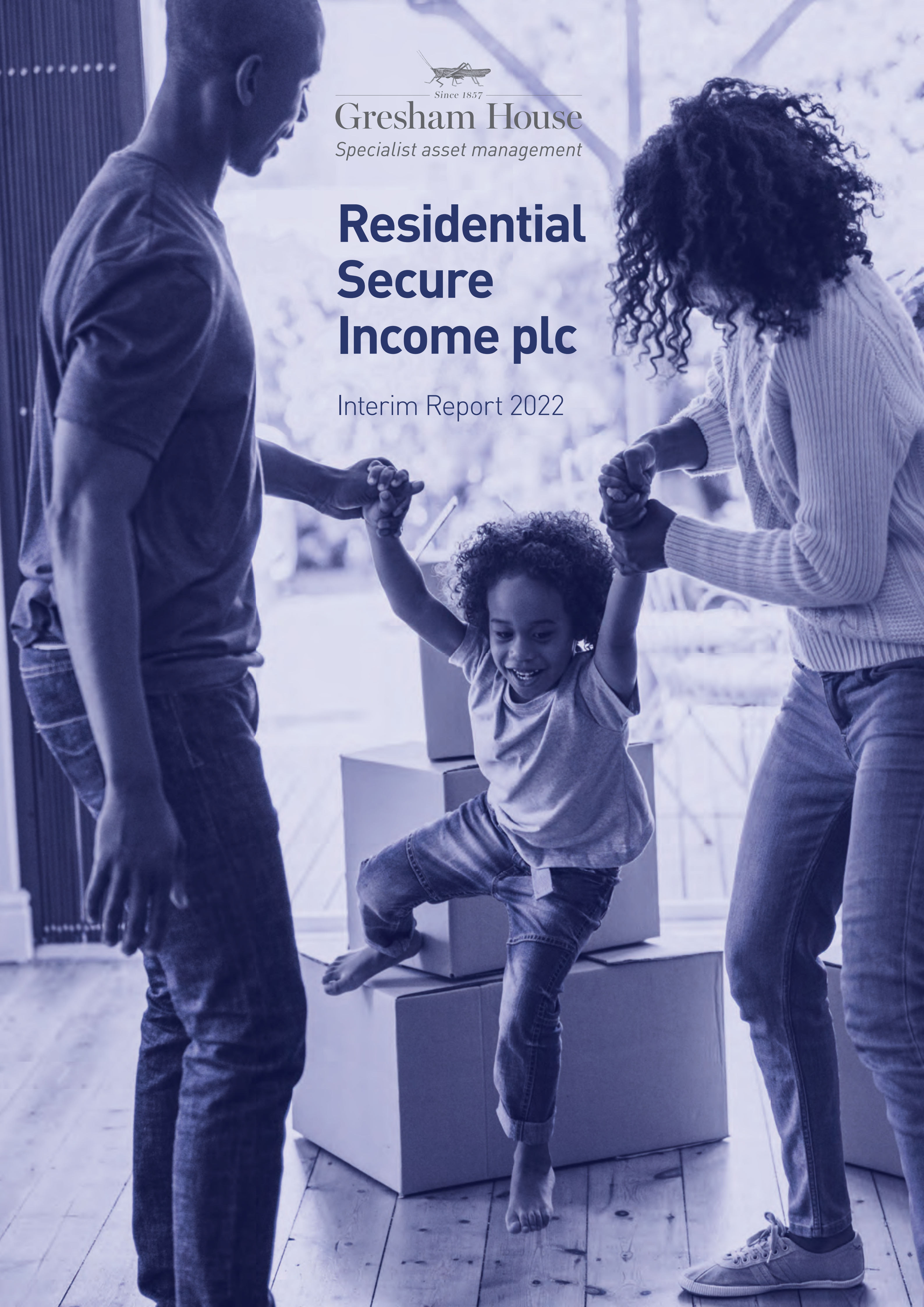
Since 1857

Gresham House

Specialist asset management

Residential Secure Income plc

Interim Report 2022



STRATEGIC REPORT

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 aging 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.

Portfolio Snapshot

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

3,233
HOMES

INCLUDING 206 HOMES COMMITTED ACQUISITIONS

30 September 2021: 3,051

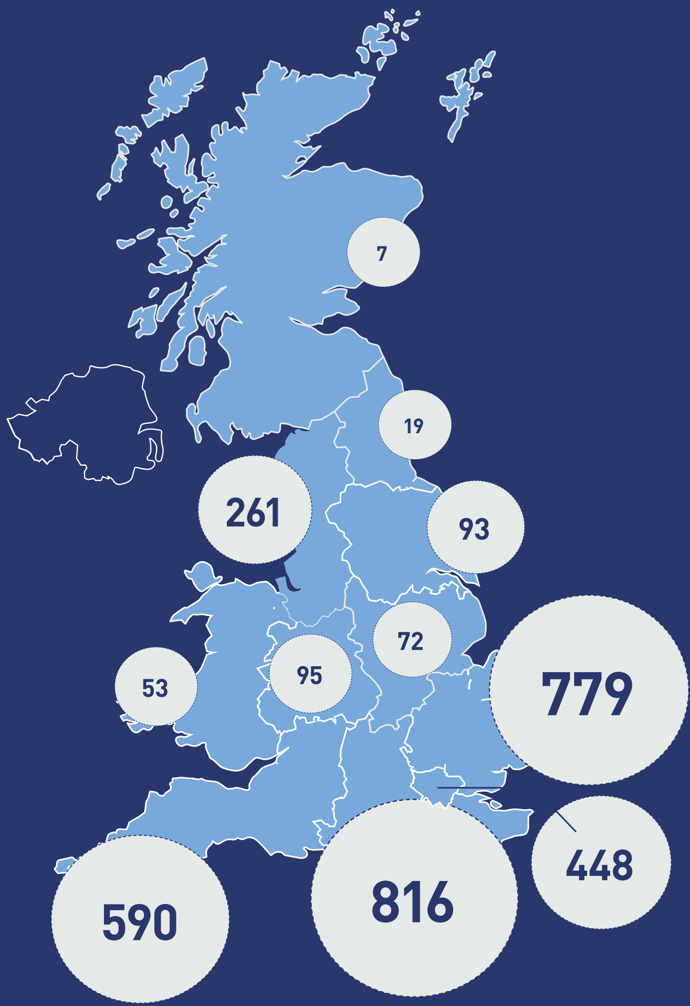
926
UNIQUE UK PROPERTY LOCATIONS

30 September 2021: 793

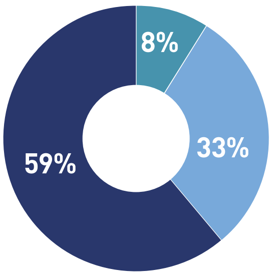
£375mn
VALUE OF INVESTMENT PROPERTY*

INCLUDING £25MN COMMITTED ACQUISITIONS

30 September 2021: £351mn. See note 15 on page 57



PORTFOLIO SPLIT BY VALUATION



£220mn	Independent Retirement Rentals
£124mn*	Shared Ownership
£31mn	Local Authority

*Including £25mn committed acquisitions

£15.2mn
ANNUALISED NET RENTAL INCOME

Year to 30 September 2021: £13.2mn
See note 6 on page 53

4.8%
ANNUALISED NET RENTAL YIELD*

30 September 2021: 4.9%
See Note 1 Supplementary Financial Information on page 68

2,559
NUMBER OF COUNTERPARTIES

30 September 2021: 2,356

* 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 (£220MN GAV / 2,218 HOMES /59% OF PORTFOLIO)	SHARED OWNERSHIP HOUSING (£124MN GAV[1] / 726 HOMES / 33% 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 drives a c.40% living-cost discount compared to market level rents
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, below-market rents 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, 0.6% coupon, RPI linked USS debt facility providing 300bps yield pick-up
Net Yield	5.3%	3.3%
Levered Yield	6.9%	7.1%
Average Customer stay / Length of Lease[2]	6 years	250 years
Like for like Rental Reviews[3]	3.8%	5.5% applied on 1st April 2022
Occupancy	94%	100%[4]
Rent Collection	99%	99%

1 Including committed acquisitions

2 Assuming no staircasing

3 Represents the rent growth for homes that were occupied and eligible for a rent review during the six months ended March 2022. Including all homes that were occupied during H1 2022, Independent Retirement Like-for-Like reviews would be 1.8%. Shared ownership rents increased on April 1 2022, after the half-year ended March 2022.

4 Includes 3 homes reserved at 31st March and occupied during April 2022

Financial Highlights

as at 31 March 2022

INCOME

IFRS /EPRA ADJUSTED EARNINGS PER SHARE*
2.4p

Period ended 31 March 2021: 1.8p
See note 13 on page 56

TOTAL RETURN*
(ON OPENING NTA)
2.8%

Period ended 31 March 2021: 2.7%
See note 1 Supplementary Financial Information on page 68

TOTAL IFRS RETURN
(ON OPENING NAV)
4.2%

Period ended 31 March 2021: 2.4%
See note 1 Supplementary Financial Information on page 68

£4.2mn/+37%
RECURRING PROFIT*
BEFORE CHANGE IN FAIR VALUE AND PROPERTY DISPOSALS

Period ended 31 March 2021: £3.1mn
See note 13 on page 56

IFRS EARNINGS PER SHARE
4.5p

Period ended 31 March 2021: 2.6p
See note 13 on page 56

DIVIDEND PER SHARE
2.6p

Period ended 31 March 2021: 2.5p

CAPITAL

108.4p/+1.7%
IFRS NAV
NET ASSET VALUE
PER SHARE

30 September 2021: 106.6p
See note 30 on page 66

£108.4p/+0.5%
EPRA NTA*
NET TANGIBLE ASSETS
PER SHARE

30 September 2021: 107.9p
See note 30 on page 66

£375mn VALUE
OF INVESTMENT PROPERTY*5
including £25mn committed acquisitions

30 September 2021: £351mn
See note 15 on page 57

3.3%
(6.2mn 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 2021: 2.4% or 4.1mn shares)

2.1% **WEIGHTED AVERAGE DEBT COUPON**

30 September 2021: 2.3%

42%
LOAN TO VALUE RATIO (LTV)

30 September 2021: 46%
See note 1 Supplementary Financial Information on page 68

23 Years
WEIGHTED AVERAGE REMAINING LIFE OF DEBT

30 September 2021: 22 years

* Alternative performance measure

[5] Including £25mn committed acquisitions

Chairman's Statement

These results for the six months to 31 March 2022 demonstrate sustained momentum that builds on ReSI's operational and investment achievements of FY 2021.

Rob Whiteman CBE
Chairman

Summary

We are pleased to publish these interim results to 31 March 2022, which reflect ReSI's significant growth and progress over the last year with ReSI now owning a portfolio of 3,233 homes. Our adjusted earnings have grown by 37% year on year to £4.2mn driven primarily by 25% increase in net rental income to £7.6mn. This income growth in the period reflects ReSI's shared ownership investment activity accomplished over the last year, robust leasing momentum in the shared ownership portfolio, which is now fully occupied, as well as the underlying inflation-linkage of ReSI's income.

ReSI's purpose is to deliver affordable, high-quality, and safe homes with great customer service and long-term stability of tenure for residents, the importance of which continues to be highlighted by current events. Our 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 and providing high-quality and spacious affordable home ownership to lower and middle-income households through shared ownership.

As climate change and energy shortages fuel the rising cost of utilities across the UK, we aim to provide energy efficient homes to our residents. Currently, 83% of ReSI plc's properties have EPC ratings of C or higher, which compares favourably to the broader UK residential market (46% of properties rated C or higher). While our near-term focus is on upgrading all directly rented properties to a minimum EPC rating of C by 2025, we are also focused on mapping out the longer-term strategy needed to achieve net zero carbon emissions for ReSI's portfolio.

ReSI is well positioned for the current high-inflationary environment benefiting from income that is 97% inflation linked which will support our objective to deliver secure inflation linked returns through covered dividends and capital growth.

The company's investment thesis is supported by strong market drivers, including an aging population, declining home affordability and supportive government policy. Demand for our high-quality affordable accommodation continues to be strong, with our shared ownership portfolio fully occupied and our retirement portfolio 94% occupied – in line with pre-covid levels. Highlighting the affordability of the retirement and shared ownership rents and the security underlying our leases, ReSI's rent collection rate remains at 99% for H1 2022, consistent with historical performance.

ReSI raised £15mn of equity in February to grow our shared ownership portfolio, the proceeds of which are fully committed to 221 shared ownership homes, and we expect the positive impact of these acquisitions will be reflected in the H2 2022 results. Given the compelling market drivers in both shared ownership and independent retirement rental markets, ReSI remains focused on selectively identifying and executing on pipeline opportunities that will help scale the business, while complementing and enhancing the quality of the existing portfolio.

Chairman's Statement

Net Asset Value and Results

ReSI's financial results for the half-year reflect the Company's positive operational trends and acquisitions activity over the last year.

In the half-year ended March, ReSI delivered a total return on EPRA NTA of 3.1 pence per share ("PPS") (2.8%). After paying two quarterly dividends totalling 2.58 PPS, the EPRA NTA increased 0.5% to 108.4 PPS. For the six months ended March 31, the portfolio produced £4.2mn of recurring profit before change in fair value and property disposals, up 37% year-over-year from £3.1mn in H1 2021. The portfolio's valuation, assessed by Savills, rose £5mn, or 1.6% on a like-for-like fair value basis for the half-year, to £375mn.

IFRS total returns for the half-year were 4.4 PPS (4.2%), leading to an increase in the IFRS NAV by 1.7% to 108.4 PPS after paying out the two quarterly dividends totalling 2.58 PPS. While the difference between IFRS NAV and EPRA NTA is de minimis in H1 2022, the difference in returns primarily relates to a reduction in the fair value of debt of 1.2 PPS (£2.1mn).

H1 2022 EPRA adjusted earnings per share were 2.4p (H1 2021: 1.8p), in line with the adjusted IFRS earnings per share of 2.4p (H1 2021: 1.8p) (See note 13). 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.

Dividends

In December, we raised our FY 2022 dividend target to 5.16 pence in line with September CPI of 3.1%. Two quarterly dividends of 1.29 pence have been paid in line with this full year target, which we reaffirm.

Our dividend was 96% covered by recurring income during the half-year, despite the fact that the majority of our rental income increases occur in the second half of our financial year. During the second half we expect to benefit from rising inflation (which typically takes twelve months from announcement to flow into our rent roll) as well as recent acquisitions.

Promotion of Ben Fry and semi-retirement of Alex Pilato

The Board of ReSI supported the promotion of Ben Fry to lead the housing division of Gresham House and would like to take the opportunity to thank Alex Pilato for his contribution to ReSI to date and continuing in his new role as Senior Adviser.

Haldenby Court

Chairman's Statement

Outlook

ReSI is committed to delivering securely covered and growing dividends, as well as capital growth to our investors. Our income is 97% inflation-linked, which helps to protect capital and deliver strong returns for investors in the current high-inflationary environment.

ReSI has built a £375mn platform of resilient cash-generating 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. Furthermore, the company's investment thesis is supported by strong market drivers, including an aging population, declining home affordability and supportive government policy.

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 five years aligning directly with government's levelling-up agenda (Mission 10), with cross-party political support. 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. By partnering with housing developers, housing associations, local authorities and private developers, ReSI is able to accelerate the development of socially and economically beneficial affordable housing that the UK needs. Furthermore, as the UK's largest provider of private independent retirement rental homes, ReSI has the in-house management capabilities to provide a high-quality retirement living experience.

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

Rob Whiteman
Chairman
Residential Secure Income plc
23 May 2022

Auckland Rise, South London

Magnolia Grange, Worle

Clapham, South London

Investment Case

Why ReSI

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

Secure long-term inflation-linked income

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

ReSI's business model is:

Supported by:

Strong market drivers

Aging population, declining home affordability, supportive government policy

Creating:

Measurable impact

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

Executed by:

Expert manager

c.60-person housing team with 20-year track record in UK housing

ReSI's income is:

Affordable

- Low retirement rents paid from pensions and welfare
- c.£14mn government grant supports subsidised rents for shared ownership

Asset-backed

- Underpinned by £450+mn home value with 15% uplift from reversionary surplus
- Subsidised shared ownership rents secured by homebuyers' stake

Diverse

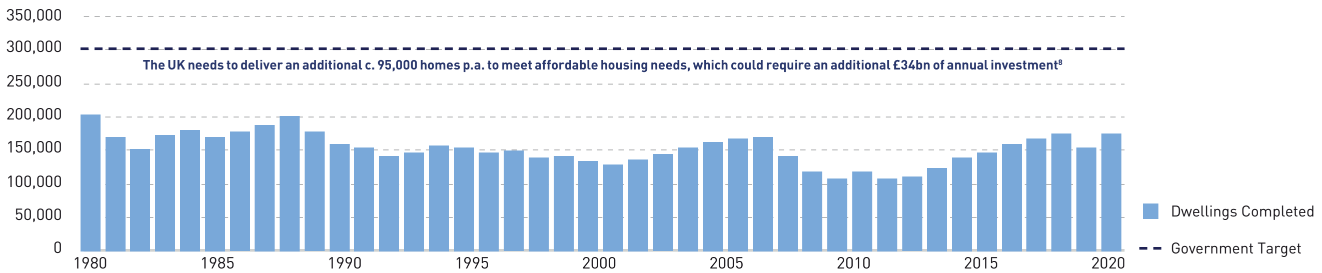
3,233 households diversified across ages and stages of life

Market Drivers

Supply / demand imbalance from historic undersupply

The UK has a systemic problem with undersupply of affordable housing that dates back over 30 years. Housing deliveries across the UK have continued to fall short of the government's target of 300,000 homes delivered annually, and the average UK home price increased 10.9% year-over-year in February 2022 to £277k[6]. Furthermore, home ownership rates have dramatically dropped over the last 40 years, despite three-quarters of non-home owners in Great Britain wanting to own their own home[7]. Those who cannot afford to buy typically end up in private rented accommodation, much of which is unfit for people to live in safely with PAC finding that 13% of rented homes in England "pose serious threat to the health and safety of renters," despite record rent increases.

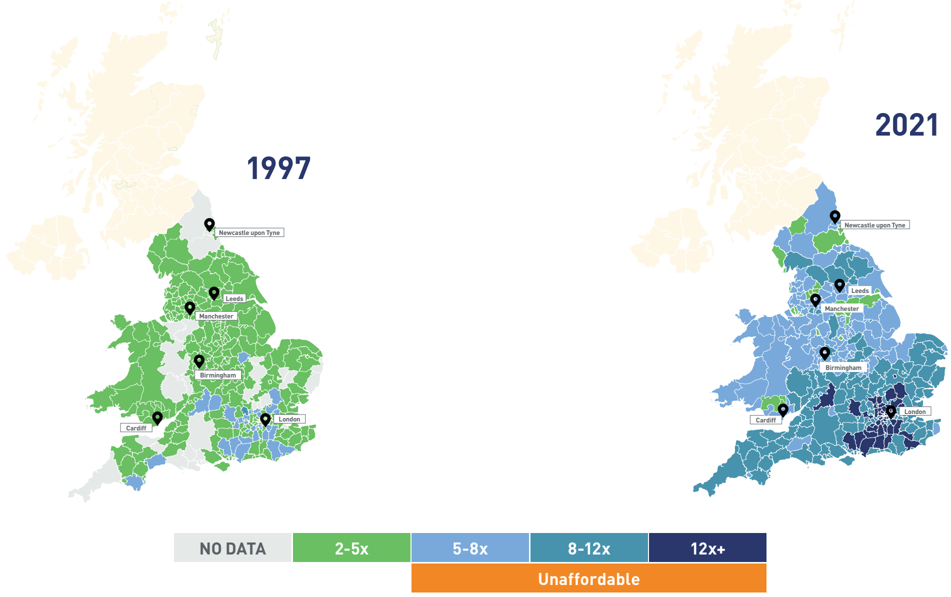
New build completions in England[10]



The availability of affordable housing in the UK follows similar trends: in 2021, with over 1.1mn households on local authorities' housing waiting lists across England[8], reflecting the fact that the annual delivery of affordable homes (c. 50,000) consistently falls well short of the estimated annual need (c. 145,000)[9]. Meanwhile housing associations, who are typically the primary deliverers of affordable housing, are having to shift investment capacity away from new development towards portfolio investment costs associated with fire safety and energy efficiency improvements.

The results of these trends can be seen in the following maps, which show how median price-to-earnings ratios at the local authority level have changed over recent decades. In most local authorities across England, the median earner cannot afford to buy the median-priced property as shown in green on the map:

Undersupply of housing and decreasing affordability pushes home ownership out of reach[11]



It is estimated that c. £34 billion of additional capital funding is needed to meet the annual delivery target of 145,000 affordable homes, and ReSI seeks to help bridge the funding gap.

6 ONS: UK House Price Index: February 2022
7 Sources: Ministry of Housing, Communities & Local Government - English Housing Survey, 2019-20, and YouGov (May 2021)
8 Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities & Local Government (27 January 2022)
9 Department for Levelling Up, Housing and Communities (2021) and House of Commons Library (2022)
10 https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building
11 https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2021

Investment Team

Gresham House has extensive experience and expertise in affordable housing:

25-person investment team - senior members with average c.30 years' experience

With some individuals amassing over 40 years of experience, ReSI's team has deep expertise in multiple residential sectors, including shared ownership housing and independent retirement living.

Key investment team

Ben Fry
Managing Director, Housing

Brandon Holloway
Deputy Fund Manager

Alex Pilato
Senior Advisor

Narvinder Khossa
Head of Origination

Hannah Howard-Jones
Head of Property

Mark Rogers
CEO ReSI Housing

Pete Redman
Head of Housing

Joe Thomas
Investment Director

30+ person property management team

In-house property management team allows ReSI to benefit from scale, and helps ensure a positive resident experience.

20 year track record in social housing, raising over £11bn

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 five years, as an investor through ReSI.

Manage £800mn of long-term institutional capital invested into c.4,900 homes over last five years

Long-term capital sourced from a diversified pool of investor types, including pension funds (primarily local government and corporate) and wealth management companies channelling individual SIPPS and ISAs.

Investment Team

Founder and manager of Registered Providers of Social Housing

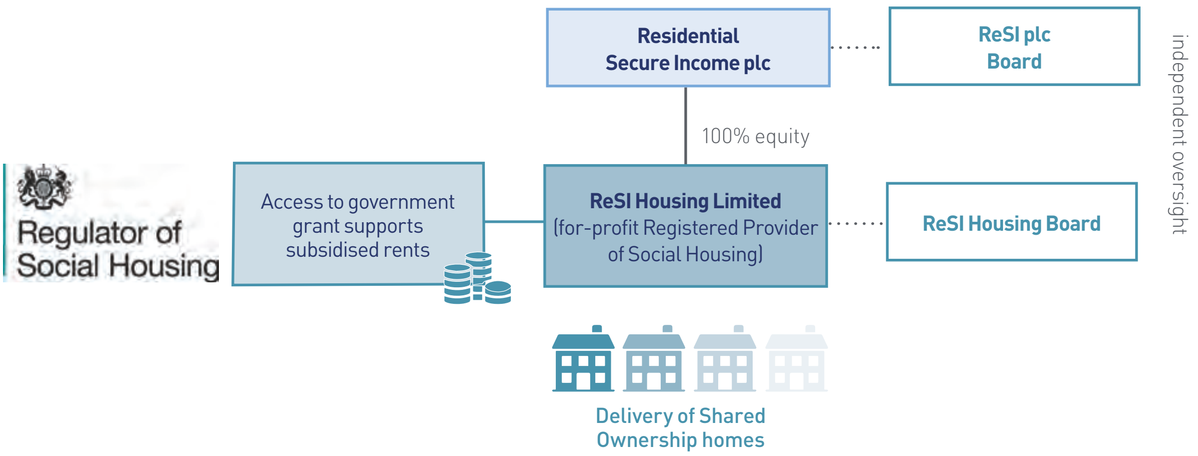
ReSI Housing Ltd., ReSI's wholly owned Registered Provider of Social Housing, allows ReSI to invest in shared ownership housing and receive capital grant funding from the Greater London Authority and Homes England. Demonstrating strong expertise in the shared ownership sector, Gresham House, the fund manager's parent, has successfully set-up two Registered Providers of Social Housing across its housing funds.

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

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

Greater London Authority Strategic Partner and Homes England Investment Partner

Reflecting Gresham House's strong relationships with government-regulated institutions, the fund manager has been awarded nearly £30mn in combined grant funding from both institutions. Gresham House has worked with the government to improve the shared ownership model in the 2021-2026 capital grant funding programme, with our aim to continue lifting standards across the shared ownership sector.



ReSI Housing Independent Board

David Orr
Independent Non-Executive Chairman

Gillian Rowley
Independent Non-Executive Director

Case Study

Everybody needs good neighbours

Interview with Martha* – Sheridan Lodge, Bromley

While the COVID-19 pandemic dramatically changed life for many people, it has also highlighted many of the perks of living in a retirement development.

One lady benefiting from living in a retirement development is Martha who moved from London to Bromley over 40 years ago. For the past 10 years Martha has rented an apartment at Sheridan Lodge in Bromley through My Future Living who specialise in retirement rentals. She is settled and happy in her community which she says, 'feel like family'.

Martha enjoyed a prestigious career working as a Professor for the National Academy of Dance and still has a great passion for dance. At 85 years old she is a dance ballet critic for an Italian dance magazine.

Martha's studio apartment at Sheridan Lodge has lovely views over the communal gardens and she is surrounded by friends and neighbours so she never feels alone.

"Everyone is so very friendly and there is a strong sense of community at Sheridan Lodge."

After suffering from an accident last year, Martha was overwhelmed by the support, kindness and care her neighbours and in particular the House Manager have shown her.

"From checking in on me daily and helping me with my weekly shopping, my friends here have been invaluable".

"I have a lovely cosy studio apartment which I love. The gardens are beautifully maintained and there is a warm feeling around the development."

"Now we are easing out of lockdown, the House Manager has been busy making sure we are slowly getting back to normal life again. So far this week we've had a tea party and another gathering arranged for the weekend. The community spirit and resilience shown by the people living and working here has been incredible to witness."

* not her real name

Martha was keen to rent in a retirement community because it offers the freedom and flexibility she wants. She is on an assured tenancy through My Future Living which gives her security and means she never has to worry about a landlord wanting her to leave. She also feels very happy and safe where she is.

"I would highly recommend moving into a retirement community. As a woman living alone it is reassuring to know I have people I can speak to and socialise with, plus the house manager is wonderful and always goes above and beyond to help."

To find out more about our retirement portfolio visit: www.myfutureliving.co.uk

Environmental, Social and Governance

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 at all stages of the investment process.

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 became a signatory to the UK Stewardship Code in 2021 and has also been awarded the Green Economy Mark from the London Stock Exchange.

Gresham House has a clear commitment to sustainable investment as part of its business mission.

Based on its Sustainable Investment Framework, it has developed a range of policies and processes for all asset classes which the fund manager uses to integrate sustainability into its investment approach. More details can be found in the Housing Sustainable Investment Policy here: https://greshamhouse.com/wp-content/uploads/2022/04/Real-Estate-UK-Housing-Sustainable-Investment-Policy-April-22.pdf

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.

Environmental

Climate change and pollution	Natural capital	Waste management
Energy-efficient housing; renewable energy where possible; access to public transport where available	Water-saving measures where possible; regeneration of brownfield sites	Where feasible, sustainable management of waste arising from refurbishment, maintenance and management of the portfolio

Social

Employment, health, safety and well-being	Marketplace responsibility	Supply chain sustainability	Community care and engagement
Safety and well-being of residents is a priority; application of best practice standards; quality employment	Affordability and quality in all tenure types: widening access to home ownership; proactive protection of residents' interests and customer charters	Sourcing policy ensures management teams have required knowledge of local areas and meet regulatory requirements	Contributing to community stability and environmental quality: housing that is accessible to jobs and amenities

Governance

Governance and ethics	Risk and compliance	Commitment to sustainability
Good practice governance; strong business ethics management and culture	Robust risk and compliance management; monitoring of regulatory and policy change	Clear objectives for positive social and/or environmental outcome delivery alongside robust financial returns

Environmental, Social and Governance

To determine the most material themes within the broader framework when profiling our prospective investments, the ESG housing wheel has been developed to identify where we believe we should be directing our focus to achieve more sustainable outcomes.

ReSI's Impact Framework

The investment team use the wheel's six core themes to assess the environmental and social impact of investments.

The key theme from the housing wheel in H1 2022 has been affordability, with the cost of living increasing for everyone in the last six months. We are alert to the challenges this may bring to our residents, however we believe our residents are in a better position than average through our energy efficient homes, retirement rents priced around the level that residents can receive housing benefit should they need it and with shared ownership living costs c.40% below market rents.

ReSI recognises it has a role to play in ensuring its housing remains affordable, not only to the benefit of residents, but to ensure rental cashflows remain stable and long term.

We have supported 146 retirees in financial difficulty with rent freezes or caps resulting in a benefit of more than £31,000 to residents.

ReSI is committed to improving and evolving its impact reporting framework. This is evidenced by our participation in workshops with The Good Economy and Big Society Capital to contribute towards the development of the Equity Impact Project. The EIP is helping to develop a set of globally aligned standards for equity investments in social and affordable housing, and ReSI intends to report against this standard in this year's annual report.

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.

Residential buildings are significant carbon emitters, and ReSI recognises that it has a role to play reducing the emissions produced by its portfolio.

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 energy efficient building) and a corresponding letter grade between A and G.

To meet climate related targets the UK Government has proposed actions to prevent homes with poor energy efficiency ratings from being rented.

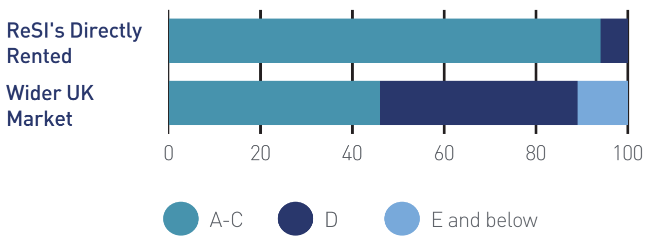
In the UK it is already a legal requirement that unless exempt, all rented residential properties must have an EPC rating of at least E. Through the energy white paper and consultation, the government have put forward plans to go further, proposing a minimum EPC of C for new rental tenancies from 2025 and all rental tenancies from 2028, exemptions notwithstanding.

ReSI is committed to improving the EPCs of its non-exempt directly rented homes to at least a C rating by 2025, three years ahead of the target. This forms part of ReSI's road to net zero plan, which will be published in the coming year.

Environmental, Social and Governance

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

At the report release date, 83% of ReSI's portfolio was EPC rated C or higher, up from 81% at year end. For ReSI's directly rented homes, this rises to 94%. This improvement is thanks to the work done to upgrade the directly rented properties rated D and below to at least a C. In the six months since FY21 year end, 74 directly rented properties have been upgraded from an EPC D to EPC C rating, representing 40% of the total. As a result of this great progress, ReSI is proud to report that it is ahead of target in its commitment to upgrade all directly rented properties to at least a C by 2025.



Social Impact

ReSI seeks to provide long term solutions to the UK's lack of affordable housing, with a focus on independent living through retirement housing and 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.

The diagram below shows how ReSI's activities lead to positive 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.

ACTIVITIES
THE ACTIONS THAT RESI IS TAKING

- 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

OUTPUTS
THE DIRECT RESULT OF THE ACTIONS OF RESI

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

OUTCOMES
THE CHANGES THAT DIRECTLY IMPACT PEOPLE'S LIVES

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

Environmental, Social and 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 ("RP").

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

Regulator of Social Housing

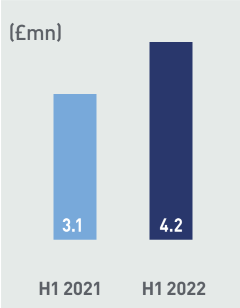
Strategic Review

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*



KPI definition

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.

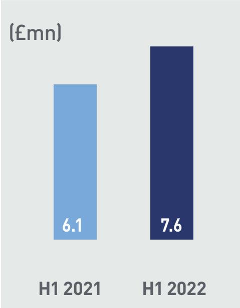
Comment

Improved earnings driven by deployment and acquisitions.

Notes

See Note 13 to the financial statements.

Net rental income



KPI definition

Gross rental income after deducting property operating expenses including ground rent paid.

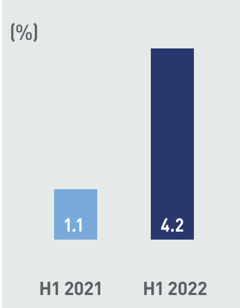
Comment

Increase of 25% delivered during the period.

Notes

See Note 6 to the financial statements.

Like-for-like rental reviews



KPI definition

Like-for-like average growth on rent reviews across the portfolio.

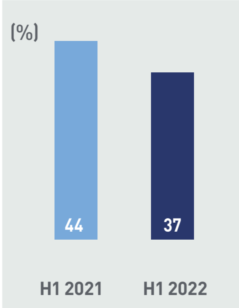
Comment

4.2% like-for-like growth in rental income achieved in line with RPI, for properties that were eligible for rent increases during the six months ended March 2022, adjusted for shared ownership rent increases which occurred on April 1, 2022

Notes

See Glossary on page 74 for definition and calculation basis.

EPRA Cost Ratio*



KPI definition

Administrative and operating costs (including costs of direct vacancy) divided by gross rental income.

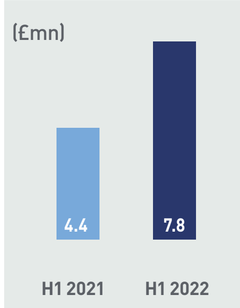
Comment

Improvement in cost ratio with improving performance in our retirement occupancy and further deployment in shared ownership.

Notes

See Note 2 Supplementary Financial Information

Profit before tax



KPI definition

Profit before tax is a statutory IFRS measure as presented in the Condensed Consolidated Statement of Comprehensive Income.

Comment

Improved profit before tax driven by EPRA earnings and property valuation growth somewhat offset by the increased valuation of debt

Notes

See Condensed Consolidated Statement of Comprehensive Income on page 43.

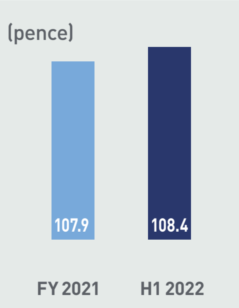
*Alternative performance measures

KPI Measures

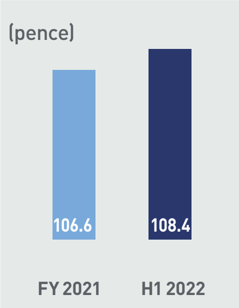
Capital Returns

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.

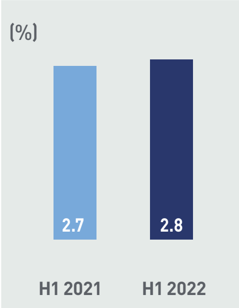
EPRA NTA* per share



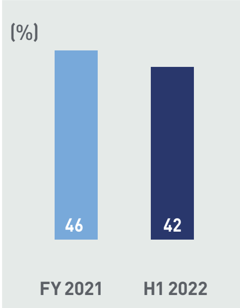
IFRS NAV per share



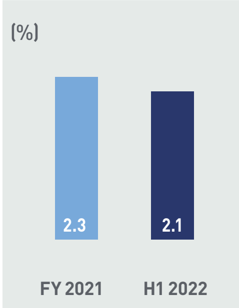
Total Return on NTA*



Loan to Value (LTV)



Debt Coupon (average)



	EPRA NTA* per share	IFRS NAV per share	Total Return on NTA*	Loan to Value (LTV)	Debt Coupon (average)
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.	IFRS NAV (Net Asset Value) per share at the balance sheet date.	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.	Ratio of net debt to the total assets less finance lease and cash on a consolidated Group basis.	Average debt coupon for the year including costs and commitment fees.
Comment	0.5% growth in the six months to 31 March 2022 reflecting strong trading results and resilient valuation performance under challenging market conditions.	Returns of 1.8 pence per share in the six month period reflecting strong trading results and property valuations.	Returns of 2.8% in H122 demonstrating resilient overall returns from our property portfolio. (Equivalent to 4.2% annualised returns on opening IFRS NAV).	Decrease in LTV reflecting timing impact of ReSI's equity raise in February.	Average debt coupon at 2.1% following ultra-long-term funding through a secured facility, with average debt maturity now at 23 years.
Notes	See Note 2 Supplementary Financial Information for reconciliation from IFRS to EPRA performance measures.	See Consolidated Statement of Financial Position.	See Note 1 Supplementary Financial Information for calculation.	See Note 1 Supplementary Financial Information for calculation.	See Note 20 for information on the Group's Borrowings.

*Alternative performance measures

Fund Manager's Report

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

Ben Fry
Managing Director Housing

After achieving our financial and performance targets in FY21, the first six months of FY22 have been a time for growth and progress in ReSI's business.

The acquisitions we made last year are fully reflected in our FY22 interim results, contributing to 25% year-over-year growth in H1'22 net passing rent to £7.6mn, and 37% year-over-year growth in H1'22 adjusted earnings to £4.2mn. With a focus on continuing to grow the Company, we raised £15mn of equity in February to acquire, with leverage, 221 additional shared ownership homes for £28mn, which we anticipate will materially grow future recurring income.

Consistent with our plan for growth, ReSI's shared ownership portfolio now comprises over 720 homes (33% increase since 2021 year-end) and represents 33% of the portfolio mix by valuation.

Also consistent with our business plan, we increased our FY 2022 dividend target to 5.16 pence per share ("PPS") in line with September CPI of 3.1%, reflecting the inflation-linkage of the portfolio and the full deployment of capital from ReSI's initial IPO.

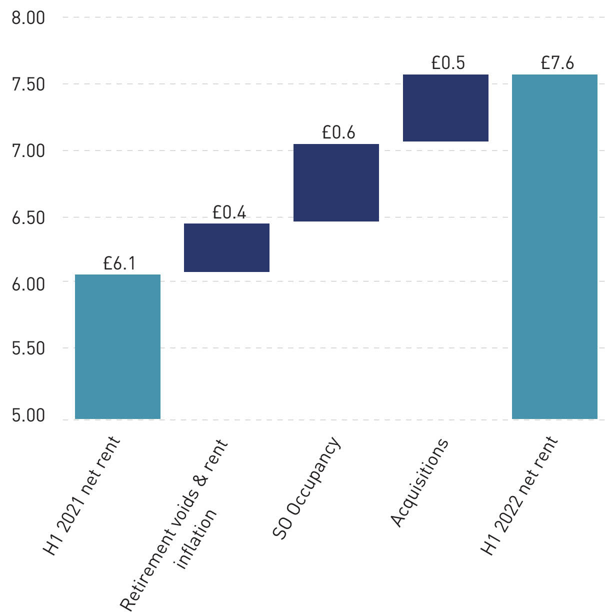
Our portfolio has been designed to help make people's housing aspirations achievable. Whether a retired person looking to move to tailored accommodation to combat loneliness, or someone who has dreamed of purchasing a property for their family but has found it to be unaffordable, ReSI's portfolio caters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

We aim to be a best in class provider of affordable housing and drive an improvement in standards across the sector. For example, in 2020 ReSI developed a Shared Ownership Customer Charter and a Shared Ownership Environmental Charter, which 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.

Operational Performance:

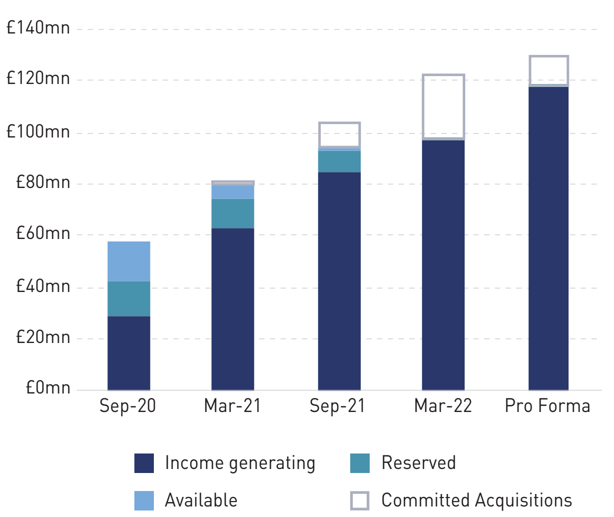
Net rental income grew by 25% year-over-year to £7.6mn, driven by three underlying factors:

Net rental income (£'mn)

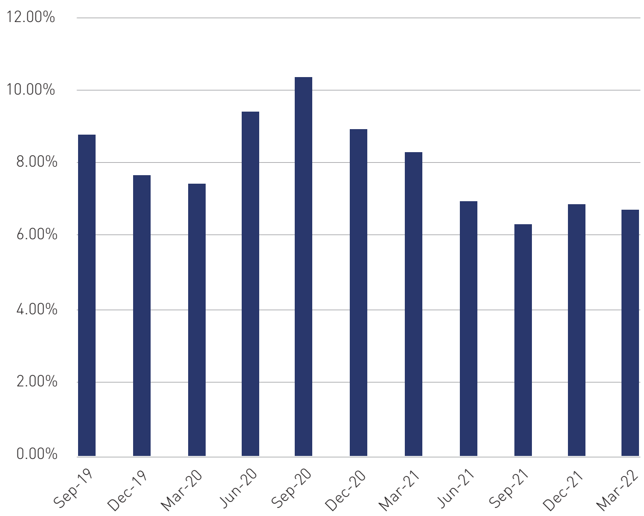


Fund Manager's Report

Growth of Shared Ownership Portfolio



Retirement void reduced to pre-COVID average



Shared ownership occupancy & acquisitions:

Income growth delivered[10]: £1.1mn / 0.6 pence per share

ReSI has continued to experience a strong level of demand for shared ownership homes, with the portfolio now fully occupied, including our largest sites of 132 homes at Clapham Park and 41 homes at Auckland Rise.

This demand emphasises the important role that shared ownership housing continues to play in helping mid to low earners onto the housing ladder which is otherwise increasingly out of reach to all but the highest earners or those without access to the "bank of mum and dad".

ReSI has supplemented these new build schemes by acquiring existing, tenanted shared ownership portfolios from housing associations. These immediately generate income for ReSI and free up capital for the housing associations to continue to support their development programs and to continue to invest in the fire safety and energy efficiency in their existing stock. H1 2022 income includes the full impact of last March's acquisition of 258 homes from Orbit and Metropolitan Thames Valley housing associations.

Retirement voids:

Income growth delivered[12]: £0.4mn / 0.2 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% from the second half of 2021.

As is typical during the winter months, void loss increased marginally from 6.6% in H2 2021 to 6.8% in H1 2022. Adjusting for the impact of seasonality, we continue to see strong demand for our high-quality affordable accommodation.

Having an in-house property manager is important, as our property management team is solely focused on managing homes for the Fund Manager. The Fund Manager and property management team work closely together to optimise customer service, improve the quality of residents' experience, and maximise performance for ReSI.

10 Income growth figures shown for the six months ended March 31, 2022.

11 Pro forma column reflects the Orbit transaction, which closed in April 2022, as well as committed acquisitions.

12 Income growth figures shown for the six months ended March 31, 2022. Figures reflect the impact of retirement voids, as well as the impact of retirement rent inflation for the half-year.

Fund Manager's Report

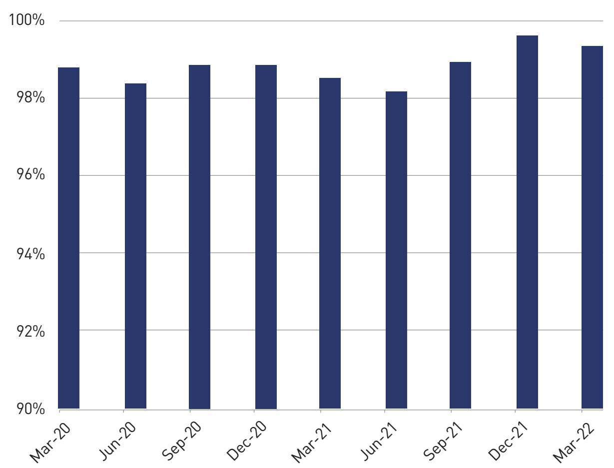
Rent Collection:

The majority of ReSI's cash flow is supported by a highly diversified set of income streams from residents who pay affordable rents. Retirement rentals residents typically pay their rent from pensions and savings, and rents are often affordable enough to be materially or entirely covered by welfare. Shared owners pay below-market rent, which is secured by their equity stake in their homes. The remainder of ReSI's portfolio is local authority housing, which 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.

ReSI's rent collection rate remains at 99% in H1 2022, which is consistent with performance throughout the COVID-19 pandemic, and in line with normal performance.

Consistently robust rent collection rates



Financial Performance

ReSI delivered a total EPRA NTA return of 3.1 PPS (2.8%) for the half year, with growth driven by complete occupancy of the shared ownership portfolio and operational improvements in our retirement portfolio resulting in voids returning to pre-COVID levels.

This 3.1 pence per share EPRA return comprises:

- 2.4 pence of Adjusted EPRA earnings (see note 13 – adjusted earnings per share), with recurring income of £4.2mn from regular recurring cash flows; plus
- 2.8 pence gain on change in valuation on investment property as assessed by Savills (£5mn) – a 1.6% increase on a like-for-like fair value basis to a total of £375mn (including £25mn committed acquisitions) as of 31 March 2022 driven by 1.6% like-for-like rental growth; less
- 1.8 pence impact of USS debt indexation (£3.1mn), of which 0.9 pence related to prior periods (£1.5mn)[13] the index linked nature of the debt which follows the increase in shared ownership rental income; and
- 0.2 pence one-off costs (£0.5mn), relating to the legal costs of securing further drawdowns from the USS facility and net share issuance costs; and
- 0.1 pence relating to revaluation of trading properties to adjust for realised gains (£0.2mn), driven by the full occupancy of the shared ownership portfolio and realisation of the profit we make by selling 25% of a shared ownership home to the resident (which is instead recognised in Adjusted EPRA earnings).

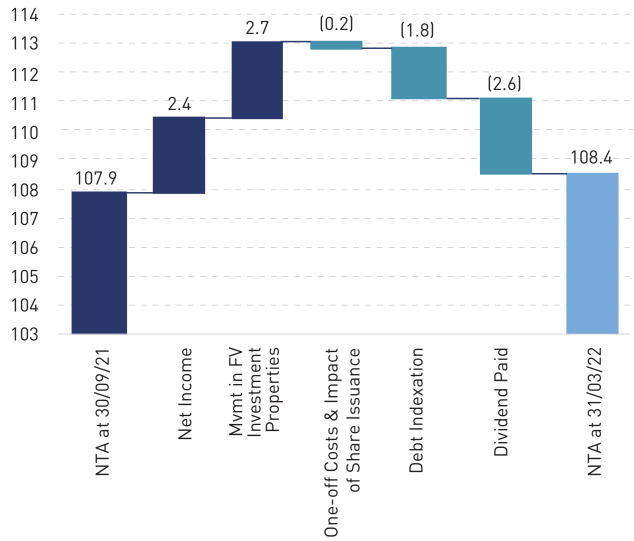
ReSI paid dividends during the period of 2.58 PPS, resulting in an EPRA NTA improvement of 0.5 pence for the half year.

A total IFRS return of 4.4 PPS (4.2%) was delivered for the half year, with the difference to EPRA NTA returns caused by an increase in the amortised cost value of debt (EPRA) vs fair value of debt (IFRS) of 1.2 pence (£2.1mn), 0.9 pence (£1.5mn) of which related to prior periods, and decrease in revaluation of trading properties of 0.1 pence (£0.3mn). This is an IFRS improvement of 1.8 pence after dividends paid.

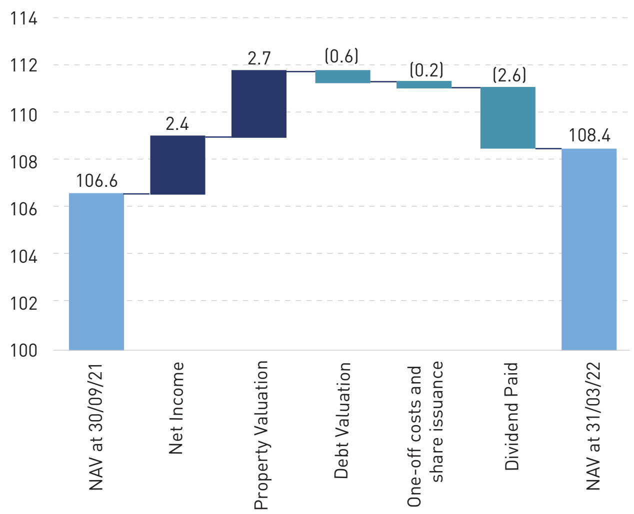
13 The Group has elected to carry this debt at fair value through profit and loss. In accordance with the EPRA Best Practice Recommendations, EPRA NTA should reflect the amortised cost of the debt rather than its fair value. In the current period, an adjustment has been made for £3.1mn which represents the difference between fair value and what amortised cost would have been had the Group carried the debt at amortised cost. No adjustment was made in the PY as it was immaterial. The charge would have been £1.5mn for the year ended 30 September 2021 and £0.3mn for the six months ended 31 March 2021.

Fund Manager's Report

Movement in NTA pence per share for the 6 month period



Movement in IFRS NAV at 31 March 2022 (pence per share)



Statement of Comprehensive Income

	H1 22 (£'000)	H1 21 (£'000)	Variance
Net rental income*	**7,583**	6,063	25%
First tranche sales profits	**336**	391	(14%)
Net Finance Costs*	**(2,262)**	(1,977)	14%
Management fees	**(907)**	(911)	0%
Overheads	**(528)**	(491)	7%
Adjusted Earnings / Adjusted EPRA Earnings	**4,222**	3,075	37%
Adjusted EPS	**2.4p**	1.8p	34%
IFRS Earnings	**7,836**	4,373	79%
IFRS EPS	**4.5p**	2.6p	72%

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

Adjusted EPRA Earnings/IFRS earnings increased by 37% (£1.1mn) on H1 21 to £4.2mn, driven by the 25% (£1.5mn) increase in net rental income to £7.6mn with the deployment of capital and operational improvements in shared ownership occupancy and retirement voids, whilst controlling overhead costs during the year.

£0.3mn of net income consisted of first tranche sales profits which reflects the gain on cost we recognise by selling c.25% of a shared ownership home to the occupiers and is thereafter replaced by ongoing net rental income from the shared owner.

The 14% increase in net finance costs to £2.2mn is driven by the £24mn increase to £187mn in notional debt since H1 2021, including £24mn debt drawn from USS to finance shared ownership acquisitions during the year.

Fund Manager's Report

Balance Sheet

	31-Mar-22 £'000s	30-Sep-21 £'000s	Variance
Total Investments *	**349,530**	341,128	2%
Inventories - First tranche Shared Ownership properties available for sale	**317**	3,800	(92%)
Cash and cash equivalents	**37,823**	8,370	352%
Borrowings	**(186,590)**	(168,339)	11%
Other	**(459)**	(277)	65%
EPRA Net Tangible Assets	**200,621**	184,682	10%
EPRA NTA per share (pence)	**108.4**	107.9	0.5%
Book value of debt	**186,590**	168,339	19%
IFRS NAV	**200,656**	182,392	10%
IFRS NAV per share (pence)	**108.4**	106.6	1.7%
Reversionary Surplus (excluded from NTA)	**50,117**	40,026	25%
Reversionary Surplus per share (pence)	**27.1**	23.4	16%

*See note 15

Valuation growth as assessed by Savills during the half year has been strong at £5mn – a 1.6% increase on a like-for-like fair value basis to a total of £375mn (including £25mn committed acquisitions) as of 31 March 2022 driven by 1.6% like-for-like rental growth in the period.

Inventories reflect the amount of unoccupied shared ownership properties that are expected to be sold to shared owners and are held at cost. The 92% reduction reflects the substantial progress in occupying the shared ownership portfolio made during the year, resulting in ReSI's shared ownership portfolio being fully occupied in April 2022.

Total borrowings increased by £18mn over the six month period to £187mn as of 31 March 2022, with £20mn net drawdowns from USS to fund significant growth in ReSI's shared ownership portfolio.

The EPRA NTA and IFRS NAV measures exclude the reversionary surplus in our portfolio which stands at £50mn. 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.

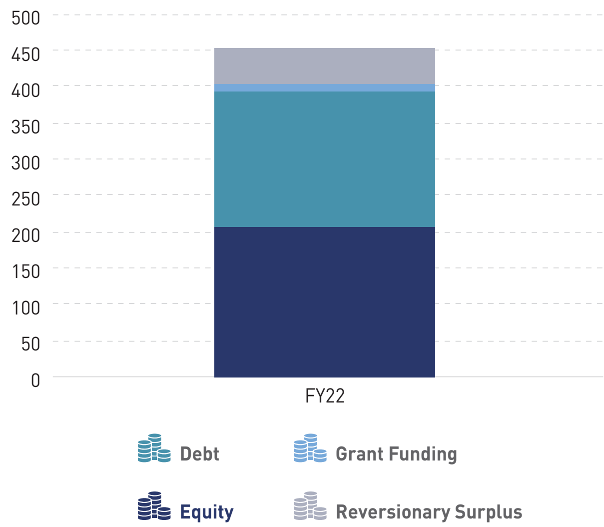
Financing and Capital Structure

ReSI now has in place £187mn (notional value) of fixed rate and inflation linked debt, with a weighted average coupon of 2.1%, the vast majority of which is long-term partially or fully amortising debt at an average maturity of 23 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.

	H1 22	FY 22
Total debt	**£187mn**	£166mn
LTV (target 50%)	**42%**	46%
Leverage on reversion value	**38%**	43%
Weighted average debt coupon	**2.1%**	2.3%
Weighted average maturity	**23 years**	22 years

Capital Stack



Dividend Coverage:

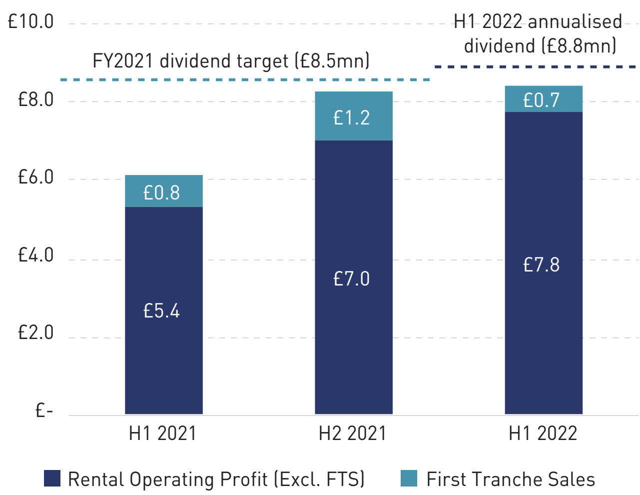
Our dividend was 96% covered by recurring income during the half-year, despite the fact that the majority of our rental income increases occur in the second half of our financial year. During the second half we expect to benefit from rising inflation (which typically takes twelve months from announcement to flow into our rent roll) as well as recent acquisitions.

14 Income growth figures shown for the six months ended March 31, 2022

Fund Manager's Report

The quality of the dividend coverage continues to improve as we occupy the shared ownership portfolio and first tranche sales profits are replaced by recurring rental income. This trend is illustrated by the robust 45% year-over-year increase in rental operating profit whilst first tranche sales declined by 14%.

Rental Operating Profit & First Tranche Sales (£'mn)



Key Projects:

We remain committed to delivering measurable social and environmental impact for the benefit of our residents and the UK. ReSI continues to invest in the retirement portfolio to improve energy efficiency and in technology to improve the wellbeing of our residents. In 2022, ReSI has prioritised upgrading all non-exempt directly rented properties to a minimum EPC rating of C by 2025, three years ahead of government targets. We have secured EPC ratings upgrades for 40% of our rented properties that were rated D as of 2021 year-end, meaning that 94% of ReSI's directly rented properties have EPC ratings of C or higher. This is a material improvement compared to last year, and we aim to further build on this momentum in the second half of 2022. Utilities costs are rising drastically throughout the UK in 2022, and the energy efficiency improvements we are investing in can potentially generate real cost saving benefits to our residents.

Investing in the energy efficiency of our properties is one important step in our broader plan to achieve operational net-zero and we look forward to publishing our plan on this later in the year.

Well positioned for growth:

To date in FY 2022, ReSI has raised and fully deployed £15mn of equity capital into £28mn new shared ownership investments. As a result, ReSI's shared ownership portfolio has grown 33% since FY 2021 year-end, reflecting the acquisition of a second portfolio from Orbit, totalling 186 tenanted and immediately income generating homes. With committed acquisitions, ReSI's portfolio is poised to grow 40% from September 2021.

We aim to continue growing, and ReSI is well positioned to further grow its shared ownership portfolio for a few key reasons:

1) The benefits of being a for-profit Registered Provider
    a. ReSI Housing's status as a Registered Provider ("RP") provides access to government grant when acquiring shared ownership homes (see below) and benefits from best-in-class governance by combining the financial rigour and controls of the corporate world with the regulatory framework for Registered Providers. This regulatory framework is enforced by the Regulator for Social Housing ("RSH"), ensuring good governance, financial viability, maintenance and environmental standards and that residents' welfare is protected, supporting our goal of maximising social benefit. ReSI has an extensive proven ability to purchase shared ownership homes from both housing associations and private developers - including repeat transactions with the same counterparty. ReSI Housing's RP status has been instrumental in enabling ReSI to acquire shared ownership homes.
2) Strategic & Investment Partner Status
    a. ReSI Housing's Investment Partner status with the Greater London Authority and Homes England allows ReSI to access the £12bn capital grant funding available to subsidise the delivery of 212,000 new affordable homes through 2026.
3) Available capacity under ReSI's ultra-long-term debt facility
    a. ReSI Housing's shared ownership portfolio is funded through our £300mn, ultra long-term secured facility with USS, one of the UK's largest pension schemes. The facility represents the first standalone investment grade financing secured for shared ownership and provides the foundations for future growth in ReSI's shared ownership portfolio.
    b. ReSI has drawn almost £80mn of the facility to date and we expect to make further drawdowns as we grow our shared ownership portfolio.

Fund Manager's Report

While we are primarily focused on making additional shared ownership investments, we will also look to opportunistically grow the independent retirement rental portfolios. As the largest owner of private retirement rentals in the UK, the size of our existing retirement rentals portfolio, and our in-house property management team give us a distinct advantage in the sector.

Management Team Transition

On 6 March 2022, Alex Pilato moved to a Senior Advisor role as part of his transition to retirement on 5 March 2023. Simultaneously I was promoted to be Managing Director of the Housing division of Gresham House.

In order to support this transition Brandon Holloway joined in November 2021 as Deputy Fund Manager, following continued Gresham House investment in growing the team with Narvinder Khossa as Head of Origination and Hannah Howard-Jones as Head of Property also joining in 2021, and Dominic Steed joining in 2022 to head up our in-house property management team. The Gresham House housing team now comprises 25 people, with senior members having an average of c.30 years' experience.

Alex remains a member of all the boards and committees of the division and fund vehicles. This change has been planned since the acquisition of TradeRisks by Gresham House with Alex's final retirement coinciding with the 3rd anniversary of the deal and has Alex's full support. Alex continues to have a very strong interest in the success of ReSI with significant shareholdings of 1.25mn shares worth £1.38mn as at 31st March.

Outlook:

The UK continues to suffer from an acute shortage of affordable housing, and 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.

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 believe our robust investment pipeline provides the opportunity to double the size of ReSI's portfolio by early 2024.

In the meantime, we aim to deliver secure, inflation-linked returns to investors, while providing measurable social and environmental impact to our residents and the UK.

BenFry

Ben Fry
Managing Director, Housing

23 May 2022

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.	All of ReSI's 520 completed shared ownership homes are occupied by shared owners, including 3 occupied during April 2022, (30 September 2021: 93% of 498 homes occupied, with a further 7% reserved). This results in ReSI's shared ownership portfolio being fully 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 31 March 2022 was 6% (30 September 2021: 6%), in line with 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 2021 ReSI completed an equity capital raise of £15mn in February 2022 and committed net cash consideration £28mn into 221 additional high-quality shared ownership homes. These take ReSI to full capital deployment with £375mn deployed (including £25mn committed acquisitions) by 31 March 2022 along with a further commitment of £7.5mn in April 2022 (30 September 2021: £351mn).
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 108.4p per share (30 September 2021: 107.9), shows growth of over 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.	ReSI increased its dividend target for FY 2022 to 5.16p by in line with September CPI of 3.1%. In line with this target two equal dividends of 1.29p per share were paid during the period under review (declared in December 2021 and January 2022) totalling 2.58p per Ordinary Share (FY 2021: 5.0p).
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.	Dividend 96% covered by recurring income during the period, despite the fact that the majority of our rental income increases occur in the second half of our financial 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.	1.5% (FY 21: 1.6%), from 1 October 2021 to 31 March 2022, annualised, of which 1.0% relates to the Fund Management fee and the remainder being general and administrative expenses.

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 2021 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 • ReSI completed an equity capital raise in February 2022 for £15mn, and has completed the investment of this equity, and associated debt, post period end.	Fund manager	Board	Increased

Principal Risks and Uncertainties

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk since 2021 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 currently in the process of deploying funds from the capital raise and debt drawdown during the quarter ended 31 March 2022, which has been invested post period end.	Fund manager	Board	Increased
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 The Good Economy, Big Society Capital, Carbon Trust, Kamma and other 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
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	No change
Customers				

Principal Risks and Uncertainties

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk since 2021 Annual Report
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 entirely occupied and de-risked, with the retirement portfolio now back to pre-COVID 19 void levels • ReSI is investing in improving the environmental efficiency of its portfolio to save residents on their heating bills and meet increased government requirements on the minimum energy efficiency of rented homes	Property managers / estate agents	Fund manager	Decreased
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) 2,559,155 Ordinary Shares in ReSI and the fund manager holds 3,393,406 Ordinary Shares totalling 3.2% of shares in issue	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

Principal Risks and Uncertainties

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk since 2021 Annual Report
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	No change

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 CICF
- 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 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 Chairman

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
- Non Executive Chair, ReSI Homes Ltd
- Chair of The Good Home Inquiry
- Co-chair of #Housing 2030
- Board member of Clanmil Housing Association
- Board member, 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.

Board of Directors

The Board is committed to high standards of corporate governance.

The Board of the Company has considered the Principles and Provisions of the 2019 Association of Investment Companies (AIC) Code of Corporate Governance. 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 shareholders. AIC members who report against the AIC Code fully meet their obligations under The UK Code and the related disclosure requirements contained in the Listing Rules. From Admission, the Company has complied with the AIC Code and a copy of the AIC Code can be viewed on the AIC's website (www.theaic.co.uk). It 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.

During the six months ended 31 March 2022, the Company has complied with the recommendations of the UK Code and the relevant provisions of The UK Corporate Governance Code, except as set out below.

The UK Code includes provisions relating to:

- Deputy Chairman or Senior Independent Director – Being small in number, the Board has appointed a Senior Independent Director and decided not to nominate a Deputy Chairman.
- Executive Directors - The UK Code includes provisions relating to the role of the chief executive and executive directors' remuneration. The Board considers these provisions are not relevant to the Company as it does not have any employees and, as such, 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 parties. As a result, the Company has no internal operations. The Company has therefore not reported further in respect of these provisions.

The Board has considered the impact of the Ukraine conflict and the impact on the inflation and other costs on the Group's business & it is not considered to have materially changed the principal risks to the Company given we were already in an environment of high inflation and stretched supply chains.

The Company has a robust corporate governance framework with oversight provided by a highly experienced, fully independent board. The Board is currently composed of four non-executive directors who are collectively responsible for determining the investment policy and strategy, and who have overall responsibility for the Company's activities. A list of Directors is shown on pages 35 to 37.

The Board of Directors

Composition

At the date of this report, the Board of ReSI plc consists of four non-executive directors including the Chairman, of whom three (75%) are male and one (25%) female. All of the directors have served during the entire period.

The Board believes that its composition was appropriate for an investment company of the Company's nature and size. All (100%) of the Directors are independent of the fund manager. All of the Directors are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Directors have a broad range of relevant experience to meet the Company's requirements and their biographies are shown in the Board of Directors section of this Annual Report.

The Board recognises the benefits to the Company of having longer serving Directors together with progressive refreshment of the Board.

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

Audit Committee

The Board delegates certain responsibilities and functions to the Audit Committee as set out in its written terms of reference. The Audit Committee is chaired by Robert Gray (who holds similar roles at other organisations) and consists of all the Directors (all of whom are independent and have relevant financial expertise). The Committee meets at least twice a year to review the interim and annual financial statements. The Committee also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, including the provision of non-audit services.

Board of Directors

Other Committees

The fully independent Board additionally fulfils the responsibilities of the Nomination Committee and Remuneration Committee. It has not been considered necessary to establish separate nomination or remuneration committees given the size of the Board and the size and nature of the Company.

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 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.

Directors' Responsibilities

in respect of the Interim Accounts

The Directors confirm that to the best of their knowledge this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the United Kingdom and that the Strategy and Performance overview on pages 2 to 17, the Fund Manager's Report and Key Performance Measures on pages 19 to 27, Principal Risks and Uncertainties on page 30 to 33 and the Related Party Disclosure on page 67 (note 32) include a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure and Transparency rules of the United Kingdom's Financial Conduct Authority namely:

- An indication of important events that have occurred during the first six months since 1 October 2021 and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- disclosure of any material related party transactions in the period are included in note 32 to the condensed consolidated financial statements.

The Interim report has been reviewed by the Company's auditor

A list of Directors is shown on pages 35 to 37.

For and on behalf of the Board

Rob Whiteman
Chairman

Date: 23 May 2022

Independent Review Report

to the members of Residential Secure Income plc

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2022 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity, and related notes.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

DocuSigned by:
BDO LLP
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BDO LLP
Chartered Accountants
London

23 May 2022

23 May 2022

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

Financials

Condensed Consolidated Statement of Comprehensive Income

For the period 1 October 2021 to 31 March 2022

	Note	**Unaudited 6 months to 31 March 2022 £'000**	Unaudited 6 months to 31 March 2021 £'000
Income	6	**17,721**	17,604
Cost of sales	6	**(9,290)**	(10,638)
Net income		**8,431**	6,966
Administrative expenses			
Fund management fee	7	**(907)**	(911)
General and administrative expenses		**(527)**	(492)
Non-recurring costs	8	**(32)**	–
Total administrative expenses		**(1,466)**	(1,403)
Operating profit before property disposals and change in fair value		**6,965**	5,563
(Loss)/profit on disposal of investment properties		**(27)**	20
Change in fair value of investment properties	11	**4,975**	2,758
Change in fair value of borrowings	11	**(1,033)**	(982)
Debt set up costs	11	**(269)**	(497)
Operating profit before finance costs		**10,611**	6,862
Finance income	10	**1**	–
Finance costs	10	**(2,776)**	(2,537)
Change in fair value of interest rate swap derivative contracts	10	**–**	48
Profit for the period before taxation		**7,836**	4,373
Taxation	12	**–**	–
Profit for the period after taxation		**7,836**	4,373
Other comprehensive income:		**–**	–
Total comprehensive income for the period attributable to the shareholders of the Company		**7,836**	4,373
Earnings per share - basic and diluted - pence	13	**4.5**	2.6

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

The notes on pages 47 to 67 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 March 2022

	Note	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Non-current assets			
Investment properties	15	**380,788**	372,335
Total non-current assets		**380,788**	372,335
Current assets			
Inventories - properties available for sale	14	**317**	3,800
Trade and other receivables	16	**3,573**	4,051
Deposits paid for acquisition	17	**2,780**	1,158
Cash and cash equivalents	18	**37,823**	8,370
Total current assets		**44,493**	17,379
Total assets		**425,281**	389,714
Current liabilities			
Trade and other payables	19	**6,651**	7,738
Borrowings	20	**13,868**	2,984
Lease liabilities	29	**991**	989
Total current liabilities		**21,510**	11,711
Non-current Liabilities			
Borrowings	20	**172,722**	165,355
Recycled Capital Grant Fund	21	**125**	38
Lease liabilities	29	**30,267**	30,218
Total non-current liabilities		**203,114**	195,611
Total liabilities		**224,624**	207,322
Net assets		**200,657**	182,392
Equity			
Share capital	22	**1,941**	1,803
Share premium	23	**14,705**	108
Own shares reserve	24	**(8,405)**	(8,515)
Retained earnings	25	**192,416**	188,996
Total interests		**200,657**	182,392
Total equity		**200,657**	182,392
Net asset value per share - basic and diluted (pence)	30	**108.4**	106.6

The condensed consolidated financial statements were approved by the Board of Directors on and signed on its behalf by:

Rob Whiteman
Chairman

23 May 2022

The notes on pages 47 to 67 form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the period 1 October 2021 to 31 March 2022

	Note	Unaudited 6 months to 31 March 2022 £'000	Unaudited 6 months to 31 March 2021 £'000
Cash flows from operating activities			
Profit for the period		**7,836**	4,373
Adjustments for items that are not operating in nature:			
Gain in fair value of investment properties	11	**(4,975)**	(2,758)
Movement in rent smoothing adjustments	6	**(564)**	–
Gain in fair value of interest rate swap	10	**–**	(48)
Loss in fair value of borrowings	11	**1,033**	982
Loss/(profit) on disposal of investment properties		**27**	(20)
Shares issued in lieu of management fees		**227**	227
Finance income	10	**(1)**	–
Finance costs	10	**2,776**	2,537
Debt set up costs	10	**269**	497
Operating result before working capital changes		**6,628**	5,790
Changes in working capital			
Increase in trade and other receivables		**476**	489
Decrease in inventories		**3,483**	4,232
(Decrease)/increase in trade and other payables		**(1,002)**	355
Net cash flow generated from operating activities		**9,585**	10,866
Cash flow from investing activities			
Purchase of investment properties	15	**(3,139)**	(22,035)
Grant received	15	**168**	2,099
Disposal of investment properties		**517**	322
Deposits paid for acquisition	17	**(2,056)**	(3,084)
Interest received	10	**1**	–
Amounts transferred into restricted cash deposits	18	**–**	(753)
Net cash flow from investing activities		**(4,509)**	(23,451)
Cash flow from financing activities			
Share issue (net of issue costs)	22/23	**14,735**	–
Purchase of own shares	24	**(117)**	(227)
New borrowings raised (net of expenses)	20	**19,731**	19,670
Bank loans repaid		**(2,936)**	(301)
Finance costs	10	**(2,620)**	(2,596)
Dividend paid	28	**(4,416)**	(4,275)
Net cash flow generated from financing activities		**24,377**	12,271
Net increase in cash and cash equivalents		**29,453**	(314)
Reclassification of restricted cash balances	18	**2,684**	–
Cash and cash equivalents at the beginning of the period	18	**5,686**	8,532
Cash and cash equivalents at the end of the period	18	**37,823**	8,218

The notes on pages 47 to 67 form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the period 1 October 2021 to 31 March 2022

	Share capital £'000s	Share premium £'000s	Own shares reserve £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 30 September 2020	1,803	108	(8,626)	186,327	**179,612**
Profit for the period	–	–	–	4,373	**4,373**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	**–**	**–**	**–**	4,373	**4,373**
Contributions by and distributions to shareholders					
Issue of management shares	–	–	227	(227)	**–**
Share based payment charge	–	–	–	227	**227**
Purchase of own shares	–	–	(227)	–	**(227)**
Dividends paid	–	–	–	(4,275)	**(4,275)**
Balance at 31 March 2021	1,803	108	(8,626)	186,425	**179,710**
Profit for the period	–	–	–	6,848	**6,848**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	**–**	**–**	**–**	6,848	**6,848**
Contributions by and distributions to shareholders					
Issue of management shares	–	–	222	(222)	**–**
Share based payment charge	–	–	–	222	**222**
Purchase of own shares	–	–	(111)	–	**(111)**
Dividends paid	–	–	–	(4,277)	**(4,277)**
Balance at 30 September 2021	1,803	108	(8,515)	188,996	**182,392**
Profit for the period	–	–	–	7,836	**7,836**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	–	–	–	7,836	**7,836**
Contributions by and distributions to shareholders					
Issue of shares	138	14,862	–	–	**15,000**
Share issue costs	–	(265)	–	–	**(265)**
Issue of management shares	–	–	227	(227)	**–**
Share based payment charge	–	–	–	227	**227**
Purchase of own shares	–	–	(117)	–	**(117)**
Dividends paid	–	–	–	(4,416)	**(4,416)**
Balance at 31 March 2022	1,941	14,705	(8,405)	192,416	**200,657**

The notes on pages 47 to 67 form part of these financial statement

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

1. General information

The financial information set out in this report covers the six months to 31 March 2022 and includes the results and net assets of the Company and its subsidiaries. The comparatives presented for the Statement of Comprehensive Income and Statement of Cash Flows are for the six months to 31 March 2021. The comparatives presented for the Statement of Financial Position are as at 30 September 2021.

This consolidated interim financial information has not been audited by the Company's auditor.

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, England, 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 condensed financial statements for the period ended 31 March 2022 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the United Kingdom. The interim report should be read in conjunction with the annual Financial Statements for the period ended 30 September 2021, which were 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 in the European Union.

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

The condensed financial statements for the period are unaudited and do not constitute statutory accounts for the purposes of the Companies Act 2006. The annual report and financial statements for the period ended 30 September 2021 have been filed at Companies House. The independent auditor's report on the annual report and financial statements for the period ended 30 September 2021 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under sections 498 (2) or 498 (3) of the Companies Act 2006.

a) Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern, and are satisfied that the Group has the resources to continue in business for the foreseeable future. The Group expects to refinance the Natwest facility which is due to expire in January 2023. 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 20 on page 60). 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 at which the continuation vote will be proposed.

The Directors do not believe there is a material uncertainty that the Company will continue as a going concern arising from the continuation vote on the basis of the growth seen since IPO, the successful equity fund raise in February 2022, long term nature of its assets with supporting debt funding and the attractiveness of the Company's low risk inflation linked income, as evidenced by the share price which is trading at or around IFRS NAV as at the date of this report.

Financial models have been prepared for the going concern period which consider liquidity at the start of the period and key financial assumptions at the Company level as well as at level of the subsidiaries of ReSI plc. These financial assumptions include expected cash generated and distributed by the portfolio companies available to be distributed to the Company, this including inflows and outflows in relation to the external debt and interest payments expected within the subsidiaries, the availability of new external debt facilities, committed expenditure for investments and expected dividends as well as the ongoing administrative costs of the Company. It is also assumed that there is no vote to terminate the Company in 2023.

b) Changes to accounting standards and interpretations

Amendments to standards adopted during the year

The IASB and IFRIC have issued or 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.

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

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 April 2022 and whilst the Directors are considering these, initial indications are that these changes will have no material impact on the Group's financial statements.

3. Significant accounting policies

The accounting policies adopted in this report are consistent with those applied in the Group's consolidated financial statements for the year ended 30 September 2021 and are expected to be applied consistently during the year ending 30 September 2022. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into the UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. Residential Secure Income Plc transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 October 2021. There was no impact or changes in accounting policies from the transition.

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.

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 home ownership through a part-buy, 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).

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

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 31 March 2022 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 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.

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

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 value of 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 value recognised in the Group Statement of Comprehensive Income as either a fair value movement (note 11) or in the finance income or expense line (note 10), except where the movement relates to a change in own credit risk which is recognised in other comprehensive income.

At 31 March 2022 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 either 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 instrument and hedge accounting

Derivative financial instruments, comprising interest rate swaps held 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 15.

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 15.

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 20.

If these assumptions prove to be inaccurate, this may have an impact on the carrying value of the Group's borrowings held at fair value, which could in turn have an effect on the Group's financial position and results. Further information is provided in note 20.

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 31 March 2022 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.

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

6. Income less cost of sales

	Net property income £'000	First tranche sales £'000	**Unaudited 6 months to 31 March 2022 Total £'000**	Unaudited 6 months to 31 March 2021 Total £'000
Gross Rental income	12,394	–	**12,394**	10,969
First tranche property sales	–	5,327	**5,327**	6,635
Total income	12,394	5,327	**17,721**	17,604
Service charge expenses	(2,398)	–	**(2,398)**	(2,319)
Property operating expenses	(1,898)	–	**(1,898)**	(2,060)
Impairment of receivables	(3)	–	**(3)**	(15)
First tranche cost of sales	–	(4,991)	**(4,991)**	(6,244)
Total cost of sales	(4,299)	(4,991)	**(9,290)**	(10,638)
Gross profit before ground rents	8,095	336	**8,431**	6,966
Ground rents disclosed as finance lease interest	(513)	–	**(513)**	(512)
Gross profit after ground rents disclosed as finance lease asset	7,582	336	**7,918**	6,454

'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.

Included within rental income is a £564,000 (2021: £257,000) 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 period 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.

Gross rental income includes service charges collected from tenants, included in rent collected but not separately invoiced, of £2,234,630 during the period (2021: £2,119,937). Service charge expenses, as reflected in the cost of sales, also includes amounts paid in respect of properties which were vacant during the period of £163,042 (2021: £199,469).

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.

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

7. Fund management fee

	Unaudited 6 months to 31 March 2022 £'000	Unaudited 6 months to 31 March 2021 £'000
Cash portion	**680**	684
Equity	**227**	227
	907	911

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 £250mn, 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 £250mn and including £500mn, 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 £500mn and up to and including £1,000mn, 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 £1,000mn, 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. Non-recurring costs

In July 2021, 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, 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 residual set-up costs associated with the transfer and one off costs associated with upgrading the energy performance of properties.

9. Directors' fees and expenses

	Unaudited 6 months to 31 March 2022 £'000	Unaudited 6 months to 31 March 2021 £'000
Fees	**77**	77
Taxes	**11**	11
Expenses	**–**	–
	88	88
Fees paid to directors of subsidiaries	**23**	23
	111	111

The Group had no employees during the period (2021: 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 and £200,000,000	**£50,000**
£200,000,000 to £350,000,000	**£60,000**
Thereafter	**£70,000**

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

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 and £200,000,000	**£35,000**
Thereafter	**£40,000**

None of the Directors received any advances or credits from any Group entity during the period (2021: Nil).

10. Net finance costs

	Unaudited 6 months to 31 March 2022 £'000	Unaudited 6 months to 31 March 2021 £'000
Finance income		
Interest income	1	–
	1	–
Finance expense		
Interest payable on borrowings	**(2,061)**	(1,903)
Amortisation of loan costs	**(154)**	(108)
Debt programme costs	**(48)**	(14)
Lease interest	**(513)**	(512)
	(2,776)	(2,537)
Movement in fair value of derivative contracts		
Interest rate swaps	**–**	48
Net finance costs	**(2,775)**	(2,489)
One-off shared ownership facility set-up costs	**(256)**	(330)
Debt set up fees	**(13)**	(167)
Debt set up costs	**(269)**	(497)

The Group's interest income during the period 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 £14.5mn 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.

11. Change in fair value

	Unaudited 6 months to 31 March 2022 £'000	Unaudited 6 months to 31 March 2021 £'000
Gain on fair value adjustment of investment properties	**5,541**	3,015
Adjustments for lease incentive assets and rent straight line assets recognised		
Start of the year	**922**	272
End of the period	**(1,488)**	(529)
	4,975	2,758
Loss on fair value adjustment of borrowings (note 20)	**(1,033)**	(982)
Debt set up costs	**(269)**	(330)
	3,673	1,446

Loss 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 period the Group incurred costs of £0.3mn (equivalent to 3 basis points on the drawn balance per annum over 45 years) in relation to further £20mn drawdown of debt under the shared ownership 45-year £300mn 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 financial year.

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

12. Taxation

	Unaudited 6 months to 31 March 2022 £'000	Unaudited 6 months to 31 March 2021 £'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:

	Unaudited 6 months to 31 March 2022 £'000	Unaudited 6 months to 31 March 2021 £'000
Profit before tax	**7,836**	4,373
Tax at the UK corporation tax rate of 19% (2021: 19%)	**1,489**	831
Tax effect of:		
UK tax not payable due to REIT exemption	**(577)**	(353)
Investment property revaluation not taxable	**(945)**	(524)
Expenses that are not deductible in taxable profit	**(1)**	(7)
Unutilised residual current year tax losses	**34**	53
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 remain at 19% until 31 March 2022. From 1 April 2023 the rate will increase to 25%, although this is not yet substantively enacted.

13. Earnings per share

	Unaudited 6 months to 31 March 2022 £'000	Unaudited 6 months to 31 March 2021 £'000
Profit attributable to Ordinary shareholders	**7,836**	4,373
Deduction of fair value movement on investment properties and borrowings	**(3,942)**	(1,776)
Add back: non recurring costs	**32**	–
Add back: one-off shared ownership facility set up costs	**256**	330
Add back: one-off costs relating to revising debt agreements	**13**	167
Deduction of aborted acquisition costs	**–**	1
Loss/(profit) on property disposals	**27**	(20)
Adjusted earnings	**4,222**	3,075
Weighted average number of ordinary shares (thousands)	**175,128**	171,020
Basic earnings per share (pence)		
- 2022 (pence)	**4.47**	
- 2021 (pence)		2.56
Adjusted earnings per share (pence)		
- 2022 (pence)	**2.41**	
- 2021 (pence)		1.80

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. Basic and diluted earnings per share are the same as the company only has Ordinary shares in issue.

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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For the period 1 October 2021 to 31 March 2022

EPRA Earnings per share

	Unaudited 6 months to 31 March 2022 £'000	Unaudited 6 months to 31 March 2021 £'000
Earnings per IFRS income statement	**7,836**	4,373
Changes in value of investment properties	**(4,975)**	(2,758)
Profits/(losses) on disposal of investment properties	**27**	(20)
Profits on sales of trading properties incl. impairment charges in respect of trading properties.	**(336)**	(391)
Changes in fair value of financial instruments and associated close-out costs	**1,033**	983
EPRA Earnings	**3,585**	2,187
Weighted average number of ordinary shares (thousands)	**175,128**	171,020
EPRA Earnings per Share (EPS) (pence)	**2.05**	1.25

Adjusted EPRA Earnings per share

	Unaudited 6 months to 31 March 2022 £'000	Unaudited 6 months to 31 March 2021 £'000
EPRA Earnings	**3,585**	2,187
Company specific adjustments:		
Exclude one off costs	**301**	497
Include shared ownership first tranche sales	**336**	391
Company specific Adjusted Earnings	**4,222**	3,075
Company specific Adjusted EPRA EPS (pence)	**2.41**	1.77

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.

14. Inventories – properties available for sale

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Shared ownership properties	**317**	3,800
	317	3,800

15. Investment properties

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
At beginning of period	**372,335**	331,782
Property acquisitions at cost	**3,227**	33,113
Grant receivable	**(168)**	(1,652)
Capital expenditure	**347**	539
Property disposals	**(544)**	(1,731)
Movement in head lease gross up	**50**	1,631
Adjustments for lease incentive assets and rent straight line assets recognised	**–**	272
Change in fair value during the period	**5,541**	8,381
At end of period	**380,788**	372,335
Valuation provided by Savills	**349,530**	341,128
Adjustment to valuation - finance lease asset	**31,258**	31,207
Total investment properties	**380,788**	372,335

The investment properties are divided into:

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Leasehold properties	**291,584**	284,596
Freehold properties *	**57,946**	56,532
Head lease gross up	**31,258**	31,207
Total investment properties	**380,788**	372,335

*Includes Feuhold properties, the Scottish equivalent of Freehold.

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

The table below shows the total value of the Group's investment properties including committed properties with purchase contracts exchanged at 31st March 2022. 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 at 31st March 2022.

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Total investment properties	**380,788**	372,335
Adjustment to fair value - finance lease asset	**(31,258)**	(31,207)
Committed properties with purchase contracts exchanged	**25,482**	9,946
Total investment properties including committed properties with purchased contracts exchanged	**375,012**	351,074

Included within the carrying value of investment properties at 31 March 2022 is £1,487,843 (30 September 2021: £921,904) 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 the fair value.

The historical cost of investment properties at 31 March 2022 was £312,564,579 (30 September 2021: £309,703,457).

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 31 March 2022 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 £31,257,557 (£31,207,393 at 30 September 2021), representing the present value of ground rents payable for the properties held by the Group under leasehold – further information is provided in note 29. 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 leases. The related 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 all of its investment properties (including inventory) to secure loan facilities granted to the Group (see note 20).

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 31 March 2022 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.

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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 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 31 March 2022 £mn	+ Updated Valuation £mn	_ Updated Valuation £mn
Retirement	Regional Yields	+/- 25bps	220.4	214.5	226.3
	HPI	+/- 10bps	220.4	220.4	220.2
Shared Ownership	Rental Discount Rate	+/- 25bps	98.1	96.7	100.0
	RPI	+/- 10bps	98.1	99.1	97.2

16. Trade and other receivables

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Trade debtors	**998**	968
Prepayments	**2,502**	2,488
Other debtors	**73**	595
	3,573	4,051

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 aging.

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.

17. Deposits paid for acquisitions

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Deposit paid for acquisitions	**2,780**	1,158
	2,780	1,158

The deposits paid as at 31 March 2022 relate to the acquisition of 186 shared ownership homes from Orbit which completed in April 2022 and 20 homes located in Croydon. which are expected to complete in the second half of FY2022.

The deposits paid as at 30 September 2021 relate to the acquisition of 46 shared ownership homes in Leicestershire and Croydon of which 26 were acquired during the period with the rest expected to complete in the second half of FY2022.

18. Cash and cash equivalents

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Cash at bank	**34,574**	5,684
Cash held as investment deposit	**2**	2
	34,576	5,686
Restricted cash	**3,247**	2,684
	37,823	8,370

During the period, the Group has reassessed the classification of restricted cash and has included it in cash and cash equivalents at 31 March 2022. In prior periods, this balance was not included in cash and cash equivalents in the Consolidated Statement of Cashflows. Comparatives have not been adjusted for this reclassification on grounds of materiality. Included within cash at the period end was an amount totalling £3,246,555 (£2,684,080 at 30 September 2021) 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.

£1,279,319 (30 September 2021: £1,227,234) 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 April 2022.

£1,539,914 (30 September 2021: £1,139,258) was held by US Bank in respect of funds required as a debt service reserve for the shared ownership debt.

£427,322 (30 September 2021: £317,588) 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 £15.5 billion AUM, hence the Group's investment deposit represents an immaterial proportion of the fund.

19. Trade and other payables

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Trade payables	**2,585**	3,735
Accruals	**1,789**	1,756
VAT payable	**–**	3
Deferred income	**651**	661
Other creditors	**1,626**	1,583
	6,651	7,738

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.

20. Borrowings

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Loans	**188,911**	170,814
Unamortised borrowing costs	**(2,321)**	(2,475)
	186,590	168,339
Current liability	**13,868**	2,984
Non-current liability	**172,722**	165,355
	186,590	168,339
The loans are repayable as follows:		
Within one year	**13,868**	2,984
Between one and two years	**2,726**	14,792
Between three and five years	**8,748**	6,911
Over five years *	**161,248**	143,652
	186,590	168,339

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

Movements in borrowings are analysed as follows:

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
At beginning of period	**168,339**	141,101
Drawdown of facility	**20,000**	25,128
New borrowing costs	**–**	(275)
Amortisation of loan costs	**154**	259
Fair value movement	**1,033**	2,731
Repayment of borrowings	**(2,936)**	(605)
At end of period	**186,590**	168,339

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	97,000	94,916	Jun-43	3.5 Fixed (Average)
National Westminster Bank Plc	14,450	13,450	Jan-23	1.5 over SONIA
	111,450	**108,366**		
Held at fair value				
Universities Superannuation Scheme	77,500	80,545	May-65	0.6 (Average)*
	77,500	**80,545**		
Total borrowings	**188,950**	**188,911**		

*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.

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 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 31 March 2022 was £77.5mn (30 September 2021: £57.5mn) with an amortised cost of £80.6mn (30 September 2021: £59.0mn).

The Universities Superannuation Scheme borrowings have been fair valued by calculating the present value of future cashflows, using the relevant inflation linked gilt rate at the date of valuation. The inflation linked gilt rate used for the valuation as at 31 March 2022 was -2.151% (30 September 2021: - 2.304%)

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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 31 March 2022 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 the 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 £1.5mn.

The fair value of borrowings held at amortised cost at 31 March 2022 was £105.1mn (£114.2mn at 30 September 2021).

The Scottish Widows facility is secured by a first charge over retirement properties with a fair value of £220.4mn.

The NatWest facility is secured by a first charge over Local Authority Housing properties with a fair value of £31.0mn.

The Universities Superannuation Scheme facility is secured by a first charge over shared ownership properties with a fair value £98.1mn cash of £30.2mn, related inventory of £0.3mn, deposits of £2.8mn and restricted cash balances of £1.5mn.

The Group has a revolving capital facility of £10mn with Santander UK plc. As at the period end, £nil amounts had been drawn down under the facility. The facility bears interest at SONIA plus 2.80%.

21. 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 staircase, ReSI will be required to recycle the grant into the purchase of new properties within three years or 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 31 March 2022 was £124,923 (30 September 2021: £38,000)

22. Share capital account

	Number of Ordinary 1p shares	£'000
At 31 March 2021 and 30 September 2021	**180,324,377**	1,803
Issue of shares	**13,824,884**	138
At 31 March 2022	**194,149,261**	1,941

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.

During the period, 13,824,884 ordinary shares of 1p each were issued at a premium of £1.075 per share. Costs of £265,284 associated with the share issue have been offset against the share premium account.

Treasury shares do not hold any voting rights.

23. Share premium account

	£'000
At 31 March 2021 and 30 September 2021	108
Issue of shares	14,862
Share issue costs	(265)
At 31 March 2022	14,705

The share premium account relates to amounts subscribed for share capital in excess of nominal value.

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24. Own shares reserve

	£'000
At 31 March 2021	(8,626)
Purchase of own shares	(111)
Transferred as part of Fund Management fee	222
At 30 September 2021	(8,515)
Purchase of own shares	(117)
Transferred as part of Fund Management fee	227
At 31 March 2022	**(8,405)**

The own shares reserve relates to the value of shares purchased by the Company in excess of nominal value.

During the period ended 31 March 2022, the Company purchased 109,221 of its own 1p ordinary shares at a total gross cost of £117,155 (£114,300 cost of shares and £2,825 associated costs).

During the period, 214,713 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 31 March 2022, 9,092,641 (30 September 2021: 9,198,133) 1p Ordinary Shares are held by the Company.

25. Retained earnings

	£'000
At 31 March 2021	186,425
Profit for the period	6,848
Share based payment charge	222
Issue of management shares	(222)
Dividends	(4,277)
At 30 September 2021	188,996
Profit for the period	7,836
Share based payment charge	227
Issue of management shares	(227)
Dividends	(4,416)
At 31 March 2022	**192,416**

Retained earnings incorporate all gains and losses and transactions with shareholders (e.g. dividends) not recognised elsewhere.

26. 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
RHP Holdings Limited	100%	UK	UK	Holding company
ReSI Portfolio 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
RHP Holdings Limited	80 Cheapside, London, England, EC2V 6EE
ReSI Portfolio 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.

Notes to the Condensed Financial Statements

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27. Notes to the cash flow statement

The liabilities arising from financing activities are reconciled below:

	Borrowings due within one year (note 20) £'000	Borrowings due in more than one year (note 20) £'000	Fair value of interest rate swaps £'000	Lease liabilities (note 29) £'000	Total £'000
At 1 October 2021	2,984	165,355	–	31,207	**199,546**
Cash flows					
Borrowings reclassified	13,820	(13,820)	–	–	**–**
Borrowings advanced	–	20,000	–	–	**20,000**
Borrowings repaid	(2,936)	–	–	–	**(2,936)**
Ground rent paid	–	–	–	(513)	**(513)**
Non-cash flows					
Amortisation of debt set up fees	–	154	–	–	**154**
Change in fair value of borrowings	–	1,033	–	–	**1,033**
Recognition of headlease liabilities acquired	–	–	–	564	**564**
At 31 March 2022	13,868	172,722	–	31,258	**217,848**

	Borrowings due within one year (note 20) £'000	Borrowings due in more than one year (note 20) £'000	Fair value of interest rate swaps £'000	Lease liabilities (note 29) £'000	Total £'000
At 1 October 2020	388	140,713	104	29,576	**170,781**
Cash flows					
Borrowings reclassified	14,450	(14,450)	–	–	**–**
Borrowings advanced	322	19,678	–	–	**20,000**
Borrowings repaid	(301)	–	–	–	**(301)**
Ground rent paid	–	–	–	(512)	**(512)**
Non-cash flows					
Amortisation of debt set up fees	–	108	–	–	**108**
Change in fair value of borrowings	–	982	–	–	**982**
Change in fair value of interest rate swaps	–	–	(48)	–	**(48)**
Recognition of headlease liabilities acquired	–	–	–	2,097	**2,097**
At 31 March 2021	14,859	147,031	56	31,161	**193,107**

28. Dividends

	Unaudited 6 months to 31 March 2022 £'000	Unaudited 6 months to 31 March 2021 £'000	Audited 6 months to 30 September 2021 £'000
Amounts recognised as distributions to shareholders in the period to 31 March 2022:			
4th interim dividend for the year ended 30 September 2021 of 1.29p per share (2020: 1.25p)	**2,208**	**2,137**	**–**
1st interim dividend for the year ended 30 September 2022 of 1.29p per share (2021: 1.25p)	**2,208**	**2,138**	**–**
	4,416	**4,275**	**–**
Categorisation of dividends for UK tax purposes:			
Amounts recognised as distributions to shareholders in the period:			
Property Income Distribution (PID)	**2,568**	**2,052**	–
Non-PID	**1,848**	**2,223**	–
	4,416	**4,275**	–
Amounts not recognised as distributions to shareholders in the period:			
2nd interim dividend for the year ended 30 September 2021 of 1.25p per share (2020: 1.25p)	**–**	**–**	2,138
3rd interim dividend for the year ended 30 September 2021 of 1.25p per share (2020: 1.25p)	**–**	**–**	2,139
	–	**–**	4,277

On 27 January 2022, the Company declared its first interim dividend of 1.29 pence per share for the period 1 October 2021 to 31 December 2021.

On 24 May 2022, the Company declared its second interim dividend of 1.29 pence per share for the period 1 January 2022 to 31 March 2022.

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.

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

29. Lease arrangements

The Group as lessee

The interest expense in respect of lease liabilities for the period was £513,000 (31 March 2021: £512,000).

There was no expense relating to variable lease payments in the period (31 March 2021: 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 £513,000 (31 March 2021: £512,000).

At 31 March 2022, the Group had outstanding commitments for future minimum lease payments under non-cancellable leases, which fall due as follows:

As at 31 March 2022	Less than one year £'000	Two to five years £'000	More than five years £'000	Total £'000
Minimum lease payments	991	3,965	127,686	132,642
Interest	–	(289)	(101,095)	(101,384)
Present value at 31 March 2022	**991**	**3,676**	**26,591**	**31,258**

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

The above commitment is in respect of ground rents payable for properties held by the Group under leasehold. There are 2,341 properties (30 September 2021: 2,281) held under leasehold with an average unexpired lease term of 158 years (30 September 2021: 157 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:

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Receivable within 1 year	7,055	6,616
Receivable between 1-2 years	4,958	4,544
Receivable between 2-3 years	4,958	4,544
Receivable between 3-4 years	4,958	4,544
Receivable between 4-5 years	3,736	4,544
Receivable after 5 years	330,266	289,871
	355,931	314,663

The total of contingent rents recognised as income during the period was £nil (31 March 2021: £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 8% of total rental income.

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

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:

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Receivable within 1 year	**23,690**	22,971
Receivable between 1-2 years	**20,231**	19,576
Receivable between 2-3 years	**17,444**	16,839
Receivable between 3-4 years	**15,195**	14,631
Receivable between 4-5 years	**12,157**	12,847
Receivable after 5 years	**378,857**	338,144
	467,574	425,008

30. Net asset value per share

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.

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Net assets	**200,657**	182,392
	200,657	182,392
Ordinary shares in issue at period end (excluding shares held in treasury)	**185,056,620**	171,126,244
Basic NAV per share (pence)	**108.4**	106.6

The net asset value ('NAV') per share 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

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
IFRS NAV per the financial statements	**200,657**	182,392
Revaluation of trading properties	**28**	278
Fair value of financial instruments	**(64)**	2,012
Real estate transfer tax	**-**	–
EPRA NTA	**200,621**	184,682
Fully diluted number of shares (thousands)	**185,057**	171,126
EPRA NTA per share (pence)	**108.4**	107.9

The Group has debt which it has elected to carry at fair value through profit and loss. In accordance with the EPRA Best Practice Recommendations, EPRA NTA should reflect the amortised cost of the debt rather than its fair value. In the current period, an adjustment has been made for £3.1mn which represents the difference between fair value and what amortised cost would have been had the Group carried the debt at amortised cost. No adjustment was made in the prior year as it was immaterial. The adjustment would have been £1.5mn for the year ended 30 September 2021 and £0.3mn for the six months ended 31 March 2021.

31. Contingent liabilities and commitments

ReSI's shared ownership portfolio has been supported by £14mn 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 21). ReSI is committed to the acquisition of 20 shared ownership units in South London which are expected to complete in H2 2022, at a total acquisition cost of £7m.

During the period ReSI made commitments (by exchange of contracts) for 186 shared ownership units, which completed in April 2022, at a total acquisition cost of £21mn.

There are no provisions for fines and settlements specified for ESG (Environmental, Social or Governance) or any other issues.

Notes to the Condensed Financial Statements

For the period 1 October 2021 to 31 March 2022

32. 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 period ended 31 March 2022, 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 9, 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 period ended 31 March 2022, the Company incurred £907,048 (period ended 31 March 2021: £911,172) in respect of fund management fees of which £337,300 was outstanding as at 31 March 2022 (31 March 2021: £nil). The above fee was split between cash and equity as per the Fund Management Agreement with the cash equating to £680,286 (31 March 2021: £683,380) and the equity fee of £226,621 (31 March 2021: £227,972) being paid as 214,713 Ordinary Shares (31 March 2021: 251,394) at an average price of £1.06 per share (31 March 2021: £0.91 per share).

In addition, the Fund Manager was paid a fee, pursuant to the Fund Management Agreement, of £143,271 (31 March 2021: £159,214) in respect of its arrangement of borrowings for the Group. The full amount was outstanding at 31 March 2022 (31 March 2021: £nil)

During the period the Directors and the Fund Manager received dividends from the Company of £7,018 (31 March 2021: £4,210) and £38,616 (31 March 2021: £23,542) 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 period, RPML charged fees of £804,059 (31 March 2021: £nil) in respect of property management services.

33. Post balance sheet events

On 8 April 2022, the Company completed on the acquisition of 186 shared ownership freehold homes in the Orbit II portfolio in the Southeast and East of England at a cost of £21mn.

On 4 May 2022 the Company exchanged contracts for the acquisition of 39 new build shared ownership homes in South London for net consideration of £7.5mn.

There have been no other significant events that require disclosure to, or adjustment in the financial statements as at 31 March 2022.

34. Financial instruments

The table below sets out the categorisation of the financial instruments held by the Group as at 31 March 2022. Borrowings held at amortised cost have a fair value of £105.1mn. The carrying amount of other financial instruments approximates to their fair value.

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Financial assets		
At amortised cost		
Trade and other receivables	**1,071**	1,563
Cash and cash deposits	**37,823**	8,370
	38,894	9,933
Financial liabilities		
At amortised cost		
Obligations under finance leases	**31,258**	31,207
Borrowings	**106,045**	108,826
Trade and other payables	**6,001**	7,074
	143,304	147,107
At fair value through profit or loss		
Borrowings	**80,545**	59,513
	80,545	59,513
	223,849	206,620

Supplementary Financial Information

For the period 1 October 2021 to 31 March 2022

1. 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.

	Unaudited 31 March 2022 £'mn	Audited 30 September 2021 £'mn
Annualised net rental income at balance sheet date	**14.9**	14.3
Historical cost of investment property	**312.6**	309.7
Historical cost of investments not yet income producing	**(1.0)**	(14.8)
Historical cost of income producing investment properties	**311.6**	294.9
Net yield	**4.8%**	4.9%

2) Total Return on EPRA 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.

	Unaudited 6 months to 31 March 2022 £'mn	Unaudited 6 months to 31 March 2021 £'mn
Operating profit before property disposals and change in fair value	**7.0**	5.5
Valuation movement of investment properties	**4.9**	2.8
Finance costs	**(3.0)**	(3.0)
Debt Indexation*	**(3.1)**	–
Share issuance costs	**(0.3)**	–
Revaluation of trading properties	**(0.3)**	(0.4)
Property return	**5.2**	4.9
IFRS NAV at beginning of the prior year	**182.4**	179.6
Revaluation of trading properties	**0.3**	0.7
Fair value of financial instruments	**2.0**	(0.6)
Real estate transfer tax	**–**	–
Opening EPRA NTA	**184.7**	179.7
Total return on opening NTA (%)	**2.8%**	2.7%

* The Group has debt which it has elected to carry at fair value through profit and loss. In accordance with the EPRA Best Practice Recommendations, EPRA NTA should reflect the amortised cost of the debt rather than its fair value. In the current period, an adjustment has been made for £3.1mn which represents the difference between fair value and what amortised cost would have been had the Group carried the debt at amortised cost. No adjustment was made in the PY as it was immaterial. The charge would have been £1.5mn for the year ended 30 September 2021 and £0.3mn for the six months ended 31 March 2021.

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.

	Unaudited 6 months to 31 March 2022 £'mn	Unaudited 6 months to 31 March 2021 £'mn
Net Income	**7.8**	4.4
Share issuance costs	**(0.2)**	–
Total Return	**7.6**	4.4
Net Asset Value at the beginning of the year	**182.4**	179.6
Total IFRS return on opening NAV (%)	**4.2%**	**2.4%**

4) Loan to Value Ratio

The LTV leverage ratio has been presented to enable a comparison of the group's borrowings as a proportion of Gross Assets as at 31 March 2022 to its medium term target LTV leverage ratio of 0.50.

	Unaudited 31 March 2022 £'000	Audited 30 September 2021 £'000
Borrowings excluding lease liability	**186,590**	168,339
Available cash*	**(36,116)**	(6,825)
Net debt excluding lease liability and cash Increase/(decrease) in the year	**150,473**	161,514
Total assets less finance lease gross up and cash	**356,200**	350,137
Loan to Value ("LTV") leverage ratio	**0.42**	**0.46**

* Available cash includes amounts held by US Bank in respect of funds required as a debt service reserve for the shared ownership debt.

2. 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.

Supplementary Financial Information

For the period 1 October 2021 to 31 March 2022

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.	2.0p per share for the period 31 March 2022. (31 March 2021:1.3p) Adjusted EPRA Earnings per share excluding one off costs and including first tranches sales for the period were 2.4p 31 March 2021: 1.8p

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** £200.6mn or 108.4p per share at 31 March 2022 (£184.7mn or 107.9p per share at 30 September 2021) **EPRA NDV** £204mn or 110.2p per share at 31 March 2022 (£178.2mn or 104.1p per share at 30 September 2021)

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 31 March 2022 (3.6% at 30 September 2021)

Supplementary Financial Information

For the period 1 October 2021 to 31 March 2022

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 31 March 2022 (3.6% at 30 September 2021)

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	EPRA vacancy rate has not been disclosed for the half year to 31 March 2022 as ERV of the portfolio is only assessed, by external valuers, at year end.

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) 37% at 31 March 2022 (43% at 30 September 2021) EPRA Cost Ratio (excluding direct vacancy costs) was 34% at 31 March 2022 (39% at 30 September 2021)

7. EPRA LTV

Definition	Purpose	Result
Net debt divided by Total Property value.	A key (shareholder-gearing) metric to determine the percentage of debt comparing to the appraised value of the properties.	43% at 31 March 2022 (47% at 30 September 2021)

Supplementary Financial Information

For the period 1 October 2021 to 31 March 2022

1) EPRA Earnings per share

	31 March 2022 £'000	31 March 2021 £'000
Earnings per IFRS income statement	7,836	4,373
Changes in value of investment properties	(4,975)	(2,758)
Profits or losses on disposal of investment properties	27	(20)
Profits or losses on sales of trading properties incl. impairment charges in respect of trading properties.	(336)	(391)
Changes in fair value of financial instruments and associated close-out costs	1,033	983
EPRA Earnings	3,585	2,187
Basic number of shares (Weighted Average)	175,128	171,020
EPRA Earnings per share (EPS) (pence)	2.0	1.3

Adjusted EPRA Earnings per share

	31 March 2022 £'000	31 March 2021 £'000
Company specific adjustments:		
Exclude one off costs	301	497
Include shared ownership first tranche sales	336	391
Company Specific Adjusted Earnings	4,222	3,075
Company specific Adjusted Earnings EPRA per share (pence)	2.4	1.8

2) EPRA Net Tangible Assets (NTA) and EPRA Net Reinstatement Value (NRV)

	31 March 2022 £'000	30 September 2021 £'000
IFRS NAV per the financial statements	200,657	182,392
Revaluation of trading properties	28	278
Fair value of financial instruments	(64)	2,012
Real estate transfer tax	–	–
EPRA NTA	200,621	184,682
Fully diluted number of shares	185,057	171,126
EPRA NTA per share (pence)	108.4	107.9

The Group has debt which it has elected to carry at fair value through profit and loss. In accordance with the EPRA Best Practice Recommendations, EPRA NTA should reflect the amortised cost of the debt rather than its fair value. In the current period, an adjustment has been made for £3.1mn which represents the difference between fair value and what amortised cost would have been had the Group carried the debt at amortised cost. No adjustment was made in the PY as it was immaterial. The adjustment would have been £1.5mn for the year ended 30 September 2021 and £0.3mn for the six months ended 31 March 2021.

The fair value of financial instruments removes the effect of mark-to-market adjustments, arising from the movement in gilt yields and credit spreads, to include the value of debt at amortised cost which will be crystallised through holding debt in normal circumstances.

3) EPRA Net Disposable Value (NDV)

	31 March 2022 £'000	30 September 2021 £'000
IFRS NAV per the financial statements	200,657	182,392
Revaluation of trading properties	28	278
Fair value of fixed interest rate debt	3,282	(4,511)
EPRA NDV	203,967	178,159
Fully diluted number of shares	185,057	171,126
EPRA NDV per share (pence)	110.2	104.1

4) EPRA Net Initial Yield (NIY) AND EPRA "Topped Up" NIY

	31 March 2022 £'000	30 September 2021 Restated £'000
Investment property – wholly owned	349,530	341,128
Trading property (including share of JVs)	317	3,800
Completed property portfolio	349,847	344,928
Allowance for estimated purchasers' costs estimated at 6% of property portfolio	20,991	20,696
Gross up completed property portfolio valuation	370,838	365,624
Annualised cash passing rental income	23,031	21,805
Property outgoings	(8,598)	(8,661)
Annualised net rents	14,433	13,144
Add: notional rent expiration of rent-free periods or other lease incentives	46	–
Topped-up net annualised rent	14,479	13,144
EPRA NIY	3.9%	3.6%
EPRA Topped up NIY	3.9%	3.6%

In accordance with the EPRA Best Practice Recommendations, EPRA NIY should be based on net passing cash rental. The prior period annualised rental income has been updated to reflect this.

5) EPRA Vacancy Rate

EPRA vacancy rate has not been disclosed for the half year to 31 March 2022 as Enterprise Rental Value of the portfolio is only assessed, by external valuers, at year end.

Supplementary Financial Information

For the period 1 October 2021 to 31 March 2022

6) EPRA Cost Ratios

	31 March 2022 £'000	31 March 2021 Restated £'000
Administrative/operating expense line per IFRS income statement	**1,466**	1,403
Net service charge costs/fees	**2,398**	2,319
Management fees less actual/estimated profit element	**973**	963
Other property operating expenses	**928**	1,112
Service charge costs recovered through rents but not separately invoiced	**(2,235)**	(2,120)
EPRA Costs (including direct vacancy costs)	**3,530**	3,677
Direct vacancy costs	**(273)**	(392)
EPRA Costs (excluding direct vacancy costs)	**3,257**	3,285
Gross Rental Income less ground rents – per IFRS	**11,881**	10,857
Less: service fee and service charge costs components of Gross Rental Income	**(2,235)**	(2,120)
Gross Rental Income	**9,646**	8,337
EPRA Cost Ratio (including direct vacancy costs)	**37%**	44%
EPRA Cost Ratio (excluding direct vacancy costs)	**34%**	39%

In accordance with the EPRA Best Practice Recommendations, EPRA Costs should exclude service charges recovered through rents but not separately invoiced and include all property operating expenses. The prior period costs have been updated to reflect this.

Gross rental income includes service charges collected from tenants, included in rent collected but not separately invoiced, of £2,234,630 during the period (2021: £2,119,937). Service charge expenses, as reflected in the cost of sales on the Statement of Comprehensive Income, also includes amounts paid in respect of properties which were vacant during the period of £163,042 (2021: £199,469).

Management fees less actual/estimated profit element is made up of property management fees paid during the period.

7) EPRA LTV

	31 March 2022 £'000	31 March 2021 £'000
Borrowings	**186,590**	168,339
Net payables	**107**	–
Less cash	**(37,823)**	(8,370)
Net Debt	**148,874**	159,969
Investment Properties at fair value	**349,530**	341,128
Net Receivables	**–**	1,233
Total Property Value	**349,530**	342,361
EPRA LTV	**43%**	47%

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 subsidiary of Gresham House, 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.
Like-for-like rental review	The change in gross rental income in a period for homes that were occupied and eligible for a rent review during the period under review. Applies to changes in gross rents on a comparable basis and excludes the impact of acquisitions, disposals and resident turnover.
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.

Glossary

REIT	Real estate investment trust.
Rental Agreement	comprise Leases, Occupancy Agreements and Nominations Agreements.
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

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Company Information

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