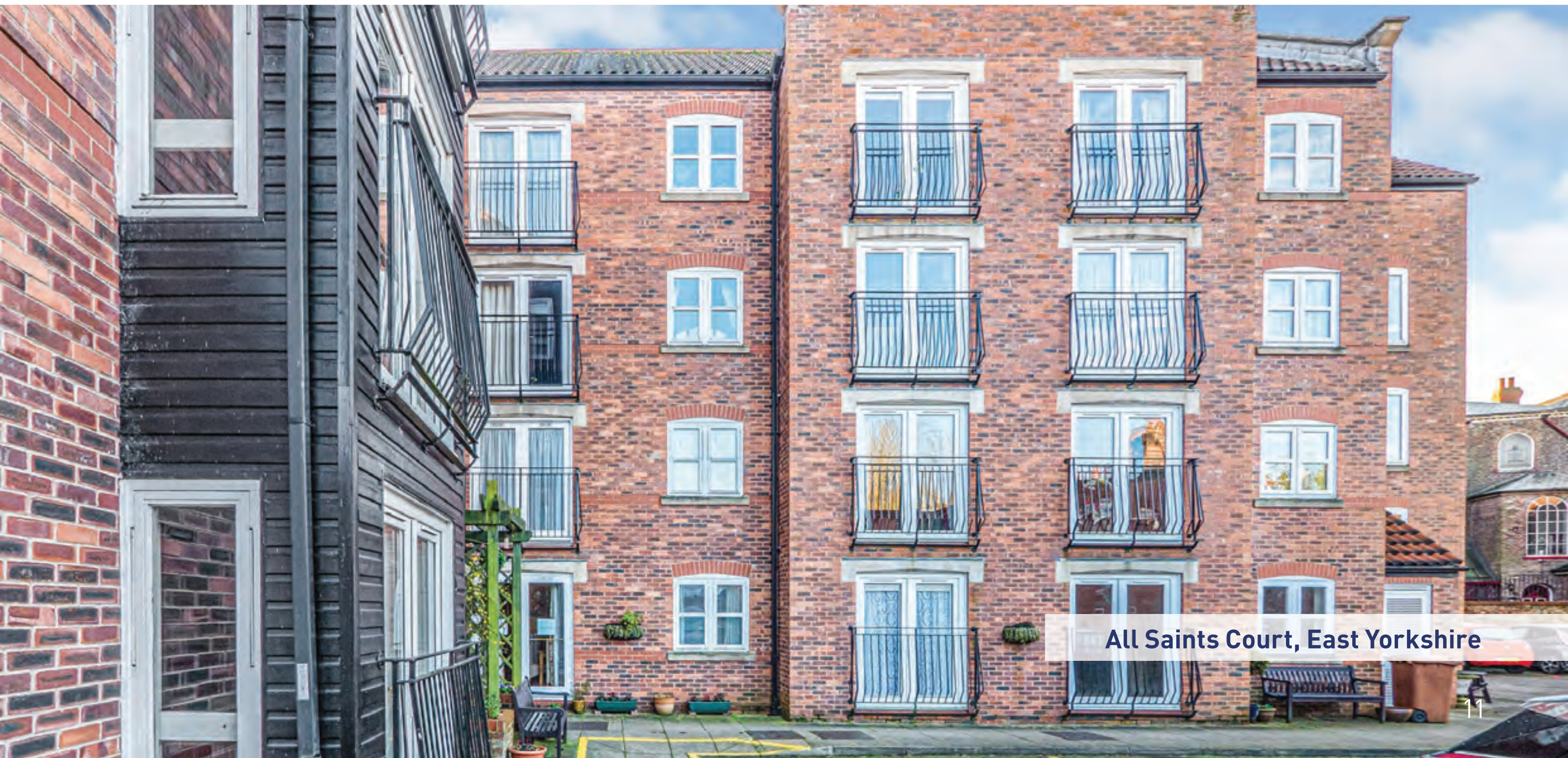
The UK is falling well short of the UK government's goal of delivering 300,000[5] homes across the country annually, as well as the National Housing Federation's estimated 145,000 annual deliveries of affordable homes needed through 2031[6] to address un-met demand for affordable housing. According to the Ministry of Housing, Communities & Local Government, only 57,600 affordable homes were completed in the 2019/2020 fiscal year[7].

Total supply of new affordable housing England, 1991-92 to 2019-20



Source: https://commonslibrary.parliament.uk/research-briefings/cbp-7747/

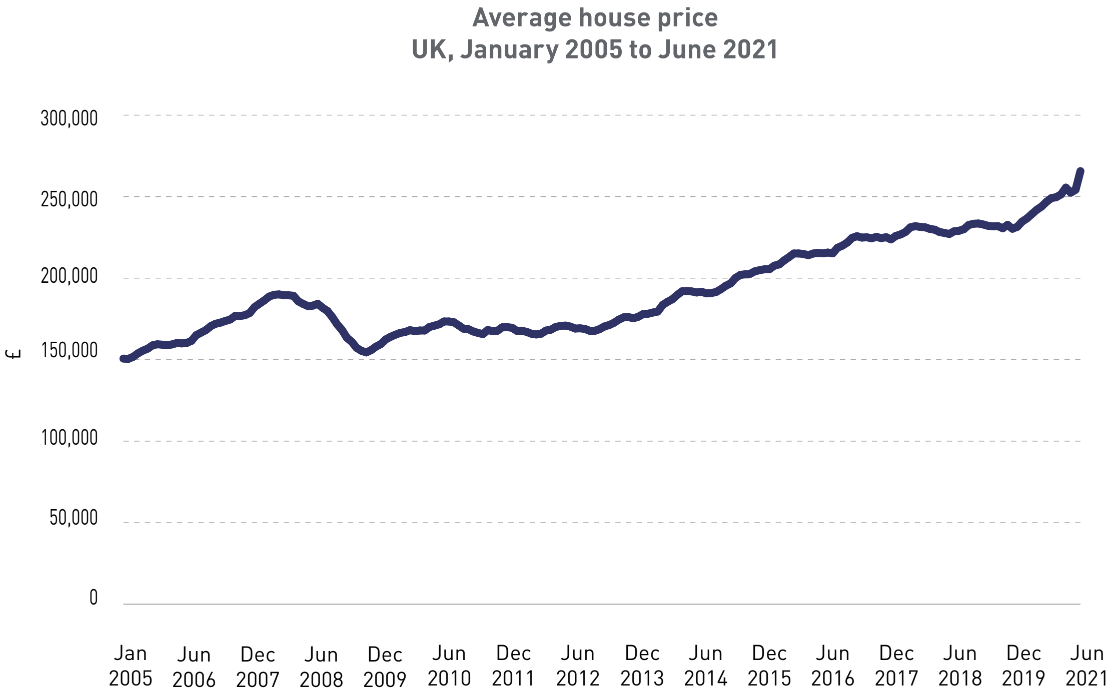
5 https://commonslibrary.parliament.uk/research-briefings/sn06416/
6 https://www.showhouse.co.uk/news/uk-needs-to-build-340000-new-homes-a-year-until-2031/
7 https://www.propertyinvestortoday.co.uk/breaking-news/2021/10/addressing-the-uks-chronic-shortage-of-affording-housing--why-its-more-important-than-ever



All Saints Court, East Yorkshire

Market Drivers

Furthermore, the COVID-19 pandemic has helped to drive an 8.1% year-on-year increase in the average UK housing price to a record-setting c. £270,000 in October 2021[8]. The sustained growth in the average UK housing price over the past decade highlights the need for the development of more affordable housing stock in the country.



Source: https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/june2021

8 Source: https://www.halifax.co.uk/assets/pdf/oct-2021-halifax-house-price-index.pdf

All Saints Court, East Yorkshire

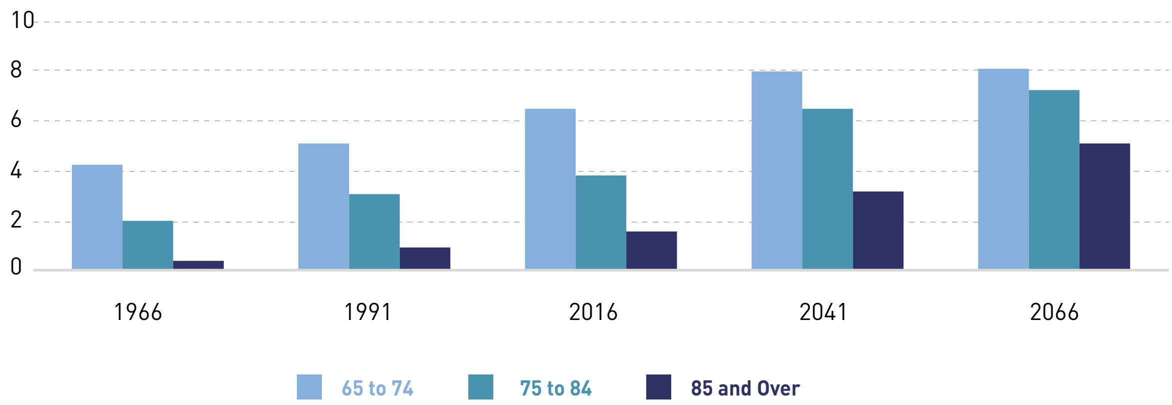
Market Drivers

The UK is also facing a shortage of retirement housing stock, which accounted for c.658,000 units in 2020[9]. The 65+ age cohort is expected to grow from 19% of the UK population (c.12 million residents) to 26% by 2066 (over 20 million residents).

At the same time, life expectancy in the UK continues to trend upward. By 2025, the average remaining life expectancy of a person reaching retirement age is expected to grow to c.22 years.

Currently, Just 1% of UK over 60s live in purpose-built retirement housing (well below that of peer countries). The pipeline of UK retirement developments is limited, and only 3% of consented developments are designed specifically for the elderly. By 2040, a third of the 60+ age cohort may live in private rental accommodation, according to Centre for Ageing Better estimates[10].

UK population over 65 (millions)



9 Source: Knight Frank - Senior Living Annual Review 2020

10 Source: Centre for Ageing Better: Transforming later lives (2018)

Homecourt House, Devon

ReSI's Core Drivers

ADVISING SOCIAL HOUSING

20 year proven track record financing and advising social housing

The Fund Manager's direct parent company, TradeRisks Limited, has been active within the social housing sector for over 20 years as a funding arranger and advisor and, over the last four years, as an investor through ReSI. The acquisition of the fund manager and its parent, TradeRisks by Gresham House in March 2020 has further increased the investment expertise available to ReSI. The housing investment team at Gresham House has 19 members and is growing. The investment team has an average of 18 years of relevant experience, covering fund management, housing investment, social housing management and financial and risk expertise.

Wholly owned Group Registered Provider of social housing

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

Investing via our 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. Section 106 properties which are c.20% of all new homes that must be rented at a rent below market (for example as shared ownership) and as such are sold for lower prices by developers.

Operating and controlling ReSI Housing enables ReSI to benefit from 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.

St Benet's Garden, Peterborough

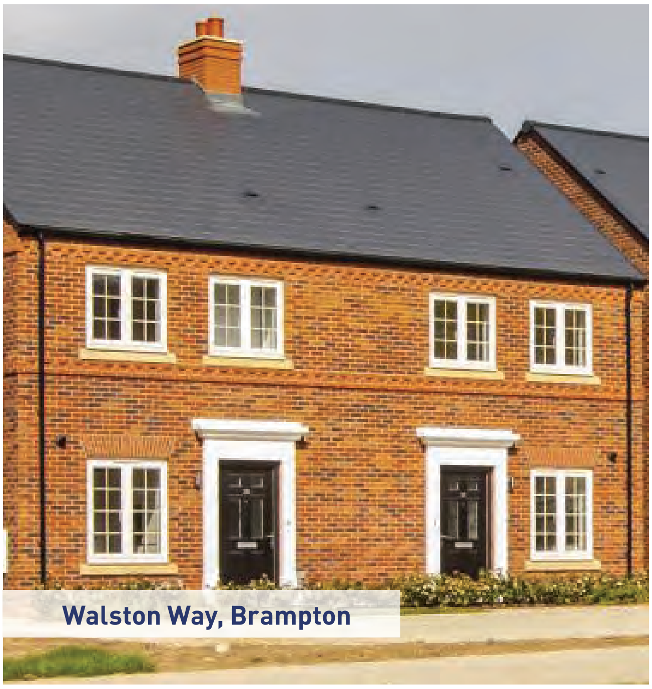
Investment Partner of Homes England and Greater London Authority

ReSI Housing's Investment Partner Status with Homes England and the Greater London Authority allows ReSI to access the £12bn capital grant funding available to subsidise the delivery of 212,000 new affordable homes over the next five years, with half of these under a new model of shared ownership.

ReSI has received government grant funding averaging £30,000 per new shared ownership home delivered which has supported ReSI to offer these homes at an average 30% discount to market rents.

Investment Partner status also allows ReSI to acquire tenanted shared ownership portfolios that have been historically funded with government grants.

Ashdown, West Sussex



Walston Way, Brampton

ReSI's Core Drivers

Unique proprietary Customer and Environmental Charters maximises social impact

ReSI is committed to making a material contribution to solving the housing crisis by disrupting the status quo to deliver a truly best in class product for shared owners. Our unique shared ownership Customer and Environmental Charters lays out our long-term commitments to shared owners in areas such as staircasing, lease extensions and control of ground rents and driving up environmental standards. These commitments go above and beyond the industry standard and will position ReSI as the best-in-class provider and leader in creating a new era for the shared ownership sector ensuring that shared ownership is recognised as a sustainable and socially beneficial housing tenure.

Clapham Park, South London

Flora Court, South London

30-strong Fund Manager's in-house property management business provides services to ReSI at cost

Property management services for the independent retirement rental portfolio and part of the shared ownership portfolio are provided by a subsidiary of the Fund Manager at cost. This allows the team to work closely with the Fund Manager to optimise customer service and maximise performance for ReSI. The team, which we acquired from Girlings[11] on 1 July 2021, focuses solely on managing homes for the Fund Manager.

Long-term investment grade equivalent debt

ReSI has long-term debt with a weighted average life of 22 years and a weighted average cost of this debt of 2.3%. ReSI uses this debt to provide higher leveraged returns for investors while avoiding or mitigating the traditional risks of real estate debt – i.e. refinancing, valuation covenants and interest rate exposure. This is a debt strategy most commonly used by infrastructure funds and other secure income sectors.

The £300m ultra long-term facility secured in 2020 with the Universities Superannuation Scheme (USS) is an innovative new agreement which provides a benchmark that could unlock the development of much needed shared ownership homes.

11 Girlings was the subsidiary of Places for People that successfully managed ReSI's retirement portfolio for over 20 years.

Wildings Croft, Davenham

Investment Portfolio

SHARED OWNERSHIP HOUSING

£105m[12] GAV

544[13] HOMES

30% of PORTFOLIO

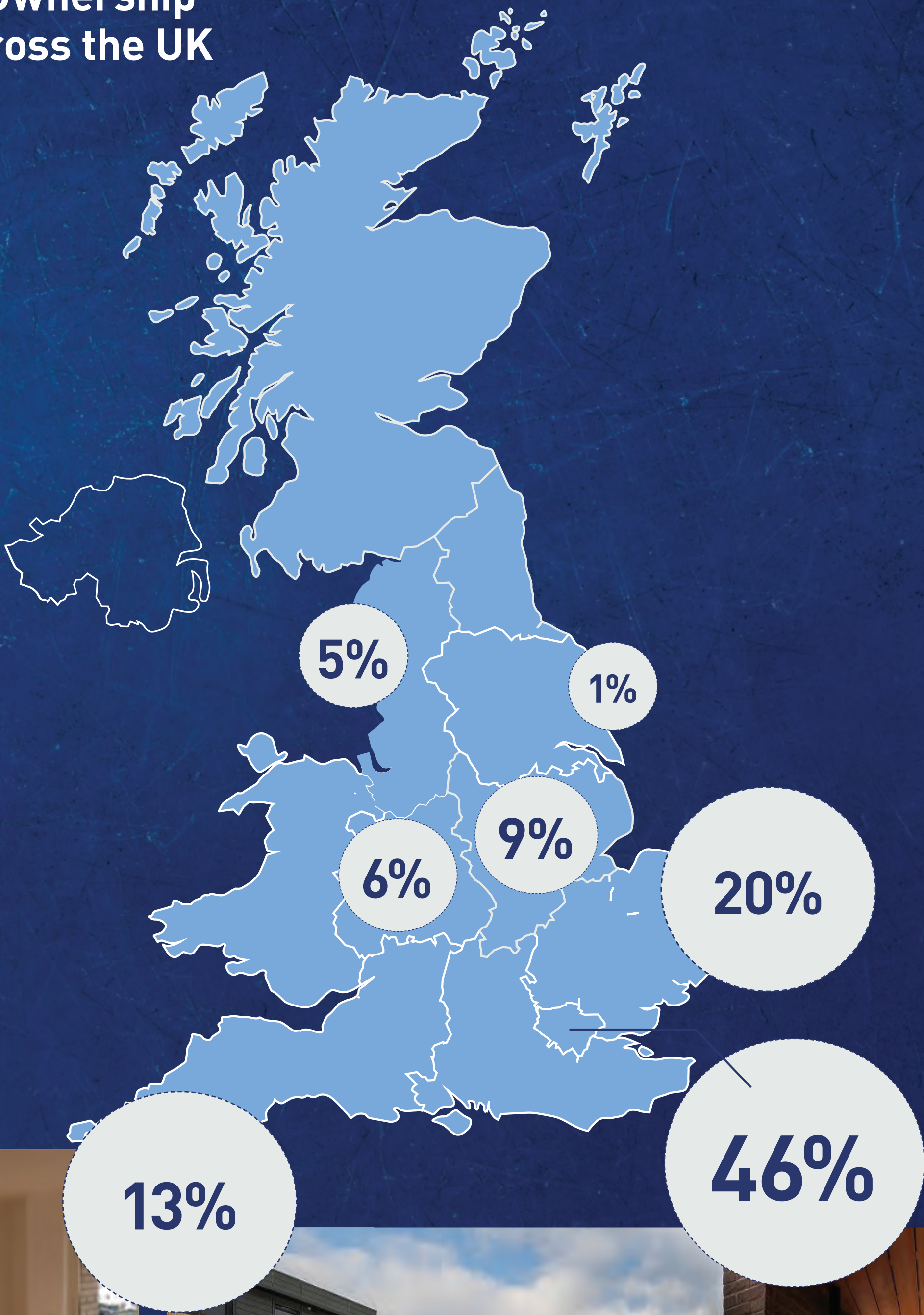
12 including £10m of committed acquisitions
13 includes 46 units committed acquisitions

Flora Court, South London


Walston Way, Brampton


Auckland Rise, South London

Geographical dispersion of ReSI's Shared Ownership units across the UK




Clapham Park, South London


Clapham Park, South London

Investment Portfolio

Shared ownership overview

Part-buy, part-rent model makes shared ownership the affordable home ownership solution

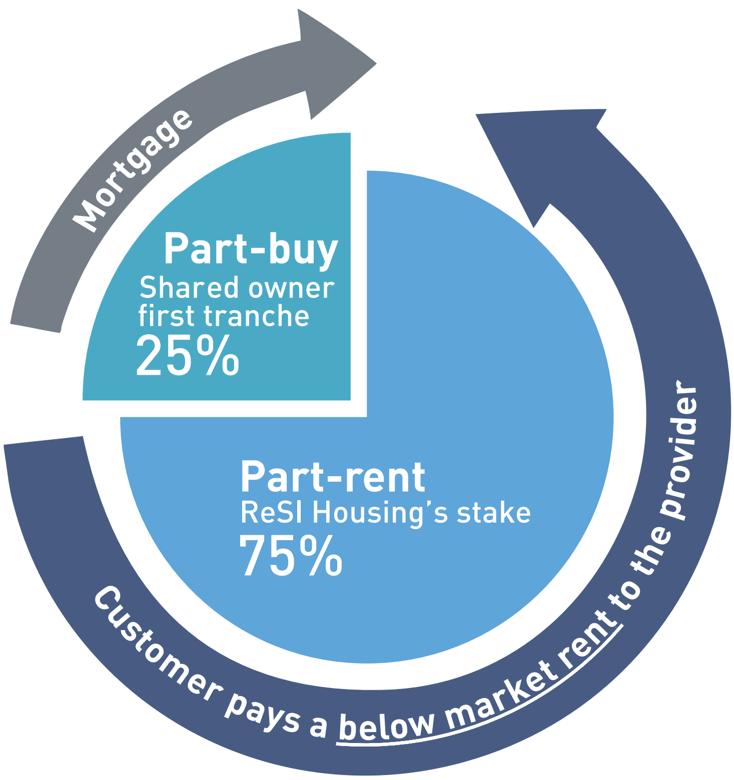
Shared ownership provides the affordable route to home ownership for middle and lower income households through a part buy, part rent model with subsidised rents and low deposit requirements.

In summary, the shared owner:

1. purchases an equity stake in their new home at open market value. This is known as the "first tranche sale" and is a minimum of 25% of the value of the property;
2. pays a subsidised rent c30% below market rent on the remaining part of the home, which increases annually at RPI+0.5%;
3. has the option to incrementally purchase additional shares in its home at the prevailing open market value (known as "staircasing");
4. typically finances their initial stake with a 90% mortgage; and
5. is responsible for maintenance, repair and insurance, creating strong alignment of interest.

Shared ownership is required to be affordable to incoming shared owners, which typically means no more than 40% of post-tax income of new shared owners can be spent on total housing costs (i.e. mortgage, rent and any service charge).

There are 202,000 shared ownership homes across England, and a total of 18,210 new shared ownership sales were made in the year to March 2020 (Ministry of Housing, Communities & Local Government, 2021), making it one of the faster growing housing tenures.

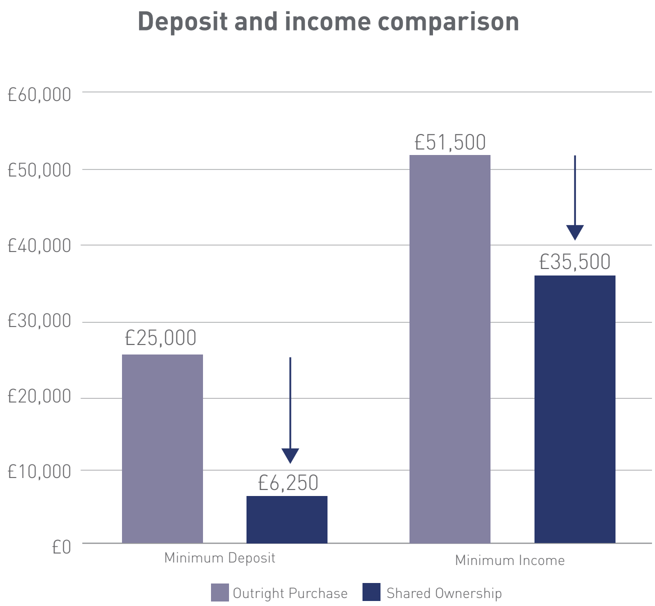


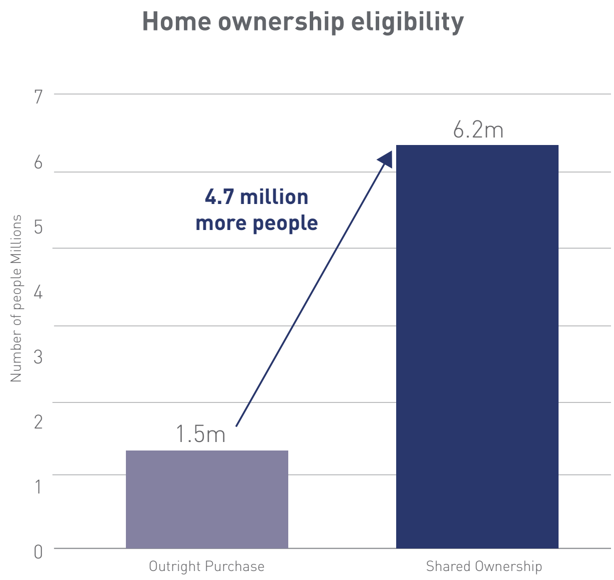
Investment Portfolio

Increased affordability provides huge demand for shared ownership

Due to lower deposit requirements and discounted rental payments, shared ownership addresses the affordability barrier that forces people into a lifetime of private market-rented accommodation with no certainty of tenure, making it difficult for people to become members of their community.

The graph below sets out the smallest amount of deposit required and the minimum income requirement to purchase a home worth £250,000 under shared ownership and traditional home ownership.





Auckland Rise, South London

Investment Portfolio

The average shared owner has a household income of £36,000, in line with the minimum income requirement for the average home shown above, ranging from below £26,000 in the Northeast to £45,000 in London and well within the maximum limit of £80,000 per annum (£90,000 in London).

Shared ownership is more affordable than renting an equivalent property. An individual or family could buy a shared ownership home with annual housing costs at 40% of their net income, but would need to pay 50% of their net income to rent an equivalent property on the private rental market. This discount to market rent offers a tangible saving to shared owners.

Typical living costs

	Shared Ownership 25%	Help to Buy	First Homes (30%)	Outright Purchase	Rent
Mortgage Payments	£3,230	£10,768	£9,547	£12,921	–
Rent	£5,156	–	–	–	£12,207
Service Charge	£1,500	£1,500	£1,500	£1,500	–
Total annual Payments	£9,886	£12,268	£11,047	£14,421	£12,207

Assumptions:

- £250,000 home;
- 10% deposit (5% for Help to Buy with 25% Help to Buy loan);
- 25 year mortgage @ 3%;
- 4.9% market rent yield.

Case Study

Interview with Marie*, a shared ownership resident

A single parent of two children, Marie, had been renting in the local area for ten years before purchasing her shared ownership flat. Buying on the open market was out of reach for Marie, but after inheriting some money she was able to afford a shared ownership property. The Good Economy heard how her home gave her stability within the area which was particularly important for her children who were at college nearby. Marie emphasised the following as key benefits of her home:

HIGH QUALITY HOME
in nice area with practical layout and good transport links

SAVINGS OF
C.£300 PER MONTH

HELPFUL SALES TEAM AND CONCIERGE SERVICE

* not her real name

Investment Portfolio

INDEPENDENT RETIREMENT RENTAL HOUSING

£215m GAV

2,218 HOMES

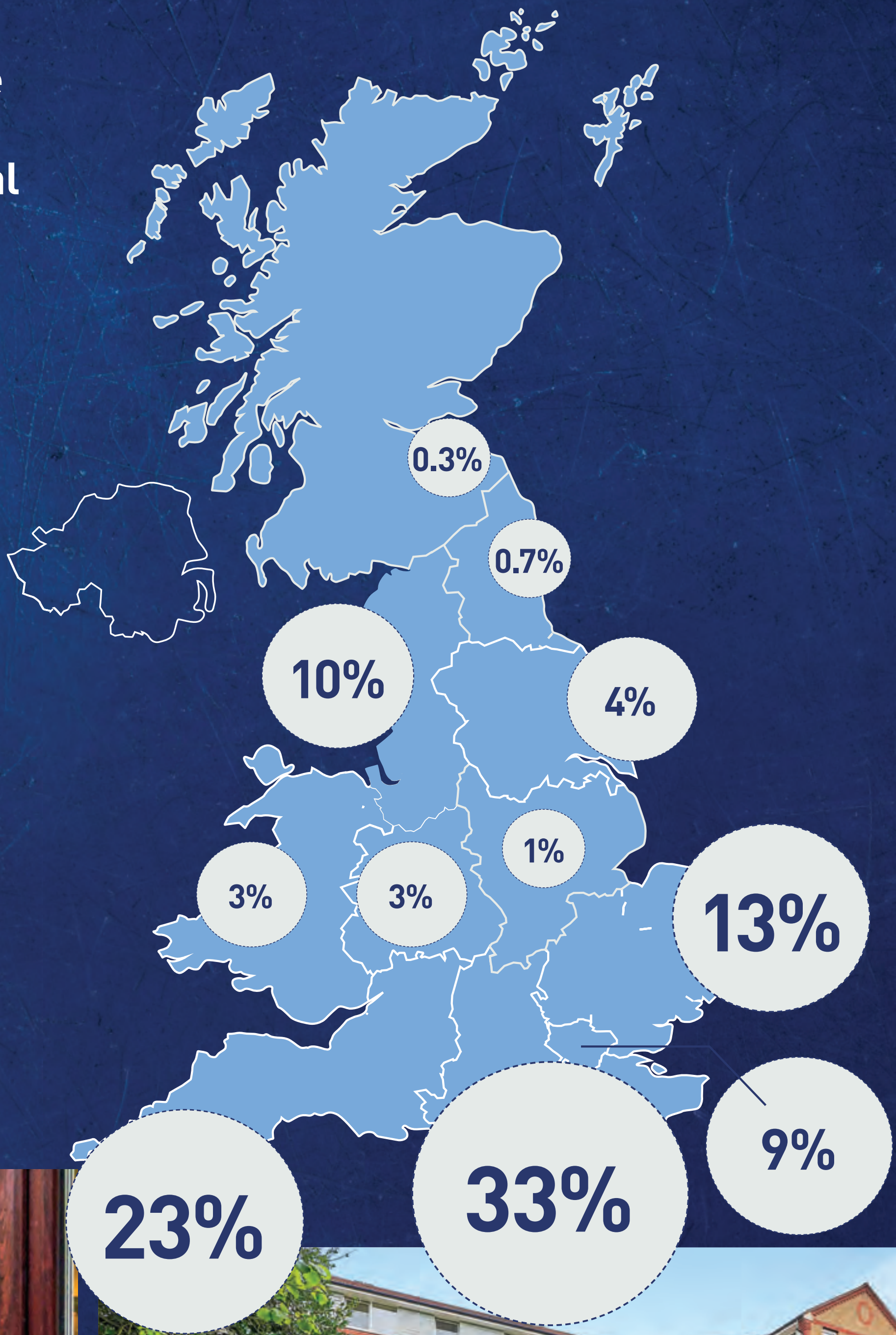
61% of PORTFOLIO

Homecourt House, Devon

Ashdown Gate, West Sussex

Russell Court, West Sussex

Geographical dispersion of the independent retirement rental portfolio across the UK



Poplar Court, Lancashire

Investment Portfolio

Independent Living for retirees

Our portfolio provides the affordable rental independent living solution for retirement with lifetime tenancies.

In summary, the portfolio:

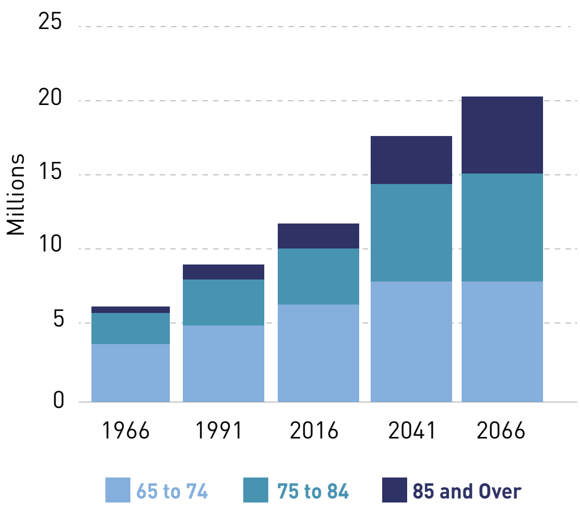
1. is let to elderly residents with affordable rents and lifetime tenancies;
2. provides fit-for-purpose homes for retired people, allowing them to maintain their independence without care provision;
3. frees up larger homes for families;
4. generates stable and secure rental income paid from pensions and welfare;
5. rents increase with RPI each year and are set around Local Housing Allowance levels; and
6. is managed by the Fund Manager's in-house 30-strong property management and lettings team, operating under the 'My Future Living' brand.

An increasingly lonely but booming older population provides huge and growing demand for independent retirement renting

There has been a steady upward trend in life expectancy in the UK. By 2025 the average remaining life expectancy of a person reaching retirement age is expected to reach c.22 years. As a result, 25% of the UK population is expected to be over 65 by 2025 compared to 19% in 2018.

- Just 1% of UK over 60s live in purpose-built retirement housing, compared to 13% in Australia and 17% in the USA.
- There is a very limited pipeline of retirement developments in the UK, with only 3% of consented developments being designed specifically for the elderly.
- Specialist retirement housing is accessible (e.g. without steep staircases) and easy to manage, enabling people to live independently in their own living space to a greater age, whilst still having access to some level of day-to-day and emergency support.
- According to Age UK, over 1 million older people say they always or often feel lonely[14]. Nearly half of older people in the UK (49% of over 65s) say that television or pets are their main form of company, with one research report claiming that loneliness can be as harmful for our health as smoking 15 cigarettes a day. Specialised retirement accommodation helps to foster a sense of community by offering shared spaces such as a residents' lounge and communal gardens.

Number of UK Residents over 65 Years Old



Source: ONS

14 https://www.ageuk.org.uk/latest-news/archive/1-million-older-people-feel-lonely/#:~:text=Age%20UK%20is%20calling%20for,loneliness%20is%20in%20the%20UK.

Case Study

James and Lily*

There are many things we can do to stay fit and healthy as we get older - some experts believe that one of the best ways to age gracefully is to be sociable.

One couple enjoying the social side of retirement living are James and Lily who found their ideal apartment through My Future Living, ReSI's inhouse retirement management team.

The couple, who have been married for over 40 years, decided to move from North London to Seaford in East Sussex four years ago for a quieter way of life and to be close to the sea.

James and Lily, rent a two-bedroom apartment at retirement development Homeshore House in Seaford on an assured tenancy and say that renting in retirement is the best decision they've ever made.

"It was a great decision to move and now every day we enjoy stress-free living."

When asked about renting in retirement, Lily says: "We used to own a lovely house but maintaining it was getting harder. We also wanted to free up some money so we could help our son with a deposit for his own place. We now have a worry-free life and if something needs fixing its sorted very quickly with no stress to us."

Lily is active and sociable and particularly enjoys helping to organise social events for residents in the de-velopment including bingo evenings, pub lunches and golden oldies film afternoons.

* not their real names

"I love being part of the community. We have a communal greenhouse where we grow and share all our produce with each other. It's a lovely way to get out, keep busy and meet new people."

To find out more about renting a home in a retirement development visit: www.myfutureliving.co.uk

"When we started our search we looked around and talked to many different companies but found My Future Living the most helpful and the easiest to deal with."

"Homeshore House is the perfect place to live, not only because the surroundings and gardens are immaculate with trees dotted everywhere but we have the Downs on one side and the sea on the other."

East Sussex

LOCAL AUTHORITY HOUSING

£31m
GAV

289
HOMES

9% of
PORTFOLIO

Local authority housing portfolio at a glance

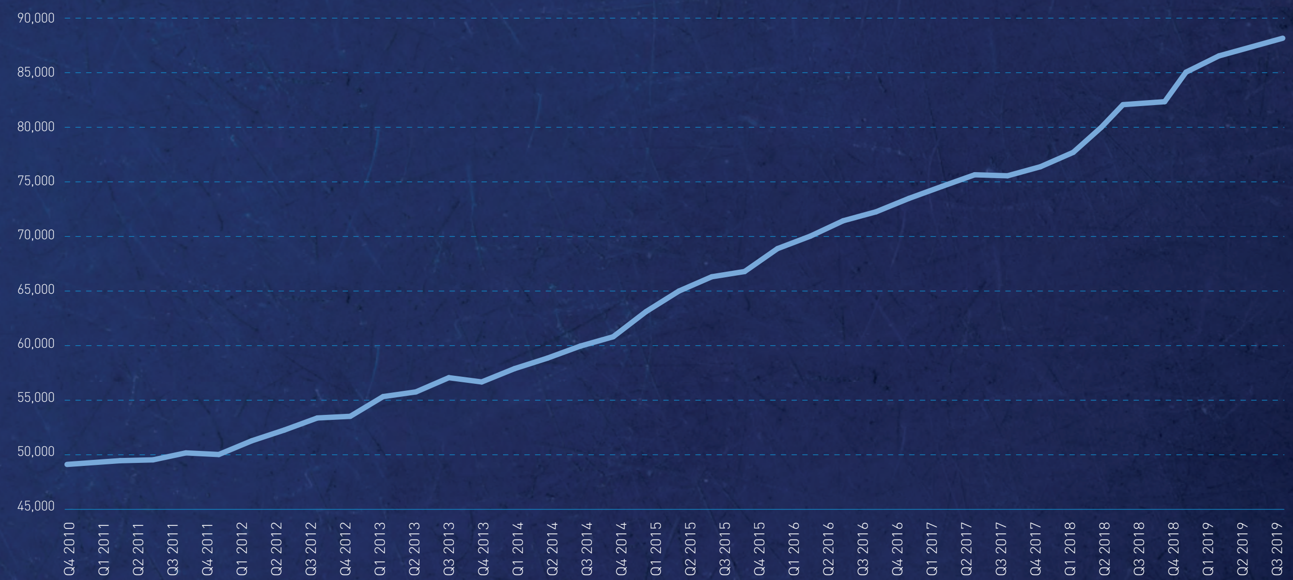
- Local authority housing provides homes within Luton for households who are otherwise homeless, generally because they are unable to afford private rented accommodation.
- ReSI works as a partner with Luton Borough Council and Mears who manage and maintain the portfolio, with the council taking void risk.

Eaton Green

Increasing housing unaffordability drives demand from local authorities for partners to house those unable to afford their own home

- The UK is facing significant demand for short-term council housing nationally – there were 95,450 households in temporary accommodation as of 31 March 2021, an increase of 3.5% from 31 March 2020[15].
- New legislation introduced under the Homelessness Reduction Act 2017 placed additional obligations on local authorities for housing vulnerable/statutory homeless people, creating further pressures on councils looking to increase their access to emergency and temporary housing.
- Local authorities are increasingly unable to meet demand for temporary accommodation from their own housing stock, and some authorities are seeking temporary accommodation outside their own areas. At the end of March 2021, approximately 27% of households in temporary accommodation (c. 26,000) were in accommodation in a different local authority district. London authorities make up 82% of these placements[16].
- There is an increasing reliance on emergency bed & breakfasts, with use by councils rising by 382%[17] in the 10 years to 31 March 2021, which are more costly than leasing from the private sector.
- As a result, there is a shortfall between cost and support for temporary housing in London, the South East and other metropolitan areas. English local authorities spent £1.2b on temporary accommodation in 2019/20, a 55% increase in real terms from 2014/15[18].
- Rents at ReSI's properties are set at close to long-term market rent levels, provide a cost saving to local authorities, who often have to rely on costly pay-nightly accommodation and bed & breakfasts.
- ReSI provides a long-term institutional landlord to replace the numerous individual landlords that local authorities currently rely upon and removes the difficulties that local authorities have with ensuring adequate standards across their rented estates.

Number of households in temporary accommodation



15 https://researchbriefings.files.parliament.uk/documents/SN02110/SN02110.pdf
16 https://commonslibrary.parliament.uk/research-briefings/sn02110/
17 https://researchbriefings.files.parliament.uk/documents/SN02110/SN02110.pdf
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Strong Financial Position

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. Reflecting the quality of the assets in ReSI's portfolio, ReSI follows the debt strategy of the infrastructure sector using long term debt with an average maturity of 22 years to lock in returns and avoid the traditional refinancing risks that real estate REITs encounter. For example, the unique 45-year USS debt facility provides 300bps yield pick-up on ReSI's shared ownership portfolio allowing ReSI to deliver its target returns through an incredible relatively low yielding asset class.

ReSI has used the experience of Fund Manager's immediate parent company, TradeRisks Limited, to secure long-term debt to support its long-term goals.

During the year ReSI secured a £10m revolving credit facility from Santander. This facility allows for efficient management of ReSI's working capital now that it is fully deployed.

	FY21	FY20
Total debt net of issue costs	**£166m**	£141m
Total assets*	**£350m**	£316m
LTV (target 50%)	**46%**	42%
Leverage on reversion value	**43%**	39%
Weighted average cost	**2.3%**	2.6%
Weighted average maturity	**22 years**	23 years

* See note 37

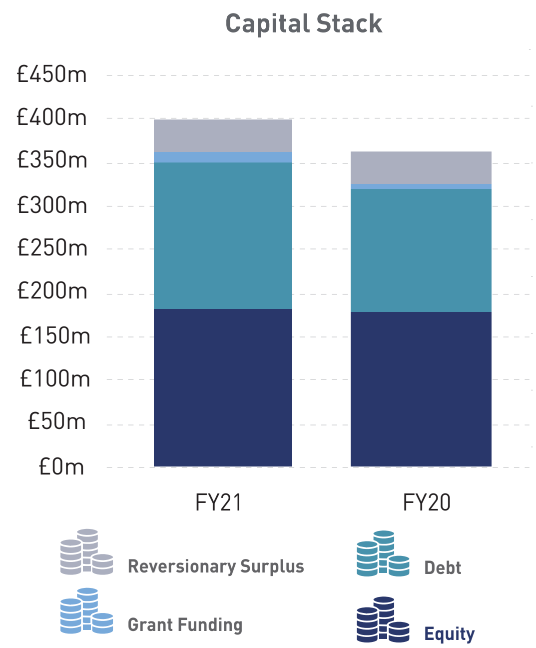
Leverage strategy minimises traditional risks:

- **Minimises refinancing risks:** Amortising facilities limit exposure to bullet repayments
- **Minimises covenant risks:** Debt capacity based on operational cash flows rather than traditional LTV tests
- **Minimises interest rate risks:** Long-term debt matching underlying cash flows

Lender	Portfolio held against	Notional value of debt drawn less amortisation	Maturity date	Annual interest rate %
Universities Superannuation Scheme	Shared ownership	£57.5m	March 2065	0.513% fixed* (inflation linked)
Scottish Widows	Retirement	£93.0m	June 2043	3.46% fixed*
National Westminster Bank	Local authority	£14.3m	January 2023	1.5% + 3 month LIBOR**
Santander Bank	All assets	£1.4m	1 month rolling	2.8% + 3 month LIBOR**
Total borrowings		**£166.2m**		

* weighted average cost of debt

** SONIA effective 31 December 2021



The EPRA NTA and IFRS NAV measures exclude the reversionary surplus in our portfolio which stands at £40m. This represents the difference between the market value of our assets used in our balance sheet and the value we could realise if they became vacant. Overall, our portfolio is valued at a 10% discount , on average, to its reversionary value.

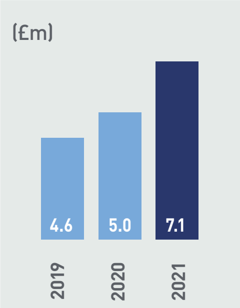
Strategic Review

KPI Measures

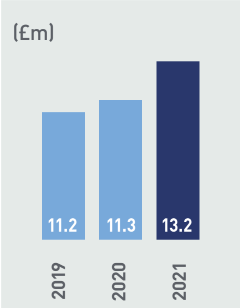
Income Returns

ReSI's key performance indicators ('KPIs') are aligned to our business strategy. These measures are used by the Board and senior management to actively monitor business performance.

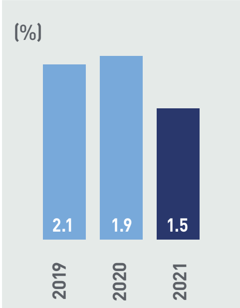
Adjusted EPRA/IFRS earnings*



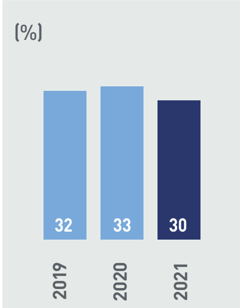
Net rental income



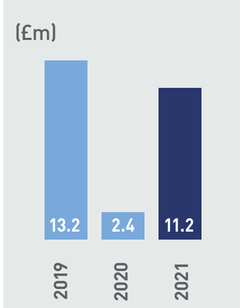
Rental growth



EPRA Cost Ratio*



Profit before tax



KPI definition

Adjusted EPRA/IFRS earnings*	Net rental income	Rental growth	EPRA Cost Ratio*	Profit before tax
Adjusted EPRA earnings, excluding valuation movements on investment assets and debt, and other adjustments, that are one-off in nature, which do not form part of the ongoing revenue or costs of the business.	Gross rental income after deducting property operating expenses including ground rent paid.	Like-for-like average growth of rents across the portfolio.	Administrative and operating costs (including costs of direct vacancy) divided by gross rental income.	Profit before tax is a statutory IFRS measure as presented in the Group's Consolidated Statement of Comprehensive Income.

Comment

Adjusted EPRA/IFRS earnings*	Net rental income	Rental growth	EPRA Cost Ratio*	Profit before tax
Improved earnings driven by deployment and acquisitions.	Increase of 16% delivered, including £1.5m from shared ownership investment during the year.	1.5% like-for-like growth in rental income achieved in line with RPI.	Improvement in cost ratio with improving performance in our retirement occupancy and further deployment in shared ownership.	Improved profit before tax driven by EPRA earnings and property valuation growth somewhat offset by the increased valuation of debt.

Notes

Adjusted EPRA/IFRS earnings*	Net rental income	Rental growth	EPRA Cost Ratio*	Profit before tax
See Note 39 to the financial statements.	See Note 6 to the financial statements.	See Glossary on page 136 for definition and calculation basis.	See Note 39 to the financial statements.	See Consolidated Statement of Comprehensive Income on page 98.

*Alternative performance measures

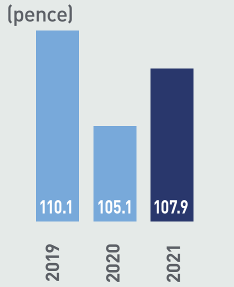
KPI Measures

Capital Returns

The following KPIs focus on ReSI's strategic priority to increase overall income returns and improve the resilience and efficiency of the business model which will support increasing dividend distributions.

EPRA NTA* per share

(pence)



KPI definition

EPRA NTA (Net Tangible Assets) is the market value of property assets, after deducting deferred tax on trading assets, and excluding intangible assets and derivatives.

Comment

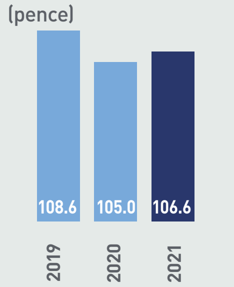
3% growth in FY21 reflecting strong trading results and resilient valuation performance under challenging market conditions.

Notes

See Note 39 for reconciliation from IFRS to EPRA performance measures.

IFRS NAV per share

(pence)



KPI definition

IFRS NAV (Net Asset Value) per share at the balance sheet date.

Comment

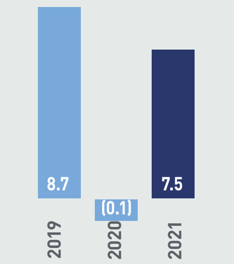
Returns of 1.6 pence per share in FY21 reflecting strong trading results and property valuations.

Notes

See Consolidated Statement of Financial Position.

Total Return on NTA*

(%)



KPI definition

Return on NTA is total return for the year, prior to payment of dividends (excluding movements in valuation of debt and derivatives), expressed as a percentage of opening NTA.

Comment

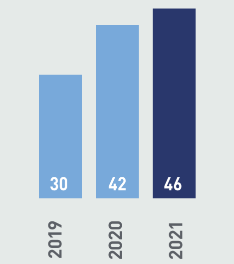
Returns of 7.5% in FY21 demonstrating resilient overall returns from our property portfolio. Equivalent to 6.2% returns on opening IFRS NAV.

Notes

See Note 38 Supplemental financial information for calculation.

Loan to Value (LTV)

(%)



KPI definition

Ratio of net debt to the market value of properties on a consolidated Group basis.

Comment

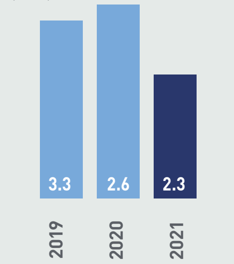
Increase in LTV as ReSI's portfolio moves towards full deployment.

Notes

See Note 37 Supplemental financial information for calculation.

Cost of debt (average)

(£m)



KPI definition

Average cost of debt for the year including costs and commitment fees.

Comment

Average cost of debt at 2.3% following ultra-long-term funding through a secured facility, with average debt maturity now at 22 years.

Notes

See Note 37 for further detail regarding capital risk management.

*Alternative performance measures

Fund Manager's Report

ReSI offers a unique opportunity for investment into a highly scalable solution to the UK's acute shortage of affordable housing.

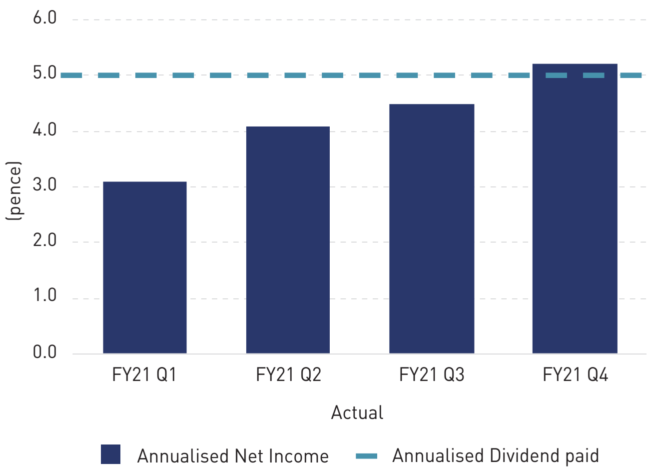
Alex Pilato

Chief Executive, ReSI Capital Management

In this financial year we have achieved all the targets we set for ourselves in December 2020.

Our key target for the year was to cover our dividend from recurring income on a forward basis from October 2021 and to achieve a 4p EPRA Adjusted Earnings Per Share ("EPS")[19] both of which have been exceeded. Our dividend has been covered from recurring income on a forward looking basis from July 2021, three months ahead of target and we have achieved an EPRA Adjusted EPS of 4.2p.

Annualised Net Income per quarter (pence per share)



This outperformance has been driven by achieving and exceeding our underlying operational targets:

Shared ownership occupancy:

Income growth delivered[20]: £1.9m / 1.1 pence per share

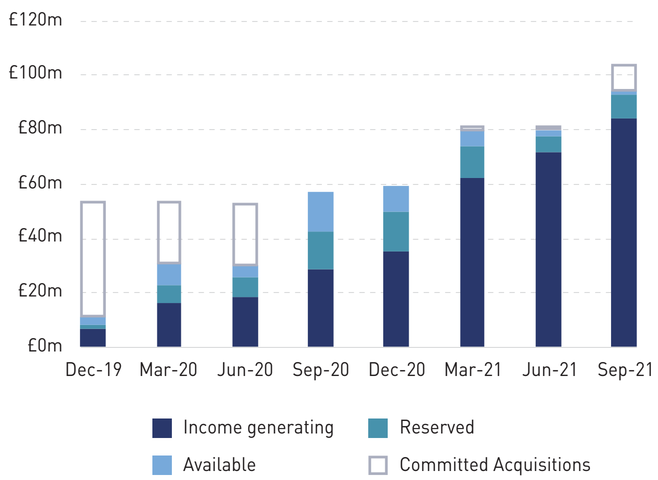
ReSI has continued to experience a strong level of demand for its shared ownership properties throughout the year, driving an increase in the occupancy rate at these schemes to almost 100% at the date of this report. ReSI's shared ownership portfolio is, at the date of this report, almost entirely occupied, stabilised and de-risked, with the final 14 out of 498 homes reserved and going through legals to completion. Our largest single investment of 132 homes at Clapham Park, is now almost fully income-generating with 129 homes occupied and the final three homes reserved and going through legals to completion.

This demand emphasises the important role that shared ownership housing continues to play in helping mid to low earners onto a housing ladder which is otherwise increasingly out of reach to those who are not the highest earners or those without access to the "bank of mum and dad".

19 Target was stated for Adjusted EPS which is the same as EPRA Adjusted EPS, as EPRA measures were not incorporated in December 2020

20 Annualised basis Q4 2021 vs FY2020

Fund Manager's Report

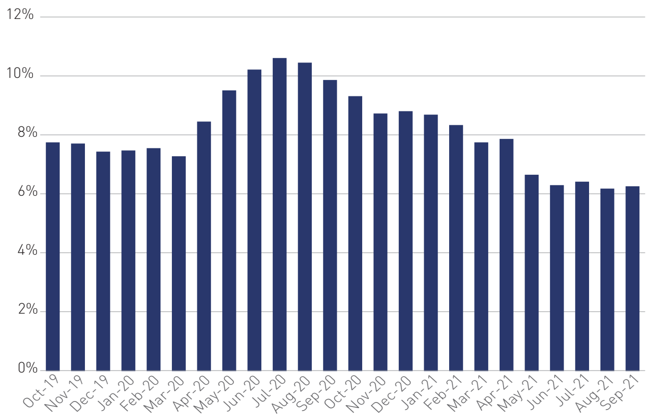


Deployment of capital:

Income growth delivered[21]: £0.9m / 0.5 pence per share

In the financial year, ReSI deployed a further £40m including committing £10m acquisitions into its shared ownership portfolio, 20% higher than the £32m target. This saw ReSI acquire a further 351 homes through acquisitions from existing partner Metropolitan Thames Valley and two new partners Orbit Homes and Brick By Brick, with 266 of the homes acquired in March already occupied and immediately income generating. The remaining 85 homes are being acquired from Brick By Brick on a phased basis as the homes are built and shared owners are ready to occupy them. At the date of this report 59 of these homes have been acquired with 51 occupied, and the remaining 8 homes all reserved and going through legals to completion. The remaining 26 will be acquired once construction sign-off has been received from the local council and shared owners are ready to move in.

Retirement voids reduced to pre covid average



Retirement voids:

Income growth delivered[22]: £0.8m / 0.5 pence per share

The property and lettings management of ReSI's retirement portfolio was transferred from Girlings to a subsidiary of the Fund Manager in July 2021 and is now provided at cost. The operational improvements from the transfer of ownership, combined with a more managed approach to helping residents move throughout the second and third UK lockdowns, has resulted in retirement voids returning to their pre COVID level of around 7% in the second half of the year and returning to a full year average of 7.6%.

The transfer of this property and lettings management function now allows the former Girlings team to work closely with the Fund Manager to optimise customer service and maximise performance for ReSI. From the acquisition date on 1 July 2021, this team is focused solely on managing homes for the Fund Manager.

21 Annualised basis Q4 2021 vs FY2020

22 Annualised basis Q4 2021 vs FY2020

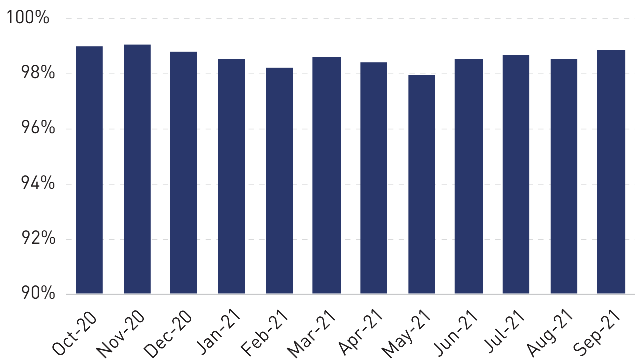
Fund Manager's Report

ReSI's portfolio:

ReSI's portfolio consists of 3,051 homes worth £351m and has been designed to help make people's housing aspirations achievable. Whether this be a retired person looking to move to tailored accommodation to combat loneliness or someone who has dreamed of purchasing a property for their family but has found it to be un-affordable, ReSI's portfolio caters for residents poorly served by the mainstream housing market. Our ability to meet the needs of these under-served groups is reflected in the resilience of our portfolio and strengthens our confidence in the assets in which we invest.

ReSI's residents pay their rents from secure income and/or have skin in the game. Retirement rentals residents pay from pensions and savings, shared owners have ownership stakes in their homes and the local authority housing portfolio is leased to Luton Borough Council. ReSI has no leases with weak credit counterparties, lease funded housing associations or charities. ReSI's rental income stream is therefore significantly more secure than those from the supported housing sector, the private rental sector or commercial real estate. This is illustrated by the 99% of rent collected during the year, unchanged throughout the COVID-19 crisis and in line with normal performance.

Robust Rent Collection Rate through COVID-19



We aim to be a best-in-class provider of affordable housing and drive an improvement in standards across the sector. For example, ReSI has developed a Shared Ownership Customer Charter and a Shared Ownership Environmental Charter that are unique in the shared ownership sector and provide benefits to both shared owners and our investors. Our aim is for these benefits to be shared by not just our residents but those in the wider c.200,000 shared ownership homes across the sector.

The application of our Shared Ownership Charter to already occupied portfolios has generated a significant amount of interest from our residents, particularly in our offering of 1% staircasing at a predetermined price without legal and valuation fees and offering lease extensions for those residents with short leases for £1.

With regards to the retirement portfolio, ReSI continues to invest in improving its energy efficiency and in technology to make the lives of the residents easier. During the current year ReSI has focused on the least energy efficient homes within this portfolio and has at the date of this report upgraded 100% of directly rented retirement homes to a minimum EPC rating of D, above the current Government minimum required rating of E. This has been achieved through working closely with consultants such as Vibrant Energy to improve energy efficiency and drive fuel savings for our customers through for example upgrading old heating systems and insulating water heaters. The focus now turns to upgrading our D-rated directly rented properties to at least a C by 2025 as part of the ReSI's road to net zero plan.

We have seen that the pandemic has driven technology adoption by our retirement customers and have recently introduced Fixflo to allow our residents to electronically record maintenance requirements allowing these to be actioned faster and more efficiently. Our resident welfare team continue to work with digitally excluded residents to help us access the benefits both financially and socially of an increasingly digital led world.

Performance

ReSI delivered a total EPRA NTA return of 7.8 pence per share (7.5%) for the year, with growth driven by the almost complete occupancy of the shared ownership portfolio, resulting in our shared ownership portfolio being fully stabilised and de-risked, and operational improvements in our retirement portfolio resulting in voids returning to pre-COVID levels.

This 7.8 pence per share EPRA return comprises:

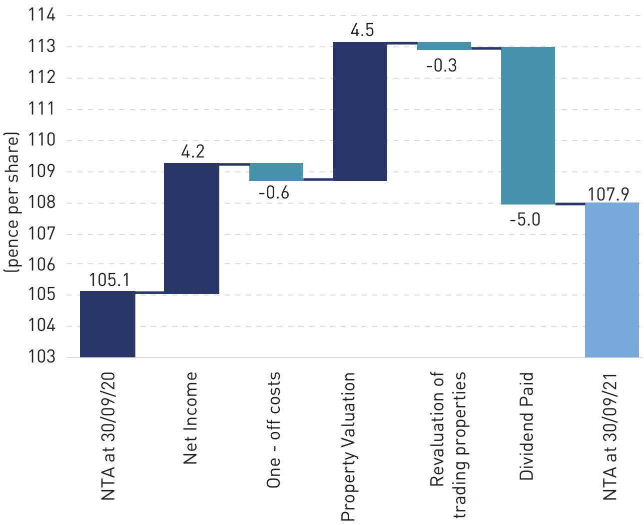
- 4.2 pence of Adjusted EPRA earnings (see note 15 – adjusted earnings per share), with recurring income of £7.1m from regular recurring cash flows; plus
- 4.5 pence gain on change in valuation on investment property as assessed by Savills (£7.7m) – a 2.5% increase on a like-for-like fair value basis to a total of £351m as of 30 September 2021 driven primarily by 1.5% like for like rental growth in the year and the significant stabilisation of the shared ownership portfolio; less

Fund Manager's Report

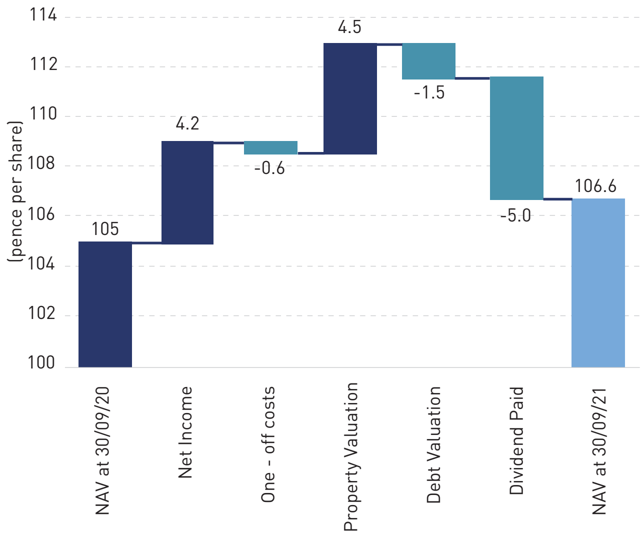
- 0.6 pence one-off costs (£1.0m), relating to the legal costs of securing further drawdowns from the USS facility (0.4 pence / £0.6m) and the setup costs of the new property management arrangements for the independent retirement rental portfolio (0.2 pence / £0.3m); and
- 0.3 pence relating to revaluation of trading properties as these gains are now realised (£1.0m), being the first tranche sales profits (the gain on cost we recognise by selling c25% of a shared ownership home the occupier) driven by the substantial increase in occupancy in the shared ownership portfolio.

ReSI paid dividends during the period of 5 pence per share, resulting in an EPRA NTA improvement of 2.8 pence. A total IFRS return of 6.6 pence per share (6.2%) was delivered for the year, with the difference to EPRA NTA returns caused by an increase in the fair value of debt of 1.5 pence (£2.7m) and decrease in revaluation of trading properties of 0.3 pence (£1m). This is an IFRS improvement of 1.6 pence after dividends paid.

Movement in NTA



Movement in IFRS NAV



Statement of Comprehensive Income

	FY21 (£'000)	FY20 (£'000)	Variance
Net rental income*	**13,176**	11,345	16%
First tranche sales profits	**1,008**	509	98%
Net Finance Costs*	**(4,232)**	(3,921)	8%
Management fees	**(1,802)**	(1,837)	(2%)
Overheads	**(1,047)**	(1,093)	(4%)
Adjusted Earnings	**7,104**	5,018	42%
Adjusted EPS	**4.2p**	2.9p	45%
IFRS Earnings	**11,221**	2,449	358%
IFRS EPS	**6.6p**	1.4p	371%

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

Adjusted EPRA Earnings/IFRS earnings increased by 42% (£2.1m) on FY20 to £7.1m, driven by the 16% (£1.8m) increase in net rental income to £13.2m with the deployment of capital and operational improvements in shared ownership occupancy and retirement voids, whilst controlling overhead costs during the year.

£1.0m of net income consisted of first tranche sales profits which reflect the gain on cost we recognise by selling c.25% of a shared ownership home to the occupiers and is broadly equivalent to the ongoing annual net rental income anticipated to be received per property.

The 8% increase in net finance costs to £4.2m is driven by the 18% (£25m) increase to £166m in notional debt, to finance shared ownership acquisitions during the year.

Fund Manager's Report

Balance Sheet

	30-Sep-21 £'000s	30-Sep-20 £'000s	Variance
Total Investments*	**341,128**	302,478	13%
Inventories - First tranche Shared Ownership 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%)
EPRA Net Tangible Assets	**184,682**	179,708	3%
EPRA NTA per share (pence)	**107.9**	105.1	3%
Book value of debt	**168,339**	141,101	19%
IFRS NAV	**182,392**	179,612	1.5%
IFRS NAV per share (pence)	**106.6**	105.0	1.5%
Reversionary Surplus (excluded from NTA)	**40,026**	35,515	13%
Reversionary Surplus per share (pence)	**23.4**	20.8	13%

*See note 17

Valuation growth as assessed by Savills during the year has been strong at £7.7m – a 2.5% increase on a like-for-like fair value basis to a total of £351m (including £10m committed acquisitions) as of 30 September 2021 driven primarily by a 1.5% like for like rental growth in the year.

Inventories reflect the amount of unoccupied shared ownership properties that are expected to be sold to shared owners and are held at cost. The 64% reduction reflects the substantial progress in occupying the shared ownership portfolio made during the year, resulting in ReSI's shared ownership portfolio being almost entirely occupied, stabilised and de-risked.

Total borrowings increased by £27m over the year to £168m as of 30 September 2021, with £24m net drawdowns to fund significant growth in ReSI's shared ownership portfolio, and £3m negative mark-to-market movement.

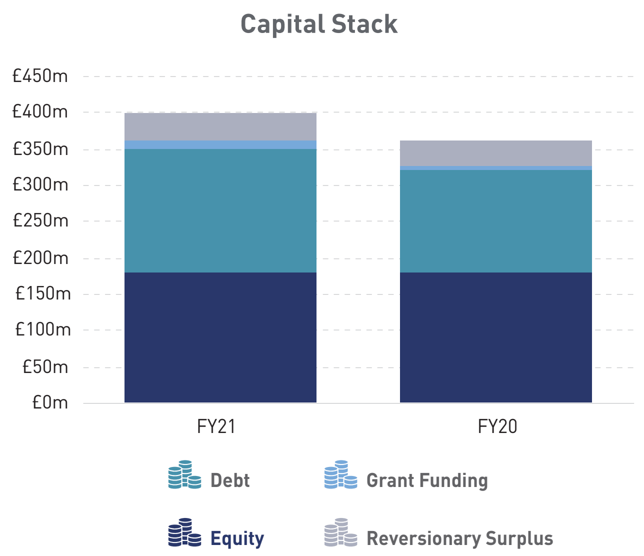
The EPRA NTA and IFRS NAV measures exclude the reversionary surplus in our portfolio which stands at £40m. This represents the difference between the market value of our assets used in our balance sheet and the value we could realise if they became vacant. Overall, our portfolio is valued at a 10% discount, on average, to its reversionary value.

Financing and Capital Structure

ReSI now has in place £166m (notional value) of fixed rate and inflation linked debt, with a weighted average cost of 2.3%, the vast majority of which is long-term partially or fully amortising debt at an average maturity of 22 years.

These debt financings form part of ReSI's strategy to target an overall level of indebtedness of 50% loan to gross asset value and a low cost of very long-term funding, which together enhance the returns to equity available to shareholders and minimise exposure to refinancing, interest rate and covenant risks.

	FY21	FY20
Total debt	**£166m**	£141m
LTV (target 50%)	**46%**	42%
Leverage on reversion value	**43%**	39%
Weighted average cost	**2.3%**	2.6%
Weighted average maturity	**22 years**	23 years



Fund Manager's Report

Outlook

The UK continues to suffer from an acute shortage of affordable housing, which results in a huge need for long-term patient capital such as provided by ReSI, that is looking for long-term inflation linked returns with impact.

ReSI is strongly placed to meet the two biggest problems in the housing market:

- inability to access home ownership, which has been made worse by recent strong house price growth; and
- growing elderly population requiring suitable accommodation for independent later living.

This strength is born from:

- ReSI having the UK's largest private independent retirement rentals business;
- our specialist in-house 30 -strong team with over 20-years track record in property and lettings management;
- ReSI's ownership of ReSI Housing, our for-profit Registered Provider of Social Housing and investment partner of Homes England and the Greater London Authority; and
- ReSI's unique 45-year, 0.5% coupon RPI linked debt facility with USS which provides a 300-basis point yield pick-up on our shared ownership investments thus enabling a return sufficient to support ReSI's dividend target of 5 pence per share, growing in line with inflation.

ReSI continues to see interesting investment opportunities in the shared ownership space which have been introduced to ReSI via the Fund Manager's relationships with various housing associations, including from existing partners.

We have achieved all our year-end targets. In particular ReSI began to cover its dividend from recurring income three months ahead of schedule. ReSI now delivers a very low risk, sustainable, covered inflation-linked income. Going forward our focus will be on the retirement and shared ownership portfolios and growing our income with inflation, reflecting the underlying leases we have in place with our residents.

Reflecting the inflation linkage of the portfolio and that ReSI is now fully deployed with its portfolio stabilised and fully income-generating, the dividend target for the next financial year has been increased in line with September CPI of 3.1% resulting in a new annual dividend target of 5.16 pence per Ordinary Share for the year to September 2022.

Alex Pilato
Managing Director, Housing & Capital Markets
30 November 2021

All Saints Court, East Yorkshire

Environmental & Social Impact

ReSI's approach to Environmental and Social Impact

This section covers some of the key areas of implementation and other ongoing social impact and environmental initiatives during the year. There is also further detail relating to the impact of the Company on its major stakeholders in the Section 172 statement on page 54.

The Board and the fund manager believe that sustainable investment involves the integration of Environmental, Social and Governance ("ESG") factors within the investment process and that these factors should be considered alongside financial and strategic issues during assessment and engagement with companies.

The Board and fund manager recognise their responsibility to manage and conduct business in a socially responsible way and many of the Company's investors, residents and other counterparties have the same values. Good governance and social responsibility require that the Company seeks to implement a collaborative approach to understanding and improving environmental and social performance. The fund manager is responsible for engagement on ESG matters and dedicates a significant amount of time and resource to focusing on the ESG characteristics of the properties in which it invests. Ongoing monitoring is carried out through investment reviews.

Such ESG factors, which were traditionally not part of financial analysis, are incorporated and prioritised as part of the investment and due diligence process. The fund manager also gives appropriate consideration to corporate governance and the representation of shareholder interests.

This is applied both as a positive consideration, and also to exclude certain investments where the fund manager does not believe the interests of shareholders will be prioritised.

The fund manager's parent, Gresham House, has achieved top scores in the most recent PRI (Principles for Responsible Investment) assessment report for 2020, the Group's first assessment since becoming a PRI signatory in 2018.

Gresham House has a clear commitment to sustainable investment as part of its business mission and has adopted a Housing Sustainable Investment Framework to set out the manner in which its group level commitments are integrated in the housing investment strategy.

Sustainable Investment Framework

The ten themed Sustainable Investment Framework shown below is used to structure analysis, monitoring and reporting of ESG issues and opportunities within the lifecycle of our investments to aid more consistent integration. We are developing expert tools to profile our prospective investments to identify the most material themes within the broader framework and where we believe we should be directing our focus towards more sustainable outcomes.

Alignment with UN Sustainable Development Goals

We believe that ReSI's investments support the following UN Sustainable Development Goals by providing more affordable access to safe, healthy, quality and energy efficient homes that contribute to local sustainable communities and support their occupants to enjoy economic and social inclusion.

Environment		
Carbon, emissions and pollution	*Energy efficient housing; renewable energy where possible, access to public transport where available*	
Natural resources management	*Water saving measures where possible; regeneration of brownfield sites*	
Waste management	*Where feasible sustainable management of waste arising from refurbishment, maintenance and management of the portfolio*	
Social		
Employment health, safety and well-being	*Safety and well-being of residents a priority; application of best practice standards; quality employment*	
Marketplace responsibility	*Affordability and quality in all tenure types, widening access to home ownership; proactive protection of residents' interests and customer charters*	
Supply chain sustainability	*Sourcing policy ensures management teams have required knowledge of local areas and meet regulatory requirements*	
Community care and engagement	*Contributing to community stability and environmental quality; housing that is accessible to jobs and amenities*	
Governance		
Governance and ethics	*Good practice governance, strong business ethics management and culture*	
Risk and compliance	*Robust risk and compliance management; monitoring of regulatory and policy change*	
Commitment to sustainability	*Clear objectives for positive social and/or environmental outcome delivery alongside robust financial returns*	

Source: Gresham House

Core SDG

Secondary SDGs

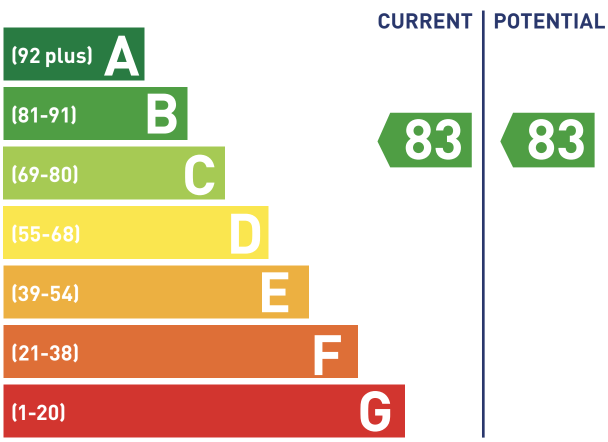
Environmental Impact

Measuring and reducing the environmental impact of ReSI's operations, whilst addressing the risks posed by climate change, is essential in enabling ReSI to reach its long-term financial objectives. In order to improve our environmental understanding, ReSI partnered with consultancy Shift Environment for the second year to report on the carbon emissions generated by its properties, and to explore opportunities to reduce its environmental impact. In addition, ReSI partnered with Greengage Environmental for the first time, to report on its scope 1 and scope 2 carbon emissions.

Currently the most effective method of measuring and reporting a property's environmental impact is using information gathered from property level Energy Performance Certificates ("EPC"). EPC ratings are a measure of a property's energy efficiency, assigning a Standard Assessment Procedure ("SAP") rating of 1 to 100 (higher indicates a more environmentally friendly building) and a corresponding letter grade between A and G. EPC assessments are performed by third party assessors and therefore provide an externally-verified method of quantifying the energy efficiency of each home. Factors such as thermal transmittance of walls, air permeability and heating sources can influence the EPC rating assigned to a property. EPC ratings are obtained on a property-by-property basis upon acquisition and are refreshed at set intervals.

EPC Rating	SAP Score
A	92 to 100 points
B	81 to 91 points
C	69 to 80 points
D	55 to 68 points
E (current minimum requirement for rental property)	39 to 54 points
F	21 to 38 points
G	1 to 20 points

VERY ENERGY EFFICIENT - LOWER RUNNING COST



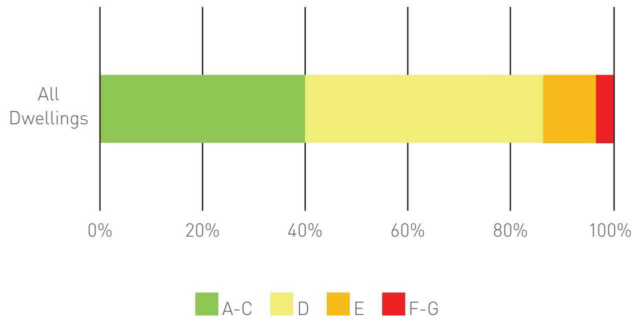
NOT ENERGY EFFICIENT - HIGHER RUNNING COST

Government Requirements and Proposals

In the UK it is a legal requirement that unless exempt, all rented residential properties must have an EPC rating of at least E. Examples of exemptions include where it is not possible to upgrade the property to an E due to the type of walls, the building is listed or it costs more than £3,500 to upgrade a home to EPC E.

The government energy white paper and consultation[23], which is not yet law and still in consultation, proposes a minimum EPC of C for new rental tenancies from 2025 and all rental tenancies from 2028. This will continue to have exemptions for certain types of property, including if it costs more than £10,000 to upgrade a home to EPC C and thus the government's expectation is that only 70% of private rented homes will reach the new proposed minimum within the timeframe. The government may provide financial support and advice to help facilitate upgrades of both rented and owner-occupied homes.

Currently only 40%[24] of homes meet this target minimum EPC of C, with 47% D rated and 13% rated E and below, as illustrated in the below diagram:



This consultation does not apply to shared ownership which is classified as owner-occupied rather than rented accommodation.

ReSI is aware of the regulatory risk posed by the energy white paper and has taken action to position its portfolio to be ahead of government legislation, as described in the targets and progress section of this report.

23 The Energy White Paper – Powering our Net Zero Future, December 2020
24 English Housing Survey, 2019 to 2020: energy

Environmental Impact

The potential impact of climate change on ReSI and mitigation methods

In addition to the regulatory risk described above, the Board is mindful of further risks posed by climate change, notably in the following areas:

- **Overheating risk:** rising average temperatures combined with a greater quantity and quality of property insulation could result in homes becoming too hot in the summer months. ReSI is aware of this risk and will balance the need to insulate its homes with the risk of 'over-insulating' them by making property-by-property assessments as required.
- **Flood risk:** rising sea levels could increase the chance of flooding in homes built near rivers and other bodies of water. ReSI's investment criteria for new homes requires that acquisitions are not built in medium / high risk flood areas without appropriate mitigants in place.
- **Demand:** Whilst ReSI doesn't currently see any difference in resident demand based on the energy efficiency of properties, it is acknowledged that this is likely to change over time. To mitigate against this risk in the future, ReSI plans to upgrade the energy efficiency of its portfolio such that it is ahead of its competitors and proposed government legislation.

Calculating ReSI's environmental impact: energy efficiency ratings (EPCs)

At the report release date, 81% of ReSI's portfolio was EPC rated C or higher, up from 80% last year. This rises to 90% for ReSI's directly rented homes.

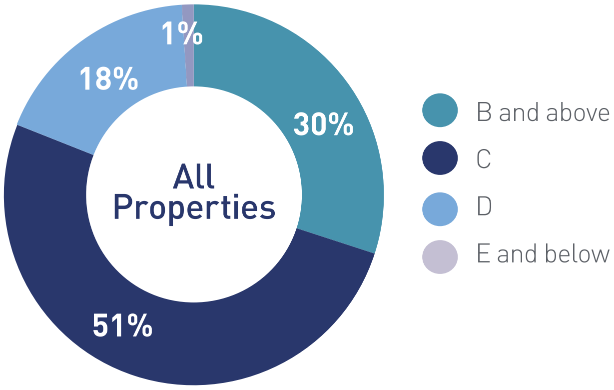
Just 1% of ReSI's properties are E rated, down from 2% last year, with 100% of directly rented properties rated at D or above thanks to the work done to upgrade the least efficient retirement properties, which is discussed in the targets and progress section below. The remaining E rated properties are primarily shared ownership houses that were part of the acquisition of older, tenanted properties from Orbit during the year, and Housing Manager Flats within the retirement portfolio that are on license to a third party. This third party is responsible for the maintenance of these properties and ReSI plans to work with them in the coming year to upgrade the energy efficiency of these units.

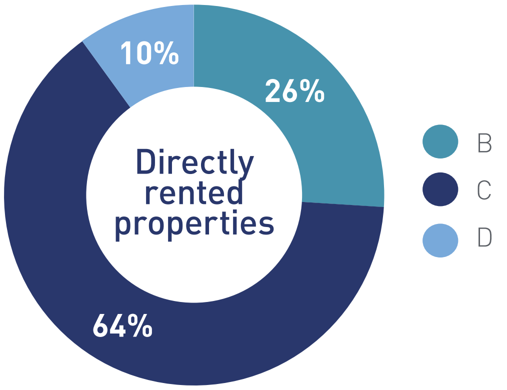
25 English Housing Survey, 2019 to 2020: energy

	Average EPC Score
EPC rating of ReSI's Homes*	C
Average UK rating[25]	D
Minimum rating legally required to let out property	E

* Representative sample of all properties assessed – 96%..

The table above evidences that the efficiency of ReSI's portfolio is well above the UK average, however whilst we are pleased with progress in this area, we recognise that there is more work to be done.





Total properties 3,005, representatitve sample of 96% assessed.

Total directly rented properties 1,896, representative sample of 99% assessed.

Our targets and progress:

Residential buildings are significant carbon emitters, and to meet climate related targets the UK Government has proposed actions to prevent homes with poor energy efficiency ratings from being rented.

To mitigate this risk ReSI is committed to improving the EPCs of its directly rented homes to at least a C rating by 2025, demonstrating its ability to manage the significant, forthcoming changes.

Case Study

Case Study: 2021 shared ownership acquisition – Brick by Brick, Auckland Rise

In 2021, 41 homes at Auckland Rise, Crystal Palace were purchased through ReSI's registered provider of social housing, ReSI Housing, adding to ReSI's existing portfolio of shared ownership homes.

Social Impact

- **Price to earnings ratio of 11.5x:**[26] providing local residents with an affordable route onto the housing ladder, in an area where outright ownership is unaffordable for many.
- **Rentals charged at a discount of 34%[27] to market rate:** making monthly payments affordable to mid to low earners.
- **Private outdoor balconies:** increasing quality of life for residents, with sufficient space for a table and chair.
- **Maintained communal gardens and play areas:** dedicated green space for our shared owners to enjoy.
- **Cycle storage provided for all residents:** enabling and encouraging shared owners to switch from motor vehicles to cycling - a low environmental impact method of transport.

Environmental impact

- **EPC ratings of B or above:** efficient homes reduce carbon emissions and resident's energy bills.
- **Mechanical Ventilation and Heat Recovery units:** provide fresh, filtered air into resident's homes.
- **Apartments fitted with "green roofs":** improves air quality and reduces carbon emissions.
- **Solar panels installed on the roofs:** panels convert the sun's energy into electricity which is used to power the communal areas of the building.
- **Electric vehicle charging points available on site:** promotes alternative, green, methods of transport.

Environmental Impact

During the current year, ReSI has focused on upgrading the least energy efficient, directly rented homes. The result of the upgrade works performed is that 100% of directly rented homes that were EPC E rated last year, which accounted for 1% of ReSI's total portfolio, are now rated at a D or better at the release date of this report, exceeding the current government minimum rating of an E. This has been achieved through working closely with consultants such as Vibrant Energy to improve energy efficiency and drive fuel savings for our customers through upgrading old heating systems and insulating water heaters, for example. Improving the energy efficiency of our homes will reduce ReSI's risk exposure to the new proposed legislation, as well as making the properties more attractive to potential residents.

The focus now turns to upgrading our D rated directly rented properties to at least a C by 2025 as part of the ReSI's road to net zero plan, demonstrating ReSI's ability to manage these significant, proposed changes. There are a small number of properties owned by ReSI that can't be upgraded and will be exempt (e.g. some of the retirement properties have Georgian parts where the common areas sit).

In some cases, the fund manager may decide to sell a property if they are unable to improve its energy efficiency to protect the long-term interests of shareholders. It recognises that in these situations, the sale of the property will improve the overall energy efficiency of the portfolio but will not contribute to wider environmental objectives of the UK, so will always first seek to make improvements before deciding to sell.

ReSI's approach to sustainable investing

ReSI's policy for acquiring new build homes is that they must have a minimum EPC rating of a B. ReSI acquired 59 new build homes during the year, all of which met this standard. Going forward, all of ReSI's new build properties will meet the Future Homes Standard and new properties purchased after 2025 will aim to be carbon neutral. Over the course of the next year, ReSI intends to further develop its plan to reach operational net zero, keeping well ahead of government proposals.

ReSI's preference is to acquire properties developed on brownfield sites in order to provide affordable housing while preserving biodiversity and enhancing green spaces. As previously explained, ReSI is also committed to not investing in newly developed properties in medium/high flood risk areas without appropriate mitigation in place. 100% of the new build homes acquired during the year were on brownfield land and in areas of low flood risk, meeting this standard.

26 Data for Croydon London Borough from Hometrack

27 Compared with average SE19 apartment rental yield. Data from Realyse

Calculating ReSI's environmental impact: carbon emissions

Shift Environment have estimated the scope 3 carbon emissions produced by ReSI's properties using data extracted from Energy Performance Certificates. In addition, Greengage Environmental have reported specifically on ReSI's scope 1 and scope 2 emissions, and we will be working with them to produce our road to net zero strategy in the coming year.

Emissions are broken down into three categories by the Greenhouse Gas Protocol:

- **Scope 1 –** All direct emissions from the activities of the Company or under its control. This includes fuel combustion on site such as gas boilers and air-conditioning leaks.
- **Scope 2 –** Indirect emissions from electricity purchased and used by the Company. Emissions are created during the production of the energy and eventually used by the Company.
- **Scope 3 –** All other indirect emissions from activities of the Company, occurring from sources that it does not own or control.

Scope 1 emissions

ReSI doesn't produce scope 1 emissions as it does not directly create any carbon emissions by generating electricity for its own use. ReSI doesn't have any office premises of its own and its operations are performed by the fund manager, which is part of Gresham House, and other third parties as necessary.

Scope 2 emissions

Scope 2 emissions are associated with purchased energy used on the site of activity, with the emissions generated elsewhere. Where ReSI is financially responsible for the energy consumption of communal areas and vacant properties within its property portfolio, the emissions generated by this activity falls under scope 2. Individual property energy usage is the responsibility of the tenants however and therefore not considered under scope 2.

Greengage Environmental have calculated ReSI's scope 1 and scope 2 emissions using utility bills and kWh consumption data for a representative sample of communal areas and vacant properties within our portfolio.

Environmental Impact

Portfolio	Total (million kWh)	Tonnes CO_2 Emissions
Retirement: communal areas	0.08	17.4
Retirement: vacant properties	0.13	26.8
Shared ownership: vacant properties	0.02	3.6
Total	**0.22**	**47.8**

The work performed by Greengage evidences that the scope 1 and 2 emissions generated by ReSI are very small compared to the scope 3 emissions generated by its properties. Nonetheless, ReSI will continue to explore methods of reducing its scope 1 and 2 emissions going forward.

Scope 3 emissions – third party providers

ReSI is responsible for indirect emissions through its service contracts with third party providers. The emissions of the fund manager will be reported as part of Gresham House's 2021 annual reporting. ReSI aims to increase the amount of information available on its third party providers' emissions in future reporting, and this will form part of our road to net zero strategy to be developed in the coming year, but for this Annual Report ReSI has concentrated on the indirect emissions generated from its property portfolio from which the majority of our emission are generated.

Scope 3 emissions – residents and shared owners

ReSI's operating activities are classified as scope 3 carbon emissions, given that they are indirectly generated by residents and shared owners while occupying its properties.

Current emissions from ReSI's housing stock have been calculated in line with best practice standards, using DEFRA 2021 conversion factors. These values are presented for ReSI's portfolio as at 30 September 2021 on an annualised basis, regardless of whether ReSI owned the home for the entire period, and no adjustment is made for property void periods. The calculation does account for the upgrade works performed on the directly rented properties which took place after year end but prior to the report release date.

Environmental Impact

Emissions per annum	Electricity Usage (kWh)	Gas Usage per annum (kWh)	LPG + Oil Usage (KWh)	Total (million kWh)	Tonnes CO_2 Emissions (and equivalents)	Average Tonnes CO_2 per property
ReSI's portfolio (3,005 homes)	36.7	3.1	0.1	39.9	9,067	3.0

	Total energy consumption per unit (KWh)		Tonnes CO_2 Emissions per property		Average SAP	
Emissions per annum	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
Shared ownership	6,860	10,371	1.5	2.2	83.5	80.2
Retirement	14,041	14,646	3.5	3.4	75.4[28]	75.5
Local Authority	7,440	7,465	1.9	1.7	67.4	66.9
Total	**12,832**	**13,248**	**3.2**	**3.0**	**75.8**[28]	**75.9**

* Representative sample of all properties assessed – 96%.

By comparing the result of Shift Environment's report to the work performed last year ReSI is able to assess the progress made on reducing its scope 3 emissions during the year.

Total energy consumption per unit increased within the shared ownership portfolio due to the acquisition of older, tenanted housing. A greater proportion of these properties were houses, compared with the prior year portfolio which consisted largely of new build apartment blocks, increasing the CO2 emission per property. However, the work performed to upgrade the least efficient directly rented retirement units to a minimum EPC rating of a D has driven a reduction in CO2 Emissions per property for this portfolio, as well as an improvement in its SAP rating.

Overall, ReSI's CO2 Emissions per property has decreased from last year as a result of the work performed on retirement units, the increase in properties that are electrically heated and the decarbonisation of the grid. This has driven a slight increase in ReSI's average SAP rating.

When the performance of ReSI's homes is compared to the social housing average and the average of Shift's database of landlords, ReSI is well ahead of the industry benchmark. Despite these strong results, ReSI will continue to push forward with its sustainable investment targets.

Gresham House

In August 2020 Gresham House published its Housing Sustainable Investment Framework (available on its website) which states how it plans to meet its sustainable investment commitments within the Housing Strategy. Gresham House is also a signatory of the Principles for Responsible Investment (PRI) and has received the Green Economy Mark from the London Stock Exchange.

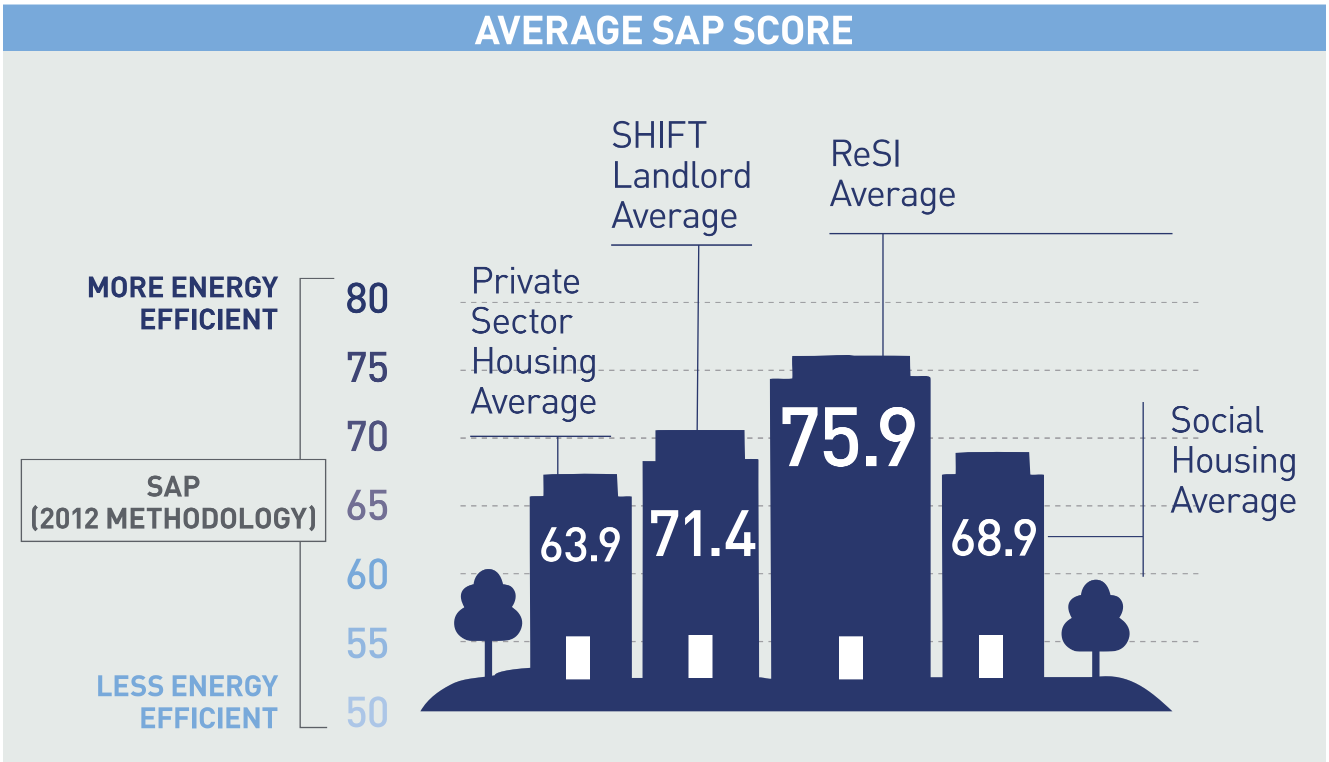
Signatory of:

PRI Principles for Responsible Investment

GREEN ECONOMY LONDON STOCK EXCHANGE

28 Prior year figure restated, with more accurate calculation that includes number of data points equal to current year calculation

Environmental Impact



Bower House, Cheshire

Social Impact

ReSI seeks to provide long term solutions to the UK's lack of affordable housing through a focus on independent living through retirement and affordable home-ownership. These solutions help residents to help themselves to achieve positive outcomes.

Our purpose is to deliver affordable, high quality, safe homes with great customer service and long-term stability of tenure for residents. We achieve 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 has worked with The Good Economy to quantify its social impact. Here we summarise and provide commentary on the findings; the entire report is available on ReSI's website (https://www.resi-reit.com).

Social outcomes

By raising capital to invest in new and existing social and affordable housing, ReSI makes homes available to people who might otherwise be excluded by open market mechanisms. The Good Economy's analysis focused on five areas under the direct control or influence of ReSI. These are:

The diagram below summarises how ReSI's activities contribute to social outcomes.

ACTIVITIES THE ACTIONS THAT RESI IS TAKING	OUTPUTS THE DIRECT RESULT OF THE ACTIONS OF RESI	OUTCOMES THE CHANGES THAT DIRECTLY IMPACT PEOPLE'S LIVES
• Raising capital from investors with aligned interests • Building relations with RPs and other strategic partners • Financing of new affordable housing development • Acquisition of existing social housing • Providing in-house property management services through RPML	**SHARED OWNERSHIP OUTPUTS** • Door opened to home ownership • More affordable housing brought into the market • Households have lifetime security of tenure • High quality RCML management services **RETIREMENT RENTAL OUTPUTS** • Retired households living with peers and with onsite support • Retired households housed with long term security of tenure • High quality RCML management services **LOCAL AUTHORITY HOUSING OUTPUTS** • Fewer people homeless • Greater stability of accommodation • Reduction in local authority use of emergency hotels **IMPROVEMENT IN EPCS** • Retrofit works across all housing types, where needed	**SHARED OWNERSHIP OUTCOMES** • Improved stability through security of tenure for those who cannot afford to buy in the open market • Reduction in housing expenditure caused by below market rate rents **RETIREMENT RENTAL OUTCOMES** • Greater independence • Alleviation of loneliness and improvement in resident health • Equity released for other needs **LOCAL AUTHORITY HOUSING OUTCOMES** • Improved tenant wellbeing • Value for money for the public purse **REDUCED ENERGY USAGE** • Reduced energy consumption

Source: The Good Economy

Social Impact

The impact of each of ReSI's portfolios is discussed on more detail on the following pages.

Shared Ownership

ReSI acquires shared ownership homes from developers and housing associations. These homes provide an affordable route to home ownership for people who would otherwise struggle to buy on the open market. It is a part-buy, part-rent model with subsidised rents and low deposit requirements.

Growing disparity between house prices and local income in many areas of the UK has created significant financial barriers to home ownership. Shared ownership aims to provide an affordable route to ownership for people who might otherwise be excluded on the open market.

ReSI aims to be a best-in-class provider of shared ownership housing and drive an improvement in standards across the sector. For example, ReSI has developed a Shared Ownership Customer Charter and a Shared Ownership Environmental Charter, which are unique in the shared ownership space and provide benefits to both shared owners and our investors. Our aim is for these benefits to be shared by not just our residents but those in the wider c.200,000 shared ownership homes across the sector.

How has ReSI performed against TGE's impact objectives?

	Address Social Need	Provide Affordability and Value for Money	Best Quality Partnerships	Increase Supply
Objective:	Making home ownership accessible in areas with low affordability ratios.	Addressing barriers to home ownership for low-and middle-income households.	Providing quality homes and management.	Bringing more homes into the affordable housing sector.
ReSI 2021 Results:	70% of properties in local authorities with higher-than-average levels of unaffordability .	Properties Affordable to 65% of local households*	Strong partnership with MTV, with whom ReSI are now working more holistically across activities	230 (46%) of ReSI's shared ownership homes are new build.

Address social need

House prices in England are on average 8 times greater than the average person's earnings, making the average house unaffordable to the average worker. The Good Economy have compared the house price to earnings ratio of the boroughs in which ReSI's properties are located to this average and found that 70% of its shared ownership homes are located in areas with price to earnings ratios above 8. This demonstrates ReSI's commitment to providing mid to low earners with access to home ownership where it would otherwise be unaffordable.

MTVH shared tenant demographics data with TGE for a shared ownership scheme in Clapham owned by ReSI.

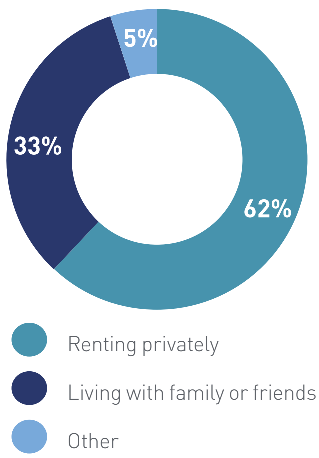
SHARED OWNERSHIP - WHO BENEFITS?

CLAPHAM SCHEME

Average household size: 3

Average age of homeowner: 33

Previous tenure:



Social Impact

In addition, the application of ReSI's Shared Ownership Charter to already occupied portfolios has generated a significant amount of interest from residents, particularly in the offering of 1% staircasing at a predetermined price without legal and valuation fees and offering leases extensions to those residents with short leases for a nominal fee of £1.

Provide affordability and value for money

TGE's assessment showed that 65% of ReSI's properties are affordable to local households, demonstrating that the average worker is able to afford the average ReSI shared ownership home.

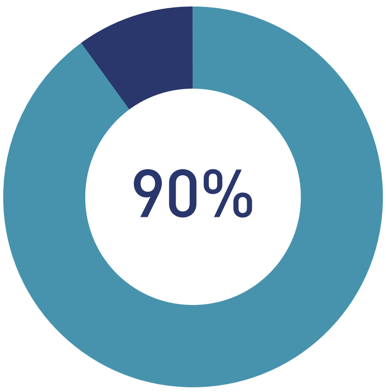
This is a result of ReSI charging rent on the residual equity at 2.75%, representing an average 30% saving vs market rent.

Build quality partnerships

Metropolitan Thames Valley Housing (MTVH), who manage ReSI's Clapham, Croydon, Brampton and Totteridge shared ownership homes, affirmed that its relationship with ReSI has strengthened over the last 12 months. This strong working relationship was exemplified by ReSI being flexible and supportive of MTVH when one of its scheme's rental collections dropped below the required contractual levels during a pandemic affected month. MTVH's rent collection has now returned towards pre-Covid levels.

Increase Supply

46% of ReSI's spend in the year was on new builds, contributing to 80% of our shared ownership portfolio being new build by spend amount at the year end date. By funding the development of new build properties, ReSI is bringing more homes into the affordable housing sector. The remaining 54% of ReSI's spend in the year was on acquiring tenanted shared ownerships homes from not-for-profit housing associations. Not-for-profits are required to reinvest the capital they received from ReSI into either new developments or upgrading existing developments, so ReSI is indirectly increasing housing supply through acquisitions of this type.



90% of respondents stated that moving into their current home has made a positive difference to their living situation

Qualitative feedback provided by residents:

- "Peace of mind about not having to move out at short notice"
- "Our home is ours and we have more security"
- "I've had the opportunity to have my own place that I can decorate as I please and no longer have to share with other people"
- "Means we are able to have an independent lifestyle and able to save for the future"

Social Impact

Retirement

ReSI acquires homes which provide rented accommodation for retired residents who do not require significant on-site care. This tenure provides many benefits for people over 55. It allows them to maintain their independence and avoid care homes, frees up equity from the sale of previous homes, and fosters a sense of community by offering shared spaces and communal activities among residents.

While residents do not require care services, they benefit from having an on-site development manager who can be contacted via an electronic emergency pull cord in each apartment, as well as an offsite tenancy welfare team provided by ReSI Property Management Ltd.

How has ReSI performed against TGE's impact objectives?

	Address Social Need	Provide Affordability and Value for Money	Best Quality Partnerships	Increase Supply
Objective:	Providing specialist accommodation to allow independent living.	Providing affordable rental homes for over-55s.	Supporting residents with on-site assistance.	Offering homes to meet the needs of the demographic.
ReSI 2021 Results:	Retirement rentals survey analysis: 76% would recommend renting in retirement 81% had made new friends 67% were attracted by an assured lifetime tenancy	Rentals banded with Local Housing Authority (LHA) rates Approximately 22% of residents in receipt of Housing Benefit	Since ReSI brought the retirement rentals management team in-house, communication has improved. The quality of service delivered to residents has also improved, as increased digitalisation has sped up processes.	ReSI largely acquires existing retirement properties from other investors

Address social need

By providing specialist retirement accommodation where residents can live amongst their peers, ReSI's retirement properties help to reduce the levels of loneliness amongst older people, demonstrated by 81% of survey respondents saying they had made new friends since they moved into their retirement property. Ultimately by improving residents' health and helping them live independently for longer the portfolio the portfolio helps to delay or avoid the time that residents need to move into residential care – providing both a positive individual outcome and significant saving to the state. More than 3 in 4 respondents would recommend retirement living to a friend, evidencing the positive impact that an assured lifetime tenancy and fit for purpose retirement properties has had on residents.

ALLEVIATION OF LONELINESS

78% OF RESPONDENTS STATED THAT HAVING A SENSE OF COMMUNITY IS IMPORTANT TO THEM IN THEIR RETIREMENT

Social Impact

Provide affordability and value for money

Rentals on ReSI's retirement properties are banded with Local Housing Authority rent levels. Approximately 22% of applicants are in receipt of Housing Benefit, while some residents are also in receipt of Pension Credit, evidencing that the homes are affordable to residents. When offering tenancies, adjustments can be made if an applicant has a weaker financial record – by offering shorter leases or cheaper properties, for example.

"I would definitely recomment living here to others. The people are all very friendly and the location is great." –

Derek. Retirement rental resident

Build quality partnerships

During the year, ReSI moved the management of its retirement portfolio inhouse to a subsidiary of the Fund Manager, to drive operational improvements, benefiting staff and residents. This includes digitalisation of services, improving occupancy of the portfolio, investment in energy efficiency of the homes and improving the quality and speed of maintenance work.

The pandemic has increased the rate of technology adoption by our retirement residents. This has led to ReSI has introducing a system called Fixflo, which allows residents to electronically record maintenance requirements, thus improving the efficiency and speed of responses. In addition to the introduction of Fixflo, residents have commented that they are experiencing better service due to the digitalisation of payments and tenancy agreements. The resident welfare team continue to work with digitally excluded residents to help ReSI access the benefits, both financially and socially, of an increasingly digital led world.

Since bringing the management of the retirement rental portfolio in-house, work is also underway to scale up the Tenancy Welfare Team. This team's responsibility is to make note of any potential personal issues (such as early signs of dementia) and to communicate with families about the residents' welfare.

Increasing supply

ReSI acquired a significant majority of its portfolio of retirement rental homes from another investor. Accordingly, TGE considers that ReSI is bringing low additionality to the sector through these homes since this type of transaction does not increase the supply of social housing. However, ReSI is ensuring that these homes continue to be used as retirement rentals for the long term and is providing additionality by improving their energy efficiency, quality of resident service and levels of occupancy.

Local Authority

ReSI acquires temporary accommodation and leases it to a local authority. The local authority uses these homes to house individuals and families who would otherwise be homeless.

Local housing authorities in England have a duty to secure accommodation for unintentionally homeless households in priority need under Part 7 of the Housing Act 1996. Temporary accommodation is provided while applications are assessed or until more suitable, long-term housing becomes available.

More than 236,000 people in England live in temporary accommodation arranged by local councils[29]. Between Q1 2020 and Q1 2021, the number of households assessed as being threatened with homelessness fell by 19.4%[30]. However, the easing of restrictions on Covid-related private rented sector evictions and the end of the 'Everyone In' campaign have raised concerns that the number of homeless people in the UK – roughly 0.4 million – will now rise again.

29 Shelter, This is England: A picture of homelessness in 2019, Dec 2019

30 MHCLG, Statutory Homelessness, January to March (Q1) 2021: England

Social Impact

How has ReSI performed against TGE's impact objectives?

	Address Social Need	Provide Affordability and Value for Money	Best Quality Partnerships	Increase Supply
Objective:	Providing homes for people on housing waiting lists.	Providing Value for Money for welfare and public care budgets.	Supporting tenants into long-term accommodation.	Responding to demand for temporary housing.
ReSI 2021 Results:	Luton: 13,215 on waiting list out of 78,900 households or 16.7% (compared to national average of 5.1%)	Savings for the public purse compared to pay nightly accommodation of up to £607k	Good working relationship; disputes have been largely resolved	ReSI purchased no additional housing in 2021 and does not construct new housing, making this impact measure not applicable for the local authority portfolio.

Address social need

ReSI's portfolio of local authority temporary accommodation consists of two blocks in Luton, an area with one of the highest rates of housing need in the country. Over 16% of households are on the social housing waiting list – this is more than three times the national average. Moreover, according to a report by the charity Shelter in 2019, one in every 46 people in Luton are classed as homeless[31]. This places it in the worst 5% of local authorities nationally for homelessness.

During an interview with Luton Borough Council about Wesley House – one of ReSI's blocks of temporary accommodation – TGE heard that most of the households living there were families, all of whom have been homeless at some stage. Demand for the units is high, and the homes are generally filled within one week of someone moving out. Luton confirmed that it would struggle to place people, particularly larger families, if Wesley House were not available.

Provide affordability and value for money

When demand for temporary accommodation is high, local authorities are often forced to place residents in bed and breakfasts (B&Bs), which is both expensive and inadequate as a longer-term solution. TGE benchmarked the median cost of local B&Bs against the property leases, confirming that at 95% occupancy, leasing ReSI's two temporary accommodation properties would generate a saving to the public purse of £607k per annum.

"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."

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

Build quality partnerships

Luton Borough Council affirmed that it has a good working relationship with ReSI. The two organisations work closely together to ensure the buildings remain safe, and well-maintained for residents.

Increasing supply

ReSI's two blocks of temporary accommodation were acquired as a passive transfer of stock, with leases and contracts already in place. ReSI's investment has kept the buildings in the social sector. However, it has not contributed to increasing the supply of social housing.

Nonetheless, ReSI is bringing additionality through its spending on building safety and quality. ReSI has commissioned fire engineers to open up Wesley House to inspect the condition and material of the walls, going beyond its contractual obligations and helping to ensure a safe environment for residents. In addition, ReSI has spent in excess of £100k in the last year on upgrading the lifts at Wesley House, going beyond our contractual obligations to provide high quality service to residents.

31 Shelter, This is England: A picture of homelessness in 2019, Dec 2019

Governance

Governance and ethics

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

Operating ReSI Housing enables ReSI to benefit from 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.

Non-executive directors of ReSI Housing have enhanced powers and can veto any action that threatens compliance with the RSH's regulatory standards.

ReSI Housing non-executive directors include:

- David Orr CBE, former Chief Executive of the National Housing Federation.
- Gillian Rowley, former Head of Private Finance at the Homes & Communities Agency.

More information on the ReSI Housing board can be found on page 69.

Board Diversity

Diversity is an important consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and knowledge necessary to discharge their responsibilities. The Board is composed solely of non-executive Directors and has 25% female representation (three male directors and one female director). ReSI plc owns ReSI Housing Limited, a for-profit registered provider of social housing. The ReSI Housing Board contains two independent directors who are independent of the fund manager (with 50% female representation), and fund manager directors.

The Board's approach to the appointment of non-executive Directors is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds. The Board therefore continues to consider that it would be inappropriate to set a target and will always appoint the best person for the job based on merit, and will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age, physical ability or social background. The right blend of perspective is critical to ensuring an effective Board and successful company.

Risk and compliance

ReSI has robust risk and compliance management policies and procedures, as outlined in the risk management and governance sections on pages 59 to 96.

Commitment to sustainability

ReSI is committed to investing in a sustainable manner in order to generate long-term returns. We have this year worked with The Good Economy, Shift Environment and Greengage Environmental to quantify our impact (see pages 39 to 57. By managing activities in line with Gresham House's sustainability investment framework, ReSI seeks to consider all stakeholders in its decision-making process.

Section 172 Statement and Stakeholder Engagement

This section of the Annual Report covers the Board's considerations and activities in discharging their duties under s.172(1) of the Companies Act 2006, in promoting the success of the Company for the benefit of members as a whole.

This statement includes consideration of the likely consequences of the decisions of the Board in the longer term and how the Board has taken wider stakeholders' needs into account.

The Board is ultimately responsible for all stakeholder engagement, however as an externally managed investment company, ReSI does not have any employees, rather it employs external suppliers to fulfil a range of functions, including investment management, secretarial, administration, broking, depositary and banking services. All these service providers help the Board to fulfil its responsibility to engage with stakeholders and it should be noted are also, in-turn, stakeholders themselves.

The Board has identified the major stakeholders in the Company's business. On an ongoing basis the Board monitors both potential and actual impacts of the decisions it makes in respect of the Company upon those major stakeholders identified.

Stakeholder	Why is it important to engage?	How have the directors and Fund Manager engaged?
Shareholders	As a public company listed on the London Stock Exchange, ReSI is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules. The Listing Rules include a listing principle that a listed company must ensure that it treats all holders of the same class of shares that are in the same position equally in respect of the rights attaching to such shares. With the assistance of regular discussions with and the formal advice of ReSI's legal counsel, secretary and corporate broker, the Board abides by the Listing Rules at all times. For information on shareholder engagement please see the Governance section of this report which contains further information on shareholder engagement.	The Fund Manager along with ReSI's corporate broker regularly meets with ReSI's shareholders to provide corporate updates and to foster regular dialogue. The Board encourages shareholders to attend and participate in ReSI's Annual General Meeting ("AGM"). ReSI values any feedback and questions it may receive from shareholders ahead of and during the AGM. ReSI's Annual and Interim reports are made available on ReSI's website and then are circulated to shareholders as requested, providing shareholders with an in depth understanding of the Company's financial position and portfolio. ReSI also make available RNS and other business and market updates on ReSI's website.

Section 172 Statement and Stakeholder Engagement

Stakeholder	Why is it important to engage?	How have the directors and Fund Manager engaged?
Residents	Residents are integral to ReSI's business model. The importance of engaging with residents cannot be understated; strong relationships have been shown to improve tenant retention, rent collection rates, overall tenant satisfaction and impact on the community. ReSI is committed to accelerating the development of socially and economically beneficial new housing to make a meaningful contribution to the UK housing shortage. ReSI's homes deliver a social benefit through providing wellbeing improvements to residents (e.g. by providing the security of a home for life), fiscal savings (e.g. lower costs for housing those at risk of homelessness and savings to the NHS), and wider economic benefits (e.g. by enabling people to live and find work in otherwise unaffordable parts of the country). The social impact delivered by ReSI is reported on page 46.	ReSI works with trusted partners to manage its relationships with all residents on all tenures. ReSI's property managers are in regular contact, and residents are also provided with contact details and are able to contact dedicated teams to discuss any problem that they might have. The Fund Manager reviews detailed affordability assessments before a resident is selected, and throughout the lease term a close relationship is maintained through ongoing engagement. The Fund Manager expects, and monitors, the property managers to encourage feedback from residents including suggestions for service improvement and to learn from any complaints about service delivery. The safety and wellbeing of residents is of the highest priority and when making an investment the Fund Manager is rigorous in using the skills and expertise of its property team to provide high quality homes and identify and mitigate all risks to residents. The Fund Manager considers residents' changing needs and uses their expertise to assist them. ReSI's lifecycle plans for accommodation includes a conservative approach to the long-term costs of ownership to ensure that the standard of quality is maintained or improved throughout the life of the property. At the same time, the Fund Manager only works with well-regarded and established partners to ensure all routine and other maintenance is undertaken promptly and properly.
Fund Manager	The most significant service provider for ReSI's long-term success is the Fund Manager, who has been engaged as ReSI's alternative investment fund manager, in compliance with the provisions of the Alternative Investment Fund Managers Directive ("AIFMD"), since launch of ReSI. Pursuant to the Fund Management Agreement, the Fund Manager is tasked with providing investment management services to ReSI.	The Board regularly monitors the Company's investment performance in relation to its objectives and investment policy and strategy. The Board receives and reviews regular reports and presentations from the fund manager and seeks to maintain regular contact to maintain a constructive working relationship.
Property Managers & Developers	ReSI works with property managers who are experienced in managing tenants' needs to ensure a good quality of service and to ensure that the regulatory risk is minimised. Strong developer relationships enable ReSI to secure a pipeline of assets for investment. Experienced development partners ensure that ReSI acquires high quality homes to lease to its residents, improving quality of life for residents. By supporting development partners, ReSI aims to benefit local communities by increasing the provision of affordable housing. Through ReSI Housing, ReSI is able to acquire assets within the social housing regulatory environment, which emphasises good governance and financial viability.	ReSI always seeks to work with well-regarded partners to ensure that its homes are fit for purpose and maintained at a high standard in order to meet the needs of lessees and occupiers, as well as sustaining value over the long-term. The Fund Manager has regular contact with property managers, estate managers and developers and takes a proactive approach to working with third parties. Before an acquisition, detailed property due diligence is performed by the Fund Manager on all acquisitions to minimise fire and other risks to residents and provide safe and secure accommodation. After acquisition, the Fund Manager (with input from property managers) regularly reports to the Board on ReSI's property performance and compliance with property obligations.

Section 172 Statement and Stakeholder Engagement

Stakeholder	Why is it important to engage?	How have the directors and Fund Manager engaged?
Key Service Providers	A list of the Company's key service providers can be found on page 139 of this Report. As an externally managed real estate investment trust, the Company conducts all its business through key service providers.	Before the engagement of a service provider, the Board ensures that the Company's business outlook as well as values are similar. On an annual basis the Board reviews the continuing appointment of each service provider to ensure re-appointment is in the best interests of the Company's shareholders. The Board has strong working relationships with the Fund Manager, broker, company secretary, administrator and depositary and receives reports on the performance of the key service providers by the Fund Manager and company secretary. Separately, the auditor is invited to attend the Audit Committee meeting at least once per year. The Audit Committee Chair maintains regular contact with the audit partner to ensure the audit process is undertaken effectively.
Regulator of Social Housing	ReSI Housing Limited ("ReSI Housing") is a wholly-owned subsidiary of ReSI and is registered with, and regulated by, the Regulator of Social Housing (the "Regulator") as a for-profit registered provider. As a regulated entity, ReSI Housing is able to offer shared ownership properties, which are central to its future investment strategy.	The Fund Manager and ReSI Housing's board each maintains strong lines of communication with the Regulator and is transparent in all dealings. The Fund Manager, in conjunction with the board of ReSI Housing, keeps ReSI Housing's compliance with its regulatory obligations under constant review, with input from such external advisers as may be necessary.
Grant providers	To enable delivery of shared ownership homes, ReSI Housing is an investment partner of multiple grant providers, including the Greater London Authority ("GLA") and Homes England, and has accessed grant funding under their standard form grant agreements.	To enable delivery of shared ownership homes, ReSI Housing is an investment partner of multiple grant providers, including the Greater London Authority ("GLA") and Homes England, and has accessed grant funding under their standard form grant agreements. The Company engages third parties to ensure compliance with grant requirements from all grant providers. Any correspondence from a grant provide is responded to promptly. ReSI Housing's compliance with grant requirements on Clapham B4 with the GLA has been audited by Trimmer CS Ltd on the basis of which a clean audit opinion has been issued.
HMRC	If ReSI fails to remain qualified as a REIT, its rental income and gains will be subject to UK corporation tax.	ReSI corresponds with its contacts at HMRC regularly and is transparent in all dealings. The Directors and the Fund Manager will at all times conduct the affairs of ReSI so as to enable it to remain qualified as a REIT for the purposes of Part 12 of the CTA 2010.
Lenders	Members of the Group have raised secured debt and entered into a working capital facility, to enable leveraged returns. Each facility entered into contains covenants that must be complied with. Proactive correspondence with the lenders helps ensure covenant compliance and aides the Company maintain its ability to raise further debt in the future.	ReSI's Subsidiaries report to their respective lenders in line with the covenants entered into. Changing market conditions (such as COVID-19) are discussed with dedicated contacts at each lender.

Section 172 Statement and Stakeholder Engagement

Principal Decisions

Principal decisions are defined as those that have a material impact on the Company and its key stakeholders. In taking these decisions, the Board considered their duties under section 172 of the Act.

Acquisitions	Given the volatility of the property market caused by COVID-19, the Board assessed the strategy of continuing to acquire stock in the short-term. Given the demand for affordable accommodation, at a time when demand was higher than ever, it was considered to be in shareholders' best interests to proceed. The social benefit provided by new high quality affordable housing was considered and deemed to have a positive impact on the local community by providing affordable housing in an area where average house prices make home ownership unaffordable for most people.
Loan Drawdowns	Acquisitions in shared ownership assets were funded by further drawdowns from the ultra-long term USS facility of £300m, as ReSI's portfolio focus shifts to greater investment in shared ownership. After due consideration it was concluded that this still represented the best way to fund new shared ownership acquisitions.
Transfer of Independent Retirement Living Property Management Agreement	The property and lettings management of the ReSI's retirement portfolio was transferred from Girlings to a subsidiary of the Fund Manager in July 2021 and is now provided at cost. A great deal of thought was given to whether to continue with Girlings, move to a third party or to a subsidiary of the Fund Manager. The transfer of this property and lettings management function now allows the former Girlings team to work closely with the Fund Manager to optimise customer service and maximise performance for ReSI. From the acquisition date on 1 July 2021, this team focuses solely on managing homes for the Fund Manager. The operational improvements from the transfer of ownership, combined with a managed approach to help residents move into blocks throughout the second and third UK lockdowns, has resulted in retirement voids returning to their pre COVID level of around 7% in the second half of the year and returning a full year average of 7.6%.
Extension of Debt on Local Authority Portfolio	The Loan facility with Natwest secured over local authority housing assets has been extended by twelve months till February 2023. This ensures liquidity for ReSI whilst it completes the stabilisation process of its portfolio.

In summary, the Directors are cognisant of their duties under section 172 and decisions made by the Board take into account the interests of all the Company's key stakeholders and reflect the Board's belief that the long-term sustainable success of the Company is linked directly to its key stakeholders.

Risk Management

Risk Management Measures

Measure	Explanation	Relevance to Strategy	Result
Percentage of shared ownership homes occupied	The number of empty shared ownership properties in ReSI's portfolio. For each empty property, ReSI is unable to collect rent, must pay service charges and council tax and is exposed to maintenance costs.	ReSI requires its shared ownership homes to be sold to shared owners to generate rental and staircasing proceeds, in order to deliver full dividend coverage.	495 of ReSI's 498 completed shared ownership homes were sold, reserved or moving to completion to shared owners as of 30 September 2021, equivalent to 99% 30 September 2020: 125 of 196 or 64%. The final 3 homes were reserved post year end. This results in ReSI's shared ownership portfolio being almost entirely occupied, stabilised and de-risked.
Void loss from retirement properties	The number of empty retirement properties in ReSI's portfolio. For each empty property, ReSI is unable to collect rent.	ReSI requires its retirement portfolio to perform in order to deliver full dividend coverage.	The void loss as at 30 September 2021 was 6% (30 September 2020: 10%), back to pre-COVID 19 levels.
Capital deployed	ReSI measures the rate at which it has deployed capital since IPO as this drives the timing of income production.	ReSI's strategy is to invest in high quality social housing assets; hence the total capital deployed into such assets reflects ReSI's ability to source suitable investments.	Since 30 September 2020 ReSI has committed approximately £40 million[32] into high-quality shared ownership schemes which is 20% higher than the £32 million target announced in December 2020. These take ReSI to full capital deployment with £351 million deployed (including committed acquisitions) by 30 September 2021 (30 September 2020: £302 million).
EPRA NTA per share	ReSI measures its EPRA NTA per share, consistent with its financial statements, with a target to achieve capital appreciation in line with inflation without reliance on gains from asset sales.	A higher EPRA NTA per share compared to ReSI's NTA of 98p per share immediately following IPO, reflects capital appreciation on its portfolio.	EPRA NTA of 107.9p per share (30 September 2020: 105.1p), shows growth of 10% since IPO.
Dividend per share	Targeting 5.0p per share in respect of the annual period to 30 September 2021, growing in line with inflation.	ReSI seeks to provide stable rental income to its investors through regular consistent dividend payments in line with its target. Measuring dividend payments per share reflects ReSI's ability to meet this target, with performance constrained by available cash and the income generated from ReSI's assets.	In line with target: four equal dividends paid of 1.25p per share during the period under review (declared in December 2020 and February, May and July 2021) totalling 5.0p per Ordinary Share (FY 2020: 5.0p). Now that the dividend is fully covered, ReSI plans to increase dividends in line with inflation, to reflect ReSI's inflation linked rental income.
Dividend Cover	Dividend Cover express the ratio of annualised recurring profit before valuation movements to dividend paid over the period.	Dividend coverage of at least 100% is required to pay for the dividend over the long term.	With the portfolio fully invested and the ongoing operational improvements, ReSI reached full dividend cover in the fourth quarter of the year.
Ongoing charges ratio	Ongoing charges express the ratio of annualised ongoing expenses to average Net Asset Value over the period.	ReSI measures the ongoing charges ratio to demonstrate that the running costs of the Company are kept to a minimum without impacting on performance. A lower ongoing charges ratio will improve ReSI's financial performance.	1.6% (FY 20: 1.6%), from 1 October 2020 to 30 September 2021, of which 1.0% relates to the Fund Management fee and the remainder being general and administrative expenses. See note 8

32 assuming shared owners in currently unoccupied homes each acquire 25% of their asset 24

Principal Risks and Uncertainties

The Board recognises the importance of risk management in achieving ReSI's strategic aims.

The Fund Manager, whose services are overseen by the Board, has responsibility for identifying potential risks at an early stage, escalating risks or changes to risk and implementing appropriate mitigations, which are recorded in ReSI's risk register. Where relevant, the Company's financial model is stress tested to assess the potential impact of recorded risks against the likelihood of occurrence and graded suitably.

Risk is a standing agenda item at all meetings of the Audit Committee, and the Board take a proactive view when assessing and mitigating risks. The Board regularly reviews the risk register to ensure the identified risks and mitigating actions remain appropriate.

ReSI's risk management process is designed to identify, evaluate and mitigate (rather than eliminate) the significant and emerging risks that it faces and continues to evolve to reflect changes in the business and operating environment. The process can therefore only provide reasonable, and not absolute, assurance. It does however ensure a defined approach to decision making that decreases uncertainty surrounding anticipated outcomes, balanced against the objective of creating value for shareholders.

An assessment of the risks that the Board deems to be the principal risks and uncertainties are listed below:

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk since 2020 Annual Report
Company, Investment Strategy and Operations				
ReSI may not meet its investment objective or return objective	• Due diligence performed by the Fund Manager prior to each acquisition • On-going information on investment activities provided by the Fund Manager to the Board • Regular review of investment and return objectives	Fund manager	Board	No change
ReSI may be unable to make acquisitions within its targeted timeline	• ReSI has a detailed Investment Policy that describes target assets and the process for acquiring such assets. • The Fund Manager has long-term relationships with leading housing associations, local authorities and private developers • The authorisation of ReSI Housing as a for-profit Registered Provider expands the origination universe to include acquiring newly developed properties that are designated as affordable accommodation under planning requirements and unrestricted stock where ReSI can apply government grant to convert into shared ownership • The Fund Manager has extended its origination and relationship network by bringing in additional experienced professionals with backgrounds working for housing associations, local authorities and private developers • To mitigate the impact of COVID-19, ReSI has worked with its partners to develop a strong pipeline of assets, and has looked to develop its network further with new partners • ReSI is fully deployed as of 30 September 2021	Fund manager	Board	Reduced

Principal Risks and Uncertainties

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk since 2020 Annual Report
ReSI's due diligence ("DD") may not identify all risks and liabilities in respect of an acquisition	• Legal DD is carried out by established law firms and is managed by in-house counsel and housing specialists • Property DD is carried out by reputable real estate surveyors and is managed by in-house property experts • Financial DD is carried out by major accounting firms and is managed by in-house experienced accountants • The Fund Manager performs shadow credit ratings utilising published credit rating methodologies • ReSI is fully deployed as of 30 September 2021	Fund manager	Board	Reduced
Environmental				
Risk of long-term impact on the portfolio from climate change	• Environmental concerns are integral to the ReSI investment analysis process, and are considered before investment in each scheme • The Fund Manager has a sustainable investment policy, which is used to inform investment decisions • We have partnered with knowledgeable third parties to understand our impact on the environment and enhance our reporting – please see the Environmental, Social and Governance section of this report • ReSI is investing in improving the environmental efficiency of its portfolio	Fund manager	Board	No change

Principal Risks and Uncertainties

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk since 2020 Annual Report
Real Estate				
Significant or material fall in the value of the property market	• ReSI's aim is to hold the assets for the long-term and generate inflation linked income • Although the risk of volatility in valuations has increased, the risk to ReSI is low as ReSI does not intend to rely on realised revaluation gains to cover dividend payments, which it intends to cover from income now that ReSI is fully deployed • ReSI focuses on areas of the market with limited and ideally countercyclical exposure to the wider property market	N/A	Board	Decreased
Retaining and procuring appropriate residents	• The Fund Manager engages established property managers to provide the day-to-day management of home lettings and collection of underlying rent from residents or shared owners • The Fund Manager only accepts void risk where there is a demonstrable strong demand or where the residents are part owners of the properties (as exhibited by retirement, sub-market rental assets or shared ownership properties) • The shared ownership portfolio is now almost entirely occupied and derisked, with the retirement portfolio now back to pre-COVID 19 void levels	Property managers / estate agents	Fund manager	Decreased

Principal Risks and Uncertainties

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk since 2020 Annual Report
Service providers				
ReSI is dependent on the expertise of the Fund Manager and its key personnel to evaluate investment opportunities and to assist in the implementation of ReSI's investment objective and investment policy	• ReSI places reliance on the independent Board of Directors who have strong relevant experience • The Fund Manager's interests are aligned to those of ReSI's shareholders through a fee structure which pays 25% of Fund Manager fees in equity and provides for no transaction-specific fees • As of the date of this report, the current and founder directors of the Fund Manager (or persons connected to them) hold (in aggregate) 4,141,248 Ordinary Shares in ReSI and the fund manager holds 1,337,935 Ordinary Shares	Fund manager	Board	No change
Taxation				
If ReSI fails to remain qualified as a REIT, its rental income and gains will be subject to UK corporation tax	• ReSI intends to remain within the UK REIT regime and work within its investment objective and policy • The Fund Manager will at all times conduct the affairs of ReSI so as to enable it to become and remain qualified as a REIT for the purposes of Part 12 of the CTA 2010 • The Board would have oversight on any action that would result in ReSI failing to adhere to the UK REIT regime, and ReSI receives tax advice from professional advisers	Fund manager	Board	No change
Investment Management				
Market and individual investment risks not analysed or detected in a timely fashion leading to investments with poor performance or a higher risk profile than stated within investment policy	• The Fund Manager rigorously analyses investment opportunities and undertakes comprehensive due diligence before acquisition • The Fund Manager does not receive a performance-based fee and as such is not financially incentivised to target riskier higher yielding assets • The Fund Manager receives a management fee prior to deployment and so is not financially incentivised to purchase assets quickly regardless of the performance of such assets	Fund manager	Board	No change
Information Systems and Cyber Security				
Financial loss and reputational damage from the inability to serve our customers, manage properties and meet obligations to key stakeholders, caused by the loss of confidential data or technology disruption either through internal or external attacks on our information systems or by internal control failures.	The Fund Manager has increased its capacity and capability with an outsourced IT function, and the appointment of a dedicated Information Technology Manager • The Fund Manager has made significant investment in new technology that incorporates a greater level of data security in building a secure and resilient platform which is GDPR compliant • The Fund Manager ensures that Property Managers and Key Service Providers contracted have a similar level of robust processes and controls around information security and systems • Regular systems penetration testing and vulnerability assessments are conducted by multiple independent specialists to ensure our systems are robust • The Fund manager ensures regular staff training which includes awareness of IT policies, cyber threats, data protection and GDPR requirements	Fund manager	Board	Not assessed in FY20 Annual Report, but has increased with increasing cyber attacks and legislation

Going Concern and Viability Statement

Going Concern

The Board monitors the Company's ability to continue as a going concern. The following is a summary of the Director's assessment of the going concern status of the Group and Company, which should be read in conjunction with the viability statement.

The Directors have considered the Group's cash position, income and expense flows. In addition, as at 30 September 2021 the Group's net assets were £182.4m and the Group held cash and cash equivalents of £8.4m. Net rental income for the year ended 30 September 2021 was £13.2m, which is expected to increase to reflect the Group's recently occupied and committed shared ownership investments. The total ongoing operating expenses (excluding finance costs, taxation and aborted acquisition costs) for the period ended 30 September 2021 were £3.2m. Therefore, the Group has substantial operating expenses cover.

Due to the resilience of ReSI's tenants' incomes (being predominantly from pensions / savings or local authorities) and shared owners' incomes (having been very recently checked for affordability and with rents below market).

ReSI's portfolio provides a very secure long term income stream as evidenced by:

- Rental payments in the retirement housing portfolio with rental increases linked to RPI in line with increases in pensions and housing benefits on assured tenancies
- Shared Ownership customer leases ranging from between 130 and 999 years with annual increases at RPI +0.5%, similar to large ground rent, are secured on the value of the property, which would provide security for ReSI in the event of a default by the shared owner on rent payments.
- Local authority assets are leased to Luton Borough council, to house those in the Borough who would be otherwise homeless or threatened with homelessness, with remaining lease terms of 4-6 years.

ReSI has high-quality cash flows that are resilient to economic downturns. ReSI also has a great deal of headroom in its loan covenants, and could withstand a prolonged drop in net income without breaching.

As the property investment values of ReSI's retirement and local authority are primarily calculated with reference to future cash flows, and not house prices, volatility in house prices does not have a substantial impact on the value of its property assets. Recent house price forecasts for FY22 and beyond are broadly consistent, with growth predicted in 2022 and future years. Sensitivity analysis shows that even a 15% fall in the value of ReSI's assets would not result in a loan covenant breach.

Based on the above information, the Board has made an assessment and are satisfied that there are no material uncertainties in relation to the Group and Company's ability to continue in business for the foreseeable future, being at least 12 months from the date of approval of the financial statements, and therefore has adopted the going concern basis in preparation of the financial statements.

Assessment of Viability

The principal risks and uncertainties section on pages 60 to 63 summarises those matters that could prevent the Group from delivering on its strategy and is derived from our assessment of the principal risks to our business model, future performance, liquidity, and solvency. A number of these principal risks, because of their nature or potential impact, could also threaten the Group's ability to continue in business in its current form if they were to occur.

The assumptions underpinning our cash flow forecasts and covenant compliance sensitivity analyses have been tested to explore the resilience of the Group's cash flows and profitability to the potential impact of the Group's significant risks, or a combination of those risks.

Considerations applied to going concern and viability

All of the sensitivity scenarios modelled use a base case scenario of no acquisitions other than those already committed, and do not rely on further deployment of capital to support the underlying costs of the business, and are made on the assumption that there are no significant changes to governmental, regulatory or taxation policies.

The remaining principal risks, while having an impact on the Group's business model, are not considered by the directors to have a reasonable likelihood of impacting the Group's viability over the next five years to 30 September 2026.

Sensitivity analyses and mitigating actions

The sensitivity analyses performed were designed to be severe but plausible, and to take full account of the availability of mitigating actions that could be taken to avoid, or reduce, the impact or occurrence of the

Going Concern and Viability Statement

underlying risks. Mitigating actions that could be taken at the Group's discretion include use of funds available under the revolving credit facility to reduce debt, to avoid covenant breaches or the reduction or suspension of dividend payments.

Stress tests

We have considered the fall in property values that could be sustained without an impact on banking covenants including acquisitions that have exchanged but not completed. Property values could fall by over 20% from their valuation at 30 September 2021 before loan to value covenant breaches would arise. As part of this, the Group can utilise undrawn debt facilities to manage the leverage within each security pool. Each security pool is individual and there is no cross-collateralization between them.

Additionally, in considering the effect of a reduction in rent on interest cover covenants, the Group could sustain a fall in net operating income by c. 40% and remain in compliance with these covenants.

Availability of funding

A debt repayment of £1m is due (without penalty) in January 2022, which was a condition of extending the original maturity date of the £14 million Natwest facility by twelve months. This prepayment can be funded by ReSI's working capital. Final repayment of this loan is now due in February 2023 and will be the Group's first re-financing event. Generally, the Fund Manager arranges finance in advance of expected requirements and has reasonable confidence that replacement debt facilities will be in place as required.

Viability Statement

In accordance with the UK Corporate Governance Code the Board has assessed the viability of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The Board has conducted this review for the five years to 30 September 2026. The Board considers that five years is the maximum period for which the degree of uncertainty relating to factors outside of the Board's control is low enough to make a reasonable expectation in respect of the Group's longer-term viability.

Five years was considered appropriate given the Company's long-term investment objective. The Board has considered each of the principal risks and uncertainties set out above and the liquidity and solvency of the Company.

Having considered the matters above, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five year period of its assessment.

The Chairman's Statement and Fund Manager's Report present the positive long-term investment case for acquiring high quality residential assets which also underpins the Group's viability for the period.

Approval

The Strategic report was approved by the Board of Directors on 30 November 2021.

Rob Whiteman
Chairman of the Board of Directors
30 November 2021

Governance

Board of Directors

Rob Whiteman CBE

Non-executive Chairman

Appointed
9 June 2017

Skills, competence and experience

- Significant knowledge of public service finances and reform and a strong background in public financial management and governance.
- Presently Chief Executive of the Chartered Institute of Public Finance & Accountancy (CIPFA) and previously Chief Executive of UK Border Agency (UKBA), Improvement and Development Agency (IDeA), and London Borough of Barking and Dagenham. He previously held various positions in the London Borough of Lewisham from 1996-2005, latterly as Director of Resources and Deputy Chief Executive.
- He has been a technical adviser to the board of the International Federation of Accountants (IFAC) in New York since 2013.
- Educated at the University of Essex where he gained a BA (Hons) in Economics and Government and is a qualified chartered public finance accountant (CPFA).

Other roles:

- Director of CCAB Limited
- Director of the Koru Project CIC F
- Director of Eagles Crest (Poole) Limited
- Director of CIPFA C.Co Limited
- Director of CIPFA Business Limited

Elaine Bailey

Non-executive Director

Appointed
27 April 2020

Skills, competence and experience

- Previously the Chief Executive of Hyde Group, the G15 Housing Association with over 50,000 properties providing housing to 100,000 residents, a position she held for five years until 2019. During this time Elaine oversaw the establishment of a five-year development pipeline of 11,000 homes and the launch of several innovative partnerships with housebuilders, contractors, local authorities and other housing associations. Elaine also previously worked in the construction and government services sectors; and worked for some years at Serco.
- Actively involved in the government's Building Safety Programme, including as a member of the Industry Safety Standards Steering Group, and recently appointed to the HSE board by the Department for Work and Pensions (DWP) as a Non-Executive Director.
- Elaine was educated at Southampton University, where she gained a civil engineering degree and holds an MBA from Imperial College.

Other roles:

- Director of Andium Housing Association
- Director of McCarthy & Stone Shared Ownership Division
- Director of CHAS (Construction Health and Safety)
- Director of MJ Gleeson plc
- Trustee of Greenslade Family Foundation
- Health and Safety Executive Board

Board of Directors

John Carleton

Non-executive Director

Appointed
9 June 2017

Skills, competence and experience

- A strong operational leader with management experience and a track record in social infrastructure and housing.
- Previously John was a Partner and Head of Housing, Regeneration and Growth at Arcadis LLP, was an Executive Director for Markets & Portfolio at Genesis Housing Association and Managing Director for Genesis Homes Ltd. In addition, John has held various other roles including Executive Director of Property Investment at Orbit Group, Director of Places for People Leisure Partnerships, Director of Social Infrastructure and Housing at PricewaterhouseCoopers, Director of the Housing Corporation (now the Homes and Communities Agency), Property Director at Barclays Bank, Managing Director of HRC Ltd / Lehman Brothers and Head of the Specialist Property Division at the Bank of Ireland.
- John was educated at the University of Liverpool and holds a MBA in Finance from Manchester Business School. He is a fellow of the R.I.C.S and also holds an IPF Investment Property Forum Diploma from the Cambridge University Land Institute.

Other roles

- Director of Helping Change Limited

Robert Gray

Senior Independent Director and Chairman of the Audit Committee

Appointed
9 June 2017

Skills, competence and experience

- Extensive business experience, including experience in debt finance and capital markets.
- Robert has held roles at J.P. Morgan, HSBC Markets Limited and HSBC Investment Bank in London working initially as Managing Director in Global Capital Markets and subsequently as Vice Chairman for Client Development. Robert was also Chairman, Debt Finance & Advisory at HSBC Bank plc. As Director and Chair of the Overseas Promotion Committee of TheCityUK Robert served as financial services sector adviser to the UK Minister for Trade & Investment.
- Robert was Chairman of the International Primary Market Association and Vice Chairman and Chairman of the Regulatory Policy Committee of the International Capital Market Association.
- Robert was educated at Sherborne School and St. John's College, Cambridge University where he gained a MA (Hons) in History.

Other roles

- Director and Chair of the Audit Committee of the Arab British Chamber of Commerce.
- Trustee of Allia Limited.
- Director and Company Secretary of Prospekt Medical Limited.

ReSI Housing Non-Executive Directors

ReSI owns ReSI Housing Limited, a for-profit registered provider of social housing. The ReSI Housing Board contains independent directors (who are independent of the Fund Manager and ReSI) and Fund Manager directors. The independent Directors control the Board on matters that they consider may affect ReSI Housing's compliance with the regulatory standards of the Regulator of Social Housing. ReSI Housing's non-executive directors are:

David Orr CBE

Non-executive Director

Appointed
2 October 2018

Skills, competence and experience

- David is an experienced leader in both executive and non-executive roles. He has over 30 years' experience in Chief Executive roles, most recently at the National Housing Federation. He is Chair of Clarion Housing Association, is a previous President of Housing Europe and previous Chair of Reall, an international development housing charity. He is also chair of The Good Home Inquiry, co-chair of #Housing 2030, a joint project for Housing Europe and UNECE, and a member of the Archbishop of Canterbury's Housing, Church and Community Commission. David frequently speaks on the challenge of optimistic leadership and the critical importance of governance. He has wide ranging media experience, is a well-regarded commentator and blogger and has extensive expertise navigating the world of politics and government.
- In June 2018 David was awarded a CBE.

Other roles:

- Chair of Clarion Housing Association
- Chair of Reall
- Chair of The Good Home Inquiry
- Co-chair of #Housing 2030
- Board member of Clanmil Housing Association
- Member of the Archbishop of Canterbury's Housing, Church and Community Commission
- Trustee National Communities Resource Centre

Gillian Rowley

Non-executive Director

Appointed
11 March 2019

Skills, competence and experience

- Gillian brings to ReSI Housing over 30 years of housing and housing finance expertise, with a focus on policy development within the framework of regulatory standards.
- She served as the Non-Executive Director for The Housing Finance Corporation from 2006 – 2012, where she was heavily involved in business strategy, financial policy and governance. This overlapped with her role as the Head of Private Finance at the former social housing regulator, the Homes & Communities Agency, where for 13 years she was responsible for relationships with lenders, investors, advisers, and credit rating agencies operating in the social housing sector. She has also been an authority on all aspects of social housing finance policy, including advising government departments, focusing on areas of regulatory standards, and being responsible for social housing sector guidance on treasury management.

Investment Team

Ben Fry

Head of Housing Investment

- Ben Fry is Head of Housing Investment at Gresham House and Managing Director for ReSI Capital Management.
- Ben has led investment management for Residential Secure Income since IPO in July 2017, prior to which he led TradeRisks' debt advisory services for housing associations, local authorities, and specialist residential accommodation.
- Ben has 16 years of industry experience, with ten years social housing experience since joining TradeRisks in 2011. Ben qualified as a chartered accountant with Deloitte and is a fellow of the Institute of Chartered Accountants of England and Wales. He holds a BSc in Mathematics from Imperial College London.

Alex Pilato

Managing Director, Housing & Capital Markets

- Alex is Managing Director and Head of the Housing and Capital Markets divisions at Gresham House, following the acquisition of TradeRisks and ReSI Capital Management in March 2020.
- Alex founded the TradeRisks group in 2000 where he was the Chairman & Chief Executive.
- Alex has worked in financial services throughout his career, including 7 years at JP Morgan. He has 34 years of investment banking and fund management experience, with the last 21 years focused on the social housing and infrastructure sectors.
- Alex has a first-class honours degree in Theoretical Physics from the University of London and a DPhil in Mathematics from the University of Oxford.

Investment Team

Mark Rogers

Chief Executive Officer, ReSI Housing

- Mark is Chief Executive Officer, ReSI Housing at Gresham House, having joined TradeRisks and ReSI Capital Management in 2018 to lead the acquisitions function. Before joining, Mark spent 12 years as a Chief Executive of Circle Housing Group, a 65,000 unit housing association, before merging it into the Clarion Group, the largest housing association in the UK. Prior to that, Mark held Chief Executive roles at Anglia Housing Group and Nene Housing Society. He has been a member of the Chartered Institute of Housing since 1986 and has 39 years of social housing experience.

Pete Redman

Head of Housing Management

- Pete is Head of Housing Management at Gresham House, joining Gresham House as part of the acquisition of TradeRisks in March 2020. He has responsibility for due diligence on residential acquisitions and operational performance by ReSI's property managers and leaseholders. He joined TradeRisks in 2013 and has 47 years of experience in residential portfolio management, having been Chief Executive of Notting Hill Housing Group and Housing Director of two London Boroughs.
- Pete has been advisor to the Greater London Authority, to the Scottish Government, and was a member of the team that won the Wolfson Economics Prize in 2014 on housing supply.
- Pete studied Engineering and then Philosophy at the University of Cambridge, is an Alumnus of London Business School, and is an Honorary Fellow of the Royal Institute of British Architects.

Directors' Report

The Directors are pleased to present their report and accounts, together with the audited financial statements of the Company, for the year ended 30 September 2021.

Residential Secure Income plc, company number: 10683026, (the "Company") is a real estate investment trust ("REIT") listed on the premium segment of the Main Market of the London Stock Exchange, with the objective of delivering secure inflation linked returns by investing in affordable shared ownership, retirement and local authority housing throughout the UK.

The Board is responsible for all aspects of the Company's affairs, including setting the parameters for monitoring the investment strategy and the review of investment performance and policy. The Board also has responsibility for all strategic policy issues, the timing, price and volume of any buybacks of Ordinary Shares, corporate governance matters and dividends.

Further information on the Board's role is provided in the Corporate Governance Statement beginning on page 78, which forms part of the Directors' report.

Powers of the Board

The general powers of the Directors are set out in Article 99 of the Company's Articles of Association. This Article provides that the business of the Company shall be managed by the Board, which may exercise all the powers of the Company, subject to any limitations imposed by applicable legislation, the Articles and any directions given by special resolution of the shareholders of the Company.

Results

The Group's IFRS profit for the year was £11.2m and the IFRS earnings per share were 6.6 pence. The results for the year are shown in the financial statements. Commentary on the results, future developments and post balance sheet events can be found in the Strategic Report, Chairman's Statement and Fund Manager's Report.

Investment property

A summary of the Group's investment property portfolio is included on page 2. A full portfolio listing can be made available on request.

Dividend policy

The Company is targeting, on a fully invested and geared basis, a dividend yield of 5% per annum based on the issue price of £1 per Ordinary Share, which the Company then expects to increase broadly in line with inflation. It is the Company's intention to pay dividends to shareholders on a quarterly basis and in accordance with the REIT Regime.

Over time, the Company expects its dividends to increase broadly in line with inflation, targeting a total return in excess of 8% per annum. As a REIT, the Company is required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute a minimum of 90% of its Property Rental Business income profits for each accounting period, as adjusted for tax purposes.

When the Company pays a dividend, that dividend is a Property Income Distribution ('PID") to the extent necessary to satisfy the 90% distribution condition. If the dividend exceeds the amount required to satisfy that test, then depending on the circumstances the REIT may determine that all or part of the balance is a non-PID dividend. Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20%).

If the Company ceases to be a REIT, dividends paid by the Company may nevertheless be PIDs to the extent they are paid in respect of profits and gains of the Property Rental Business whilst the Company was within the REIT Regime.

Dividends paid in the year ended 30 September 2021

In line with the Company's dividend policy and target, four equal dividends of 1.25 pence per Ordinary Share were paid during the year, totalling 5 pence per Ordinary Share, of which 1.80 pence was paid as PID and 3.20 pence was paid as non-PID. These were declared in December 2020 and February, May and July 2021 with the first being the fourth interim dividend for the year ended 30th September 2020.

The Board declared a fourth interim dividend in respect of the quarter to 30 September 2021 of 1.29 pence per Ordinary Share, which will be payable on 21 January 2022 to shareholders on the register at the close of business on 10 December 2021. The ex-dividend date is 9 December 2021 and 0.90 pence per Ordinary Share will be paid as PID and 0.39 pence per Ordinary Share will be paid as non-PID.

Management – Fund Manager

ReSI Capital Management Limited (part of Gresham House) has been engaged as the Company's alternative investment fund manager (the "Fund Manager"), in compliance with the provisions of the Alternative Investment Fund Managers Directive ("AIFMD"), pursuant to the Fund Management Agreement, to advise the Company and provide certain management services in respect

Directors' Report

of the Portfolio. ReSI Capital Management Limited is regulated by the Financial Conduct Authority ("FCA"). The Fund Manager is, for the purposes of the AIFMD and the rules of the FCA, a 'full scope' UK alternative investment fund manager with a Part 4A permission for managing AIFs, such as the Company.

The Fund Manager is appointed under a contract subject to twelve months' written notice with such notice not to expire prior to the fifth anniversary of first admission of the Ordinary Shares to trading on the London Stock Exchange.

The Fund Manager is entitled to remuneration calculated in respect of each quarter, based upon the Net Asset Value, at a rate equivalent to 1% (if under £250m), 0.9% (if over £250m), 0.8% (if over £500m) or 0.7% (if over £1bn).

The Fund Management Fee shall be paid quarterly in advance, with 75% of the total Fund Management Fee payable in cash and 25% of the total Fund Management Fee (net of any applicable tax) payable in the form of Ordinary Shares. During the period, 458,957 ordinary shares were awarded to the Fund Manager as part of the Fund Management Fee, of which 106,596 ordinary shares were purchased from Treasury at an average price of 105.08 pence per share (the prevailing Net Asset Value at the time of issue).

The Fund Manager is also entitled to a debt arrangement fee in respect of debt arranged by the Fund Manager for ReSI or its subsidiaries. The debt arrangement fee is equal to 0.04% p.a. levied on the notional amount outstanding of any bond or private placement financing. There is no debt arrangement fee payable in respect of any bank debt financing the Fund Manager may arrange for the Group.

Appointment of the Fund Manager

The Board has discretion to monitor the performance of the Fund Manager and, from the date falling five years after entry into the Fund Management Agreement, to appoint a replacement Fund Manager. The continuing appointment of the Fund Manager is considered by the Board to be in the best interests of shareholders as a whole. The reason for this view is that the performance is satisfactory and the Fund Manager is well placed to continue to manage the assets of the Company according to the Company's strategy.

During the period, the Board, either directly or via its advisors, engaged with shareholders carefully considering all feedback. The Board explored all potential outcomes which may be in the interest of the Company and its members as a whole.

Depositary

Thompson Taraz Depositary Limited has been appointed as depositary to provide cash monitoring, safekeeping and asset verification and oversight functions as prescribed by the AIFMD.

Company Secretary

Computershare Company Secretarial Services Limited has been appointed as the Company Secretary of the Company and provides company secretarial services and a registered office to the Company.

Administrator

MGR Weston Kay LLP has been appointed as administrator to the Company. The administration of the Company is delegated and performed in consultation with the AIFM and the Fund Manager. Financial information of the Company is prepared by the administrator and is reported to the Board.

Share capital

As at 30 September 2021 the Company's issued share capital comprised 180,324,377 Ordinary Shares, each of 1p nominal value, including 9,198,133 Ordinary Shares held in Treasury. Treasury shares do not hold any voting rights. The Company's total voting rights, excluding treasury shares is 171,126,244. Each Ordinary Share held entitles the holder to one vote. All shares, excluding those held in Treasury, carry equal voting rights and there are no restrictions on those voting rights. Voting deadlines are stated in the Notice of Meeting and Form of Proxy and are in accordance with the Companies Act 2006.

During the period, 106,596 ordinary shares were issued from Treasury at an average price of 105.08 pence per share. The average price was the prevailing Net Asset Value per share at the time of issuance. No new shares were issued during the year under review.

There are no restrictions on the transfer of Ordinary Shares, nor are there any limitations or special rights associated with the Ordinary Shares.

The authority to issue new shares granted at the AGM held on 20 January 2021 will expire at the conclusion of the forthcoming Annual General Meeting ("AGM"). The forthcoming AGM will consider the authority for to Directors to allot further shares in the capital of the Company under section 551 of the Companies Act 2006 up to 34,225,248 Ordinary Shares (excluding shares held in Treasury) in the capital of the Company (equivalent to approximately 20% of the Ordinary Shares in issue at the date of the notice of this meeting).

Directors' Report

If the Directors wish to exercise the authority to offer shares (or sell treasury shares which the Company may purchase and elect to hold as treasury shares) for cash, company law requires that unless shareholders have given specific authority for the waiver of their statutory pre-emption rights, the new shares must be first offered to existing shareholders in proportion to their existing holdings. There may be occasions, however, when the Directors will need the flexibility to allot new shares (or to grant rights over shares) for cash or to sell treasury shares for cash without first offering them to existing shareholders in proportion of their holdings in order to make investments in line with the Company's investment policies. This cannot be done unless the shareholders have first waived their pre-emption rights.

Accordingly, the AGM will consider two separate resolutions relating to the Director's ability to allot shares for cash or sell treasury shares for cash up to an aggregate nominal value of £34,225,248, which is equivalent to approximately 20% of the Company's issued Ordinary Share capital as at 30 September 2021 (being the latest practicable date prior to the publication of this notice). This will allow the Company to carry out one or more tap issues, in aggregate, up to 20% of the number of Ordinary Shares in issue at the AGM and thus to pursue specific investment opportunities in a timely manner in the future and without the requirement to publish a prospectus and incur the associated costs.

The Directors are aware that the combined authority to dis-apply pre-emption rights in respect of up to 20% of the Company's issued Ordinary Share capital sought under resolutions 12 and 13 is higher than the 10% typically sought by investment companies. However, the Directors believe that a higher authority is justified to enable the Company to fund future acquisitions in line with the Company's investment policy and strategy for growth.

In accordance with UK Listing Rules, the Company will only issue Ordinary Shares pursuant to this authority at a price that is not less than the prevailing net asset value per share of the Company calculated in accordance with its IFRS accounting policies at the time of issue. In addition, the Directors will not sell treasury shares at less than such net asset value per share.

Discount management

The Board makes use of its share buyback powers as a means of correcting any imbalance between supply of and demand for the Ordinary Shares. In deciding whether to make any such repurchases, including the timing, volume and price of such repurchases of Ordinary Shares, the Directors have regard to the Company's REIT status and what they believe to be in the best interests of shareholders as a whole and in compliance with the Articles, the Listing Rules, Companies Act 2006 and all other applicable legal and regulatory requirements. During the year ended 30 September 2021 the Company did not purchase any of its own Ordinary Shares for holding in treasury.

The timing, price and volume of any buybacks of Ordinary Shares will be at the discretion of the Directors and is subject to the working capital requirements of the Company and the Company having sufficient surplus cash resources available. Directors will only buyback shares at a discount to the then prevailing net asset value of the shares. Under the Listing Rules, the maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of: (i) 5 per cent above the average of the mid-market values of the Ordinary Shares for the five Business Days before the repurchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid for Ordinary Shares.

The authority for the Company to purchase its own shares granted by the AGM held on 20 January 2021 will expire at the conclusion of the forthcoming AGM. The Directors recommend that a new authority to purchase up to 14.99% of the Ordinary Shares in issue (subject to the condition that not more than 14.99% of the Ordinary Shares in issue, excluding treasury shares, at the date of the AGM are purchased) is granted and a resolution to that effect will be put to the AGM to be held on 14 January 2022. Any Ordinary Shares purchased will either be cancelled or, if the Directors so determine, held in Treasury.

Treasury shares

The Company is permitted to hold Ordinary Shares acquired by way of market purchase in treasury, rather than having to cancel them. Such Ordinary Shares may be subsequently cancelled or sold for cash. Holding Ordinary Shares in treasury enables the Company to sell Ordinary Shares from treasury quickly and in a cost efficient manner, and provides the Company with additional flexibility in the management of its capital base.

Directors' Report

Unless authorised by shareholders, Ordinary Shares held in treasury will not be sold at less than Net Asset Value per Share unless they are first offered pro rata to existing shareholders. The Company will not hold treasury shares in excess of 10% of the Ordinary Share capital of the Company from time to time.

Appointment and replacement of directors

In accordance with the Company's Articles of Association, Directors may be appointed by the Board to fill a vacancy following which they will be elected by shareholders by ordinary resolution at an Annual General Meeting or General Meeting of the Company.

Articles of Association

The Company's Articles of Association can only be amended by Special Resolution at a shareholders meeting.

Financial Instruments

The Company's Financial Instruments comprise its portfolio, cash balances, borrowings, debtors and creditors that arise directly from its operations, profit or loss balances on derivative instruments and accrued income and expenses. The financial risk management objectives and policies arising from its financial instruments and exposure of the Company to risk are disclosed in note 37 to the financial statements.

Going Concern

The Directors' assessment of the longer-term viability of the Company is set out on page 64.

Continuation vote

Under the Articles of Association of the Company, the Directors are required to propose an ordinary resolution at the Annual General Meeting following the fifth anniversary from its initial public offering that the Company should continue as presently constituted and at every fifth AGM thereafter.

The first resolution is expected to be presented at the AGM in January 2023.

In the event that a continuation resolution is not passed, the Directors would be required to formulate proposals for the voluntary liquidation, unitisation, reorganisation or reconstruction of the Company for consideration by shareholders at a general meeting to be convened by the Board for a date not more than six months after the date of the meeting at which such continuation resolution was not passed.

Significant shareholdings

The Directors have been notified as at 30 September 2021 of the following shareholdings comprising 3% or more of the issued share capital (excluding treasury shares) of the Company:

Shareholders	Number of shares	%
Close Asset Management Limited	18,818,332	11.00%
Schroders plc	16,648,405	9.73%
CG Asset Management Ltd	13,956,949	8.16%
Halb Nominees Limited	11,560,797	6.76%
Standard Life Aberdeen plc	9,060,000	5.29%
VT Gravis Funds ICVC	9,049,470	5.29%
Premier Miton Group plc	7,699,945	4.50%
City Asset Management PLC	7,394,138	4.32%

No changes in substantial shareholdings have been notified to the Company between 30 September 2021 and the date of this report.

Settlement of ordinary share transactions

Ordinary share transactions in the Company are settled by the CREST share settlement system.

Anti-bribery and corruption

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company's policy and the procedures that implement it are designed to support that commitment. There were no legal actions, fines or sanctions relating to anti-corruption, anti-bribery, anti-competitive behaviour or anti-trust or monopoly laws or regulations in the year to 30 September 2021.

Environmental, social and governance ('ESG') matters

To fulfil the Company's long-term financial objectives, it is essential to incorporate environmental and social considerations into the Company's business model. The Company always seeks to work with well-regarded partners to ensure that its investments are fit for purpose and maintained at a high standard in order to meet the needs of lessees and occupiers as well as sustaining their value over the long-term.

Directors' Report

There were no legal actions, fines or sanctions relating to environmental, social or governance matters in the year to 30 September 2021.

Through ReSI Housing, the Company is able to acquire and hold assets within the social housing regulatory environment, which focusses on good governance and financial viability.

All of the Company's activities are outsourced to third-parties. As such it does not have any physical assets, property, employees or operations of its own and does not generate any direct greenhouse gas or other emissions or consume any energy reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the UK Government's policy on Streamlined Energy and Carbon Reporting. Information regarding the portfolio's carbon emissions can be found on page 43.

Under Listing Rule 15.4.29(R), the Company, as a closed ended investment fund, is currently exempt from complying with the Task Force on Climate related Financial Disclosures.

For more information on the Company's environmental and social impact, please see pages 39 to 52.

Employees

The Company has no employees and no share schemes. The Company does not therefore calculate or disclose employee turnover rates, its share of temporary staff or employee training hours.

The Board's policy on diversity is contained in the Corporate Governance Statement on page 78.

Modern Slavery Act 2015, Bribery Act 2010 and Criminal Finances Act 2017

The Company is not within the scope of the UK Modern Slavery Act 2015 because it does not have employees, customers or meet the turnover threshold The Company is therefore not obliged to make a slavery and human trafficking statement. The Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers, as listed in the Directors' Report on pages 72 to 73, comply with the provisions of Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Annual General Meeting

The AGM of the Company will be held on 14 January 2022 at 12:15pm. The Notice convening the AGM is contained in this Annual Report and can be found on the Company's website at https://www.resi-reit.com/

The Board is of the opinion that the passing of all resolutions being put to the AGM would be in the best interests of the Company and its shareholders. The Directors therefore recommend that shareholders vote in favour of resolutions 1 to 15, as set out in the Notice of Meeting, as they intend to do in respect of their own shareholdings.

Political donations

The Company's policy is not to make any direct or indirect political donations. No political donations were made during the year under review and no political donations will be paid during the forthcoming year (2020:nil).

Outlook

The outlook for the Company is discussed in the Chairman's Statement on page 5.

Independent auditor

BDO LLP have expressed their willingness to continue in office as Independent Auditor and a resolution to re-appoint them will be put to shareholders at the AGM.

Disclosure of information to the independent auditor

Each of the Directors at the date of the approval of this report confirms that:

i. so far as the Directors are aware, there is no relevant audit information of which the Company's independent auditor is unaware; and

ii. the Directors have taken all steps that ought to have been taken as Directors to make themselves aware of any relevant information and to establish that the Company's Independent Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. In accordance with Section 489 of the Companies Act 2006, a resolution to re-appoint BDO LLP as the Company's Independent Auditor will be put forward at the forthcoming AGM.

Directors' Report

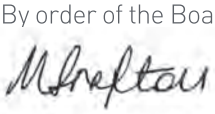
Regulatory Disclosures – information to be disclosed in accordance with Listing Rule 9.8.4:

The following table provides references to where the information required by Listing Rule 9.8.4 is disclosed:

Listing Rule	
9.8.4 (1) – Capitalised Interest	The Company has not capitalised any interest in the year under review.
9.8.4 (2) – Unaudited Financial Information	The Company publishes a quarterly NAV statement. The Company also published its interim report and unaudited financial statements for the period from 1 October 2020 to 31 March 2021.
9.8.4 (4) – Incentive Schemes	The Company has no incentive schemes in operation.
9.8.4 (5) and (6) – Emolument Waivers	No Director of the Company has waved or agreed to waive any current or future emoluments from the Company.
9.8.4 (7), (8) and (9) – Share Issuance	During the period, the Company has not issued or allotted and equity securities within the meaning of LR 9.8.4 (7), (8) and (9).
9.8.4 (8) and (9) – Companies Part of the Group	Not applicable.
9.8.4 (10) – Significant Contracts	During the period under review, there were no contracts of significance subsisting to which the Company is a party and in which a Director of the Group is or was materially interested or between the Company and a controlling shareholder.
9.8.4 (11) – Controlling Shareholders	The Company is not party to any contracts for the provision of services to the Company by a controlling shareholder.
9.8.4 (12) and (13) – Waiving Dividends	During the period under review, there were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.
9.8.4 (14) – Board Statement re Significant Shareholders	Not applicable.

There are no other disclosures to be made under LR 9.8.4

By order of the Board



For and on behalf of

Computershare Company Secretarial Services Limited
Company Secretary
30 November 2021

Corporate Governance Statement

Introduction

In this statement, the Company reports on its compliance with the principles and provisions of the Association of Investment Companies Code of Corporate Governance (the "AIC Code"), as published in February 2019 which provides a framework of best practice for investment companies. The Board is committed to high standards of corporate governance and the Directors are accountable to shareholders for the governance of the Company's affairs.

Statement of Compliance

The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council ("FRC"), provides more relevant information to its shareholders. The FRC has confirmed that AIC member companies, such as ReSI plc, who report against the AIC Code will be meeting their obligations in relation to the UK Code and the associated disclosure requirements under paragraph 9.8.6 of the Listing Rules.

The UK Code is available on the FRC website (www.frc.org.uk). The AIC Code is available on the AIC website (www.theaic.co.uk), which includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Throughout the year ended 30 September 2021, the Company has complied with the principles of the AIC Code which incorporates the UK Code, except as set out below:

- **Executive Directors** - The UK Code includes provisions relating to the role of the chief executive and executive directors' remuneration. For the reasons as set out in the AIC Guidance, the Board considers these provisions are not relevant to the Company. ReSI plc is an externally managed company with a Board comprising entirely of Non-Executive Directors and it does not have any employees, therefore it does not have any executive board members or a chief executive.
- **Internal Audit function** – The UK Code includes provisions for an internal audit function. For reasons set out in the AIC Code, the Board considers that these provisions are not relevant to the Company as it is an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third-party service providers, all of which have their own internal audit function. As a result, the Company has no internal operations. The Board has therefore determined that it is not necessary for the Company to have its own internal audit function, although this is reviewed on an annual basis.

The Company has therefore not reported further in respect of these provisions.

The Board of Directors

The Company has a robust corporate governance framework with oversight provided by a highly experienced, fully independent board. The Board consists of four Non-Executive Directors including the Chairman, of whom three (75%) are male and one (25%) is female. All of the Directors have served during the entire year. The Directors are collectively responsible for determining the investment policy and strategy, and have overall responsibility for the Company's activities. Biographical details of the Directors, including a list of their other directorships and significant commitments is shown on pages 67 to 68.

The Board believes that during the year ended 30 September 2021 its composition was appropriate for a REIT of the Company's nature and size. The Directors have a broad range of relevant business and financial knowledge, skills and experience to meet the Company's requirements and all of the Directors are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

In accordance with the Listing Rules that apply to closed-ended investment entities, and taking into consideration the AIC Code, the Board has reviewed the status of its individual Directors and the Board as a whole. No Director of the Company has served for nine years or more and all Directors remain independent of the Company's Fund Manager. Accordingly, all Directors are considered to be independent in both character and judgement.

The Board leads the appointment process of new Directors, as and when vacancies arise in accordance with the Directors' ongoing succession planning. A formal process for the selection and appointment of new Directors to the Company is followed by the Board. New Director appointments shall be made on the basis of merit against objective criteria as identified by the Board as being desirable to complement the skills and experience of the existing Directors whilst having regard for all diversity factors. The Board recognises the benefits of regular refreshment and diversity which brings new perspectives and challenge, whilst also maintaining stability and continuity of corporate memory through longer serving Directors. The Board seeks to achieve a range of skills, experience, backgrounds and lengths of services among its

Corporate Governance Statement

members. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the requirements of the AIC Code.

In accordance with the Company's Articles of Association, Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next AGM and shall not be taken into account in determining the number of Directors who are to retire by rotation. In line with best practice, all the Directors will stand for annual re-election and the performance of each Director will be appraised by the Board annually, prior to the AGM. Accordingly, resolutions to re-elect all applicable Directors are contained within the AGM Notice of Meeting. The Directors have appointment letters which do not provide for any specific term. Copies of the Directors' appointment letters are available for inspection on request at the registered office of the Company and will be available at the AGM. Upon joining the Board, new Directors receive a formal induction and relevant training is available to Directors on an ongoing basis.

Insurance and indemnity provisions

A policy of insurance against Directors' and Officers' liabilities is maintained by the Company.

Responsibilities of the Chairman and Senior Independent Director

The Board appointed Robert Whiteman as Chairman of the Company on March 2018. The Chairman is responsible for leading the Board and for its overall effectiveness in directing the affairs of the Company. The Chairman ensures that all Directors receive accurate, timely and clear information and held promote a culture of openness and debate in Board meetings by facilitating the effective contribution of other Directors. The Chairman also takes a leading role in ensuring effective communications with shareholders and other stakeholders.

During the period, Mr Robert Gray was appointed Senior Independent Director of the Company with effect from 16 September 2021. The Senior Independent Director provides a channel of communication for any shareholder concerns regarding the Chairman and leads the Chairman's annual performance evaluation.

In accordance with the AIC Code, the Board has reviewed and approved a policy setting out the responsibilities of the Chairman.

Audit Committee

The Board delegates certain responsibilities and functions to the Audit Committee as is clearly set out and defined in its terms of reference, which can be inspected at the registered office of the Company and viewed on the Company's website (https://www.resi-reit.com/). The Audit Committee comprises the whole Board, all of whom are independent and have relevant financial expertise. Mr Robert Gray who is the Chairman of the Audit Committee has relevant financial experience and holds similar roles at other organisations. The Committee as a whole has competence relevant to the sector in which the Company operates. The Committee meets at least twice a year to review the integrity and content of the interim and annual financial statements, including the ongoing viability of the Company. The Committee also reviews the scope and results of the external audit, its cost effectiveness, quality and the independence and objectivity of the external auditors, including the provision of non-audit services. A report of the Audit Committee is included in this Annual Report as set out on page 83.

Other Committees

The fully independent Board additionally fulfils the responsibilities of a nomination committee and remuneration committee. Given the size of the Board and the size and nature of the Company, which has no employees or executive directors, it has not been considered necessary by the Board to establish separate nomination or remuneration committees at this time.

It is the responsibility of the Board as a whole to determine and approve the Directors' fees, following proper consideration and having regard to the industry generally, the role that individual Directors fulfil in respect of Board and committee responsibilities, the time committed to the Company's affairs and the remuneration levels generally within the sector. Detailed information on the remuneration arrangements for the Directors can be found in the Directors Remuneration Report on pages 86 to 87.

It is the responsibility of the Board as a whole to undertake a formal review of the balance, effectiveness and diversity of the Board and consider succession planning, identifying the skills and expertise needed to meet the Companies strategic objectives. The Board is also responsible reviewing the appointment of a Senior Independent Director, membership of the Board's Committees, and the re-appointment of those Directors standing for re-election at AGMs.

In addition, the Board as a whole fulfils the functions of a management engagement committee to review the actions and judgements of management in relation to the

Corporate Governance Statement

interim and annual financial statements and the Company's compliance with statutory and regulatory matters. In addition, in this capacity, the Board reviews the terms of the Fund Management Agreement and examines the effectiveness of the Company's internal control systems and the performance of the Fund Manager, depositary, administrator, company secretary and the registrar.

Board and Audit Committee meeting attendance

Directors	Board Meeting (5 meetings held)	Audit Committee (2 meetings held)
Rob Whiteman	5	2
Robert Gray	5	2
John Carleton	5	2
Elaine Bailey	5	2

There were five board meetings, two audit committees and also a number of other Board sub-committee meetings to deal with administrative matters and approval of documentation.

Board diversity

The Company has a Diversity Policy, which sets out the process that the Board will follow when making new appointments. All Board appointments will be made on merit to ensure that vacancies are fulfilled by the most qualified candidates. When considering future appointments, the Board shall have regard to the level of diversity in the boardroom, taking into account relevant skills, gender, social and ethnic backgrounds, cognitive and personal strengths which will aid effective decision-making. In addition, consideration is given to the recommendations of the AIC Code and recommendations of the Hampton-Alexander Review and the Parker review which are supported by the Company. Whilst recognising the importance and benefits of diversity in the boardroom, the Board does not consider it to be in the interest of the Company and its shareholders to set prescriptive diversity criteria or targets.

The Board appraises its collective set of cognitive and personal strengths, independence and diversity on an annual basis, and especially during the recruitment process, so as to ensure it is aligned with the Company's strategic priorities and aims. The overriding aim of the Diversity Policy is to ensure that the Board is composed of a combination of people with a range of business, financial or asset management skills and experience relevant to the direction and control of the Company for ensuring effective oversight of the Company and constructive support and challenge to the Fund Manager. The Board is satisfied with its current composition. However, should the strategic priorities change, the Board will review and adjust its composition. One Director (25%) of the ReSI plc Board, Elaine Bailey, is female. One Non-Executive Director (50%) of the ReSI Housing Board, Gillian Rowley, is female.

Performance evaluation

On an annual basis, the Board evaluates its own performance and that of its Committees and Chairman. For the period under review the evaluation was facilitated by the Company Secretary and was carried out by way of a detailed questionnaire.

The Chairman led the evaluation, which covered the functioning and dynamics of the Board as a whole, composition and diversity of the Board, the effectiveness of the Audit Committee and the contribution made by each Director. Each Director completed a self-evaluation questionnaire in order to reflect on their personal commitment and contributions during the period. The results were reviewed by the Chairman and discussed with the Board. The Board confirmed that the results of the performance evaluation were positive, and it was concluded that the Board continued to function effectively and there are no significant concerns among the Directors about the Board's effectiveness. The resulting actions agreed by the Directors will be monitored during the year ending 30 September 2022. The Board is satisfied that all current Directors continue to contribute effectively and have the skills and experience relevant to the leadership and direction of the Company.

A separate evaluation of the Chairman was led by the Senior Independent Director, Mr Robert Gray. Directors completed a Chairman evaluation questionnaire, the responses of which were reviewed by the Senior Independent Director who then met with the Chairman to discuss and address any points of action.

The Board monitors the performance of the Fund Manager and believes the continuing appointment of the Fund Manager to be in the best interests of shareholders as a whole. For further information see page 72.

During the period, the Board reviewed and discussed the need for an externally facilitated board evaluation, taking into consideration the size and nature of the Company. The Board recognise the benefits of an external evaluation and have agreed that an external evaluation will be undertaken for the year ending 30 September 2022.

Corporate Governance Statement

Internal control review and assessment process

The AIC Code requires the Board to review the effectiveness of the Company's system of internal controls. The Board recognises it has ultimate responsibility for the Company's risk management and system of internal controls, and for reviewing and monitoring their effectiveness. The risk management process and system of internal controls are designed to manage, rather than eliminate, the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, rather than absolute, internal assurance against material misstatement or loss.

The Board has undertaken a risk assessment and review of the Company's internal controls framework and the Company's risk appetite in the context of the Company's overall investment objective. The Board, through delegation to the Audit Committee, has undertaken a robust assessment and review of the emerging and principal risks facing the Company. A statement of the principal risks and uncertainties faced by the Company can be found on pages 60 to 63.

The Board believes that the existing arrangements represent an appropriate framework to meet the control requirements. By these procedures the Directors have kept under review the effectiveness of the internal control system throughout the year and up to the date of this report. The monitoring and review includes all material controls, covering financial, operational and compliance. Given the nature of the Company's activities and the fact that most functions are sub-contacted, the Directors have obtained information from key third-party service providers regarding the controls operated by them. The Board has concluded that the Company's risk management and internal control system, and those of the key third-party service providers, are adequate to meet the needs of the Company.

Financial aspects of internal control

The Directors are responsible for the internal financial control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the Company are safeguarded. As stated above, the Board has contractually delegated to external agencies the services the Company requires, but it is fully informed of the internal control framework established by the AIFM, the Fund Manager, the administrator and the Company's depositary to provide reasonable assurance on the effectiveness of internal financial controls. The key procedures include review of management accounts, monitoring of performance at quarterly Board meetings, segregation of the administrative function from investment management, maintenance of appropriate insurance and adherence to physical and computer security procedures.

The Statement of Directors' Responsibilities in respect of the accounts is on page 89 and the Going Concern and Viability Statement is on page 64. The Independent Auditor's Report is on pages 91 to 96.

Other aspects of internal control

The Board holds quarterly meetings, plus additional meetings as required. Between these meetings there is regular contact with the Fund Manager and other key service providers. The Board has agreed policies on key operational issues. The Company's key service providers report to the Board on operational and compliance issues. The Fund Manager and the depositary provide reports, which are reviewed by the Board. The administrator prepares management accounts, which enable the Board to assess the financial position of the Company. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the corporate Company Secretary, which is responsible for ensuring that Board and Committee procedures are followed and that applicable regulation are complied with. The Company Secretary is also responsible for ensuring the timely delivery of information and reports and for ensuring that statutory obligations of the Company are met.

This contact with the key service providers enables the Board to monitor the Company's progress towards its objectives and encompasses an analysis of the risks involved. The effectiveness of the Company's risk management and internal controls systems is monitored and a formal review has been completed. There are no significant findings to report from the review. A typical agenda of a formal Board meeting includes a review of the financial and portfolio performance in that period, distributable income and dividend yield compared to forecast, an update regarding the investment pipeline, statutory and regulatory matters and governance obligations. The Directors are independent of the Fund Manager. The Board review investment activity and performance and exercise appropriate control and supervision to ensure acquisitions are made in accordance with agreed investment parameters. The Fund Manager has been given responsibility for the day-to-day management of the Company's assets in accordance with the investment policy subject to the control and directions of the Board.

Corporate Governance Statement

Matters reserved for the Board and delegated authorities

There is a clear division of responsibilities between the Chairman, the Directors, the Fund Manager and the Company's third-party service providers. To retain control of key decisions and ensure there is a clear division of responsibilities between the running of the Board and the running of the business, the Board has identified 'reserved matters' that only it can approve. The Board has delegated a number of responsibilities and authorities to the Fund Manager. These responsibilities include the level of borrowing, which is based on the characteristics of the relevant property and asset class and identifying new investment opportunities for the Company, performing due diligence in relation to potential investments, approving and executing such investments and monitoring existing investments. The Fund Manager presents potential transactions to the Board at regular Board meetings. The Board and the Committee receive sufficient, reliable and timely information in advance of meetings and are provided with or given access to all necessary resources and expertise to enable them to fulfil their responsibilities and undertake their duties in an effective manner.

Principal risks

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its position, business model, future performance, solvency or liquidity. The principal risks and how they are being managed is set out in the Strategic Report on pages 1 to 65. As part of its risk process, the Board seeks to identify emerging risks to ensure that they are effectively managed as they develop and recorded in the risk matrix.

Annual General Meeting

At least twenty-one days' notice shall be given to all the members and to the auditors of an AGM. All other general meetings shall also be convened by not less than twenty-one days' notice to all those members and to the auditors unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than fourteen days prior to the general meeting, in which case a general meeting may be convened by not less than fourteen days' notice in writing. A special resolution will be proposed at the AGM to reduce the period of notice for general meetings, other than the AGM, to not less than fourteen days.

Shareholder relations

The Company encourages all shareholders to attend and vote at the AGM and seeks to provide a minimum of twenty working days' notice of that meeting. The Notice of Meeting sets out the business of the AGM and any item not of an entirely routine nature is explained in the Directors' Report. Separate resolutions are proposed for each substantive issue. The Board and the Fund Manager are available to discuss issues affecting the Company, and shareholders have the opportunity to address questions to the Fund Manager, the Board and the Chair of the Audit Committee.

The Fund Manager has a structured programme of meetings with key shareholders and reports back to the Board on its findings. A detailed list of the Company's shareholders is reviewed at each Board meeting.

The Half-Yearly and Annual reports of the Company are prepared by the Board and its advisers to present a full and readily understandable review of the Company's performance. Copies of which are dispatched to share-holders by post of electronically as requested and are also on the Company's website (https://www.resi-reit.com/). Half year and annual investor presentations are also made available on the Company' website

The Chairman and the Board welcome direct feedback from shareholders.

Further details of the Company's engagement with of stakeholders and how the Board has regard to those stakeholders in the Board's decision-making processes are set out in the Strategic Report on pages 1 to 65.

Exercise of voting powers and stewardship code

The principles of best practice of the Stewardship Code are not applicable to the Company's operations, being a REIT that does not hold the shares of other companies.

Social and environmental policy

Please see the Environmental and Social Impact report on pages 39 to 57 for details

For and on behalf of

Computershare Company Secretarial Services Limited
Company Secretary
30 November 2021

Report of the Audit Committee

Role of the Audit Committee

The AIC Code of Corporate Governance (the "Code") recommends that Boards should establish audit committees consisting of at least three, or in the case of smaller companies, two independent non-executive directors. The Board is required to satisfy itself that the Audit Committee has recent and relevant experience. The main role and responsibilities of the Audit Committee should be set out in written terms of reference covering certain matters described in the UK Code. The terms of reference of the Audit Committee can be found on the Company's website at https://www.resi-reit.com/.

The Audit Committee meets formally at least twice a year for the purpose, amongst other things, of:

- considering the appointment, independence and objectivity, and remuneration of the auditor;
- to review the annual accounts and half-yearly financial report;
- to review the day-to-day management of the Company by the Fund Manager and its adherence to agreed investment parameters; and
- assessment of the Company's internal financial controls and risk management systems.

Composition

All of the independent Directors of the Company are members of the Audit Committee. The Audit Committee as a whole has recent and relevant financial experience. The Chairman of the Company is a member of the Audit Committee. The Board and the Audit Committee believe that this is appropriate and beneficial to the Company due to his contributions as a result of his recent and relevant financial experience and as a result of him being independent on appointment. Details of the Committee members' experience can be found on pages 67 to 68.

Terms of Reference

During the year the Audit Committee recommended updates to its terms of reference which was subsequently approved by the Board on 15 September 2021. These updates were implemented to ensure that the Audit Committee has adequate scope to fulfil its duties and complied with the AIC Code of Corporate Governance.

Meetings

There have been two Audit Committee meetings during the year ended 30 September 2021. These meetings were aligned with key dates for financial reporting and the audit cycle of the Company. Attendance is included in the Corporate Governance Statement page 78.

Financial statements and significant accounting matters

The Audit Committee considered the following significant accounting issues in relation to the Company's Fi-nancial Statements for the year ended 30 September 2021:

A. Investment property valuation

The valuation of investment property is the most material matter in the production of the financial statements. Savills Advisory Services Limited has been appointed to value the Company's property investments, in ac-cordance with the RICS requirements, on a quarterly basis. The Audit Committee reviewed a copy of the valuation report once it had been completed and has received a presentation from the valuer. Investment properties are valued at their fair value in accordance with IFRS 13 and IAS 40, which recognises a variety of fair value inputs depending upon the nature of the investment. The Audit Committee has reviewed the assumptions underlying the property valuations and concluded that the valuation at the Company's year-end is appropriate.

B. Fair value of debt (debt held at fair value through profit and loss)

The Group's debt held at fair value through profit or loss is fair valued as of the year-end and based on the relevant gilt rate and discounted cash flows. The Audit Committee has reviewed the assumptions underlying the debt valuations and concluded that the valuation at the Company's year-end is appropriate.

C. Revenue recognition

Ensuring that the Group's rental income is accounted for in accordance with accounting standards presents an inherent risk. The Audit Committee has reviewed the Company's procedures in place for revenue recognition and has concluded that revenue has been appropriately recognised.

D. Shared ownership

Shared ownership is a form of tenure in which a long lease is granted in respect of a property alongside payment of an initial satake in that property (the First Tranche). Proceeds of First Tranche sales are included within turnover and the related proportion of the cost of the asset recognised within cost of sales. Shared ownership properties are split proportionately between Inventories and Investment properties based on the current element relating to First Tranche sales. The valuations for the investment property element are valued by Savills as part of the investment property valuation process and the inventory element is held at cost (defined

Report of the Audit Committee

as the lower of net realisable value or cost). The Audit Committee has reviewed the Savills valuation report for the relevant period, the Company's assessment of the split of investment property and inventory, and the Company's procedures in place for the valuation of shared ownership and has concluded that it has been appropriately recognised.

E. Internal Controls and Risk Management

Through the powers conferred upon the Audit Committee by the Board, the Audit Committee is responsible for ensuring that suitable internal controls systems are implemented by the Fund Manager and other third-party service providers, and further ensuring that those control systems are continuously reviewed and remain effective.

In addition, with the assistance of the Fund Manager and third-party services providers, the Audit Committee identifies the principal risks and uncertainties faced by the Company and determines strategies to ensure that they are mitigated. Further details on the principal risks and uncertainties that face the Company can be found on pages 60 to 63.

External Audit

The Audit Committee monitors and reviews the effectiveness of the external audit process for the publication of the Annual Report and makes recommendations to the Board on the re-appointment, remuneration and terms of engagement of the Auditor.

Audit Fees

The audit fee incurred for the review of the 2021 Annual Report and Accounts was £145,000 (30 September 2020: £110,000). The Audit Committee continues to monitor the level of audit fees carefully.

Provision of non-audit services

The Audit Committee has a Non-Audit Services Policy to govern the supply of any non-audit services provided by the external auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if the provision of such services is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest which would prevent the auditor from remaining objective and independent. On 15 September 2021, the Board reviewed and approved the Non-Audit Services Policy following a review of its ongoing effectiveness and adequacy.

BDO LLP were paid fees of £34,000 in respect of non-audit services in the year to 30 September 2021 (2020: £31,000). These services were in respect of the interim review of the Interim Report for the period ended 31 March 2021. When reviewing the suitability of BDO LLP to carry out this service the Committee assesses a number of factors, including but not limited to: assessing whether there are any threats to independence and objectivity resulting from the provision of such services, the nature of the service provided and whether the skills and experience of BDO LLP make it the most suitable supplier. The Audit Committee has considered the non-audit work of the auditor during the year ended 30 September 2021 and does not consider that this compromises its independence. In addition, the Audit Committee has received assurances from the Auditor that its independence is not compromised by the supply of these services.

Audit tenure

BDO LLP has been appointed as the Company's auditor since the Company's incorporation in 2017, following a competitive process and review of the auditor's credentials. The appointment of the external auditor is reviewed annually by the Audit Committee and the Board and is subject to approval by shareholders. Following a review of the service provided by the Company's auditor and consideration of conducting an audit tender, the Audit Committee were satisfied with the auditors performance and have decided that no further action would be taken. The current appointment of BDO LLP is compliant with all existing regulations and the Board and the Audit Committee agree that the auditor remains independent. In accordance with the requirements relating to the appointment of audit firms, the Company will be required to conduct an audit tender no later than for the financial year beginning 1 October 2027. In addition, in line with the requirement for the audit partner to be rotated at least every five years, the audit for the financial year beginning 1 October 2021 will be led by a new audit partner.

Effectiveness of external audit and continuing appointment of the auditor

The Audit Committee is responsible for reviewing the effectiveness of the external audit process. The Audit Committee received a presentation of the audit plan from the external auditor and a presentation of the results of the audit following completion of the main audit testing. Following the presentation of the results of the audit, the Audit Committee conducted a review of the external auditor which included a discussion of the audit process and the ability of the external auditor to fulfil its role. The feedback provided by the Fund Manager regarding the audit team's performance on the audit was positive. The Auditor demonstrated a good understanding of the Group and had identified and focused on the areas of increased financial reporting risk. Its reporting to

Report of the Audit Committee

the Audit Committee during the period was clear and thorough. The Committee is satisfied that the Auditor has appropriately challenged management's judgements. The Committee acknowledged that the audit team during the period, including the audit partner, comprised of staff with appropriate levels of knowledge and experience of the sector in which the Company operates. Following the above review, the Audit Committee concluded that the external audit process has been effective. Taking into consideration the performance and effectiveness of the Auditor and the confirmation of their independence, the Committee has agreed that the re-appointment of BDO LLP should be recommended to the Board and the shareholders of the Company at the forthcoming AGM. BDO LLP has confirmed its willingness to continue in office.

Internal Audit Function

The Audit Committee has considered the need for an internal audit function and considers that this is not appropriate given the size, nature and circumstances of the Company. The Audit Committee keeps the needs for an internal audit function under periodic review.

Conclusion with respect to the Annual Report and financial statements - fair, balanced and understandable financial statements

The Audit Committee has concluded that the Annual Report for the year ended 30 September 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Audit Committee has reported its conclusions to the Board of Directors. The Audit Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the Annual Report.

Robert B. Gray

Robert Gray
Chairman of the Audit Committee

30 November 2021

Directors' Remuneration Implementation Report

Remuneration Policy

The Remuneration Policy, which is to be put forward for shareholder approval at the AGM on 14 January 2022, has been included on page 88.

Directors' Remuneration Implementation Report

The Directors' Remuneration Implementation Report is presented for approval by shareholders on an annual basis and will be put forward as an ordinary resolution at the forthcoming AGM. The result of the shareholder resolution on the Implementation Report is non-binding on the Company, although it gives shareholders an opportunity to express their views, which will be taken into account by the Board.

The law requires the Company's auditor to audit certain disclosures provided in the Directors' Remuneration Implementation Report. Where disclosures are audited, they are indicated as such. The auditor's opinion is on page 91.

Remuneration

The Company currently has four Non-Executive Directors.

Directors are entitled to receive a fee linked to the Net Asset Value of the Company in respect of their position as a Director of the Company. Fees are currently payable at the rates set out in the Remuneration Policy.

The Board believes that these fees appropriately reflect prevailing market rates for the Company's complexity and size, and will also enable the Company to attract appropriately experienced additional Directors in the future.

The Board reviews the fees payable to the Directors on an annual basis.

Directors' service contracts

The Directors do not have service contracts with the Company. The Directors are not entitled to compensation on loss of office. The Directors have appointment letters which do not provide for any specific term but are subject to re-election by shareholders at a maximum interval of three years. However, in line with best practice, all Directors have agreed to retire and stand for re-election on a voluntary basis at the AGM in January 2022.

There are no restrictions on transfers of the Company's shares held by the Directors, or any special rights attached to such shares.

Director search and selection fees

No Director search and selection fees were incurred during the year ended 30 September 2021.

Directors' emoluments for the year ended 30 September 2021 (audited)

The Directors who served during the year received the following remuneration for qualifying services.

	Fees from 1 October 2020 to 30 September 2021 £'000	Fees from 1 October 2019 to 30 September 2020 £'000	Annual percentage change in fees[b]
Robert Whiteman	50	50	–
Robert Blackburn Gray	35	35	–
John Carleton	35	35	–
Elaine Bailey[a]	35	15	–
	155	156[c]	–

a Appointed on 27 April 2020

b When reviewing any change in Directors' fees from previous financial periods, it is important to note that the remuneration of the Directors is linked to the Net Asset Value of the Company.

c The total fees paid for the period from 1 October 2019 to 30 September 2020 include fees paid to Mike Emmerich, Non-Executive Director, who stepped down from the Board on 28 April 2020.

During the year expenses paid to Directors in connection with the attendance at board meetings amounted to £152.

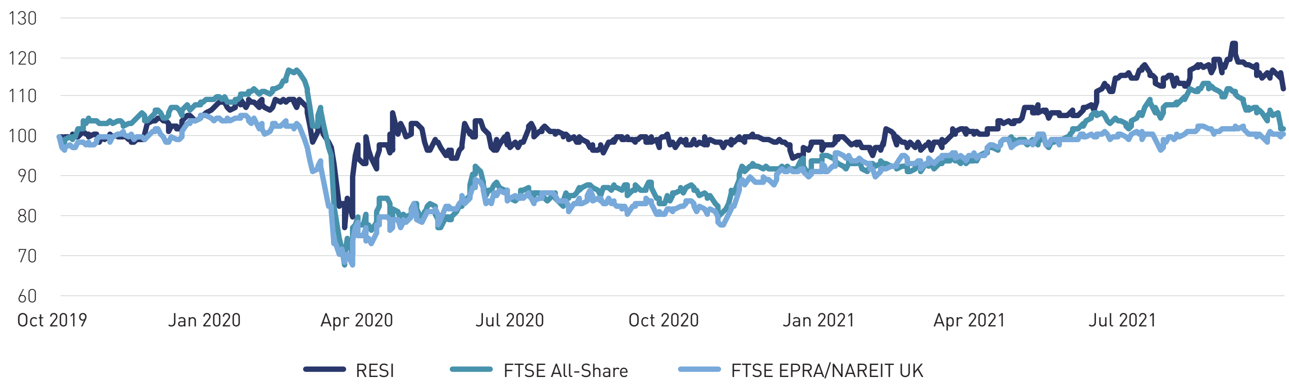
There are no other taxable benefits payable by the Company other than certain expenses which may be deemed to be taxable. None of the above fees were paid to third parties.

A non-binding ordinary resolution to approve the Directors' Remuneration Implementation Report contained in the Annual Report for the period ended 30 September 2020 was put forward at the Annual General Meeting held on 20 January 2021. The resolution was passed with proxies representing 99% of the shares voting in favour of the resolution.

Directors' Remuneration Implementation Report

Performance

The following chart shows the performance of the Company's share price by comparison to the principal relevant indices. The Board believes that these indices are the most representative comparator for the Company, given the Company's investment objective.



Relative importance of spend on pay

The following table sets out the total level of Directors' remuneration compared to Net Property Income, Directors' fees, Operating expenses, and Dividends paid and payable to shareholders.

	2021 £'000	2020 £'000	Change £'000
Net Property Income	15,173	12,889	2,284
Directors' fees	155	156	(1)
Operating expenses	3,217	3,009	208
Dividends paid and payable to shareholders	8,552	8,547	5

Directors' holdings (audited)

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors' beneficial shareholdings are detailed below:

	2021	2020
Robert Whiteman	80,000	50,000
Robert Blackburn Gray	157,148	108,552
John Carleton	4,850	4,850
Elaine Bailey	5,000	5,000

The shareholdings of the Directors are not significant and therefore do not compromise their independence as Non-Executive Directors.

Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the financial year ended 30 September 2021:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the financial year ended 30 September 2021; and

(c) the context in which the changes occurred and decisions have been taken.

Rob Whiteman
Chairman of the Board of Directors

30 November 2021

Remuneration Policy

The Remuneration Policy will be put forward for approval by shareholders at the AGM to be held on 14 January 2022 at 12:15pm The provisions set out in this policy apply until they are next put forward for shareholder approval. The Remuneration Policy must be put forward for shareholder approval at a maximum interval of three years. In the event of any proposed material variation to the policy, shareholder approval will be sought for the proposed new policy prior to its implementation.

Shareholders have the opportunity to express their views in respect of Directors' remuneration at the Company's AGM. The Company has not sought shareholder views on its remuneration policy. Any comment volunteered by shareholders on the Remuneration Policy will be carefully considered and appropriate action taken. No communications have been received from shareholders on the Company's Remuneration Policy.

Service contracts

The Directors do not have service contracts with the Company. The Directors have appointment letters and, following initial election by shareholders, are subject to re-election by shareholders at a maximum interval of three years.

Fees

The Directors' fees are determined within the limits set out in the Company's Articles of Association and they are not eligible for commissions or performance related payments. The Directors are entitled to receive a fee linked to the Net Asset Value of the Company in respect of their position as a Director of the Company.

Net Asset Value	Annual Fee
Up to £100,000,000	£40,000
£100,000,001 to £200,000,000	£50,000
£200,000,001 to £350,000,000	£60,000
thereafter	£70,000

Each of the Directors, save for the Chairman, will be entitled to receive a fee linked to the Net Asset Value of the Company as follows:

Net Asset Value	Annual Fee
Up to £100,000,000	£30,000
£100,000,001 to £200,000,000	£35,000
thereafter	£40,000

The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

The Directors shall also be entitled to be reimbursed for all expenses incurred in performance of their duties. These expenses are unlikely to be of a significant amount.

Fees are payable from the date of appointment as a Director of the Company and cease on date of termination of appointment. The Directors are not entitled to compensation for loss of office.

The Board will not pay any incentive fees to any person to encourage them to become a Director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors.

Current and future policy

Component	Director	Purposes of reward	Operation
Annual fee	Chairman of the Board	For services as Chairman of a plc	Determined by the Board
Annual fee	Other Directors	For services as non-executive Directors of a plc	Determined by the Board
Expenses	All Directors	Reimbursement of expenses incurred in the performance of duties	Submission of appropriate supporting documentation

Statement of consideration of conditions elsewhere in the Company

The Company has no employees. Therefore the process of consulting with employees on the setting of the Remuneration Policy is not applicable.

Review of the Remuneration Policy

The Directors' remuneration will be reviewed on an annual basis by the Board and any changes are subject to approval by the Board. The remuneration payable to the Directors will take into account a number of factors, inter alia, the experience of the Directors, the complexity of the Company and prevailing market rates for the sector in which the Company operates.

Effective date

This Remuneration Policy will be put forward for shareholder approval at the AGM to be held on 14 January 2022 and, if approved by shareholders, will be effective from that date.

Rob Whiteman

Rob Whiteman
Chairman of the Board of Directors

30 November 2021

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. The Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union and the Company financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), subject to any material departures disclosed and explained in the Company financial statements; and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the Group's and Company's profit or loss for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union, subject to any material departures disclosed and explained in the financial statements;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that its financial statements comply with the Companies Act 2006 and as regards the Group financial statements, Article 4 of the IAS Regulation.

They are responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Implementation Report and Corporate Governance Statement that complies with that law and those regulations. These can be found on pages 1 to 65, 72 to 77, 86 to 87 and 78 to 82 respectively. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Website publication : The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' Responsibilities

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union and Article 4 of the IAS Regulation and, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the financial position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board

Rob Whiteman

Rob Whiteman
Chairman
30 November 2021

Auditor's Report to the members of Residential Secure Income plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Residential Secure Income plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including *Financial Reporting Standard 101 Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Directors on 20 September 2017 to audit the financial statements for the period ended 11 July 2017 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the period ended 11 July 2017 and the periods ended 30 September 2018 to 2021.

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

We used our knowledge of the Group and its market sector together with the general economy to identify the inherent risks to the Group's business and considered how those might impact the Group's ability to remain a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

We reviewed the forecasts that support the going concern statement. Our audit work included:

- assessing the Group's forecasted cash flows with reference to historic performance and challenging the Directors' forecast assumptions in comparison to the current performance of the Group;

- testing the inputs into the forecasts for reasonableness based on historic activity and contractual agreements;
- agreeing the Group's available borrowing facilities and the related covenants to loan agreements;
- obtaining covenant calculations and forecast calculations to test for any potential future covenant breaches. We also considered the covenant compliance headroom for sensitivity to both future changes in property valuations and the Group's future financial performance;
- considering board minutes, and evidence obtained through the audit and challenging the Directors on the identification of any contradictory information in the forecasts and the impact on the going concern assessment; and
- analysing the Director's stress testing calculations and challenging the assumptions made using our knowledge of the business and of the current economic climate, to assess the reasonableness of the scenarios selected.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage[1]	100% (2020: 100%) of Group revenue 100% (2020: 100%) of Group profit/(loss) before tax 100% (2020: 100%) of Group investment property 100% (2020: 100%) of Group total assets		
Key audit matter	KAM 1	2021 Valuation of property portfolio	2020 Valuation of property portfolio
Materiality	*Group financial statements as a whole* We determined materiality for the Group financial statements as a whole to be £3,900,000 (2020: £3,500,000), which was set at 1% of Group total assets (2020: 1%).		

1 These are areas which have been subject to a full scope audit by the Group engagement team

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates solely in the United Kingdom and through one segment, investment property. The Group audit team carried out full scope audits each of the four significant components of the Group using the materiality level set out below and audit procedures at a Group level on the insignificant components. The Group audit team performed all the work necessary to issue the Group and Parent Company audit opinion, including undertaking all of the audit work on the risks of material misstatement identified in the key audit matters section below.

Auditor's Report to the members of Residential Secure Income plc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of investment properties Refer to page 83-85 (Report of the Audit Committee), note 4 (significant accounting judgements and estimates) and note 17 investment property) to the Group financial statements.	Investment properties are held at fair value in the Group's financial statements. The valuation of the Group's investment property is the key component of net asset value and underpins the Group's result for the year. The valuation of investment property requires significant judgement and estimates by management with the involvement of their independent valuer. It is therefore considered a key audit matter due to the subjective nature of certain assumptions inherent in each valuation such as capitalisation yields and estimated vacant possession value. There is also a risk that management may influence the significant judgements and estimates in respect of property valuations in order to achieve performance targets to meet market expectations. The property valuations should also be disclosed appropriately in the financial statements in accordance with IFRS.	*Experience of Valuer and relevance of their work* We read the Valuer's report and agreed that the approaches used were consistent with the requirements of accounting standards. We assessed the Valuer's competence and capabilities and read their terms of engagement with the Group, and considered if there were any matters that affected their independence and objectivity, or imposed scope limitations upon them. *Data provided to the Valuer* We checked the data provided to the Valuer by management including inputs such as current rent and lease term, which we have agreed on a sample basis to executed lease agreements as part of our audit work. *Assumptions and estimates used by the Valuer* We met with the Valuer and gained an understanding of the valuation methods and assumptions used. We benchmarked the valuation to our expectations developed using independently obtained data in relation to capitalisation yields and comparable market transactions.With the assistance of our own property valuation specialist we considered the methodology applied and challenged the assumptions utilised by the Valuer and performed detailed testing on a sample of properties, corroborating their explanations where relevant.We considered if there was any evidence of Management bias in relation to the valuations. *Financial statement disclosures* We checked that the property valuations have been properly included in the financial statements. We also assessed whether the disclosures in the financial statements are appropriate and in accordance with relevant accounting standards *Key observation* Based on the procedures performed, we noted no exceptions and found the estimates and assumptions used appropriate in the context of the Group's property portfolio.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2021	**2020**	**2021**	**2020**
Materiality	£3,900,000	£3,550,000	£1,770,000	£1,770,000
Basis for determining materiality	1% of total assets	1% of total assets	1% of total assets	1% of total assets
Rationale for the benchmark applied	We determined that total assets would be the most appropriate basis for determining overall materiality as we consider it to be one of the principal considerations for users of the financial statements in assessing the financial performance of the Group.		We determined that total assets would be the most appropriate basis for determining overall materiality as we consider it to be one of the principal considerations for users of the financial statements in assessing the financial performance of the Parent Company.	
Performance materiality	£2,925,000	£2,662,500	£1,327,500	£1,327,500
Basis for determining performance materiality	75% of materiality – it is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.		75% of materiality – it is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.	

Specific materiality

We determined that for other account balances, classes of transactions and disclosures that impact adjusted earnings (as defined in note 15 of the Group financial statements) a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of users. We concluded that a specific materiality for these areas should be £355,000 (2020 - £250,000), which was set at 5% of adjusted earnings. Adjusted earnings excludes the impact of fair value movements and one-off debt arrangement costs.

The specific materiality applied to the Parent Company was £147,000 (2020 - £167,000) respectively, calculated as a proportion of the Group materiality.

Component materiality

We set materiality for each component of the Group based on a percentage of between 65% and 5% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £100,000 to £2,500,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated. Component materiality thresholds were calculated on a similar basis in the prior year.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £76,000 (2020: £71,000) for items audited to financial statement materiality, and £25,000 (2020: £25,000) for items audited to specific materiality. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

We determined that the same measure as the Group was appropriate for the Parent Company and the areas subject to specific materiality. Accordingly, the Parent Company reporting threshold was £35,000 (2020: £35,000) and specific reporting threshold applied was £25,000 (2020 - £25,000).

Auditor's Report to the members of Residential Secure Income plc

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 64 and 65; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate set out on pages 64 and 65.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 85; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 81; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 81; and • The section describing the work of the audit committee set out on pages 83 to 85.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Through our knowledge of the Group and its sector we used our understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We performed our own checks of compliance with relevant requirements including, but not limited to, the Companies Act 2006, the UK Listing Rules, the REIT tax regime requirements and legislation relevant to the rental of properties. We considered the Group’s own control environment for monitoring its compliance with laws and regulation and obtained their papers on compliance, in addition to performing our own review.

These matters were discussed with the entire audit team at both planning and throughout the audit.

We addressed the risk of management override of internal controls, including sample testing journals processed during and subsequent to the year and evaluating whether there was evidence of bias in management judgements that represented a risk of material misstatement due to fraud. This included evaluating any management bias within the valuation of investment property, as mentioned under the key audit matters subheading, which we consider is the greatest risk of management manipulation.

The fraud risk around revenue recognition was addressed by inspecting signed lease agreements to recalculate the annual turnover, and agreeing cash receipts to bank statement to check customers exist and that the management information did agree for a sample of tenants.

We agreed all bank balances and loans to direct bank confirmations and agreements.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation where relevant, review of Board and Committee meeting minutes, and enquiries with management and the Audit Committee as to their identification of any non-compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the Parent Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Geraint Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor
London
United Kingdom

30 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financials

Consolidated Statement at Comprehensive Income

For the year to 30 September 2021

	Note	2021 £'000	2020 £'000
Income	6	**39,596**	32,204
Cost of sales	6	**(24,423)**	(19,315)
Net income		**15,173**	12,889
Operating expenses			
Fund management fee	7	**(1,802)**	(1,837)
General and administrative expenses	8	**(1,046)**	(1,093)
Non-recurring set up costs	9	**(368)**	–
Aborted acquisition costs		**(1)**	(79)
Total operating expenses		**(3,217)**	(3,009)
Operating profit before property disposals and change in fair value		**11,956**	9,880
Loss on disposal of investment properties		**(12)**	(16)
Change in fair value of investment properties	12	**7,731**	(759)
Change in fair value of borrowings	12	**(2,731)**	718
Debt set up costs	13	**(606)**	(2,418)
Operating profit		**16,338**	7,405
Finance income	13	**–**	36
Finance costs	13	**(5,221)**	(4,977)
Change in fair value of interest rate swap derivative contracts	13	**104**	(15)
Profit for the period before taxation		**11,221**	2,449
Taxation	14	**–**	–
Profit for the period after taxation		**11,221**	2,449
Other comprehensive income:		**–**	–
Total comprehensive income for the period attributable to the shareholders of the Company		**11,221**	2,449
Earnings per share - basic and diluted - pence	15	**6.6**	1.4

All of the activities of the Group are classified as continuing.

The notes on pages 102 to 128 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 September 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Investment properties	17	**372,335**	331,782
Total non-current assets		**372,335**	331,782
Current assets			
Inventories - properties available for sale	16	**3,800**	10,421
Trade and other receivables	18	**4,051**	3,586
Deposits paid for acquisitions	19	**1,158**	126
Cash and cash equivalents	20	**8,370**	10,365
Total current assets		**17,379**	24,498
Total assets		**389,714**	356,280
Current liabilities			
Trade and other payables	21	**7,738**	5,887
Borrowings	22	**2,984**	388
Lease liabilities	32	**989**	936
Total current liabilities		**11,711**	7,211
Non-current Liabilities			
Borrowings	22	**165,355**	140,713
Recycled Capital Grant Fund	23	**38**	–
Interest rate swap derivative contracts	24	**–**	104
Lease liabilities	32	**30,218**	28,640
Total non-current liabilities		**195,611**	169,457
Total liabilities		**207,322**	176,668
Net assets		**182,392**	179,612
Equity			
Share capital	25	**1,803**	1,803
Share premium	26	**108**	108
Own shares reserve	27	**(8,515)**	(8,626)
Retained earnings	28	**188,996**	186,327
Total interests		**182,392**	179,612
Total equity		**182,392**	179,612
Net asset value per share - basic and diluted (pence)	33	**106.6**	105.0

The financial statements were approved and authorised for issue by the Board of Directors on and signed on its behalf by:

Rob Whiteman
Chairman

30 November 2021

The notes on pages 102 to 128 form part of these financial statements.

Consolidated Statement of Cash Flows

For the period 1 October 2020 to 30 September 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Profit for the period		**11,221**	2,449
Adjustments for items that are not operating in nature:			
(Gain)/loss in fair value of investment properties	12	**(7,731)**	759
Movement in rent smoothing adjustment	12	**(650)**	–
(Gain)/loss in fair value of interest rate swap	13	**(104)**	15
Loss/(profit) in fair value of borrowings	12	**2,731**	(718)
Loss on disposal of investment properties		**12**	16
Shares issued in lieu of management fees		**449**	458
Finance income	13	**–**	(36)
Finance costs	13	**5,221**	4,977
Debt set up costs	13	**606**	2,418
Operating result before working capital changes		**11,755**	10,338
Changes in working capital			
Increase in trade and other receivables		**(288)**	(935)
Decrease/(increase) in inventories		**6,621**	(7,788)
Increase in trade and other payables		**1,876**	1,439
Net cash flow generated from operating activities		**19,964**	3,054
Cash flow from investing activities			
Purchase of investment properties	17	**(33,526)**	(41,621)
Grant received	17	**1,204**	5,286
Disposal of investment properties		**1,719**	317
Deposits paid for acquisitions	19	**(1,158)**	(126)
Interest received	13	**–**	36
Amounts transferred into restricted cash deposits	20	**(851)**	(660)
Net cash flow from investing activities		**(32,612)**	(36,768)
Cash flow from financing activities			
Purchase of own shares	27	**(338)**	(462)
New borrowings raised (net of expenses)	22	**24,853**	31,582
Bank loans repaid		**(605)**	(590)
Finance costs	13	**(5,556)**	(4,769)
Dividend paid	31	**(8,552)**	(8,547)
Net cash flow generated from financing activities		**9,802**	17,214
Net decrease in cash and cash equivalents		**(2,846)**	(16,500)
Cash and cash equivalents at the beginning of the period	20	**8,532**	25,032
Cash and cash equivalents at the end of the period	20	**5,686**	8,532

The notes on pages 102 to 128 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the period 1 October 2020 to 30 September 2021

	Share capital £'000s	Share premium £'000s	Own shares reserve £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 30 September 2019	1,803	108	(8,622)	192,425	**185,714**
Profit for the period	–	–	–	2,449	**2,449**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	**–**	**–**	**–**	2,449	**2,449**
Contributions by and distributions to shareholders					
Issue of management shares	–	–	458	(458)	**–**
Share based payment charge	–	–	–	458	**458**
Purchase of own shares	–	–	(462)	–	**(462)**
Dividends paid	–	–	–	(8,547)	**(8,547)**
Balance at 30 September 2020	1,803	108	(8,626)	186,327	**179,612**
Profit for the period	–	–	–	11,221	**11,221**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	**–**	**–**	**–**	11,221	**11,221**
Contributions by and distributions to shareholders					
Issue of management shares	–	–	449	(449)	**–**
Share based payment charge	–	–	–	449	**449**
Purchase of own shares	–	–	(338)	–	**(338)**
Dividends paid	–	–	–	(8,552)	**(8,552)**
Balance at 30 September 2021	1,803	108	(8,515)	188,996	**182,392**

The notes on pages 102 to 128 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year to 30 September 2021

1. General information

Residential Secure Income plc ("the Company") was incorporated in England and Wales under the Companies Act 2006 as a public company limited by shares on 21 March 2017. The Company's registration number is 10683026. The registered office of the Company is located at The Pavilions, Bridgwater Road, Bristol, BS13 8FD.

The Company achieved admission to the premium listing segment of the main market of the London Stock Exchange on 12 July 2017.

The Company and its subsidiaries (the "Group") invests in residential asset classes that comprise the stock of registered UK social housing providers, Housing Associations and Local Authorities.

2. Basis of preparation

These financial statements for the year ended 30 September 2021 have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards ("IFRS") as adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union and in accordance with the Companies Act 2006.

The financial statements have been prepared on a historical cost basis, except for investment properties, derivative financial instruments and certain bank borrowings which have been measured at fair value.

The comparatives presented are for the year ended 30 September 2020.

The financial statements have been rounded to the nearest thousand and are presented in Sterling, except when otherwise indicated.

a) Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern, as detailed in Going Concern and Viability Statement on page 64, and are satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

ReSI is subject to covenants on debt secured on its shared ownership, retirement and Local Authority portfolios (see note 22 on page 114). Sensitivity analysis has been performed, showing a large amount of headroom on all covenants, including all debt servicing and valuation metrics. Due to the long-term nature of the company's assets and strong cash flows, the Directors do not forecast a breach of any debt covenants.

Continuation vote

Under the Articles of Association of the Company, the Directors are required to propose an ordinary resolution at the Annual General Meeting following the fifth anniversary from its initial public offering that the Company should continue as presently constituted and at every fifth AGM thereafter. The first resolution is expected to be presented at the AGM in January 2023. In the event that a continuation resolution is not passed, the Directors would be required to formulate proposals for the voluntary liquidation, unitisation, reorganisation or reconstruction of the Company for consideration by shareholders at a general meeting to be convened by the Board for a date not more than six months after the date of the meeting at which such continuation resolution was not passed.

b) Changes to accounting standards and interpretations

Amendments to standards adopted during the year

The IASB and IFRIC have revised a number of standards. None of these amendments have led to any material changes in the Group's accounting policies or disclosures during the year.

Standards in issue but not yet effective

Certain amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 2021 and whilst the Directors are considering these, initial indications are that these changes, including IBOR phase 2 amendments, will have no material impact on the Group's financial statements.

3. Significant accounting policies

The significant accounting policies applied in the preparation of the financial statements are set out below. The policies have been consistently applied throughout the period.

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) at the period end date.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group:

- is exposed to, or has rights to, variable returns from its involvement with the entity and;
- has the ability to affect those returns through its power to direct the activities of the entity.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. The financial information of the subsidiaries is included in the financial statements from the date that control commences until the date that control ceases.

If an equity interest in a subsidiary is transferred but a controlling interest continues to be held after the transfer then the change in ownership interest is accounted for as an equity transaction.

Notes to the Consolidated Financial Statements

For the year to 30 September 2021

Accounting policies of the subsidiaries are consistent with the policies adopted by the Company.

b) Acquisitions and business combinations

The Directors assess whether each acquisition is a business or asset acquisition. Under IFRS 3, a business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. A business will usually consist of inputs, processes and outputs.

Business acquisitions are accounted for using the acquisition method. To date the group has not acquired any businesses. Acquisitions that do not meet the definition of a business are accounted for as asset acquisition. Asset acquisitions are accounted for by applying the Group's relevant accounting policy relating to the assets being acquired.

c) Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. After initial recognition, investment property is stated at its fair value at the Statement of Financial Position date adjusted for the carrying value of leasehold interests. Gains and losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise in the Statement of Comprehensive Income.

Investment property is recognised as an asset when it is probable that the economic benefits that are associated with the property will flow to the Group and it can measure the cost of the investment reliably. This is usually on legal completion.

Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be obtained from the asset. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recorded in profit or loss in the period in which the property is derecognised.

Significant accounting judgements, estimates and assumptions made for the valuation of investment properties are discussed in note 4.

d) Inventories

Inventories relate to properties held for delivery as to shared ownership which provides an affordable homes ownership through a partbuy, part-rent model where Shared Owners buy a stake in the home (with a lower deposit requirement as it is only required as a percentage of this stake) and pay a discounted rent on the portion of the property that the Shared Owner(s) does not own. In accordance with IAS 2 Inventories, the part that is expected to be sold to the Shared owner under the First Tranche Sale are held at the lower of cost and net realisable value.

e) Shared ownership

Shared ownership is where initially a long lease on a property is granted through a sale to the occupier, in return for an initial payment (the First Tranche).

First Tranche sales are included within turnover and the related proportion of the cost of the asset recognised as cost of sales.

Shared ownership properties are split proportionately between Inventories and Investment properties based on the current element relating to First Tranche sales. The assumptions on which the First Tranche proportion has been based include, but are not limited to, matters such as the affordability of the shared ownership properties, local demand for shared ownership properties, and general experience of First Tranche shared ownership sales within ReSI Housing and the wider the social housing sector.

Shared owners have the right to acquire further tranches and any surplus or deficit on such subsequent sales are recognised in the Statement of Comprehensive Income as a part disposal of Investment properties.

Where a grant is receivable from government and other bodies as a contribution towards the capital cost of shared ownership investment property, it is recognised as a deduction in arriving at the cost of the property. Prior to satisfying any performance obligations related to grant, such grants are held as a liability on the Statement of Financial Position.

In some circumstances, typically when a shared owner staircases, there arises an obligation to recycle the grant into the purchase of new affordable properties within three years or to repay the grant to the relevant government body. Where such an obligation exists the grant will be held as a liability on the Statement of Financial Position.

f) Share issue costs

The costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a reduction to share premium to the extent that share premium has arisen on the related share issue.

g) Revenue

The Group recognises revenue on an accruals basis, and when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group. Revenue comprises rental income and first tranche sales of shared ownership properties.

Gross rental income – Gross rental income is non-contingent rental income, recognised on a straight-line basis over the term of the underlying lease and is included in the Group Statement of Comprehensive Income. Any contingent element of rental income is recognised on an as-received basis. Lease incentives granted are recognised as an integral part of the net consideration for the use of the property and are therefore recognised on the same, straight-line basis over the term of the lease. Contractual fixed annual rent increases and lease incentives are recognised on a straight-line basis over the term of the lease.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Group Statement of Comprehensive Income when the right to receive them arises.

Gross ground rental income - Gross ground rental income is recognised on a straight-line basis over the term of the underlying lease.

Income from property sales is recognised when performance conditions are fulfilled which is usually at the point of legal completion.

Property sales consist of one performance obligation - the transfer of the property to the shared owner. The transaction price is fixed and specific in the sales contract. Revenue is recognised at a point in time when control of the property passes. Control is considered to pass on legal completion of the property sale.

h) Cost of sales

Included within First Tranches cost of sales are costs relating to the first tranche sale portion of newly acquired shared ownership properties. These costs include a share of expenditure incurred for acquisition of those properties in proportion to the First Tranche percentage sold, direct overheads and other incidental costs incurred during the course of the sale of those properties.

i) Expenses

The Group recognises all expenses on an accruals basis.

j) Finance income and expense

Finance income comprises interest receivable on funds invested. Financing expenses comprise interest payable, interest charged on head lease liabilities and amortisation of loan fees.

Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method.

k) Taxation

Taxation on the profit or loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movement in equity, in which case it would be recognised as a direct movement in equity. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full using the balance sheet liability method on timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for timing differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

l) Dividend payable to shareholders

Equity dividends are recognised when they become legally payable which for the final dividends is the date of approval by the members. Interim dividends are recognised when paid.

m) Financial instruments

Financial assets

Recognition of financial assets

All financial assets are recognised on a trade date which is the date when the Group becomes a party to the contractual provisions of the instrument.

Initial measurement and classification of financial assets

Financial assets are classified into the following categories: 'financial assets at fair value through profit or loss' and 'financial assets at amortised cost'. The classification depends on the business model in which the asset is managed and on the cashflows associated with that asset.

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

At 30 September 2021 the Group had the following non-derivative financial assets which are held at amortised cost:

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank (including investments in money-market funds) and short-term deposits with an original maturity of three months or less.

Trade and other receivables

Trade and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are discounted and then held at amortised cost, less provision for expected credit loss.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring the expected credit losses for trade and other receivables

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For the year to 30 September 2021

whereby the allowance or provision for all trade receivables are based on the lifetime expected credit losses ("ECLs").

The Group applies the general approach for initial recognition and subsequent measurement of expected credit loss provisions for the loan receivable and other receivables which have maturities of 12 months or more and have a significant finance component.

This approach comprises of a three-stage approach to evaluation expected credit losses. These stages are classified as follows:

Stage 1

Twelve-month expected credit losses are recognised in profit or loss at initial recognition and a loss allowance is established. For financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk at the reporting date, the loss allowance for 12-month expected credit losses is maintained and updated for changes in amount. Interest revenue is calculated on the gross carrying amount of the asset (i.e. without reduction for expected credit losses).

Stage 2

If the credit risk increases significantly and the resulting credit quality is not considered to be low credit risk, full lifetime expected losses are recognised and includes those financial instruments that do not have objective evidence of a credit loss event. Interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3

If the credit risk of a financial asset increases to the point that it is considered credit impaired (there is objective evidence of impairment at the reporting date), lifetime expected credit losses continue to be recognised. For financial assets in this stage, lifetime expected credit losses will generally be individually assessed. Interest revenue is calculated on the amortised cost net carrying amount (amortised cost less impairment).

De-recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. If any interest in a transferred asset is retained, then the Group recognises its retained interest in the asset and associated liabilities.

Financial liabilities

Recognition of financial liabilities

All financial liabilities are recognised on the date when the Group becomes a party to the contractual provisions of the instrument.

Initial measurement and classification of financial liabilities

Financial liabilities are classified into the following categories: 'financial liabilities at fair value through profit or loss' and 'other financial liabilities'. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Financial liabilities are initially measured at fair value, net of transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Fair value through profit or loss

This category comprises certain of the Group's borrowings and out-of-the-money derivatives where the time value does not offset the negative intrinsic value. The Group's loans with USS held at fair value through profit and loss may be recorded at a different value to the notional value of the borrowings due to changes in the expected future rate of inflation versus the date the debt was drawn, impacting gilt rates. The designation to value a loan at fair value through profit and loss is irrevocable and was made to correct an accounting mismatch as the value of the loan is linked to the shared ownership investment portfolio. The decision to link the loan to RPI was made to ensure that returns are matched to rent proceeds received (also linked to RPI). They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair vale recognised in the Group Statement of Comprehensive Income as either a fair value movement (note 12) or in the finance income or expenses line (note 13), expect where the movement relates to a change in own credit risk which is recognised in other comprehensive income.

At 30 September 2021 the Group had the following non-derivative financial liabilities which are classified as other financial liabilities:

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs or at fair value, with attributable transaction costs fully expensed if an election is made to hold at Fair value through profit or loss (FVTPL). Subsequent to initial recognition, borrowing costs are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method or at fair value if elected to hold at FVTPL.

De-recognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

n) Derivative instruments

Derivative financial instruments, comprising interest rate swaps held for hedging purposes, are initially recognised at fair value and are subsequently measured at fair value being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. Movements in fair value are recognised in profit and loss as part of finance costs.

o) Leases

The Group as lessor

A lease is classified as a finance lease if substantially all of the risks and rewards of ownership transfer to the lessee. In the case of properties where the Group has a leasehold interest, this assessment is made by reference to the Group's right of use asset arising under the head lease rather than by reference to the underlying asset. If the Group substantially retains those risks, a lease is classified as an operating lease.

Rentals receivable under operating leases are recognised in the income statement on a straight-line basis over the term of the relevant lease. In the event that lease incentives are granted to a lessee, such incentives are recognised as an asset. The aggregate cost of the incentives is recognised as a reduction in rental income on a straight-line basis over the term of the relevant lease.

The Group as lessee

Where an investment property is held under a head lease, the lease liability is capitalised at the lease commencement at the present value of the minimum lease payments. Each lease payment is allocated between repayment of the liability and a finance charge to achieve a constant rate on the outstanding liability. The corresponding rental obligations, net of finance charges, are included in liabilities. Investment properties held under head leases are subsequently carried at their fair value. The carrying value of lease liabilities are remeasured when the variable element of the future lease payments dependent on a rate or index is revised, using same the discount rate as at the lease commencement date.

p) Share based payments

The fair value of payments made to the Fund Manager that are to be settled by the issue of shares is determined on the basis of the Net Asset Value of the Group. The estimated number of shares to be issued in satisfaction of the services provided is calculated using the daily closing share price of the Company at the date of calculation.

4. Significant accounting judgements and estimates

The preparation of financial statements in accordance with the principles of IFRS required the Directors of the Group to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates:

Investment properties

The Group uses the valuation carried out by its independent valuers as the fair value of its property portfolio. The assumptions on which the property valuation reports have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, ground conditions at the properties, the structural condition of the properties, prevailing market yields and comparable market transactions. Further information is provided in note 17.

The Group's properties have been independently valued by Savills (UK) Limited ("Savills" or the "Valuer") in accordance with the definitions published by the Royal Institute of Chartered Surveyors' ("RICS") Valuation – Professional Standards, July 2017, Global and UK Editions (commonly known as the "Red Book"). Savills is one of the most recognised professional firms within residential and social housing property valuation and has sufficient current local and national knowledge and has the skills and understanding to undertake the valuations competently.

If the assumptions upon which the external valuer has based its valuations prove to be inaccurate, this may have an impact on the value of the Group's investment properties, which could in turn have an effect on the Group's financial position and results. Further information is provided in note 17.

With respect to the Group's Financial Statements, investment properties are valued at their fair value at each Statement of Financial Position date in accordance with IFRS 13 which recognises a variety of fair value inputs depending upon the nature of the investment (the 'fair value hierarchy'). Specifically:

Level 1 – Unadjusted, quoted prices for identical assets and liabilities in active (typically quoted) markets;

Level 2 – Quoted prices for similar assets and liabilities in active markets.

Level 3 – Inputs not based on observable market data (that is, unobservable inputs).

The Group's investment properties are included in Level 3 as the inputs to the valuation are not based on observable market data.

Borrowings held at fair value

Some of the Group's borrowing are held at fair value.

The inputs / assumptions on which these borrowings have been valued include the relevant inflation linked gilt rate at the date of valuation and the future rate of RPI inflation. Further information is provided in note 22.

If these assumptions prove to be inaccurate, this may have an impact on the carrying value of the Group's borrowings held

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at fair value, which could in turn have an effect on the Group's financial position and results. Further information is provided in note 22.

In the fair value hierarchy, borrowings valued at fair value are included in Level 2 as they are based on observable market data (inflation linked gilt yields).

Shared Ownership Properties

First Tranche Sales

The Group estimates the proportion of shared ownership properties that will be sold as first tranche sales and therefore classified as inventory rather than investment property. The assumptions on which the proportion has been based include, but are not limited to, matters such as the affordability of the shared ownership properties, local demand for shared ownership properties, and general experience of First Tranche shared ownership sales in the social housing sector. The first tranche sales percentage used is consistent with values used by the valuers. As at 30 September 2021 the average first tranche sales percentage assumed for vacant shared ownership properties is 25%. If there is a change in percentage used, this will affect the proportion of inventory and investment property recognised with a higher assumed first tranche sale percentage resulting in a higher inventory value and lower investment property value.

5. Operating segments

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal financial reports about components of the Group that are regularly reviewed by the chief operating decision maker (which in the Group's case is the Board of Directors) in order to allocate resources to the segments and to assess their performance.

The Group's reporting to the chief operating decision maker does not differentiate by property type or location as the Group is considered to be operating in a single segment of business and in one geographical area.

No customers have revenue that is greater than 10% of the total Group revenue.

The internal financial reports received by the Board of Directors contain financial information at a Group level and there are no reconciling items between the results contained in these reports and the amounts reported in the Financial Statements.

6. Income less cost of sales

	Net property income £'000	First tranche sales £'000	**2021 Total £'000**	2020 Total £'000
Gross Rental income	22,826	–	**22,826**	20,625
First tranche property sales	–	16,770	**16,770**	11,579
Total income	22,826	16,770	**39,596**	32,204
Service charge expenses	(4,701)	–	**(4,701)**	(4,703)
Property operating expenses	(3,958)	–	**(3,958)**	(3,526)
Impairment of receivables	(2)	–	**(2)**	(16)
First tranche cost of sales	–	(15,762)	**(15,762)**	(11,070)
Total cost of sales	(8,661)	(15,762)	**(24,423)**	(19,315)
Gross profit before ground rents	14,165	1,008	**15,173**	12,889
Ground rents disclosed as finance lease interest	(989)	–	**(989)**	(1,036)
Gross profit after ground rents disclosed as finance lease asset	13,176	1,008	**14,184**	11,853

Included within rental income is a £650,000 (2020: £272,000) rent smoothing adjustment that arises as a result of IFRS 16 'Leases' which require rental income in respect of leases with rents increasing by a fixed percentage be accounted for on a straight-line basis over the lease term. During the year this resulted in an increase in rental income, with an offsetting entry being recognised in profit or loss as an adjustment to the investment property revaluation.

The gross profit after ground rents disclosed as finance lease interest are presented to provide what the Board believes is a more appropriate assessment of the Group's net property income. Ground rent costs are an inherent cost of holding certain leasehold properties and are taken into consideration by Savills when valuing the Group's properties.

'Rent straight line adjustments' represent the recognition of lease incentives and contractual fixed annual rent increases on a straight-line basis over the term of the underlying leases.

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For the year to 30 September 2021

7. Fund management fee

	2021 £'000	2020 £'000
Cash portion	1,353	1,379
Equity	449	458
	1,802	1,837

ReSI Capital Management Limited acts as alternative investment fund manager (the "Fund Manager"), in compliance with the provisions of the AIFMD, pursuant to the Fund Management Agreement.

The Fund Manager is entitled to an annual management fee (the "Fund Manager Fee") under the Fund Management Agreement with effect from the date of Admission, as follows:

a) On that part of the Net Asset Value up to and including £250 million, an amount equal to 1% p.a. of such part of the Net Asset Value;

b) on that part of the Net Asset Value over £250m and including £500m, an amount equal to 0.9% p.a. of such part of the Net Asset Value;

c) on that part of the Net Asset Value over £500m and up to and including £1,000m, an amount equal to 0.8% p.a. of such part of the Net Asset Value;

d) on that part of the Net Asset Value over £1,000m, an amount equal to 0.7% p.a. of such part of the Net Asset Value.

The Fund Management Fee is paid quarterly in advance. 75% of the total Fund Management Fee is payable in cash and 25% of the total Fund Management Fee (net of any applicable tax) is payable in the form of Ordinary Shares rather than cash.

8. General and administrative expenses

	Group 2021 £'000	Group 2020 £'000
Professional fees	552	625
Directors' fees and expenses	217	225
Fees paid to the Company's auditor	224	169
Other expenses	53	74
	1,046	1,093
Total expenses ratio		
Management fee	1,802	1,837
General and administrative expenses	1,046	1,093
Total expenses	2,848	2,930
Average Net Asset Valuation*	181,002	182,663
Annualised total expenses ratio	1.57%	1.60%

*The average Net Asset Valuation is calculated as the average of the opening and closing NAV for the financial year.

9. Non-recurring set up costs

	2021 £'000	2020 £'000
Set up costs	368	–
	368	–

During the year, the property and lettings management of the ReSI's retirement portfolio was transferred from Girlings to ReSI Property Management Limited, a subsidiary of the Fund Manager in July 2021, and now property management services are provided at cost. The transfer has led to improved performance on the retirement portfolio, as evidenced in void reductions, and is expected to drive further cost efficiencies and operational improvements. The charges above relate to set- up costs associated with the transfer.

10. Directors' fees and expenses

	2021 £'000	2020 £'000
Fees	155	156
Taxes	17	20
Expenses	–	3
	172	179
Fees paid to directors of subsidiaries	45	46
	217	225

The Group had no employees during the year (2020: Nil) other than the Directors and Directors of subsidiaries.

The Chairman is entitled to receive a fee linked to the Net Asset Value of the Group as follows:

	Annual fee
Net asset value	
Up to £100,000,000	£40,000
£100,000,000 to £200,000,000	£50,000
£200,000,000 to £350,000,000	£60,000
Therafter	£70,000

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Each of the Directors, save the Chairman, is entitled to receive a fee linked to the Net Asset Value of the Group as follows:

	Annual fee
Net asset value	
Up to £100,000,000	**£30,000**
£100,000,000 to £200,000,000	**£35,000**
Therafter	**£40,000**

None of the Directors received any advances or credits from any Group entity during the year (2020: Nil).

11. Fees paid to the Company's auditor

	2021 £'000	2020 £'000
Audit fees		
Parent and consolidated financial statements	**60**	42
Audit of subsidiary undertakings	**122**	90
Total audit fees	**182**	132
Audit related services		
Review of interim report	**42**	37
Total fees	**224**	169

12. Change in fair value

	2021 £'000	2020 £'000
Gain/(loss) on fair value adjustment of investment properties	**8,381**	(487)
Adjustments for lease incentive assets and rent straight line assets recognised		
Start of the year	**272**	–
End of the year	**(922)**	(272)
	7,731	(759)
Gain/(loss) on fair value adjustment of borrowings (note 22)	**(2,731)**	718
Shared ownership facility set up costs	**(567)**	(2,418)
	4,433	(2,459)

(Loss)/gain on fair value adjustment of borrowings arises from debt raised against the shared ownership portfolio, which the Company has elected to fair value through Profit and Loss, in order to address an accounting mismatch as the value of the loan is linked to the shared ownership investment portfolio. During the year the Group incurred costs of £0.6m (equivalent to 0.4 basis points per annum over 45 years) in relation to further drawdowns of debt under the share ownership 45-year £300m facility. An election has been made to value this debt at fair value through profit or loss, therefore all fees associated with this debt have been expensed in the current year.

13. Net finance costs

	2021 £'000	2020 £'000
Finance income		
Interest income	–	36
	–	36
Finance expense		
Interest payable on borrowings	**(3,946)**	(3,720)
Amortisation of loan costs	**(259)**	(217)
Debt programme costs	**(27)**	(4)
Lease interest	**(989)**	(1,036)
	(5,221)	(4,977)
Movement in fair value of derivative contracts		
Interest rate swaps	**104**	(15)
Net finance costs	**(5,117)**	(4,956)
One-off shared ownership facility set-up costs	**(567)**	(2,418)
Debt set up fees	**(39)**	–
Debt set up costs	**(606)**	(2,418)

The Group's interest income during the year relates to cash invested in a money market fund, which is invested in short-term AAA rated Sterling instruments.

Ground rents paid in respect of leasehold properties have been recognised as a finance cost in accordance with IFRS 16 "Leases".

Movement in fair value of derivative contracts arises from interest rate swaps entered into in February 2019 to partially fix the £14m of debt secured in the Local Authority portfolio. The swaps expired on 20 August 2021.

Debt set up fees relate to the fees incurred in amending the loan facility with Scottish Widows Limited relating to the change in the property management agreement.

14. Taxation

	2021 £'000	2020 £'000
Current tax	–	–
Deferred tax	–	–
	–	–

The tax charge for the period varies from the standard rate of corporation tax in the UK applied to the profit before tax. The differences are explained below:

	2021 £'000	2020 £'000
Profit before tax	11,221	2,449
Tax at the UK corporation tax rate of 19% (2019: 19%)	2,132	465
Tax effect of:		
UK tax not payable due to REIT exemption	(656)	(753)
Investment property revaluation not taxable	(1,469)	120
Expenses that are not deductible in taxable profit	(15)	168
Unutilised residual current year tax losses	8	–
Tax charge for the period	–	–

As a UK REIT the Group is exempt from corporation tax on the profits and gains from its property rental business provided it meets certain conditions set out in the UK REIT regulations.

The government has announced that the corporation tax standard rate is to be remain at 19% until 31 March 2022. From 1 April 2022 the rate will increase to 25%, although this is not yet substantively enacted.

15. Earnings per share

	2021 £'000	2020 £'000
Profit attributable to Ordinary shareholders	11,221	2,449
Deduction of fair value movement on investment properties, borrowings and interest rate swap	(5,104)	56
Deduction of non-recurring set up costs	368	–
Deduction of debt set up costs	606	2,418
Deduction of aborted acquisition costs	1	79
Loss on property disposals	12	16
Adjusted earnings	7,104	5,018
Weighted average number of ordinary shares (thousands)	171,071	171,020
Basic earnings per share (pence)		
- 2021 (pence)	6.6	
- 2020 (pence		1.4
Adjusted earnings per share (pence)		
- 2021 (pence)	4.2	
- 2020 (pence)		2.9

Basic earnings per share ('EPS') is calculated as profit attributable to Ordinary Shareholders of the Company divided by the weighted average number of shares in issue throughout the relevant period.

The adjusted earnings are presented to provide what the Board believes is a more appropriate assessment of the operational income accruing to the Group's activities. Hence, the Group adjusts basic earnings for income and costs which are not of a recurrent nature or which may be more of a capital nature.

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EPRA Earnings per share

	2021 £'000	2020 £'000
Earnings per IFRS income statement	11,221	2,449
Changes in value of investment properties	(7,731)	759
Profits or losses on disposal of investment properties	12	16
Profits or losses on sales of trading properties incl. impairment charges in respect of trading properties.	(1,008)	(509)
Changes in fair value of financial instruments and associated close-out costs	2,627	(703)
EPRA Earnings	5,121	2,012
Basic number of shares	171,071	171,020
EPRA Earnings per Share (EPS) (pence)	3.0	1.2

Adjusted EPRA Earnings per share

	2021 £'000	2020 £'000
Company specific adjustments:		
Exclude one off costs	975	2,497
Include shared ownership first tranche sales	1,008	509
Company specific Adjusted Earnings	7,104	5,018
Company specific Adjusted EPRA EPS (pence)	4.2	2.9

EPRA earnings per share ('EPS') is calculated as EPRA earnings attributable to Ordinary shareholders of the Company divided by the weighted average number of shares in issue throughout the relevant period.

The adjusted EPRA earnings are presented to provide what the Board believes is a more appropriate assessment of the operational income accruing to the Group's activities. Hence, the Group adjusts EPRA earnings for income and costs which are not of a recurrent nature or which may be more of a capital nature.

16. Inventories – properties available for sale

	2021 £'000	2020 £'000
Shared ownership properties	3,800	10,421
	3,800	10,421

17. Investment properties

	2021 £'000	2020 £'000
At beginning of period	331,782	290,162
Property acquisitions at cost	33,113	47,657
Grant receivable	(1,652)	(5,286)
Capital expenditure	539	298
Property disposals	(1,731)	(334)
Movement in head lease gross up	1,631	44
Adjustments for lease incentive assets and rent straight line assets recognised	272	(272)
Change in fair value during the period	8,381	(487)
At end of period	372,335	331,782
Valuation provided by Savills	341,128	302,478
Adjustment to fair value - finance lease asset	31,207	29,576
Adjustments for lease incentive assets and rent straight line assets recognised	–	(272)
Total investment properties	372,335	331,782

The table below shows the total value of the Group's investment properties including committed properties with purchase contracts exchanged. Consistent with the valuation provided by Savills, the adjustment to fair value in respect of finance lease assets for ground rents receivable has been excluded to show the value of the asset net of all payments to be made (including ground rent payments). Committed properties with purchase contracts exchanged have been included to provide an indication of the value of all properties to which the Group is contractually committed.

	2021 £'000	2020 £'000
Total investment properties	372,335	331,782
Adjustment to fair value - finance lease asset	(31,207)	(29,576)
Adjustments for lease incentive assets and rent straight line assets recognised	–	272
Committed properties with purchase contracts exchanged	9,946	–
Total investment properties including committed properties with purchased contracts exchanged	351,074	302,478

The investment properties are divided into:

	2021 £'000	2020 £'000
Leasehold properties	**284,596**	260,199
Freehold properties *	**56,532**	42,279
Head lease gross up	**31,207**	29,576
Adjustments for lease incentive assets and rent straight line assets recognised	**–**	(272)
Total investment properties	**372,335**	331,782

* Includes Feuhold properties, the Scottish equivalent of Freehold.

Included within the carrying value of investment properties at 30 September 2021 is £921,904 (30 September 2020: Nil) in respect of the smoothing of fixed contractual rent uplifts as described in note 6. The difference between rents on a straight-line basis and rents actually receivable is included within the carrying value of the investment properties but does not increase that carrying value over fair value.

The historical cost of investment properties at 30 September 2021 was £309,703,457 (2020: £279,434,155).

In accordance with "IAS 40: Investment Property", the Group's investment properties have been independently valued at fair value by Savills (UK) Limited ("Savills"), an accredited external valuer with recognised and relevant professional qualifications.

The carrying values of investment property as at 30 September 2021 agree to the valuations reported by external valuers, except that the valuations have been:

> Increased by the amount of finance lease liabilities recognised in respect of investment properties held under leases of £31,207,393 (£29,576,691 at 30 September 2020), representing the present value of ground rents payable for the properties held by the Group under leasehold – further information is provided in note 32. This is because the independent valuations are shown net of all payments expected to be made. However, for financial reporting purposes in accordance with IAS 40, "Investment Property", the carrying value of the investment properties includes the present value of the minimum lease payments in relation to these finance leases. The related finance lease liabilities are presented separately on the Statement of Financial Position.

'Rent straight line adjustments' represent the recognition of lease incentives and contractual fixed annual rent increases on a straight-line basis over the term of the underlying leases.

The Group's investment objective is to provide shareholders with an attractive level of income, together with the potential for capital growth, from acquiring portfolios of homes across residential asset classes that comprise the stock of statutory registered providers.

The Group intends to hold its investment property portfolio over the long term, taking advantage of upward-only inflation linked leases. The Group will not be actively seeking to dispose of any of its assets, although it may dispose of investments should an opportunity arise that would enhance the value of the Group as a whole.

The Group has pledged substantially all of its investment properties to secure loan facilities granted to the Group (see note 22).

In accordance with IFRS 13, the Group's investment property has been assigned a valuation level in the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The Group's investment property as at 30 September 2021 is categorised as Level 3.

ReSI's shared ownership properties are valued by Savills using a discounted cashflow methodology applying a discount rate to estimated future cashflows. The discount rate applied, house price growth and staircasing rates are considered to be unobservable inputs.

Everything else being equal, there is a negative relationship between the discount rate and the property valuation, such that an increase in the discount rate will decrease the valuation of a property and vice versa. Conversely there is a positive relationship between future house price growth and the property valuation, such that an increase in future house price growth will increase the valuation of a property and vice versa. The relationship between future staircasing rates and property valuation may be either positive or negative depending on the discount rate and house price growth assumptions used for a given property. If a zero rate of staircasing is assumed this would result in an increase in the valuation of ReSI's shared ownership properties as Savills apply a higher discount rate to staircasing cashflows as compared to rental cashflows. Equally, if it assumed that a property staircases immediately this would also result in increase in the valuation of ReSI's shared ownership properties as these properties are valued at a discount to their Open Market Value (the price at which shared owners staircase).

ReSI's other investment properties are valued by Savills using a capitalisation methodology applying a yield to current and estimated rental income subject to certain adjustments for estimated vacant possession value and head lease length. Yields and rental values are considered to be unobservable inputs.

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and vice versa. However, the relationship between capitalisation yields and the property valuation is negative; therefore an increase in capitalisation yields will reduce the valuation of a property and vice versa. There are interrelationships between these inputs as they are determined by market conditions, and the valuation movement in any one period depends on the balance between them. If these

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inputs move in opposite directions (i.e. rental values increase and yields decrease) valuation movements can be amplified, whereas if they move in the same direction they may be offset, reducing the overall net valuation movement. The valuation movement is materially sensitive to changes in yields and rental values. The impact on valuation from the change in key factors is modelled below.

Portfolio	Key inputs	Sensitivity modelled	Valuation at 30 September 2021 (£m)	+ Updated Valuation £m	- Updated Valuation £m
Retirement	Regional Yields	+/- 25bps	215.2	209.7	221.2
	HPI	+/- 10bps	215.2	215.3	215.1
Shared ownership	Rental Discount Rate	+/- 25bps	94.5	93.1	96.2
	RPI	+/- 10bps	94.5	95.3	93.9

18. Trade and other receivables

	2021 £'000	2020 £'000
Trade debtors	968	926
Prepayments	2,488	2,239
Other debtors	595	421
	4,051	3,586

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a 12-month expected loss provision for rent receivables. To measure expected credit losses on a collective basis, rent receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Group's historical credit losses experienced since inception to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. Both the expected credit loss provision and the incurred loss provision in the current and prior years are immaterial. No reasonably possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.

There is no significant difference between the fair value and carrying value of trade and other receivables at the Statement of Financial Position date.

19. Deposits paid for acquisitions

	2021 £'000	2020 £'000
Deposit paid for acquisitions	1,158	126
	1,158	126

The deposits paid as at 30 September 2021 relates to the acquisition of shared ownership homes in Leicestershire and Croydon which are expected to complete in H1 FY2022.

The deposit as at 30 September 2020 related to the acquisition of shared ownership homes in Cheshire, West Yorkshire, Greater Manchester and Lancashire which completed in Q4 2020.

20. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank	5,684	8,530
Cash held as investment deposit	2	2
	5,686	8,532
Restricted cash	2,684	1,833
	8,370	10,365

Included within cash at the period end was an amount totalling £2,684,080 (2020: £1,832,545) held in separate bank accounts which the Group considers restricted cash. Restricted cash is cash where there is a legal restriction to specify its type of use. This is typically where the Group has agreed to deposit cash with a bank as part of a joint arrangement with a tenant under a lease agreement, or to provide additional security to a lender over loan facilities, or under an asset management initiative.

£1,227,234 (2020: £1,172,285) was held by the managing agent of the retirement portfolio in respect of tenancy rental deposits. Other funds were held by the management agent in an operating account to pay service charges in respect of the RHP Portfolio due on 1 October 2021.

£1,139,258 (2020: £660,260) was held by US Bank in respect of funds required as a debt service reserve for the shared ownership debt.

£317,588 (2020: £nil) was held in respect of a service charge reserve fund.

Cash held as investment deposit relates to cash invested in a money market fund, which is invested in short-term AAA rated Sterling Investments. As the fund has a short maturity period, the investment has a high liquidity. The fund has £19.6 billion AUM, hence the Group's investment deposit represents an immaterial proportion of the fund.

21. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	**3,735**	1,651
Accruals	**1,756**	2,290
VAT payable	**3**	3
Deferred income	**661**	770
Other creditors	**1,583**	1,173
	7,738	5,887

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. For most suppliers interest is charged if payment is not made within the required terms. Thereafter, interest is chargeable on the outstanding balances at various rates. The Company has financial risk management policies in place to control that all payables are paid within the agreed credit timescale.

There is no significant difference between the fair value and carrying value of trade and other payables at the Statement of Financial Position date.

22. Borrowings

	2021 £'000	2020 £'000
Loans	**170,814**	143,560
Unamortised borrowing costs	**(2,475)**	(2,459)
	168,339	141,101
Current liability	**2,984**	388
Non-current liability	**165,355**	140,713
	168,339	141,101
The loans are repayable as follows:		
Within one year	**2,984**	388
Between one and two years	**14,792**	14,924
Between three and five years	**6,911**	4,258
Over five years *	**143,652**	121,531
	168,339	141,101

*£77.6m of this is due at the maturity date of the loan in 2043.

Movements in borrowings are analysed as follows:

	2021 £'000	2020 £'000
At beginning of period	**141,101**	108,192
Drawdown of facility	**25,128**	34,000
New borrowing costs	**(275)**	–
Amortisation of loan costs	**259**	217
Fair value movement	**2,731**	(718)
Repayment of borrowings	**(605)**	(590)
At end of period	**168,339**	141,101

The table below lists the Group's borrowings:

Lender	Original facility £'000	Outstanding debt £'000	Maturity date	Annual interest rate %
Held at amortised cost				
Scottish Widows Ltd	53,000	51,962	Jun-43	3.4507 Fixed
Scottish Widows Ltd	40,000	39,324	Jun-43	3.4877 Fixed
Scottish Widows Ltd	4,000	3,938	Jun-43	3.2872 Fixed
National Westminster Bank Plc	14,450	14,450	Jan-23	1.50 over 3 month £ LIBOR**
Santander	1,628	1,628	1 month rolling	2.80 over 3 month £ LIBOR**
	113,078	**111,302**		
Held at fair value				
Universities Superannuation Scheme	34,000	35,007	May-65	0.461% *
Universities Superannuation Scheme	10,000	10,139	May-65	0.531% *
Universities Superannuation Scheme	10,000	10,623	May-65	0.698% *
Universities Superannuation Scheme	3,500	3,744	May-65	0.750% *
	57,500	**59,513**		
Total borrowings	**170,578**	**170,815**		

*The principal will increase at a rate of RPI+0.5% on a quarterly basis; RPI is capped between 0% and 5% on a pro-rated basis.

** SONIA effective 31 December 2021

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The Group has elected to fair value through Profit and Loss the Universities Superannuation Scheme borrowings. This is considered a more appropriate basis of recognition than amortised cost as it addresses an accounting mismatch that arises given the inflation-linked nature of the debt, which has been negotiated to inflate in line with the RPI linked rent in ReSI's shared ownership leases. The notional outstanding debt at 30 September 2021 was £57.5 million (2020: £34.0 million)

The Universities Superannuation Scheme borrowings have been fair valued by calculating the present value of future cash flows, using the relevant gilt rate at the date of valuation. The inflation linked gilt rate used for the valuation as at 30 September 2021 was -2.304% (2020: -2.38%).

In accordance with IFRS 13, the Group's borrowings held at fair value have been assigned a valuation level in the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The Group's borrowings held at fair value as at 30 September 2021 are categorised as Level 2.

Everything else being equal, there is a negative relationship between the inflation linked gilt rate and the borrowings valuation, such that an increase in the inflation linked gilt rate (and therefore the future interest payable) will reduce the valuation of a borrowing liability and vice versa. A 10-basis point increase in the inflation linked gilt rate would result in a reduction of the liability by £1.2 m.

The fair value of borrowings held at amortised cost at 30 September 2021 was £114.2m (2020: £126.9m).

The Scottish Widows facility is secured by a first charge over retirement properties with a fair value of £215.3m.

The NatWest facility is secured by a first charge over Local Authority Housing properties with a fair value of £31.3m.

The Universities Superannuation Scheme facility is secured by a first charge over shared ownership properties with a fair value of £94.5m related inventory of £3.8m, deposits of £1.2m and restricted cash balances of £1.1m.

During the period, the Group agreed a revolving capital facility of £10m with Santander UK plc. As at the period end, £1.6m had been drawn down under the facility. The facility bears interest at LIBOR plus a margin of 2.80% (LIBOR being changed to SONIA effective 31 December 2021). A commitment fee of 35% of the margin is payable to Santander quarterly on the available balance of the commitment, with payments of £52,924 made during year (2020: Nil) The Group incurred costs of £203,823 in arranging the facility which are being amortised over the three year period of the facility.

23. Recycled Capital Grant

ReSI's shared ownership portfolio has been supported by government grant funding to facilitate the delivery of affordable housing projects. In some circumstances, typically when a shared owner staircases, ReSI will be required to recycle the grant into the purchase of new properties within three years or to repay it to the grant providing body.

On disposal/ staircasing of a grant funded property, the Group initially recognises a liability in the Recycled Capital Grant fund. If the disposal receipts are not subsequently recycled, the grant will be repaid.

The balance at 30 September 2021 was £38,000 (2020: Nil).

24. Derivative financial instruments

	2021 £'000	2020 £'000
Interest rate swap derivative contracts	–	104

The derivative contracts arose from interest rate swaps entered into in February 2019 to partially fix the £14.5m of debt secured on the Local Authority portfolio.

The notional principal amount of the interest rate swaps was £9,537,000. The swaps expired on 20 August 2021.

The contract rate the Group paid for its interest rate swaps was 1.0580%.

The valuations of all derivatives held by the Group are classified as Level 2 in the IFRS 13 fair value hierarchy as they are based on observable inputs. There have been no transfers between levels of the fair value hierarchy during the year.

25. Share capital account

	Number of Ordinary 1p shares	£'000
At 30 September 2020 and 30 September 2021	**180,324,377**	1,803

The share capital account relates to amounts subscribed for share capital.

Rights, preferences and restrictions on shares

All Ordinary Shares carry equal rights; no privileges are attached to any shares in the Company. All the shares are freely transferable, except as otherwise provided by law. The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Treasury shares do not hold any voting rights.

26. Share premium account

	£'000
At 30 September 2020 and 30 September 2021	108

The share premium account relates to amounts subscribed for share capital in excess of nominal value.

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27. Own shares reserve

	£'000
At 30 September 2020	(8,626)
Purchase of own shares	(338)
Transferred as part of Fund Management fee	449
At 30 September 2021	**(8,515)**

The own shares reserve relates to the value of shares purchased by the Company in excess of nominal value.

During the year ended 30 September 2021, the Company purchased 369,129 of its own 1p ordinary shares at a total gross cost of £338,050 (£337,485 cost of shares and £565 associated costs).

During the year, 475,725 1p Ordinary Shares were transferred from its own shares reserve to the Fund Manager, in lieu of the management fee in accordance with the Fund Management Agreement.

As at 30 September 2021, 9,198,133 (2020: 9,304,729) 1p Ordinary Shares are held by the Company.

28. Retained earnings

	£'000
At 30 September 2020	186,327
Profit for the period	11,221
Share based payment charge	449
Issue of management shares	(449)
Dividends	(8,552)
At 30 September 2021	**188,996**

Retained earnings incorporate all gains and losses and transactions with shareholders (e.g. dividends) not recognised elsewhere.

29. Group entities

The Group entities which are owned either directly by the Company or indirectly through a subsidiary undertaking are:

Name of entity	Percentage of ownership	Country of incorporation	Principal place of business	Principal activity
ReSI Portfolo Holdings Limited*	100%	UK	UK	Holding company
RHP Holdings Limited	100%	UK	UK	Holding company
The Retirement Housing Limited Partnership	100%	UK	UK	Property investment
ReSI Housing Limited	100%	UK	UK	Registered Provider of Social Housing
Wesley House (Freehold) Limited	100%	UK	UK	Property investment
Eaton Green (Freehold) Limited	100%	UK	UK	Property investment

Name of entity	Registered address
ReSI Portfolo Holdings Limited	80 Cheapside, London, England, EC2V 6EE
RHP Holdings Limited	80 Cheapside, London, England, EC2V 6EE
The Retirement Housing Limited Partnership	Glanville House, Frobisher Way, Taunton , Somerset, TA2 6BB
ReSI Housing Limited	80 Cheapside, London, England, EC2V 6EE
Wesley House (Freehold) Limited	80 Cheapside, London, England, EC2V 6EE
Eaton Green (Freehold) Limited	80 Cheapside, London, England, EC2V 6EE

All group entities are UK tax resident.

* ReSI Portfolio Holdings Limited was newly incorporated during the period.

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30. Notes to the cash flow statement

The liabilities arising from financing activities are reconciled below:

	Borrowings due within one year (note 22) £'000	Borrowings due in more than one year (note 22) £'000	Fair value of interest rate swaps (note 24) £'000	Lease liabilities (note 32) £'000	Total £'000
At 1 October 2020	388	140,713	104	29,576	**170,781**
Cash flows					
Borrowings advanced	2,201	22,927	–	–	**25,128**
Borrowings repaid	(605)	–	–	–	**(605)**
Debt arrangement fees paid	–	(275)	–	–	**(275)**
Non-cash flows					
Reclassification of borrowings	1,000	(1,000)	–	–	**–**
Amortisation of debt set up fees	–	259	–	–	**259**
Change in fair value of borrowings	–	2,731	–	–	**2,731**
Change in fair value of interest rate swaps	–	–	(104)	–	**(104)**
Recognition of headlease liabilities acquired	–	–	–	1,631	**1,631**
At 30 September 2021	2,984	165,355	–	31,207	**199,546**

	Borrowings due within one year (note 22) £'000	Borrowings due in more than one year (note 22) £'000	Fair value of interest rate swaps (note 24) £'000	Lease liabilities (note 32) £'000	Total £'000
At 1 October 2019	373	107,819	89	29,532	**137,813**
Cash flows					
Borrowings advanced	605	33,395	–	–	**34,000**
Borrowings repaid	(590)	–	–	–	**(590)**
Ground rent paid	–	–	–	(1,036)	**(1,036)**
Non-cash flows					
Amortisation of debt set up fees	–	217	–	–	**217**
Change in fair value of borrowings	–	(718)	–	–	**(718)**
Change in fair value of interest rate swaps	–	–	15	–	**15**
Recognition of headlease liabilities acquired	–	–	–	1,080	**1,080**
At 30 September 2020	388	140,713	104	29,576	**170,781**

31. Dividends

	2021 £'000	2020 £'000
Amounts recognised as distributions to shareholders in the period:		
4th interim dividend for the year ended 30 September 2019 of 1.25p per share	–	2,138
1st interim dividend for the year ended 30 September 2020 of 1.25p per share	–	2,138
2nd interim dividend for the year ended 30 September 2020 of 1.25p per share	–	2,133
3rd interim dividend for the year ended 30 September 2020 of 1.25p per share	–	2,138
4th interim dividend for the year ended 30 September 2020 of 1.25p per share	**2,138**	–
1st interim dividend for the year ended 30 September 2021 of 1.25p per share	**2,138**	–
2nd interim dividend for the year ended 30 September 2021 of 1.25p per share	**2,138**	–
3rd interim dividend for the year ended 30 September 2021 of 1.25p per share	**2,138**	–
	8,552	8,547
Amounts not recognised as distributions to shareholders in the period:		
4th interim dividend for the year ended 30 September 2020 of 0.75p per share	–	2,138
4th interim dividend for the year ended 30 September 2021 of 1.25p per share	**2,138**	–
Categorisation of dividends for UK tax purposes:		
Amounts recognised as distributions to shareholders in the period:		
Property Income Distribution (PID)	**3,078**	3,590
Non-PID	**5,474**	4,957
	8,552	8,547

On 2 December 2020, the Company declared fourth interim dividend of 1.25 pence per share for the period 1 July 2020 to 30 September 2020.

On 28 January 2021, the Company declared its first interim dividend of 1.25 pence per share for the period 1 October 2020 to 31 December 2020.

On 10 May 2021, the Company declared its second interim dividend of 1.25 pence per share for the period 1 January 2021 to 31 March 2021.

On 29 July 2021, the Company declared its third interim dividend of 1.25 pence per share for the period 1 April 2021 to 30 June 2021.

On 30 November 2021, the Company announced the declaration of a fourth interim dividend of 1.29 pence per share for the period 1 July 2021 to 30 September 2021 which will be payable on 21 January 2022 to Shareholders on the register at the close of business on 10 December 2021.

The Company intends to continue to pay dividends to shareholders on a quarterly basis in accordance with the REIT regime.

Dividends are not payable in respect of its Treasury shares held.

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32. Lease arrangements

The Group as lessee

The interest expense in respect of lease liabilities for the period was £989,000 (2020: £1,036,000).

There was no expense relating to variable lease payments in the period (2020: Nil).

The Group did not have any short-term leases or leases for low value assets accounted for under IFRS 16 paragraph 6, nor any sale and leaseback transactions.

The total cash outflow in respect of leases was £989,000 (2020: £1,036,000).

At 30 September 2021, the Group had outstanding commitments for future minimum lease payments under non-cancellable leases, which fall due as follows:

As at 30 September 2021	Less than one year £'000	Two to five years £'000	More than five years £'000	Total £'000
Minimum lease payments	989	3,955	128,433	133,377
Interest	–	(288)	(101,882)	(102,170)
Present value at 30 September 2021	**989**	**3,667**	**26,551**	**31,207**

As at 30 September 2020	Less than one year £'000	Two to five years £'000	More than five years £'000	Total £'000
Minimum lease payments	936	3,743	123,461	128,140
Interest	–	(273)	(98,291)	(98,564)
Present value at 30 September 2020	936	3,470	25,170	29,576

The above commitment is in respect of ground rents payable for properties held by the Group under leasehold. There are 2,281 properties (2020: 2,267 properties) held under leasehold with an average unexpired lease term of 157 years (2020: 129 years).

The majority of restrictions imposed are the covenants in place limiting tenancies to people of retirement age.

The Group as lessor

The Group leases some of its investment properties under operating leases. At the balance sheet date, the Group had contracted with tenants for the following future aggregate minimum rentals receivable under non-cancellable operating leases:

	2021 £'000	2020 £'000
Receivable within 1 year	**6,616**	4,912
Receivable between 1-2 years	**4,544**	2,907
Receivable between 2-3 years	**4,544**	2,907
Receivable between 3-4 years	**4,544**	2,907
Receivable between 4-5 years	**4,544**	2,907
Receivable after 5 years	**289,871**	122,918
	314,663	139,458

The total of contingent rents recognised as income during the period was £nil (2020: £nil).

The majority of leases are assured tenancy or assured shorthold tenancy agreements. The table above shows the minimum lease payments receivable under the assumption that all tenants terminate their leases at the earliest opportunity. However, assured tenancies are long-term agreements providing lifetime security of tenure to residents.

The leases in the licensed retirement homes portfolio are indefinite and would only be terminated in the event that the leaseholders of the relevant retirement development vote to no longer have a resident house manager living at their development.

The Group's shared ownership properties are let to Shared Owners on leases with initial lease terms of between 130 to 999 years.

Two of the Group's properties are let out on more traditional leases which account for approximately 10% of total rental income.

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The table below shows our expected lease receivables, excluding future rent reviews, from existing leases based on historical turnover rates consistent with our assumptions for valuing the properties:

	2021 £'000	2020 £'000
Receivable within 1 year	22,971	20,775
Receivable between 1-2 years	19,576	17,528
Receivable between 2-3 years	16,839	14,865
Receivable between 3-4 years	14,631	12,716
Receivable between 4-5 years	12,847	10,980
Receivable after 5 years	338,144	169,221
	425,008	246,085

33. Net asset value per share

	2021 £'000	2020 £'000
Net assets	**182,392**	179,612
	182,392	179,612
Ordinary shares in issue at period end (excluding shares held in treasury)	**171,126,244**	171,019,648
Basic NAV per share (pence)	**106.6**	105.0

The net asset value ('NAV') is calculated as the net assets of the Group attributable to shareholders divided by the number of Ordinary Shares in issue at the period end.

EPRA Net Tangible Assets (NTA) per share

	2021 £'000	2020 £'000
IFRS NAV per the financial statements	**182,392**	179,612
Revaluation of trading properties	**278**	710
Fair value of financial instruments	**2,012**	(614)
Real estate transfer tax	**-**	–
EPRA NTA	**184,682**	179,708
Fully diluted number of shares	**171,126**	171,020
EPRA NTA per share (pence)	**107.9**	105.1

EPRA NTA is equivalent to EPRA Net Reinstatement Value

The EPRA Net Tangible Assets ('EPRA NTA') per share calculated as the EPRA NTA of the Group attributable to shareholders divided by the number of Ordinary Shares in issue at the period end.

34. Contingent liabilities and commitments

ReSI's shared ownership portfolio has been supported by £10.0m government grant funding. In some circumstances, typically when a shared owner staircases, ReSI will be required to recycle the grant into the purchase of new properties within three years or to repay it to the grant providing body (see note 23).

During the year ReSI made commitments (by exchange of contracts) for 46 shared ownership units which are expected to complete in the next few months, at a total acquisition cost of £9.9m.

There are no provisions for fines and settlements specified for ESG (Environmental, Social or Governance) issues.

35. Related party disclosure

As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

For the year ended 30 September 2021, the Directors of the Group are considered to be the key management personnel. Details of amounts paid to Directors for their services can be found within note 10, Directors' fees and expenses.

ReSI Capital Management Limited acts as alternative investment fund manager (the "Fund Manager"), in compliance with the provisions of the AIFMD, pursuant to the Fund Management Agreement. The Fund Manager has responsibility for the day-to-day management of the Company's assets in accordance with the Investment policy subject to the control and directions of the Board.

The Fund Management agreement is terminable on not less than 12 months' notice, such notice not to expire earlier than 12 July 2022 (the fifth anniversary of admission to the Official List of the UKLA and traded on the London Stock Exchange main market).

Details regarding the Fund Manger's entitlement to a management fee are shown in note 7.

For the year ended 30 September 2021, the Company incurred £1,801,536 (2020: £1,837,465) in respect of fund management fees and no amount was outstanding as at 30 September 2021 (2020: £nil). The above fee was split between cash and equity as per the Fund Management Agreement with the cash equating to £1,351,468 (2020: £1,379,215) and the equity fee of £448,989 (2020: £458,250) being paid as 475,725 (2020: 506,355) Ordinary Shares at an average price of £0.91 per share (2020: £0.90 per share).

In addition, the Fund Manager was paid a fee, pursuant to the Fund Management Agreement, of £186,231 (2020: £281,718) in respect of its arrangement of borrowings for the Group.

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During the period the Directors and the Fund Manager received dividends from the Company of £10,010 (2020: £5,708) and £52,927 (2020: £37,571) respectively.

ReSI Property Management Limited ('RPML') is a wholly owned subsidiary of ReSI Capital Management Limited and provides property management services to the Group on a cost pass through basis with no profit margin. During the year, RPML charged fees of £407,582 (2020: £nil) in respect of property management services and £317,409 (2020: £nil) in respect of non-recurring set up costs.

36. Post balance sheet events

As of the date of signing of these financial statements, there have been no significant events that require disclosure to, or adjustment in the financial statements as at 30 September 2021.

37. Financial instruments

The table below sets out the categorisation of the financial instruments held by the Group as at 30 September 2021. Borrowings held at amortised cost have a fair value of £114.2m. The carrying amount of other financial instruments approximates to their fair value.

	2021 £'000	2020 £'000
Financial assets		
At amortised cost		
Trade and other receivables	**1,563**	1,347
Cash and cash deposits	**8,370**	10,365
	9,933	11,712
Financial liabilities		
At amortised cost		
Obligations under leases	**31,207**	29,576
Borrowings	**108,826**	107,819
Trade and other payables	**7,074**	5,114
	147,107	142,509
At fair value through profit or loss		
Interest rate swap derivative contracts	–	104
Borrowings	**59,513**	33,282
	59,513	33,386
	206,620	175,895

The Group's activities expose it to a variety of financial risks: market risk, interest rate and inflation risk, credit risk, liquidity risk and capital risk management.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls, and to monitor risks and adherence to limits. When considered appropriate the Group uses derivative financial instruments to hedge certain risk exposures.

Risk management policies and systems are reviewed regularly by the Board and Fund Manager to reflect changes in the market conditions and the Group's activities.

The exposure to each financial risk considered potentially material to the Group, how it arises and the policy for managing the risk is summarised below:

a) Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holding of financial instruments.

The Company's activities will expose it to the market risks associated with changes in property and rental values.

Risk relating to investment in property

Investment in property is subject to varying degrees of risk. Some factors that affect the value of the investment in property include:

- changes in the general economic climate;
- changes in the general social environment;
- competition from available properties;
- obsolescence; and
- Government regulations, including planning, environmental and tax laws.

Variations in the above factors can affect the valuation of assets held by the Company and the rental values it can achieve, and as a result can influence the financial performance of the Company.

The Group mitigates these risks by entering into long term management or rental/letting agreements to ensure any fall in the property market should not result in significant impairment to rental cashflows. In addition, the Group focuses on areas of the market with limited and ideally countercyclical exposure to the wider property market.

As the Group operates only in the United Kingdom it is not exposed to currency risk.

b) Interest rate and inflation risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate exposure profile of the Group's financial assets and liabilities as at 30 September 2021 and 30 September 2020 were:

	Nil rate assets and liabilities £'000	Floating rate assets £'000	Fixed rate liability £'000	Floating rate liability £'000	Total £'000
2021					
Trade and other receivables	1,563	–	–	–	1,563
Cash and cash equivalents	–	8,370	–	–	8,370
Trade and other payables	(7,074)	–	–	–	(7,074)
Bank borrowings	–	–	(152,538)	(15,801)	(168,339)
Obligations under leases	–	–	(31,207)	–	(31,207)
	(5,511)	**8,370**	**(183,745)**	**(15,801)**	**(196,687)**
2020					
Trade and other receiveables	1,347	–	–	–	1,347
Cash and cash equivalents	–	10,365	–	–	10,365
Trade and other payables	(5,114)	–	–	–	(5,114)
Interest rate swap derivative contracts	–	–	(104)	–	(104)
Bank borrowings	–	–	(126,811)	(14,290)	(141,101)
Obligations under leases	–	–	(29,576)	–	(29,576)
	(3,767)	10,365	(156,491)	(14,291)	(164,183)

The Group has primarily financed its activities with fixed rate debt, which reduces the Group's exposure to changes in market interest rates. If market interest rates increased by 1% the Group's finance costs for existing debt facilities would increase by £144,500. Conversely, if market interest rates decreased by 1% the Group's finance costs for existing debt facilities would decrease by £144,500.

The Group intends to finance its activities with fixed, floating rate or inflation-linked debt. Changes in the general level of interest rates and inflation can affect the Group's profitability by affecting the spread between, amongst other things, the income on its assets and the expense of its interest-bearing liabilities, the value of its interest-earning assets and its ability to realise gains from the sale of assets should this be desirable.

The Fund Manager intends to match debt cash flows to those of the underlying assets and therefore does not expect to utilise derivatives. However, to the extent this is not possible, the Group may utilise derivatives for full or partial inflation or interest rate hedging or otherwise seek to mitigate the risk of inflation or interest rate movements. The Group will closely manage any derivatives, in particular with regard to liquidity and counterparty risks. The Group will only use derivatives for risk management and not for speculative purposes.

c) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations and arises principally from the Group's tenants (in respect of trade receivables arising under operating leases), banks and money market funds (as holders of the Group's cash deposits).

Exposure to credit risk

	2021 £'000	2020 £'000
Trade and other receivables	**1,563**	1,347
Cash and cash equivalents	**8,370**	10,365
	9,933	11,712

The Group engages third parties to provide day-to-day management of its properties including letting and collection of underlying rent from residents or shared owners. The Group mitigates void risk by acquiring residential asset classes with a demonstrable strong demand or where the residents are part owners of the properties (as exhibited by retirement, sub-market rental assets or shared ownership properties).

The credit risk of cash and cash equivalents is limited due to cash being held at banks or money market funds considered credit worthy by the Group's fund manager, with high credit ratings assigned by international credit rating agencies.

Note 32 details the Group's exposure as a lessor in respect of future minimum rentals receivable.

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d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages its liquidity and funding risks by considering cash flow forecasts and ensuring sufficient cash balances are held within the Group to meet future needs. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of financing through appropriate and adequate credit lines, and the ability of customers to settle obligations within normal terms of credit. The Company ensures, through forecasting of capital requirements, that adequate cash is available.

The following table details the Group's remaining contractual maturing for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities, including future interest payments, based on the earliest date on which the Group can be required to pay.

	Less than one year £'000	Two to five years £'000	More than five years £'000	Total £'000
2021				
Borrowings	2,984	21,703	143,652	168,339
Interest on borrowings	3,805	14,108	54,009	71,922
Obligations under leases	989	3,955	128,433	133,377
Payables and accruals	7,074	–	–	7,074
	14,852	**39,766**	**326,094**	**380,712**
2020				
Borrowings	388	19,182	121,531	141,101
Interest on borrowings	3,783	13,745	55,198	72,726
Obligations under leases	936	3,743	123,461	128,140
Payables and accruals	5,114	–	–	5,114
	10,221	36,670	300,190	347,081

e) Capital risk management

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt (note 22), cash and cash equivalents (note 20) and equity attributable to the shareholders of the Company (comprising share capital, retained earnings and the other reserves as referred in notes 25 to 28).

The Group is not subject to externally imposed capital requirements under the AIFMD regime.

The Group's management reviews the capital structure on a regular basis in conjunction with the Board. As part of this review management considers the cost of capital, risks associated with each class of capital and debt and the amount of any dividends to shareholders.

	2021 £'000	2020 £'000
Obligations under leases	**31,207**	29,576
Borrowings	**168,339**	141,101
Cash and cash equivalents	**(8,370)**	(10,365)
Net debt	**191,176**	160,312
Equity attributable equity holders	**182,392**	179,612
Net debt to equity ratio	**1.05**	0.89
Borrowings excluding lease liability	**168,339**	141,101
Available cash*	**(6,825)**	(9,193)
Net debt excluding lease liability and cash	**161,514**	131,908
Total assets less finance lease gross up and cash	**350,137**	316,339
Loan to Value ("LTV") leverage ratio	**0.46**	0.42

* Available cash includes amounts held by US Bank in respect of funds required as a debt service reserve for the shared ownership debt.

The LTV leverage ratio has been presented to enable a comparison of the group's borrowings as a proportion of Gross Assets as at 30 September 2021 to its medium term target LTV leverage ratio of 0.50.

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38. Supplemental financial information

1) Net rental yield

The net yield on the Group's historical cost of investment property represents the unlevered rental income return on the Group's capital deployed into acquisition of investment properties.

	2021 £'m	2020 £'m
Annualised net rental income at balance sheet date	**14.3**	11.3
Historical cost of investment property	**309.7**	279.4
Historical cost of investments not yet income producing	**(14.8)**	(40.4)
Historical cost of income producing investment properties	**294.9**	239.0
Net yield	**4.9%**	4.7%

2) Total Return on NTA

A performance measure which represents the total return for the year, excluding movements in valuation of debt and derivatives, expressed as a percentage of opening NTA.

	2021 £'m	2020 £'m
Operating profit before property disposals and change in fair value	**12.0**	9.9
Valuation movement of investment properties	**7.7**	(0.8)
Finance costs	**(5.8)**	(7.4)
Revaluation of trading properties	**(0.4)**	(1.9)
Property return	**13.5**	(0.2)
IFRS NAV at beginning of the prior year	**179.6**	185.7
Revaluation of trading properties	**0.7**	2.6
Fair value of financial instruments	**(0.6)**	0.1
Real estate transfer tax	**–**	–
Opening EPRA NTA	**179.7**	188.4
Increase/(decrease) in the year	**5.0**	(8.7)
Closing EPRA NTA	**184.7**	179.7
Total return on opening NTA (%)	**7.5%**	(0.1)%

3) Total Return on IFRS NAV

A performance measure which represents the total IFRS return for the year as a percentage of opening IFRS NAV.

	2021 £'m	2020 £'m
Net Income	**11.2**	2.4
Net Asset Value at the beginning of the year	**179.6**	185.7
Increase/(decrease) in the year	**2.8**	(6.1)
Closing Net Asset Value	**182.4**	179.6
Total IFRS return on opening NAV (%)	**6.2%**	**1.3%**

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39. EPRA Performance Measures

The European Public Real Estate Association (EPRA) is the body that represents Europe's listed property companies. The association sets out guidelines and recommendations to facilitate consistency in listed real estate reporting, in turn allowing stakeholders to compare companies on a like-for-like basis. As a member of EPRA, the Company is supportive of EPRA's initiatives and discloses measures in relation to the EPRA Best Practices Recommendations ('EPRA BPR') guidelines.

1. EPRA Earnings per share

Definition	Purpose	Result
EPRA Earnings per share excludes gains from fair value adjustment on investment property that are included under IFRS.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	3.0p per share for the period to 30 September 2021. (30 September 2020: 1.2p) Adjusted EPRA Earnings per share excluding one off costs and including first tranche sales for the period were 4.2p (30 September 2020 : 2.9p)

2. EPRA Net Asset Value (NAV) Metrics

Definition	Purpose	Result
EPRA Net Reinstatement Value (NRV): Assumes that entities never sell assets and aims to represent the value required to rebuild the entity. **EPRA Net Tangible Assets (NTA):** Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. **EPRA Net Disposal Value (NDV):** 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.	The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.	**EPRA NRV and EPRA NTA** £184.7m or 107.9p per share at 30 September 2021 (£179.7m or 105.1p per share at 30 September 2020) **EPRA NDV** £178.2m or 104.1p per share at 30 September 2021 (£163.7m or 96p per share at 30 September 2020)

3. EPRA Net Initial Yield (NIY)

Definition	Purpose	Result
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) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge for themselves how the valuation of a portfolio compares with others.	3.9% at 30 September 2021 (3.5% at 30 September 2020)

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4. EPRA 'Topped-Up' NIY

Definition	Purpose	Result
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).	The topped-up net initial yield is useful in that it allows investors to see the yield based on the full rent that is contracted at the end of the period.	3.9% at 30 September 2021 (3.5% at 30 September 2020)

5. EPRA Vacancy Rate

Definition	Purpose	Result
Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" percentage measure of investment property space that is vacant, based on ERV	6% at 30 September 2021 (13% at 30 September 2020)

6. EPRA Cost Ratio

Definition	Purpose	Result
Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a Company's operating costs.	EPRA Cost Ratio (including direct vacancy costs) 30% at 30 September 2021 (33% at 30 September 2020) EPRA Cost Ratio (excluding direct vacancy costs) was 28% at 30 September 2021 (30% at 30 September 2020)

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1) EPRA Earnings Recurring earnings from core operational activities

	2021 £'000	2020 £'000
Earnings per IFRS income statement	11,221	2,449
Changes in value of investment properties	(7,731)	759
Profits or losses on disposal of investment properties	12	16
Profits or losses on sales of trading properties incl. impairment charges in respect of trading properties	(1,008)	(509)
Changes in fair value of financial instruments and associated close-out costs	2,627	(703)
EPRA Earnings	**5,121**	2,012
Basic number of shares	171,071	171,020
EPRA Earnings per share (EPS) (pence)	3.0	1.2

	2021 £'000	2020 £'000
Company specific adjustments:		
Exclude one off costs	975	2,497
Include shared ownership first tranche sales	1,008	509
Company specific Adjusted Earnings	**7,104**	5,018
Company specific Adjusted Earnings EPRA per share (pence)	**4.2**	2.9

2) EPRA Net Tangible Assets (NTA) and EPRA Net Reinstatement Value (NRV)

	2021 £'000	2020 £'000
IFRS NAV per the financial statements	182,392	179,612
Revaluation of trading properties	278	710
Fair value of financial instruments	2,012	(614)
Real estate transfer tax	–	–
EPRA NTA	**184,682**	179,708
Fully diluted number of shares	171,126	171,020
EPRA NTA per share (pence)	107.9	105.1

3) EPRA Net Disposable Value (NDV)

	2021 £'000	2020 £'000
IFRS NAV per the financial statements	182,392	179,612
Revaluation of trading properties	278	710
Fair value of fixed interest rate debt	(4,511)	(16,575)
EPRA NDV	**178,159**	163,747
Fully diluted number of shares	171,126	171,020
EPRA NDV per share (pence)	104.1	95.8

4) EPRA Net Initial Yield (NIY) AND EPRA "Topped Up" NIY

	2021 £'000	2020 £'000
Investment property – wholly owned	340,206	302,206
Trading property (including share of JVs)	3,800	10,421
Completed property portfolio	**344,006**	312,627
Allowance for estimated purchasers' costs	20,640	18,758
Gross up completed property portfolio valuation	**364,646**	**331,385**
Annualised cash passing rental income	22,962	19,861
Property outgoings	(8,661)	(8,244)
Annualised net rents	**14,301**	11,617
Add: notional rent expiration of rent-free periods or other lease incentives	–	–
Topped-up net annualised rent	**14,301**	11,617
EPRA NIY	**3.9%**	3.5%
EPRA Topped up NIY	**3.9%**	3.5%

5) EPRA Vacancy Rate

	2021 £'000	2020 £'000
Estimated Rental Value of vacant space	1,514	3,147
Estimated rental value of the whole portfolio	25,061	23,762
EPRA Vacancy Rate	6%	13%

6) EPRA Cost Ratios

	2021 £'000	2020 £'000
Administrative/operating expense line per IFRS income statement	3,217	3,009
Net service charge costs/fees	4,701	4,702
Management fees less actual/estimated profit element	1,994	1,849
Service charge costs recovered through rents but not separately invoiced	(4,701)	(4,702)
EPRA Costs (including direct vacancy costs)	**5,211**	4,859
Direct vacancy costs	(388)	(392)
EPRA Costs (excluding direct vacancy costs)	**4,823**	4,467
Gross Rental Income less ground rents – per IFRS	21,837	19,589
Less: service fee and service charge costs components of Gross Rental Income	(4,701)	(4,702)
Gross Rental Income	**17,136**	14,887
EPRA Cost Ratio (including direct vacancy costs)	**30%**	33%
EPRA Cost Ratio (excluding direct vacancy costs)	**28%**	30%

Company Statement of Financial Position

As of 30 September 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Investment in subsidiary undertakings	8	**174,390**	171,865
Total non-current assets		**174,390**	171,865
Current assets			
Trade and other receivables	9	**1,859**	3,586
Cash and cash equivalents	10	**1,039**	1,644
Total current assets		**2,898**	5,230
Total assets		**177,288**	177,095
Current liabilities			
Trade and other payables	11	**370**	243
Total current liabilities		**370**	243
Net assets/(liabilities)		**176,918**	176,852
Equity			
Share capital	12	**1,803**	1,803
Share premium	13	**108**	108
Own shares reserve	14	**(8,515)**	(8,626)
Retained earnings		**183,522**	183,567
Total interests		**176,918**	176,852
Total equity		**176,918**	176,852

The notes on pages 131 to 135 form part of these financial statements.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit attributable to the Parent Company for the year ended 30 September 2021 amounted to £8.5 million (2020: £3.8 million).

These financial statements were approved and authorised for issue by the Board of Directors on 30 November 2021 and signed on its

behalf by:

Rob Whiteman
Chairman

30 November 2021

Company Statement of Changes in Equity

For the year ended 30 September 2021

	Share capital £'000	Share premium £'000	Own shares reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 September 2019	1,803	108	(8,622)	188,334	**181,623**
Profit for the period	–	–	–	3,780	**3,780**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	–	–	–	3,780	**3,780**
Contributions by and distributions to shareholders					
Issue of management shares	–	–	458	(458)	**–**
Share based payment charge	–	–	–	458	**458**
Purchase of own shares	–	–	(462)	–	**(462)**
Dividend paid	–	–	–	(8,547)	**(8,547)**
Balance at 30 September 2020	1,803	108	(8,626)	183,567	**176,852**
Profit for the period	–	–	–	8,507	**8,507**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	–	–	–	8,507	**8,507**
Contributions by and distributions to shareholders					
Issue of management shares	–	–	449	(449)	**–**
Share based payment charge	–	–	–	449	**449**
Purchase of own shares	–	–	(338)	–	**(338)**
Dividends paid	–	–	–	(8,552)	**(8,552)**
Balance at 30 September 2021	1,803	108	(8,515)	183,522	**176,918**

The notes on pages 131 to 135 form part of these financial statements.

Notes to the Company Financial Statements

For the year ended 30 September 2021

1. Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

2. Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- Certain comparative information as otherwise required by adopted IFRS;
- Certain disclosures regarding the Company's capital;
- A statement of cash flows;
- The effect of future accounting standards not yet adopted;
- The disclosure of the remuneration of key management personnel; and
- Disclosure of related party transactions with other wholly owned members of Residential Secure Income plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- Financial instruments;
- Fair value measurement other than certain disclosures required as a result of recording financial instruments at fair value.

3. Changes to accounting standards and interpretations

Revised standards adopted during the year

The IASB and IFRIC have revised a number of standards. None of these amendments have led to any material changes in the Group's accounting policies or disclosures during the year.

Standards in issue but not yet effective

Certain amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 2021 and whilst the Directors are considering these, initial indications are that these changes, including IBOR phase 2 amendments, will have no material impact on the Group's financial statements.

4. Significant accounting policies

The significant accounting policies applied in the preparation of the financial statements are set out below. The policies have been consistently applied throughout the period.

a) Basis of accounting

These financial statements have been presented as required by the Companies Act 2006 and have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and policies in the United Kingdom ("UK GAAP").

b) Currency

The Company financial information is presented in Sterling which is also the Company's functional currency and all values are rounded to the nearest million (£m), except where otherwise indicated.

c) Investments in subsidiary undertakings in the Company Financial Statements

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

d) Share issue costs

The costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a reduction to share premium to the extent that share premium has arisen on the related share issue.

e) Finance income

Finance income comprises interest receivable on funds invested and is recognised in profit and loss as it accrues, using the effective interest method.

f) Taxation

Taxation on the profit or loss for the period not exempt under UK REIT regulations would comprise of current and deferred tax. Tax would be recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movement in equity, in which case it would be recognised as a direct movement in equity. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is provided in full using the balance sheet liability method on timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for timing differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

g) Dividend payable to shareholders

Equity dividends are recognised when they become legally payable which for the final dividends is the date of approval by the members. Interim dividends are recognised when paid.

h) Financial instruments

Financial assets

Recognition of financial assets

All financial assets are recognised on a trade date which is the date when the Company becomes a party to the contractual provisions of the instrument.

Initial measurement and classification of financial assets

Financial assets are classified into the following categories: 'financial assets at fair value through profit or loss' and 'financial assets at amortised cost'. The classification depends on the business model in which the asset is managed and on the cashflows associated with that asset.

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

At 30 September 2021 the Company had the following non-derivative financial assets which are classified as financial assets at amortised cost:

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank (including investments in money-market funds) and short-term deposits with an original maturity of three months or less.

Trade and other receivables

Trade and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are discounted and then held at amortised cost, less provision for expected credit loss.

Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measuring the expected credit losses for trade and other receivables whereby the allowance or provision for all trade receivables are based on the lifetime expected credit losses ("ECLs").

The Company applies the general approach for initial recognition and subsequent measurement of expected credit loss provisions for the loan receivable and other receivables which have maturities of 12 months or more and have a significant finance component.

This approach comprises of a three-stage approach to evaluation expected credit losses. These stages are classified as follows:

Stage 1

Twelve-month expected credit losses are recognised in profit or loss at initial recognition and a loss allowance is established. For financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk at the reporting date, the loss allowance for 12-month expected credit losses is maintained and updated for changes in amount. Interest revenue is calculated on the gross carrying amount of the asset (i.e. without reduction for expected credit losses).

Stage 2

If the credit risk increases significantly and the resulting credit quality is not considered to be low credit risk, full lifetime expected losses are recognised and includes those financial instruments that do not have objective evidence of a credit loss event. Interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3

If the credit risk of a financial asset increases to the point that it is considered credit impaired (there is objective evidence of impairment at the reporting date), lifetime expected credit losses continue to be recognised. For financial assets in this stage, lifetime expected credit losses will generally be individually assessed. Interest revenue is calculated on the amortised cost net carrying amount (amortised cost less impairment).

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. If any interest in a transferred asset is retained, then the Company recognises its retained interest in the asset and associated liabilities.

Financial liabilities

Recognition of financial liabilities

All financial liabilities are recognised on the date when the Company becomes a party to the contractual provisions of the instrument.

Initial measurement and classification of financial liabilities

Financial liabilities are classified into the following categories: 'financial liabilities at fair value through profit or loss' and 'other financial liabilities'. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Financial liabilities are initially measured at fair value, net of transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Notes to the Company Financial Statements

For the year ended 30 September 2021

At 30 September 2021 the Company had the following non-derivative financial liabilities which are classified as other financial liabilities:

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

De-recognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

5. Significant accounting judgements and estimates

The preparation of financial statements requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Impairment of fixed asset investments

The Directors are required to review the carrying amounts of its investments to determine whether there are any indicators for impairment. After assessing the carrying amounts of the Company's investments, it was determined that impairment indicators no longer existed for some of the investments and a reversal of impairment loss should be recognised.

6. Fees paid to the Company's auditor

	2021 £'000	2020 £'000
Audit fees	**60**	42
Audit related services	**14**	38
Total fees	**74**	80

7. Dividends paid

	2021 £'000	2020 £'000
Amounts recognised as distributions to shareholders in the period:		
4th interim dividend for the year ended 30 September 2019 of 1.25p per share	**–**	2,138
1st interim dividend for the year ended 30 September 2020 of 1.25p per share	**–**	2,138
2nd interim dividend for the year ended 30 September 2020 of 1.25p per share	**–**	2,133
3rd interim dividend for the year ended 30 September 2020 of 1.25p per share	**–**	2,138
4th interim dividend for the year ended 30 September 2020 of 1.25p per share	**2,138**	–
1st interim dividend for the year ended 30 September 2021 of 1.25p per share	**2,138**	–
2nd interim dividend for the year ended 30 September 2021 of 1.25p per share	**2,138**	–
3rd interim dividend for the year ended 30 September 2021 of 1.25p per share	**2,138**	–
	8,552	8,547
Amounts not recognised as distributions to shareholders in the period:		
4th interim dividend for the year ended 30 September 2020 of 0.75p per share	**–**	2,138
4th interim dividend for the year ended 30 September 2021 of 1.25p per share	**2,138**	–
Categorisation of dividends for UK tax purposes:		
Amounts recognised as distributions to shareholders in the period:		
Property Income Distribution (PID)	**3,078**	3,590
Non-PID	**5,474**	4,957
	8,552	8,547

On 2 December 2020, the Company declared fourth interim dividend of 1.25 pence per share for the period 1 July 2020 to 30 September 2020.

On 28 January 2021, the Company declared its first interim dividend of 1.25 pence per share for the period 1 October 2020 to 31 December 2020.

On 10 May 2021, the Company declared its second interim dividend of 1.25 pence per share for the period 1 January 2021 to 31 March 2021.

Notes to the Company Financial Statements

For the year ended 30 September 2021

On 29 July 2021, the Company declared its third interim dividend of 1.25 pence per share for the period 1 April 2021 to 30 June 2021.

On 30 November 2021, the Company announced the declaration of a fourth interim dividend of 1.29 pence per share for the period 1 July

2021 to 30 September 2021 which will be payable on 21 January 2022 to Shareholders on the register at the close of business on 10 December 2021.

The Company intends to continue to pay dividends to shareholders on a quarterly basis in accordance with the REIT regime.

Dividends are not payable in respect of its Treasury shares held.

8. Investments

	2021 £'000	2020 £'000
At beginning of period	171,865	170,586
Additions	174,390	33,504
Disposals	(172,728)	–
Impairment reversal/(impairment)	863	(32,225)
At end of period	174,390	171,865

Investments represent investment in subsidiary undertakings are subject to review for impairment indicators. Additions and disposals during the year were in relation to the transfer of shares the Company's held in subsidiaries at 30 September 2020 (i.e. ReSI Housing Limited, RHP Holdings Limited, The Retirement Housing Partnership LP, Eaton Green (Freehold) Ltd and Wesley House (Freehold) Ltd), to its fully owned subsidiary ReSI Portfolio Holdings Limited, during the financial year.

The impairment loss/(reversal) is included in administrative expenses in the Company's statement of comprehensive income.

The impairment of the Company's investments in subsidiary undertakings has been determined by the comparing the Company's cost of investment in each subsidiary with the fair value of each subsidiaries' assets and liabilities. The investments are categorised as Level 3 in the fair value hierarchy.

The Company had the following subsidiary undertakings at 30 September 2021:

Name of entity	Percent-age of ownership	Country of incorpo-ration	Principal place of business	Principal activity
ReSI Portfolo Holdings Limited	100%	UK	UK	Holding company
RHP Holdings Limited	100%	UK	UK	Holding company
The Retirement Housing Limited Partnership	100%	UK	UK	Property investment
ReSi Housing Limited	100%	UK	UK	Registered Provider of Social Housing
Wesley House (Freehold) Limited	100%	UK	UK	Property investment
Eaton Green (Freehold) Limited	100%	UK	UK	Property investment

Name of entity	Registered address
ReSI Portfolo Holdings Limited	80 Cheapside, London, England, EC2V 6EE
RHP Holdings Limited	80 Cheapside, London, England, EC2V 6EE
The Retirement Housing Limited Partnership	Glanville House, Frobisher Way, Taunton , Somerset, TA2 6BB
ReSi Housing Limited	80 Cheapside, London, England, EC2V 6EE
Wesley House (Freehold) Limited	80 Cheapside, London, England, EC2V 6EE
Eaton Green (Freehold) Limited	80 Cheapside, London, England, EC2V 6EE

* ReSI Portfolio Holdings Limited was newly incorporated during the period.

All group entities are UK tax resident.

9. Trade and other receivables

	2021 £'000	2020 £'000
Amounts due from group undertakings	1,806	3,529
Prepayments	53	35
Other debtors	–	22
	1,859	3,586

Notes to the Company Financial Statements

For the year ended 30 September 2021

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

All amounts fall due for repayment within one year.

10. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank	**1,037**	1,642
Cash held as investment deposit	**2**	2
	1,039	1,644

Cash held as investment deposit relates to cash invested in a money market fund, which is invested in short-term AAA rated Sterling Investments. As the fund has a short maturity period, the investment has a high liquidity. The fund has £19.6 billion AUM, hence the Group's investment deposit represents an immaterial proportion of the fund.

11. Trade and other payables

	2021 £'000	2020 £'000
Amounts due to group undertakings	**–**	28
Trade payables	**82**	5
Accruals	**288**	210
	370	243

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

12. Share capital

	Number of Ordinary 1p shares	£'000
At 30 September 2020 and 30 September 2021	180,324,377	1,803

The share capital account relates to amounts subscribed for share capital.

Rights, preferences and restrictions on shares

All Ordinary Shares carry equal rights, and no privileges are attached to any shares in the Company. All the shares are freely transferable, except as otherwise provided by law. The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Treasury shares do not hold any voting rights.

13. Share premium

	£'000
At 30 September 2020 and 30 September 2021	108

The share premium account relates to amounts subscribed for share capital in excess of nominal value.

14. Own share reserve

	£'000
At 30 September 2020	(8,626)
Purchase of own shares	(338)
Transferred as part of Fund Management fee	449
At 30 September 2021	**(8,515)**

The own shares reserve relates to the value of shares purchased by the Company in excess of nominal value.

During the year ended 30 September 2021, the Company purchased 369,129 of its own 1p ordinary shares at a total gross cost of £338,050 (£337,485 cost of shares and £565 associated costs).

During the year, 475,725 1p Ordinary Shares were transferred from its own shares reserve to the Fund Manager, in lieu of the management fee in accordance with the Fund Management Agreement.

As at 30 September 2021, 9,198,133 (2020: 9,304,729) 1p Ordinary Shares are held by the Company.

15. Related party transactions

The Company has taken advantage of the exemption not to disclose transactions with other members of the Group as the Company's own financial statements are presented together with its consolidated financial statements. For all other related party transactions please make reference to note 35 of the Group accounts.

Glossary

Administrator	The Company's administrator from time to time, the current such administrator being MGR Weston Kay LLP.
AIC	Association of Investment Companies.
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or "AGM"	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested.
Articles or Articles of Association	Means the articles of association of the Company.
Company Secretary	The Company's company secretary from time to time, the current such company secretary being Computershare Company Secretarial Services Limited.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share.
Depositary	Certain AIFs must appoint depositaries under the requirements of AIFMD. A depositary's duties include, inter alia, safekeeping of assets, oversight and cash monitoring. The Company's current depositary is Thompson Taraz Depositary Limited.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Functional Home	Means both a Unit and an aggregation of multiple Units offering elderly care facilities, assisted living facilities, sheltered housing or supported housing that are made available, by a Tenant, Occupant or Nominator (as the case may be) to a Resident/Residents.
Fund Manager	Means ReSI Capital Management Limited, a company incorporated in England and Wales with company number 07588964 in its capacity as Fund Manager to the Company.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Housing Association	Means a regulated independent society, body of trustees or company established for the purpose of providing social housing.
Investment Company	A company formed to invest in a diversified portfolio of assets.
Issue Price	100 pence per Ordinary Share.

Glossary

Leverage	An alternative word for "Gearing". Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.
Liquidity	The extent to which investments can be sold at short notice.
Loan to Value (LTV) Ratio	Ratio of total debt outstanding, excluding the finance lease liability, against the total assets excluding the adjustment for finance lease gross up.
Market Rental Home	Means both a Unit of residential accommodation and an accommodation block comprising multiple Units facilities that is/are made available, by a Tenant, Occupant or Nominator, to a Resident/Residents at a market rent.
Net assets	Means the net asset value of the Company as a whole on the relevant date calculated in accordance with the Company's normal accounting policies.
Net asset value (NAV) per Ordinary Share	Means the net asset value of the Company on the relevant date calculated in accordance with the Company's normal accounting policies divided by the total number of Ordinary Shares then in issue.
Non PID dividend	Means a dividend paid by the Company that is not a PID.
Ongoing charges	A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company.
Ordinary Shares	The Company's Ordinary Shares of 1p each.
PID	Means a distribution referred to in section 548(1) or 548(3) of the CTA 2010, being a dividend or distribution paid by the Company in respect of profits or gains of the Property Rental Business of the Group (other than gains arising to non-UK resident Group companies) arising at a time when the Group is a REIT insofar as they derive from the Group's Property Rental Business.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share.
Property Rental Business	Means a Property Rental Business fulfilling the conditions in section 529 of the CTA 2010.
REIT	Real estate investment trust.
Rental Agreement	Comprise Leases, Occupancy Agreements and Nominations Agreements.

Glossary

Rental growth	The change in gross rental income in a period as a result of rent increases, tenant renewals or a change in tenants. Applies to changes in gross rents on a comparable basis and excludes the impact of acquisitions, disposals and changes resulting from refurbishments.
Reputable Care Provider	Means a Statutory Registered Provider or other private entity in the business of building, managing and/or operating Functional Homes in the United Kingdom that the Fund Manager considers reputable in light of its investment grade equivalent debt strategy.
Reversionary Surplus	The increase in valuation if the portfolio is valued on a vacant possession basis compared to the IFRS fair value
Share buyback	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
Shared Owner	Means the part owner of a shared ownership home that occupies such shared ownership home in return for the payment of rent to the co-owner.
Social impact per share	The social, economic and environmental impact and value of investments calculated using two key analysis frameworks, Social Return on Investment (SROI) and Economic Impact, divided by the number of shares outstanding.
Sub-Market Rental Home	Means a Unit of residential accommodation that is made available, by a Tenant, Occupant or Nominator, to a Resident to rent at a level below the local market rent.
Total return	A measure of performance that takes into account both income and capital returns.
Treasury shares	A company's own shares which are available to be sold by a company to raise funds.

Company Information

Directors

Robert Whiteman (Non-executive Chairman)

Robert Gray (Senior Independent Director)

John Carleton (Non-executive Director)

Elaine Bailey (Non-executive Director)

Registered Office

The Pavilions
Bridgwater Road
Bristol
BS13 8FD

Company Information

Company Registration Number: 10683026
Incorporated in the United Kingdom

Fund Manager

ReSI Capital Management Limited
5 New Street Square
London
England
EC4A 3TW

Corporate Broker

Jefferies International Limited
Vintners Place
68 Upper Thames Street
London
EC4V 3BJ

Legal and Tax Adviser

Cadwalader, Wickersham & Taft LLP
Dashwood House
69 Old Broad Street
London EC2M 1QS

Tax Adviser

Smith & Williamson
25 Moorgate
London
EC2R 6AY

Depositary

Thompson Taraz LLP
4th Floor, Stanhope House
47 Park Lane
Mayfair
London
W1K 1PR

Administrator

MGR Weston Kay LLP
55 Loudoun Road
St John's Wood
London
NW8 0DL

Company Secretary

Computershare Governance Service, UK
The Pavilions
Bridgwater Road
Bristol
BS13 8FD

Registrar

Computershare Governance Service, UK
The Pavilions
Bridgwater Road
Bristol
BS13 8FD

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Public Relations Adviser

KL Communications
40 Queen Street
London
EC4R 1DD

Valuers

Savills (UK) Limited
33 Margaret Street
London
W1G 0JD

Notice of Annual General Meeting

Annual General Meeting 2022

In line with the requirements of the Companies Act 2006, the Company will hold an Annual General Meeting ("AGM") of shareholders to consider the resolutions laid out in the Notice of Meeting below.

Taking into consideration the UK Government's latest public health guidance, public gatherings are currently permitted making it possible for the Company to hold a physical meeting in 2022. As such, shareholders are permitted to attend the meeting in person, and we ask that any shareholders wishing to do so register their interest in attending by emailing the Fund Manager at resiplc@greshamhouse.com by 6 January 2022.

Should a shareholder have a question that they would like to raise at the AGM, either of the Board or the Fund Manager, the Board would ask that they either ask the question in advance of the AGM by sending it by email to resiplc@greshamhouse.com by 6 January 2022 or attend the AGM and ask the question at the meeting at the appropriate time. If appropriate, the Company will publish the responses on its website https://www.resi-reit.com/ as soon as reasonably practicable after the conclusion of the AGM.

The Company will continue to monitor public health guidance and legislation issued by the UK Government in relation to the COVID-19 pandemic. However, given the constantly evolving nature of the situation, should it become appropriate to revise the current arrangement for the AGM, any such changes will be notified to shareholders through our website at https://www.resi-reit.com/ and, where appropriate, through an announcement made by the Company to a Regulatory Information Service. Alternatively, shareholders can contact the Registrar, Computershare Investor Service PLC, for updated information (please see Administrative Notes to the Notice of AGM for the Registrar's contact details).

AGM voting

Each of the resolutions to be considered at the AGM will be voted on by way of a show of hands unless a poll is validly demanded. A member present in person or by proxy shall have one vote on a show of hands.

Details of how to vote, either electronically, by proxy form or through CREST, can be found in the Administrative Notes to the Notice of AGM on pages 140 to 146.

The results of the AGM will be announced to the London Stock Exchange and placed on the Company's website, as soon as practicable after the conclusion of the AGM.

Resolutions

Resolutions 1 to 11 will be proposed as ordinary resolutions. An ordinary resolution requires a simple majority of votes cast, whether in person or by proxy, to be cast in favour of the resolution for it to be passed. Resolutions 12 to 14 will be proposed as special resolutions. A special resolution requires a majority of not less than 75% of the votes cast, whether in person or by proxy, to be cast in favour of the resolution for it to be passed.

Voting results

The results of the voting will be announced through a regulatory information service and will be published on our website https://www.resi-reit.com/ as soon as reasonably practicable after the conclusion of the AGM.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Residential Secure Income plc (the "Company") will be held at the offices of Gresham House plc, the parent company of the Fund Manager Resi Capital Management Ltd, 80 Cheapside, EC2V 6EE on 14 January 2022 at 12.15 p.m. for the following purposes:

To consider and if thought fit pass the following resolutions of which resolutions 1 to 11 will be proposed as ordinary resolutions and resolutions 12 to 14 will be proposed as special resolutions.

Ordinary Resolutions

1. To receive the Company's Annual Report and Accounts for the year ended 30 September 2021, with the reports of the Directors and Auditor thereon.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Implementation Report included in the Annual Report for the year ended 30 September 2021.
4. To re-elect Robert Whiteman as a Director of the Company.
5. To re-elect Robert Gray as a Director of the Company.
6. To re-elect John Carleton as a Director of the Company.
7. To re-elect Elaine Bailey as a Director of the Company.
8. To re-appoint BDO LLP as Auditor to the Company to hold office until the conclusion of the next general meeting at which the Company's annual accounts are laid before the meeting.
9. To authorise the Directors to fix the remuneration of the Auditor until the conclusion of the next Annual General Meeting of the Company.
10. To authorise the Directors to declare and pay all dividends of the Company as interim dividends and for the last dividend referable to a financial year not to be categorised as a final dividend that would ordinarily be subject to shareholder approval.
11. That the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (in substitution for all subsisting authorities to the extent unused) to exercise all the powers of the Company to allot Ordinary Shares of one penny each in the capital of the Company up to an aggregate nominal amount equal to £34,225,248 (equivalent to approximately 20% of the Ordinary Shares in issue at the date of the notice of this meeting) during the period commencing on the date of the passing of this resolution and expiring (unless previously varied, revoked or renewed by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2023 or, if earlier, on the expiry

Notice of Annual General Meeting

of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired.

Special Resolutions

12. That, subject to the passing of resolution 11, in substitution for all subsisting authorities to the extent unused but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are generally and unconditionally authorised for the purposes of sections 570 and 573 of the Companies Act 2006 ("the Act") to allot equity securities (within the meaning of section 560 of the Act) for cash either pursuant to the authority conferred by resolution 11 or by way of sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment or sale, provided this authority shall be limited to (a) the allotment or sale of equity securities up to an aggregate nominal amount equal to £17,112,624 (being approximately 10% of the issued Ordinary Shares of the Company at the date of this notice); and (b) the allotment or sale of equity securities at a price not less than the prevailing Net Asset Value per share, and shall (unless previously varied, revoked or renewed by the Company in general meeting) expire at the conclusion of the Annual General Meeting of the Company to be held in 2023 or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired.
13. That, subject to the passing of resolution 11 and in addition to the authority granted in resolution 12, in substitution for all subsisting authorities to the extent unused but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are generally and unconditionally authorised for the purposes of sections 570 and 573 of the Companies Act 2006 ("the Act") to allot equity securities (within the meaning of section 560 of the Act) for cash either pursuant to the authority conferred by resolution 11 or by way of sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment or sale, provided this authority shall be limited to (a) the allotment or sale of equity securities up to an aggregate nominal amount equal to £17,112,624 (being approximately 10% of the issued Ordinary Shares of the Company at the date of this notice); and (b) the allotment or sale of equity securities at a price not less than the prevailing Net Asset Value per share, and shall (unless previously varied, revoked or renewed by the Company in general meeting) expire at the conclusion of the Annual General Meeting of the Company to be held in 2023 or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired.
14. That the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of 1p each, provided that:
    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 25,651,824 (representing 14.99% of the Company's issued Ordinary Share capital (excluding shares held in Treasury) at the date of the notice of this meeting);
    (b) the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is 1p;
    (c) the maximum price (excluding expenses) which may be paid for an Ordinary Share is not more than the higher of:
        (i) 5% above the average of the middle market quotations for the Ordinary Shares for the five business days immediately before the day on which it purchases that share; and
        (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares.
    (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2023 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and
    (e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.
15. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting after the date of the passing of this resolution.

Registered office
The Pavilions,
Bridgwater Road,
Bristol,
England,
BS13 8FD

By order of the Board
For and on behalf of Computershare Company Secretarial Services Limited

Company Secretary
30 November 2021

Notice of Annual General Meeting

Notes to the Resolutions

Notes to resolution 1

Ordinary resolution: Annual report and accounts for the year ended September 2021

The Directors are required to present the annual report and accounts, which incorporate the Strategic report, Directors' Report, the Auditor's Report and the financial statements for the year ended 30 September 2021. These are contained in the Company's Annual Report and Audited Financial Statements for the year ended 30 September 2021 (the "Annual Report").

Notes to resolution 2

Ordinary resolution: Directors' Remuneration Policy

Shareholder approval of the Remuneration Policy is required every three years. The Remuneration Policy was last approved by shareholders at the 2019 AGM and is therefore being submitted for shareholder approval at the forthcoming AGM. There are no proposed changes to the Remuneration Policy. The Policy is set out on page 88 of the Annual Report.

Notes to resolution 3

Ordinary resolution: Directors' Remuneration Implementation Report

In accordance with the requirements of the remuneration reporting regime which came into force on 1 October 2013, the Board is required to give notice to shareholders of the intention to propose an ordinary resolution to approve the Directors' Remuneration Implementation Report for the financial year ended 30 September 2021. The Directors' Remuneration Implementation Report, which can be found on pages 86 to 87 of the Annual Report, gives details of the Directors' remuneration and remuneration policy for the year ended 30 September 2021.

The Company's auditor, BDO LLP, has audited those parts of the Directors' Remuneration Implementation Report which are required to be audited and their report may be found in the Annual Report. The Directors' Remuneration Implementation Report has been approved by the Board and signed on its behalf by the Company Secretary. The vote on the Directors' Remuneration Implementation Report is advisory in nature and therefore not binding on the Company.

Notes to resolutions 4-7

Ordinary resolution: Re-election of directors

In line with best practice, the Board has resolved that all Directors will be submitted for re-election on an annual basis. Therefore, Robert Whiteman, Robert Gray, John Carleton and Elaine Bailey will retire, and being eligible, offer themselves for re-election.

The Board has carefully considered whether each of the Non-Executive Directors is free from any relationship that could materially interfere with the exercise of his or her independent judgement. It has concluded that each Non-Executive Director is independent. The Board has also reviewed and concluded that each Non-Executive Director possesses the necessary mix of skills and experience to continue to contribute effectively to the Company's long-term sustainable success. Further, notwithstanding their other appointments, the Board is satisfied that each Non-Executive Director is able to commit sufficient and appropriate time to their board responsibilities.

Full biographies of all the Directors are set out in the Company's Annual Report on pages 67 to 68.

Notes to resolution 8

Ordinary resolution: Re-appointment of auditor

The appointment of BDO LLP as auditor of the Company ends at the conclusion of the AGM. BDO LLP have indicated their willingness to stand for reappointment as auditor of the Company until the conclusion of the AGM in 2022. The Audit Committee considers the reappointment of the external auditor each year before making a recommendation to the Board. The Board recommends the reappointment of the auditors.

The effectiveness of the external auditor is evaluated by the Audit Committee. The Committee assessed BDO LLP's approach to providing audit services as it undertook this year's audit. On the basis of such assessment, the Committee concluded that the audit team was providing the required quality in relation to the provision of the services. The audit team had shown the necessary commitment and ability to provide the services, together with a depth of knowledge, robustness, independence and objectivity as well as an appreciation of complex issues.

The Audit Committee assesses the independence of the external auditor on an ongoing basis and the external auditor is required to rotate the lead audit partner every five years and other senior audit staff every seven years. The current lead partner has been in place since the 2017 AGM, accordingly, the audit for the financial year beginning 1 October 2021 will be led by a new audit partner. No partners or senior staff associated with the audit may transfer to the Group.

Notes to resolution 9

Ordinary resolution: Remuneration of auditor

The Audit Committee reviews the fee structure, resourcing and terms of engagement for the external auditor annually. The Board is seeking authority for the Audit Committee to fix the auditor's remuneration. Fees paid to the external auditor for the year were £145,000 (2020: £110,000). The Audit Committee is satisfied that this level of fee is appropriate in respect of the audit services provided and that an effective audit can be conducted for this fee. Non-audit or non-audit related assurance fees were £34,000 (2020: £31,000). The consolidated financial statements provides details of the remuneration of the Company's external auditor. This can be found on page 133 of the Annual Report.

Notice of Annual General Meeting

Notes to resolution 10

Ordinary resolution: Policy of paying quarterly interim dividends.

The purpose of the renewal is to provide flexibility to the Company to continue implementing its quarterly interim dividend policy.

Notes to resolution 11

Ordinary resolution: Authority to allot

The purpose of this resolution is to grant the Board the authority to allot ordinary shares in accordance with Section 551 of the Act up to up to 34,225,248 Ordinary Shares (excluding shares held in Treasury) in the capital of the Company (equivalent to approximately 20% of the Ordinary Shares in issue at the date of the notice of this meeting). While the Directors have no present intention of exercising this authority, they consider it important to have the maximum flexibility commensurate with good corporate governance guidelines, to raise finance to enable the Company to respond to investment opportunities, market developments and conditions. No ordinary shares will be issued for cash at a price less than the prevailing net asset value per ordinary share at the time of issue pursuant to this authority. This authority shall expire at the conclusion of the Company's Annual General Meeting to be held in 2023, or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired.

Notes to resolutions 12 and 13

Special resolution: Disapplication of pre-emption rights

If the Directors wish to exercise the authority under resolution 11 and offer shares (or sell treasury shares which the Company may purchase and elect to hold as treasury shares) for cash, company law requires that unless shareholders have given specific authority for the waiver of their statutory pre-emption rights, the new shares must be first offered to existing shareholders in proportion to their existing holdings. There may be occasions, however, when the Directors will need the flexibility to allot new shares (or to grant rights over shares) for cash or to sell treasury shares for cash without first offering them to existing shareholders in proportion of their holdings in order to make investments in line with the Company's investment policies. This cannot be done unless the shareholders have first waived their pre-emption rights.

These Resolutions will, if passed, authorise the Directors to do this by allowing the Directors to allot shares for cash or sell treasury shares for cash up to an aggregate nominal value of £34,225,248, which is equivalent to approximately 20% of the Company's issued Ordinary Share capital as at 30 September 2021 (being the latest practicable date prior to the publication of this notice).

In the event that resolution 12 is passed, but resolution 13 is not passed, the Directors will only be authorised to issue Ordinary Shares up to an aggregate nominal value of £17,112,624, which represents approximately 10% of the Company's issued Ordinary Share capital as at 30 September 2021 (being the latest practicable date prior to the publication of this notice).

Resolutions 12 and 13 will allow the Company to carry out one or more tap issues, in aggregate, up to 20% of the number of Ordinary Shares in issue at the AGM and thus to pursue specific investment opportunities in a timely manner in the future and without the requirement to publish a prospectus and incur the associated costs.

The Directors are aware that the combined authority to dis-apply pre-emption rights in respect of up to 20% of the Company's issued Ordinary Share capital sought under resolutions 12 and 13 is higher than the 10% typically sought by investment companies. However, the Directors believe that a higher authority is justified to enable the Company to fund future acquisitions in line with the Company's anticipated acquisition pipeline. In addition, the higher authority is expected to broaden the Company's asset base which will increase the diversity of the portfolio. It will also allow the Company to broaden its investor base and enhance the size and liquidity of the Company's share capital, and spread the fixed operating costs over a larger capital base, thereby reducing the Company's ongoing charges ratio.

In accordance with UK Listing Rules, the Company will only issue Ordinary Shares pursuant to this authority at a price that is not less than the prevailing net asset value per share of the Company calculated in accordance with its IFRS accounting policies at the time of issue. In addition, the Directors will not sell treasury shares at less than such net asset value per share.

Resolutions 12 and 13 will be proposed as special resolutions to provide the Company with the necessary authority. If given, the authority will expire at the conclusion of the next AGM of the Company in 2023 or, if earlier 3 on the expiry of 15 months from the passing of this resolution. The Directors intend to renew such authority in respect of 10% of the Company's issued Ordinary Share capital at successive AGMs in accordance with current best practice.

Notes to resolution 14

Special resolution: Purchase of own shares

The current authority of the Company to make market purchases of up to approximately 14.99 per cent of its issued share capital expires shortly. This resolution seeks renewal of such authority until the next AGM, or the expiry of 15 months after the passing of the resolution is earlier. The price paid for shares will not be less than the nominal value nor more than the maximum amount permitted to be paid in accordance with the rules of the Financial Conduct Authority in force as at the date of purchase. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole. Any shares repurchased under this authority will either be cancelled or held in Treasury at the discretion of the Board for future re-sale in appropriate market conditions.

The authority sought would replace the authority previously given to the Directors. The maximum number of ordinary shares authorised to be purchased pursuant to the authority represents approximately 14.99 per cent of the total number of ordinary shares in issue as at the date of this notice.

This authority shall expire at the conclusion of the Company's next Annual General Meeting to be held in 2022.

Notes to resolution 15

Special resolution: Notice of General Meetings

Under the provisions in the Act, listed companies must call general meetings (other than an annual general meeting) on at least 21 clear days' notice unless the company:

a. has obtained shareholder approval for the holding of general meetings on 14 clear days' notice by passing an appropriate resolution at its most recent annual general meeting; and

b. offers the facility for shareholders to vote by electronic means accessible to all shareholders.

To enable the company to utilise the shorter notice period of 14 days for calling such general meetings, shareholders are asked to approve this resolution. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. If granted, this authority will be effective until the company's next annual general meeting.

Recommendation

The Directors consider that all the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings of shares.

Administrative notes to the Notice of Annual General Meeting

Website address

1. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from https://www.resireit.com/

Entitlement to attend and vote

2. Only those holders of Ordinary Shares registered on the Company's register of members at 6.00 p.m. on 12 January 2022 or, if this meeting is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to vote at the meeting.

Appointment of Proxies

3. Members entitled to vote at the meeting (in accordance with Note 2 above) are entitled to appoint a proxy to vote in their place. If you wish to appoint a proxy please use the Form of Proxy or follow the instructions at note 7 below if you wish to appoint a proxy through the CREST electronic proxy appointment service. In the case of joint members, only one need sign the Form of Proxy. The vote of the senior joint member will be accepted to the exclusion of the votes of the other joint members. For this purpose, seniority will be determined by the order in which the names of the members appear in the register of members in respect of the joint shareholding. The completion and return of the Form of Proxy will not stop you attending and voting in person at the meeting should you wish to do so. A proxy need not be a member of the Company.

   You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you choose to appoint multiple proxies use a separate copy of this form (which you may photocopy) for each proxy, and indicate after the proxy's name the number of shares in relation to which they are authorised to act (which, in aggregate, should not exceed the number of Ordinary Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope. Additional forms may be obtained by contacting the Company's registrars, Computershare Investor Services PLC helpline on 0370 889 3181. Shareholders can access their information at www.investorcentre.co.uk.

4. You can appoint the Chairman of the Meeting, or any other person. If you wish to appoint someone other than the Chairman, cross out the words "the Chairman of the Meeting" on the Form of Proxy and insert the full name of your appointee.

5. You can instruct your proxy how to vote on each resolution by marking the resolutions For and Against using the voting methods stated in notes 6 and 7. If you wish to abstain from voting on any resolution please mark these resolutions withheld. It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution. If you do not indicate how your proxy should vote, he/she can exercise his/her discretion as to whether, and if how so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the meeting.

A company incorporated in England and Wales or Northern Ireland should execute the Form of Proxy under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Form of Proxy.

Notice of Annual General Meeting

Appointment of proxy using

6. You can vote either:

- by logging on to www.eproxyappointment.com and following the instructions. Shareholders will need their shareholder reference number, PIN and control number to submit a proxy vote this way (which will be provided via email or on their paper form of proxy);
- You may request a hard copy form of proxy directly from the registrars, Computershare Investor Services on Tel: 0370 889 3181; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

To be valid, a form of proxy should be lodged with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol, BS99 6ZY so as to be receive not later than 48 hours before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

Appointment of a proxy through CREST

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy's appointee through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.

   It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be lodged at 12.15 p.m. on 12 January 2022 in respect of the meeting. Any such messages received before such time will be deemed to have been received at such time. In the case of an adjournment, all messages must be lodged with Computershare Investor Services PLC no later than 48 hours before the rescheduled meeting.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company. Please send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

   In the case of a member which is a company, the revocation notice must be executed under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by an officer or attorney whose power of attorney or other authority should be included with the revocation notice.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified in note 2 above then, subject to the paragraph directly below, your proxy will remain valid.

   If you submit more than one valid proxy appointment in respect of the same Ordinary Shares, the appointment received last before the latest time for receipt of proxies will take precedence.

Notice of Annual General Meeting

Nominated Persons

9. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights:

- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in the notes to the form of proxy.

Questions at the Meeting

10. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:

- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Issued Shares and total voting rights

11. As at the date of this Notice, the total number of shares in issue is 180,324,377 Ordinary Shares of 1p each. The total number of Ordinary Shares with voting rights is 171,126,244. On a vote by a show of hands, every holder of Ordinary Shares who (being an individual) is present by a person, by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote. On a poll every holder of Ordinary Shares who is present in person or by proxy shall have one vote for every Ordinary Share held by him.

Communication

12. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

- calling Computershare Investor Services PLC shareholder helpline: 0370 889 3181;
- in writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

You may not use any electronic address provided either in this notice of meeting or in any related documents (including the Form of Proxy for this meeting) to communicate with the Company for any purposes other than those expressly stated.

Since 1857
Gresham House
Specialist asset management

The Pavilions
Bridgwater Road
Bristol
BS13 8FD

www.resi-reit.com