

Since 1857
Gresham House
Specialist asset management

Residential Secure Income plc

Annual Report & Accounts 2022

30 September 2022

Purpose

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 residential sub-sectors in the UK - independent retirement rentals and shared ownership - underpinned by an ageing demographic and untapped, strong demand for affordable home ownership.

Our purpose is to deliver affordable, high quality, safe homes with great customer service and long-term stability of tenure for residents. We achieve this through meeting demand from housing developers (housing associations, local authorities and private developers) for long-term investment partners to accelerate the development of socially and economically beneficial affordable housing.

Strategic Report

01

Strategic Report

Portfolio Snapshot

We invest in UK affordable homes to deliver secure inflation linked income

3,284
Homes

Including 41 committed acquisitions

30 September 2021: 3,051

£16.0mn
Net rental income for the year to 30 September 2022

Year to 30 September 2021: £13.2mn

See note 6 on page 141

2,608
Number of counterparties

30 September 2021: 2,356

926
Unique UK Property Locations

30 September 2021: 793

£383mn
Value of Investment Property*

Including £9mn committed acquisitions

30 September 2021: £351mn

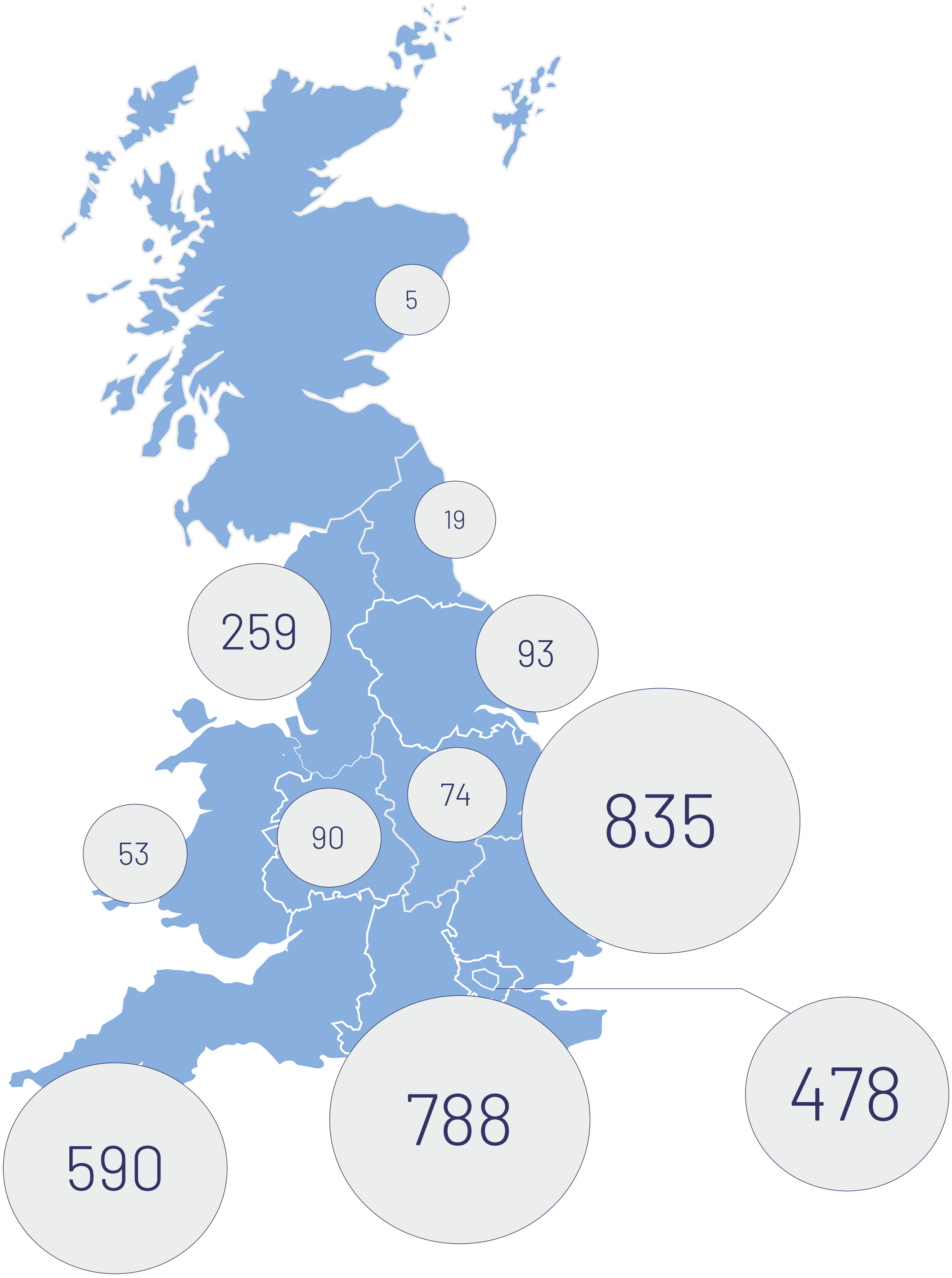
See note 17 on page 148

5.0%
Annualised net rental yield*

30 September 2021: 4.9%

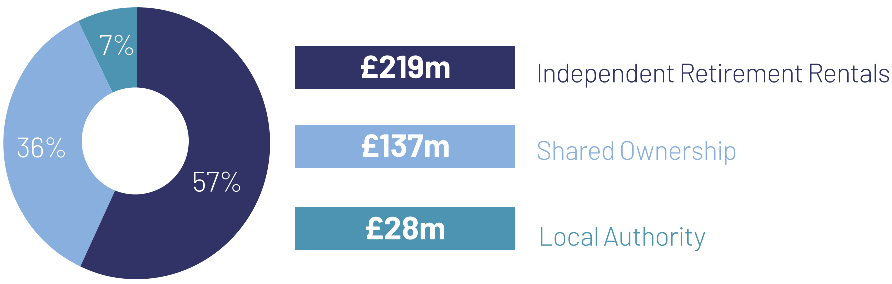
See Supplementary information on page 172

* Alternative performance measure



Portfolio Split

By Valuation



Our Portfolio Focus

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

Independent Retirement Living Housing

(£219mn GAV / 2,215 Homes / 57% of portfolio)

Shared Ownership Housing

(£137mn GAV[1] / 780 Homes / 36% 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 retirees, allowing them to maintain their independence without care provision	▪ Homebuyers acquire a share in a residential property and rent the remainder ▪ Helps house buyers acquire homes they would otherwise be unable to buy ▪ Capital grant funding from Government allows total shared ownership housing costs to be c.40% below the level expected for renting an equivalent property in the private rented sector
Rent Growth	▪ Increase with RPI each year, capped at 6.0%	▪ Increase contractually by RPI+ 0.5% each year
Secure income	▪ Rental income paid from pensions and welfare	▪ Subsidised rents c.30% below market ▪ Homebuyer equity stake
ReSI origination advantages	▪ Scale: UK's largest private independent retirement rentals business ▪ Specialist in-house 25-person investment team with over 20-year track record	▪ ReSI Housing – for-profit Registered Provider of Social Housing ▪ Unique 45-year, 0.9% coupon, RPI linked USS debt facility

1. Including committed acquisitions.

Independent Retirement Living Housing

(£219m GAV / 2,215 Homes / 57% of portfolio)

Shared Ownership Housing

(£137m GAV[1] / 780 Homes / 36% of portfolio)

	Independent Retirement Living Housing	Shared Ownership Housing
Average vacant possession value[2]	c.£110,000 per home	c.£328,000 per home
Net Yield on Cost	5.2%	3.6%
Levered Yield on Cost	6.7%	7.5%
Average customer stay / length of lease[3]	6 years	250 years
Annualised like for like rental growth	4.6%	5.4%
September 2022 Occupancy	94%	100%[4]

2. Shared ownership vacant possession value includes both the value of ReSI's 63% average equity position, and the 37% owned by residents.
3. Assuming no staircasing.
4. The shared ownership portfolio owned since September 2021 is fully occupied. Including recent untenanted acquisitions, shared ownership occupancy is 98%.

Financial Highlights (as at 30 September 2022)

Income

5.0p / +19%

EPRA Adjusted Earnings Per Share*

Adjusted Earnings Per Share Year ended 30 September 2021: 4.2p

See note 15 on page 145

3.3%

Total Return (on Opening NTA)*

Year ended 30 September 2021: 7.5%

See Supplementary information on page 172

7.1%

Total IFRS Return (on Opening NAV)

Year ended 30 September 2021: 6.2%

See Supplementary information on page 172

£9.0mn / +26%

Recurring profit before change in fair value and property disposals*

Year ended 30 September 2021: £7.1m

See note 15 on page 145

7.4p

IFRS Earnings Per Share

Year ended 30 September 2021: 6.6p

See note 15 on page 145

5.16p

Dividend Per Share

Year ended 30 September 2021: 5.0p

4.5%

Like-for-like rent growth*

Year ended 30 September 2021: 1.5%

97%

Dividend coverage*

Year ended 30 September 2021: 85%

See note 15 on page 145

* Alternative performance measure

Financial Highlights (as at 30 September 2022)

Capital

108.8p / +2.0%

IFRS Net Asset Value per share

30 September 2021: 106.6p

See note 32 on page 157

106.1p / -1.7%

EPRA Net Tangible Asset Value (NTA) per share*

30 September 2021: 107.9p

See note 32 on page 157

3.3% (6.4mn 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 Annual Report

(30 September 2021: 2.4% or 4.1mn shares)

£383mn[5]

Value of Investment Property*

30 September 2021: £351mn

See note 17 on page 148

2.4%

Weighted Average Cost of Debt

30 September 2021: 2.3%

47%

Loan To Value Ratio (LTV)

30 September 2021: 47%

See supplementary information on page 172

22 Years

Weighted Average Remaining Life of Debt

30 September 2021: 22 years

* Alternative performance measure

5. Including £9mn committed acquisitions

Chairman's Statement

"Reduction in retirement voids, strong like for like rental growth, full occupation of our shared ownership portfolio as well accretive acquisitions have driven the growth seen in ReSI's underlying financial results for the year, all underpinned by consistent rent collection – positioning ReSI well for next year."

Summary

The past year has continued to demonstrate that despite volatility in both the economic and political environment the need for high-quality affordable housing continues to increase, a trend we expect to continue through 2023.

I am pleased to report ReSI's portfolio continues to be defensive and positioned to weather economic stress. Demand for our high-quality affordable accommodation continues to be strong, whether in our existing portfolio or our newly acquired homes. This has been illustrated by ReSI delivering strong 4.5% like for like rental growth whilst increasing occupancy in our retirement portfolio to its highest ever level (averaging 94% for the year) and fully occupying our shared ownership portfolio. All underpinned by our consistent 99% rent collection. ReSI now owns a portfolio of 3,284 homes worth £383m (including commitments to acquire 41 homes for £9m) and we have grown our adjusted earnings by 26% year on year to £9mn.

ReSI raised £15mn of equity in February to grow our shared ownership portfolio, the proceeds of which are fully invested in 286 shared ownership homes, the full year impact of which will continue to drive performance in FY 2023.

ReSI's social value is demonstrated by extending affordable housing to under-served segments of the housing market: primarily 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.

Importantly, the economic environment and cost of living crisis impacts the lives of our residents, and we will continue to balance rent increases and investing in our portfolio with ensuring the affordability of our homes for our residents and the long-term resilience of our income. For example, retirement rent increases have been capped at 6.0% during the year, generating an annual saving of £164k p.a. for retirees. We also offer further rent caps and rent freezes to provide financial support to our retirement residents most in need. This support has grown from £32k in the six months to March to a total annualised amount for the year of £86k.

Furthermore we continue to aim to be a best-in-class provider of affordable housing and drive an improvement in standards across the sector. In shared ownership, ReSI Capital Management Limited (the "Fund Manager") has unique Customer and Environmental Charters setting out commitments to our residents and stakeholders, and we continue to invest in improving the energy efficiency of our retirement portfolio and investing in technology to make the lives of our residents easier. During the current year ReSI has focused on the least energy efficient homes within its portfolio and has upgraded 61% of our D rated directly-rented retirement homes to a minimum EPC of C, marking great progress on our plan to achieve this for all by 2025 – a key part of ReSI's ambition of reducing the carbon footprint of our portfolio.

Net Asset Value and Results

ReSI's FY 2022 financial results build on the earnings growth produced in FY 2021. This growth was driven by reducing retirement voids throughout the year, rent increases across all three asset classes, continued progress in occupying our shared ownership portfolio and substantial shared ownership investments acquisitions.

These factors and ReSI's disciplined approach to selecting and managing investments helped deliver £9.0m of EPRA adjusted earnings, up 24% from £7.1m last year. This is equivalent to 5.0p per share (FY 2021 4.2p) in line with EPRA adjusted earnings of 5.0p (FY 2021 4.2p) (See Note 15).

The portfolio's valuation, assessed by Savills, rose £2mn, or 0.6% on a like-for-like fair value basis for year, to £383mn (including £9mn committed acquisitions). This was driven by 4.5% like-for-like rental growth, largely offset by year-over-year increases of 35bps in the weighted average discount rates, caused by increases in risks free rates over the year. This increase in discount rates was the largest drag on ReSI's performance in the year.

After accounting for debt indexation and one-offs ReSI produced a total EPRA NTA return of 3.4 pence per share (3.1%) during the financial year, or 4.6p (4.3%) total return on a recurring basis . After paying a dividend of 5.16 pence per share, the EPRA NTA per share decreased 2% to 106.1p during the year to 30 September 2022 (1% decline on a recurring basis).

IFRS earnings per share for the year were 7.4 pence per share (6.8%), leading to an increase in the IFRS NAV by 2.0% to 108.8 pence after paying out the 5.16 pence dividend. The difference to EPRA NTA returns is primarily caused by an increase in the amortised cost value of debt (EPRA) versus fair value of debt (IFRS) of 3.9 pence (£7.0m). 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.

Dividend Outlook

Dividends totalling 5.16 pence were declared for the year, matching our target increase of 3.1% versus the prior year, in line with September 2021 CPI, reflecting the inflation-linkage of the portfolio. The dividend is paid in equal quarterly dividends of 1.29 pence.

Our dividend was 97% covered by recurring income in the year, with the drop below 100% primarily reflecting the impact of ReSI's capital raise in February, and the lag on dividend coverage whilst this was deployed. Full dividend coverage returned in Q4 once these new investments were onboard.

We anticipate that FY 2023 will see earnings growth from inflation-linked rents, as well as shared ownership acquisitions and leasing activity but this could be offset by one-off operating expenses increasing ahead of rent increases (driven by ReSI's retirement rentals operations where we are responsible for energy costs in communal areas) and increases in floating-rate interest expenses.

In light of these headwinds, we are currently focused on maintaining (and growing beyond) dividend coverage on a dividend in line with FY 2022 at 5.16 pence per Ordinary Share. Any revision or adjustment to the dividend target will require greater confidence that interest rates have peaked, and energy costs stabilised. For FY 2024 and beyond these one-offs could be static or potentially reduce, allowing for higher dividends and supporting our goal to over the longer term delivering sustained dividend growth that broadly tracks inflation.

This approach will allow ReSI to balance long-term inflation linked returns whilst continuing to pay attractive dividends to shareholders.

6. Total recurring return excludes the impact of one-off costs and a one-time debt indexation catch-up adjustment. The Group has debt which it 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 £5.2mn 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 charge would have been £1.5mn for the year ended 30 September 2021.

Continuation Vote

The Company's articles of association require the Board to propose a continuation vote as an ordinary resolution at the annual general meeting following the fifth anniversary from the initial public offering (IPO) of the Company and at every fifth AGM thereafter. The first resolution is expected to be presented at the AGM in January 2023. Following discussions with a number of shareholders and on the basis of the growth seen since the IPO, the long term nature of its assets with supporting debt funding and the attractiveness of the Company's low risk inflation linked income, the Directors are of the opinion that the continuation resolution at the forthcoming AGM will be passed.

Outlook

The current high inflationary environment is raising the cost of living for citizens across the country at the same time the UK is entering into a recession. Now, more than ever, the Company's investment thesis is supported by a growing need for affordable housing in the UK, across the age spectrum. The country's structural housing shortfall continues and most of the population lives in areas where home purchase is unaffordable.

The British Property Federation estimates a need for an extra £34bn per annum of investment into affordable housing over the next decade to make start to tackle the shortfall. Housing associations, who have historically been the primary investors in affordable housing, are now dealing with rent caps on their social and affordable rent portfolios in addition to allocating c. £10 billion for fire safety and c. £25 billion to upgrade the energy efficiency of their stock by 2030[7,8]. These financial pressures reduce their ability to provide new affordable homes, and further support for new long-term investment in the sector.

The Government continues to encourage new investment, particularly through its Homes England's Affordable Homes Programme, which provides total funding of £12.2 billion to help subsidise 180,000 new affordable homes by 2026. We remain excited by the opportunity to help housing associations recycle their capital with developers to deliver new affordable homes, helping to meet the critical shortage of affordable homes for independent retirement living and home ownership and in turn delivering inflation-linked income to our investors.

ReSI has built a platform of resilient cash-generative assets and low-cost, long-term debt which, when paired with the robust governance from its for-profit Registered Provider and Gresham House's resources and partnerships, provides a strong basis for future growth. The Board remains confident that ReSI is well positioned to help address the growing unmet demand for affordable housing, and ReSI is also well positioned to deliver long term inflation-linked dividends and capital growth.

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.

Annual General Meeting ('AGM')

The AGM will be held on 31 January 2023. We hope you will join us, raise any questions or provide any feedback – as valued stakeholders (among others), your input is always welcome. Shareholders are encouraged to make use of the proxy form provided in order to register votes in advance of the AGM through ReSI's Company Secretary, Computershare.

Rob Whiteman
Chairman
Residential Secure Income plc

1 December 2022

7. Inside Housing, L&G and British Property Federation, March 2022 (based on a 2020 survey by Inside Housing).
8. Savills and National Housing Federation, Decarbonising the Housing Association Sector – Costs and Funding Options (October 2021).

Investment Case

Why ReSI?

ReSI's portfolio 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

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 over 20-year track record in UK housing

ReSI's income is:

Diverse

3,284 households diversified across ages and stages of life

Asset-backed

- Underpinned by c.£454mn home value with 12% uplift from reversionary surplus
- Subsidised shared ownership rents secured by homebuyers' stake

Affordable

- Low retirement rents[9] paid from pensions and welfare
- c.£14mn Government grant supports subsidised rents for shared ownership

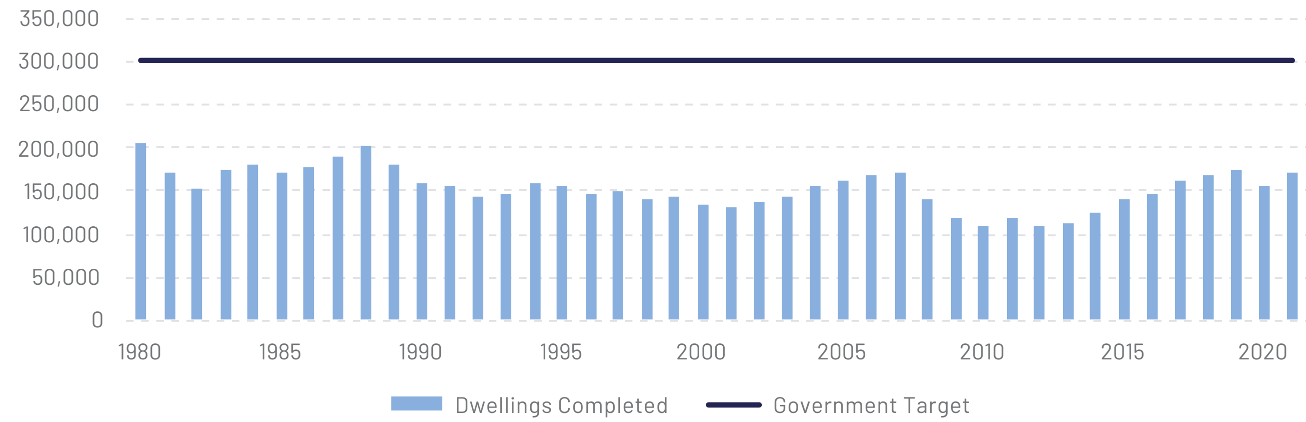
9. Retirement rents in line with Local Housing Allowance

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 9.5% year-over-year in September 2022 to £295,000[10]. 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[11]. 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, England



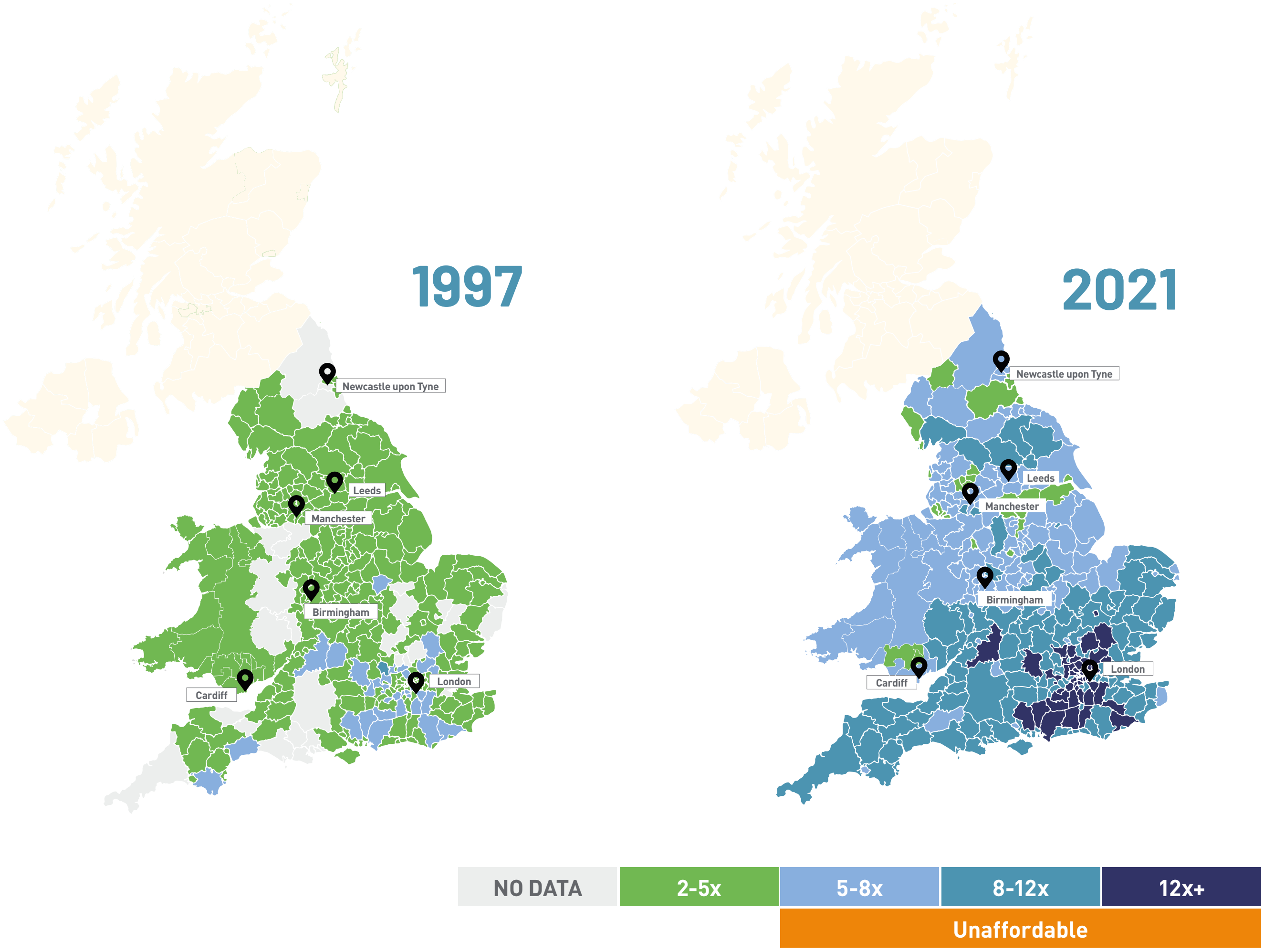
10. ONS: UK House Price Index: November 2022

11. Ministry of Housing, Communities & Local Government - English Housing Survey, 2019-20, and YouGov (May 2021)

The availability of affordable housing in the UK follows similar trends: in 2021, over 1.1 million households were on local authorities' housing waiting lists across England[12], 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).[13] 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 light blue on the map:

Undersupply of housing and decreasing affordability pushes home ownership out of reach[12]



It is estimated that c. £34 billion of additional capital funding is needed to deliver 145,000 affordable homes annually[14], and ReSI aims to help bridge the funding gap.

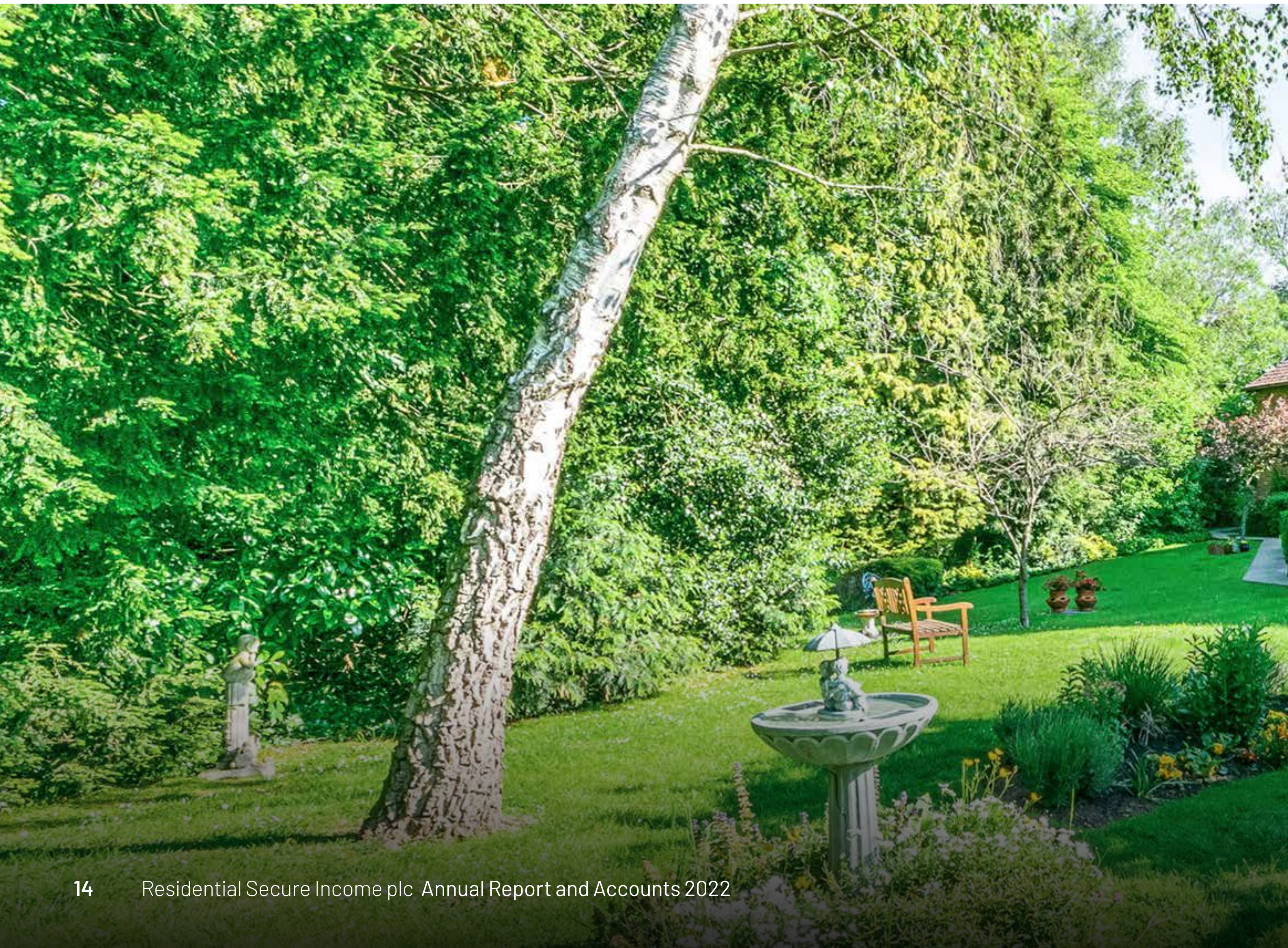
12. Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities & Local Government (27 January 2022)
13. Department for Levelling Up, Housing and Communities (2021) and House of Commons Library (2022)
14. Department for Levelling Up, Housing and Communities (2021) and House of Commons Library (2022), British Property Federation, and Legal & General, 2022

Stable, long-term, inflation linked rents

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

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

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



Reducing development appetite from peers

The UK has been delivering around 43,000 new affordable homes annually over the last five years[15] but this falls significantly short of need. Savills analysis suggests that a further 60,000 new affordable homes are needed annually, and that the affordable housing shortage is most severe in areas with the highest housing costs, with London and the South East needing over 50% of new affordable homes to meet demand[16].

Meanwhile housing associations, who have historically been the primary investors in affordable housing, are now dealing with rent caps on their social and affordable rent portfolios in addition to allocating c. £10 billion for fire safety and c. £25billion to upgrade energy efficiency of their stock by 2030[17,18]. These financial pressures reduce their ability to provide new affordable homes, and further support for new long-term investment in the sector. The British Property Federation estimates a need for an extra £34bn per annum investment in affordable housing over the next decade to begin to address shortfall in affordable housing supply.

15. Savills News, October 2022 savills.co.uk/insight-and-opinion/savills-news/334433-0/housing-associations-can-boost-economic-growth-with-increased-affordable-housing-supply—says-new-report
16. Savills Research & G15, Mind the Gap (Not-for-profit Housing Associations' Role in Delivering New Affordable Homes), 2022; Savills, Affordable Housing – Building Through Cycles, 2018.
17. Inside Housing, L&G and British Property Federation, March 2022 (based on a 2020 survey by Inside Housing).
18. Savills and National Housing Federation, Decarbonising the Housing Association Sector – Costs and Funding Options (October 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
Director of New Business

Hannah Howard-Jones
Director of Property

Mark Rogers
Exec Director, ReSI Housing

Pete Redman
Exec Director, ResI Housing

Joe Thomas
Director of Investment

30+ person property management team

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

Over 20-year track record in social housing, raising >£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 almost 6,000 homes over last five years

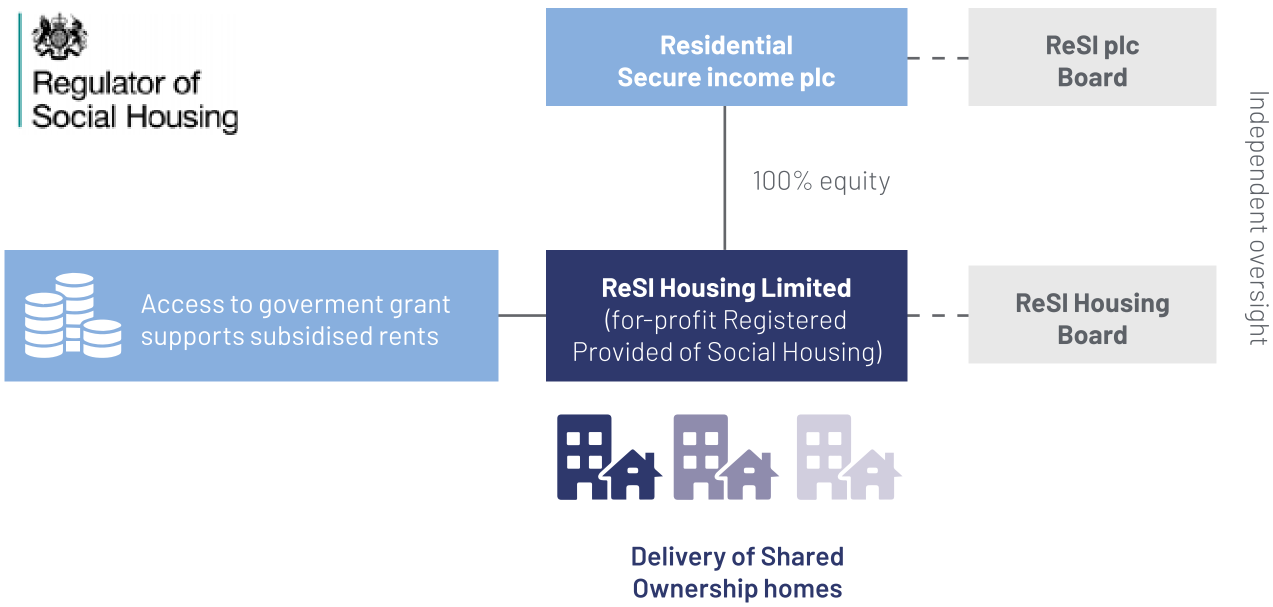
Long-term capital sourced from a diversified pool of investor types, including pension funds (primarily local government and corporate) and wealth management companies channelling individual SIPPS and ISAs.

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.

Greater London Authority Strategic Partner and Homes England Investment Partner

Reflecting Gresham House's strong relationships with Government-regulated institutions, the Fund Manager's vehicles have has been awarded nearly £34 million 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

Investment Portfolio
Independent Retirement Rental Housing

Geographical Dispersion of retirement portfolio

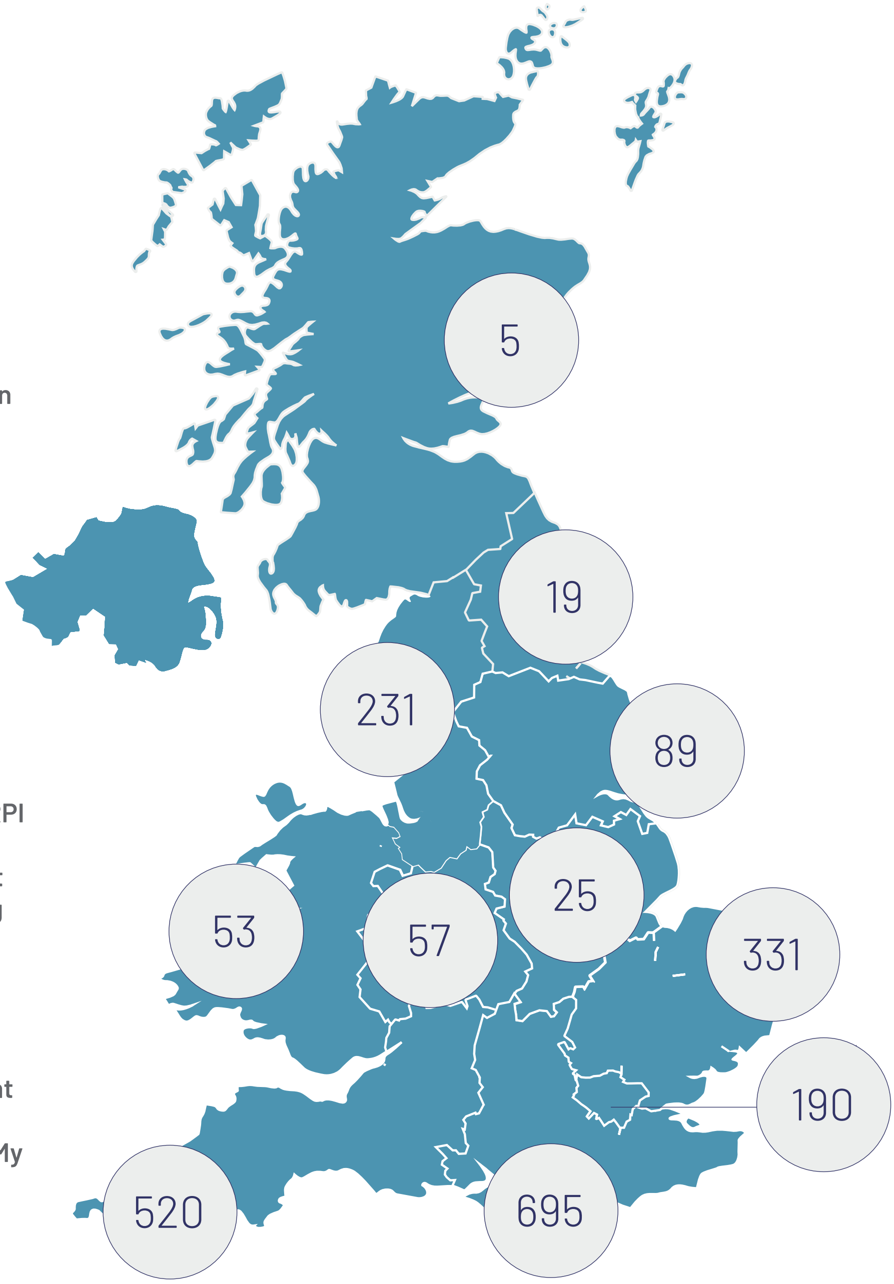
£219m GAV | 2,215 Homes | 57% of portfolio

Independent Living for retirees

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

In summary, the portfolio:

1. Is let to elderly residents with affordable rents and lifetime tenancies
2. Provides fit-for-purpose homes for retirees, allowing them to maintain their independence without care provision
3. Frees up larger homes for families
4. Generates stable and secure rental income paid from pensions and welfare
5. Rents increase with RPI (capped at 6%) each year and are often set around Local Housing Allowance levels
6. Is managed by our in-house 35-strong property management and lettings team, operating under the 'My Future Living' brand



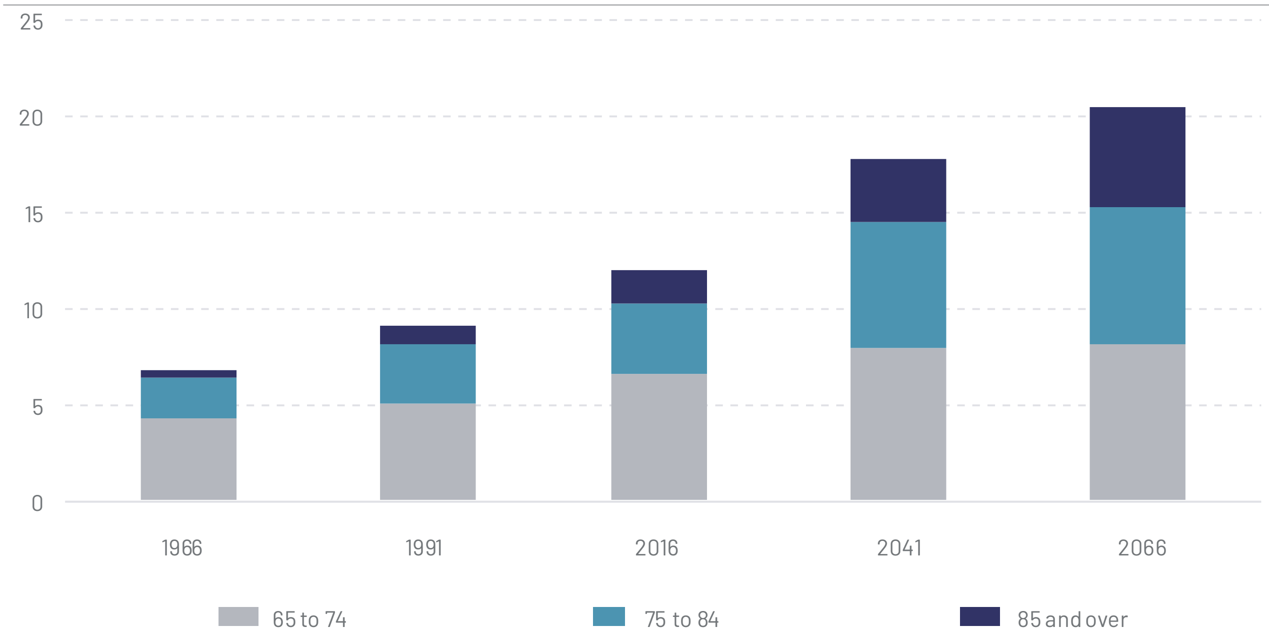
> **An increasingly lonely and growing older population provides huge and growing demand for independent retirement renting**

There has been a steady upward trend in life expectancy in the UK, and the average remaining life expectancy of a person reaching retirement age exceeds 20 year[19]. As a result, 20% of the UK population is expected to be over 65 by 2026[20].

In particular, the core market of over 75s is projected to nearly double from 2020 to 2050[20].

- Just 1% of UK over 60s live in purpose-built retirement housing, compared to 13% in Australia and 17% in the USA.
- There is a very limited pipeline of retirement developments in the UK, with only 3% of consented developments being designed specifically for the elderly. Further this construction activity is primarily focused on the top end of the market and not competitive with ReSI's relatively affordable price pointsSpecialist retirement housing is accessible (e.g. with lifts) and easy to manage, enabling people to live independently in their own living space to a greater age, whilst still having access to some level of day-to-day and emergency support.
- According to Age UK, over 1 million older people say they always or often feel lonely[22]. Boomer & Beyond estimates that nearly one third of UK residents aged 70 and older identify as modestly satisfied to not at all satisfied with life[22]. Nearly half of older people in the UK (49% of "over 65s") say that television or pets are their main form of company, with one research report claiming that loneliness can be as harmful for our health as smoking 15 cigarettes a day. Specialised retirement accommodation helps to foster a sense of community by offering shared spaces such as a residents' lounge and communal gardens.

Number of UK residents over 65 years old



Source: ONS

19. ONS, Past and projected period and cohort life tables: 2020-based, UK, 1981 to 2070, January 2022.
20. ONS, 2020-based Interim National Population Projections, January 2022.
21. AGE UK, 2014 ageuk.org.uk/latest-news/archive/1-million-older-people-feel-lonely/#:~:text=Age%20UK%20is%20calling%20for,loneliness%20is%20in%20the%20UK.
22. Boomer & Beyond quantitative research study 2022

Independent Retirement Rental Housing Case Study

Everybody needs good neighbours

Interview with Jean – Homeshore House, Seaford

There are many things we can do to stay fit and healthy as we get older including exercising regularly and eating a healthy diet – but some experts now believe one of the best ways to age gracefully is to be sociable.

One lady enjoying the social side of retirement living is Jean (aged 77 years) who found her perfect apartment.

Last year, Jean sadly lost her husband John to Covid-19 - the couple were married for over 40 years. Four years ago they sold their home in North London and downsized to rent an apartment in Homeshore House retirement development in Seaford in East Sussex for a quieter way of life and to be close to the sea.

"We found it was a great decision to move and renting in retirement is a fantastic option... We used to own a lovely house but maintaining it was getting harder. We also wanted to free up some money so we could help our son with a deposit for his own place."

"I am on an assured tenancy so I can remain here for as long as I wish, and I really enjoy this stress-free living...

If something needs fixing its sorted very quickly by My Future Living which is great."

During her career, Jean had been a legal secretary and is still very active. She particularly enjoys helping organise social events for residents in the development including bingo evenings, garden centre visits, pub lunches and golden oldies film afternoons.

Jean loves to keep busy and in her spare time volunteers for two charities helping people recovering from strokes and people with sight problems.

Jean comments: "I love being part of the community and helping get those who want to socialise to get out and about. We also have a communal greenhouse where we grow and share all our produce with each other. It's a lovely way to get out, keep busy and meet new people."

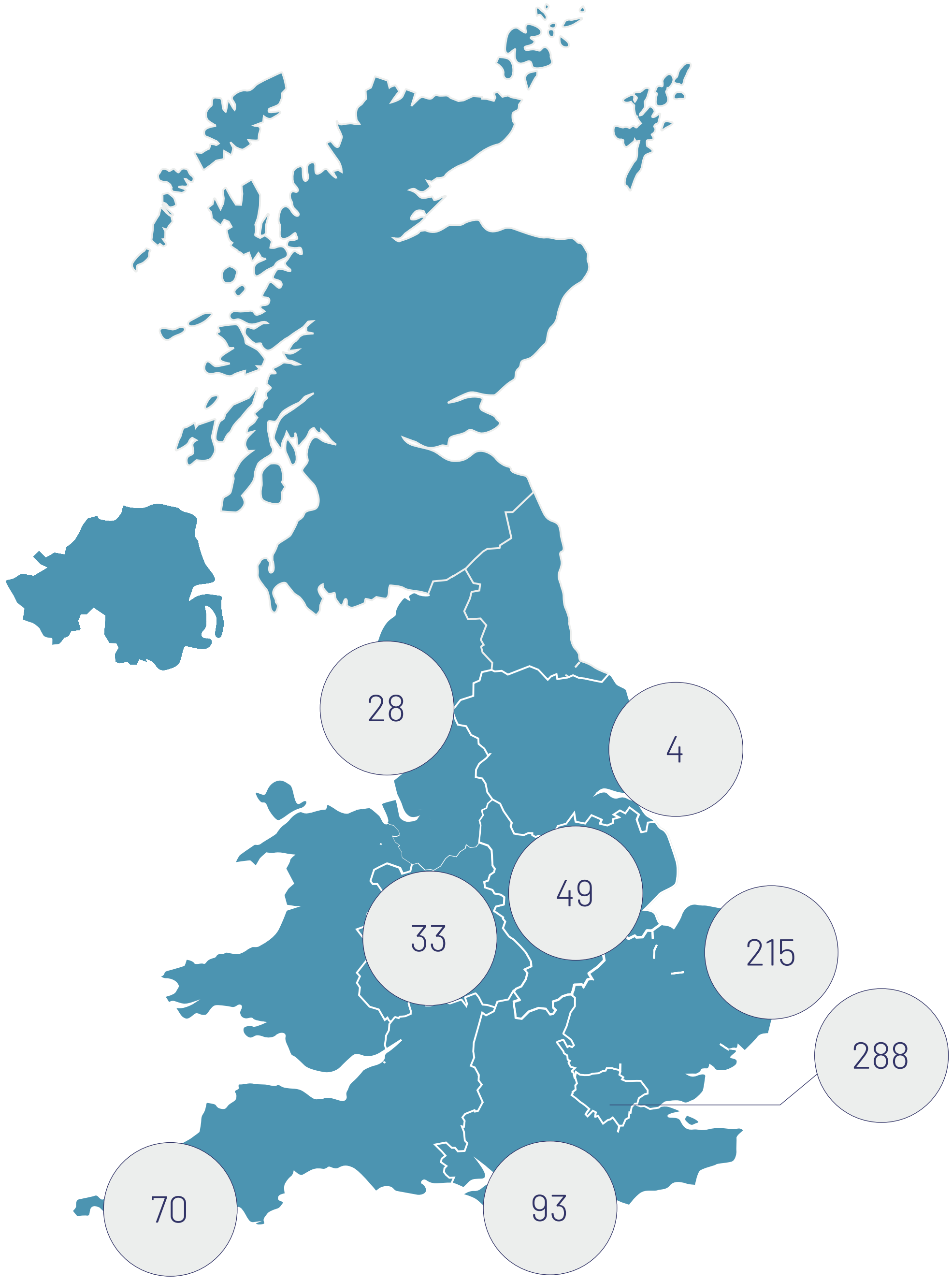
"Homeshore House is the perfect place to live, not only because the surroundings and gardens are immaculate with trees dotted everywhere but I've got the beautiful South Downs on one side and the sea on the other. Right outside the development is a bus stop which means I can easily get into Brighton and Eastbourne."

She concludes, "When we started our search we looked around and talked to many different companies but found My Future Living the most helpful and the easiest to deal with. I would highly recommend renting in retirement. It's a fantastic way of life without any worries. What's not to love?"

Investment Portfolio
Shared Ownership Housing

Data for map showing geographical dispersion of SO units across the UK

£137m GAV[23] | 780 Homes[24] | 36% of portfolio



23. Including £9m of committed acquisitions.
24. Including 41 units of committed acquisitions.

Investment Portfolio
Shared Ownership Housing

Shared ownership overview

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

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

In summary, the shared owner:

1 purchases an equity stake in their new home at open market value. This is known as the "first tranche sale" and is a minimum of 25% of the value of the property;

2 pays a subsidised rent c30% below market rent on the remaining part of the home, which increases annually at RPI+0.5%;

3 has the option to incrementally purchase additional shares in its home at the prevailing open market value (known as "staircasing");

4 typically finances their initial stake with a 90% mortgage; and

5 is responsible for maintenance, repair and insurance, creating strong alignment of interest.

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

There are 202,000 shared ownership homes across England, and around 20,000 new shared ownership homes are delivered annually (Ministry of Housing, Communities & Local Government, 2021), making it one of the faster growing housing tenures.

How does Shared Ownership work?

1

The house is paid for in full by the Fund

...typically at a discount and subsidised by government grant[25]

2

The resident buys the share they can afford

...and pays below market rent on the rest

3

But, the home is theirs to make their own

...and they are responsible for maintenance[26]

4

The resident can buy more of the home over time

...the more they buy, the less rent they pay

25. Based on the Affordable Homes Programme 2021 to 2026: Affordable Homes Programme 2021 to 2026, www.gov.uk and Homes for Londoners: Affordable Homes Programme 2021-2026 | London City Hall

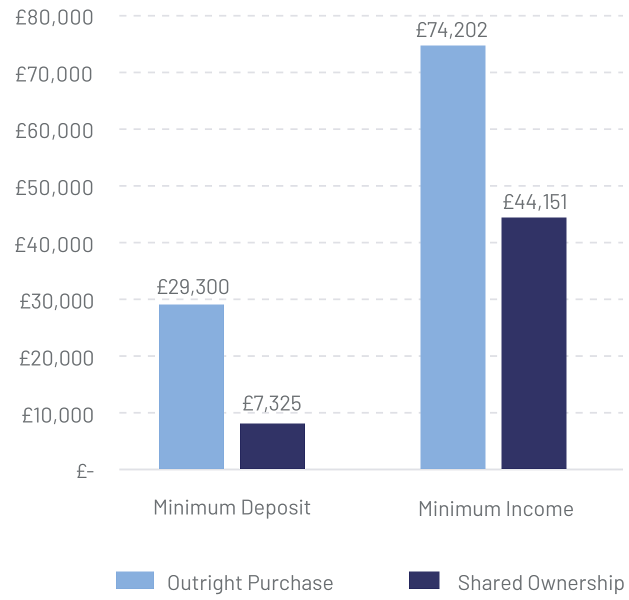
26. The Registered Provider is responsible for some repair and maintenance for the first 10 years (with internal repairs costs capped at £500 p.a.). This ensures that the sector increasingly follows our approach of focusing on build quality of new homes and hence should only require minimal repairs in the first 10 years. Any large repairs should be covered by warranties.

Increased affordability provides huge demand for shared ownership

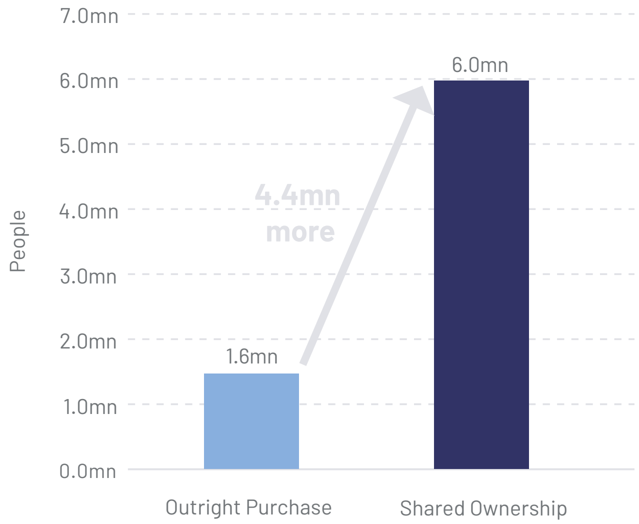
Due to lower deposit requirements and discounted rental payments, shared ownership addresses the affordability barrier that forces people into a lifetime of private market-rented accommodation with no certainty of tenure, which makes it more difficult to feel a member of the community.

he graph below sets out the smallest amount of deposit required and the minimum income requirement to purchase a home worth £293,000[27] under shared ownership and outright home ownership. Compared to outright homeownership, shared ownership is an affordable step onto the housing ladder that increases the pool of potentially eligible home owners by 4.4mn people across the country.

Shared ownership affordability[27]



Shared ownership increases home ownership eligibility[27]



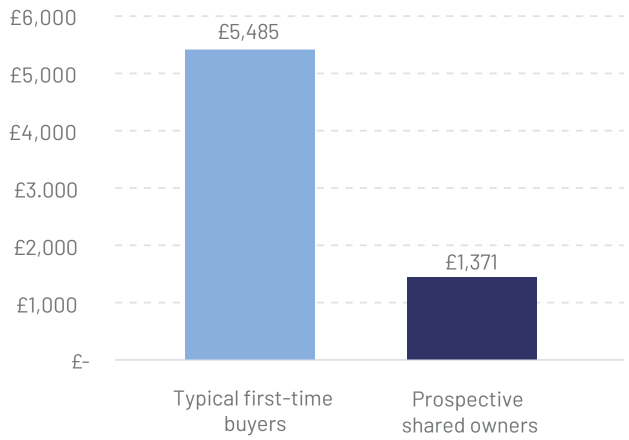
27. Source: Gresham House as at November 2022. Assumptions: £293,000 house purchase; mortgage rate 5.3%; mortgage term 25 years; deposit requirement 10%; Shared Ownership rent 2.75%; service charge / maintenance cost of £1,500; 1st tranche Shared Ownership sale 25%; mortgage-to-income multiple requirement: 4.0x; maximum housing costs 40% of net income (after 30% deductions including tax, student loan repayment etc.).

Rising Interest rates have made the ambition of home more expensive for all first-time buyers, however the impact is less severe on shared owners compared to those who own outright.

This is because as shared owners only initially acquire a portion of their home, the size of the mortgage required to purchase their equity stake is typically much lower than someone buying a property outright.

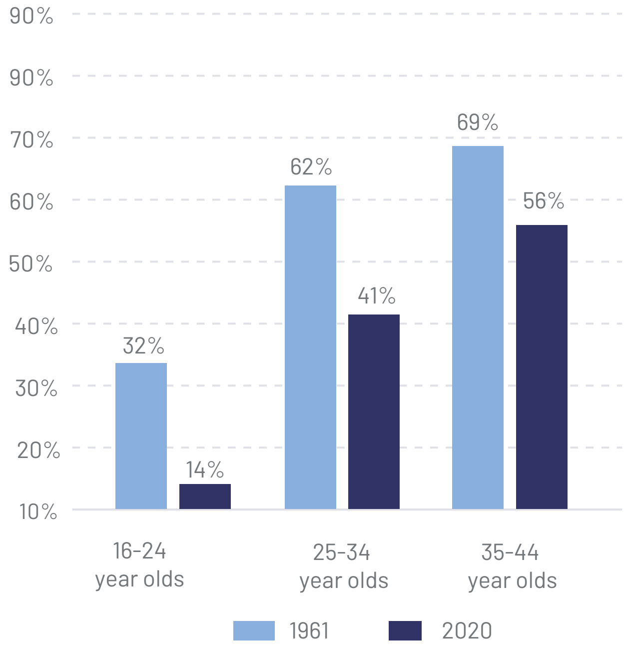
As a result, prospective shared owners are much less exposed to an increase in interest rates compared to typical first time buyers, with the cost increase for new shared owners as a result of a 3% interest rate increase one quarter of the increase for a first time buyer buying outright.

Annual cost increase from a 3% interest rate rise[28]



The chart below illustrates how homeownership rates have declined across age cohorts despite the fact that 76% of non-homeowners in Great Britain want to own a home . We expect that declining home ownership rates and outright purchase affordability worsening will continue to drive demand for shared ownership in 2023.

Historical UK Homeownership rates by age cohort[29]



28. Assumptions: £293,000 house purchase; initial mortgage rate 3.0%; Updated mortgage rate 6.0%; %; mortgage term 25 years; deposit requirement 10%; 1st tranche Shared Ownership sale 25%;

29. YouGov (May 2021) 'Who does - and doesn't - want to own a home?'

Shared ownership Case Study

Interview with Rachel*, a shared ownership resident

As a single buyer in London, Rachel thought she would be renting her old flat until she retired. She was then introduced to shared ownership through a friend, and soon realised the smaller deposit requirements of the tenure made her ambition of home ownership possible. Rachel's monthly outgoings under shared ownership were more or less the same as the rent on her old home, but now her money is being invested back into her own property.

* Not her real name

Rachel emphasised the following as key benefits of her home:

Private balcony

“it feels really spacious”

Location

“I can walk to the station and the town centre is really close by”

Opportunity to staircase

"I am absolutely planning to increase the shares I own over time"

Investment Portfolio
Local Authority Housing

289
Homes

7%
of Portfolio

Local authority housing portfolio at a glance

Local authority housing provides homes within Luton for households who are otherwise homeless, generally because they are unable to afford private rented accommodation.

ReSI works as a partner with Luton Borough Council and Mears who manage and maintain the portfolio, with the council taking void risk.

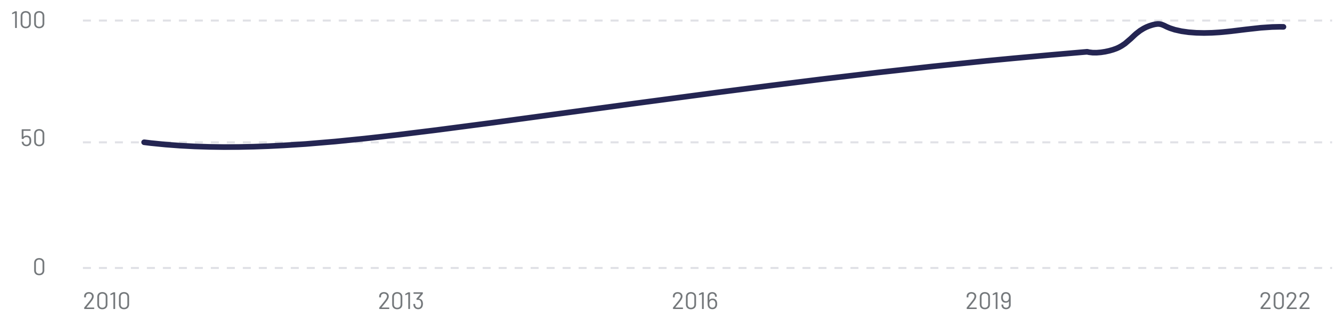
£28m
GAV

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

- The UK is facing significant demand for short-term council housing nationally – there were 96,060 households in temporary accommodation as of 30 September 2021, an increase of 1.5% from 30 September 2020[30].
- Legislation introduced under the Homelessness Reduction Act 2017 placed additional obligations on local authorities for housing vulnerable/statutory homeless people, creating further pressures on councils looking to increase their access to emergency and temporary housing.
- Local authorities are increasingly unable to meet demand for temporary accommodation from their own housing stock, and some authorities are seeking temporary accommodation outside their own areas. At the end of September 2021, approximately 27% of households in temporary accommodation (c. 26,000) were in accommodation in a different local authority district. London authorities make up 83% of these placement[31].
- There is an increasing reliance on emergency bed & breakfasts, which are more costly than leasing from the private sector. Shelter estimate that councils in England spent £444 million on this type of accommodation between April 2020 and March 2021, a 382% increase in the 10 years to 31 March 2021[32].
- As a result, there is a shortfall between cost and support for temporary housing in London, the South East and other metropolitan areas. English local authorities spent at least £1.4bn on temporary accommodation in 2020/21, a c.16% year-over-year increase[33].
- Rents at ReSI's properties are set at close to long-term market rent levels, provide a cost saving to local authorities, who often have to rely on costly pay-nightly accommodation and bed & breakfasts.
- ReSI serves as a long-term institutional landlord to replace the numerous individual landlords that local authorities currently rely upon, helping to address the difficulties that local authorities have with ensuring adequate standards across their rented estates.

30. researchbriefings.files.parliament.uk/documents/SN02110/SN02110.pdf
31. commonslibrary.parliament.uk/research-briefings/sn02110/
32. blog.shelter.org.uk/2022/02/temporary-accommodation-the-new-social-housing/
33. commonslibrary.parliament.uk/research-briefings/sn02110/

Households in temporary accommodation
Thousands of households, England, quarterly to end of September 2021



Source: DLUHC, Statutory homelessness live table, Table TA1, 27 January 2022

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.

KPI	2020	2021	2022
Adjusted earnings* (£m)	£'m	£'m	£'m
	5.0	7.1	9.0
Net property rental income (£m)	£'m	£'m	£'m
	11.3	13.2	16.0
Rental growth (%)	%	%	%
	1.9%	1.5%	4.5%
EPRA cost ratio (%)*	%	%	%
	33%	43%	36%
Profit before tax (£m)	£'m	£'m	£'m
	2.4	11.2	13.3

Adjusted earnings* (£m)

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 primarily driven by a reduction in retirement voids, like-for-like rental growth, occupation of the shared ownership portfolio and acquisitions.

Notes

See Supplementary information on page 172

Net property rental income (£m)

KPI definition

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

Comment

Increase of 22% delivered primarily from a 2.2x increase in shared ownership net rental income during the year, as a result of in £60mn investments made in FY22 and FY21, growing the portfolio by 113%.

Notes

See Note 6 to the financial statements.

Rental growth (%)

KPI definition

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

Comment

4.5% like-for-like growth in rental income achieved during the year ended September 2022, primarily driven by inflation-linked rent increases in the retirement and shared ownership portfolios.

Notes

See Glossary on page 182 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 Supplementary information on page 172

Profit before tax (£m)

KPI definition

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

Comment

Improved profit before tax driven by EPRA earnings and reduction in value of debt held at mark to market, partially offset by diminished year-over-year growth in property valuation

Notes

See Consolidated Statement of Comprehensive Income on page 130.

*Alternative performance 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.

KPI	2020	2021	2022
EPRA NTA per share* (pence)	105.1	107.9	106.1
IFRS NAV per share (pence)	105.0	106.6	108.8
Total Return on NTA (%)*	(0.1) %	7.5%	3.3%
Loan to Value (LTV) (%)	42%	47%	47%
Cost of debt (average) (%)	2.6%	2.3%	2.4%

EPRA NTA per share* (pence)

KPI definition

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

Comment

1.7% decline in the year to 30 September 2022 driven by a 35bps increase in the weighted average property valuation discount rate, which muted the uplift in investment property valuations.

Recuring earnings of 5.0p covered 97% of dividends in the year.

Notes

See Supplementary information on page 172 for reconciliation from IFRS to EPRA performance measures.

IFRS NAV per share (pence)

KPI definition

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

Comment

2.0% increase in the year to 30 September 2022 primarily driven by 5.0 pence earnings reflecting strong earnings results, along with 2.6 pence reduction in the mark-to-market value of debt and property valuation uplifts.

Notes

See Consolidated Statement of Financial Position.

Total Return on NTA (%)*

KPI definition

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

Comment

Returns of 3.3% in FY22 (4.3% recurring total return) reflecting 5.0 pence earnings offset by a 35bps increase in the weighted average property valuation discount rate, which muted the uplift in investment property valuations.

(Equivalent to 7.1% returns on opening IFRS NAV).

Notes

See Note Supplementary information on page 172 for calculation.

Loan to Value (LTV) (%)

KPI definition

Ratio of net debt to the total assets less finance lease and cash on a consolidated Group basis

Comment

LTV remained stable at 47%, slightly below ReSI's 50% leverage target.

Notes

See Supplementary information on page 172 for calculation.

Cost of debt (average) (%)

KPI definition

Average debt coupon for the year including costs and commitment fees.

Comment

Overall low cost ultra-long-term funding through a secured facility, with average debt maturity now at 22 years. Reflecting ReSI's small 10% exposure to floating-rate interest debt, average debt coupon increased c. 10bps to 2.4% following increase in SONIA during the year.

Notes

See Note 22 for information on the Group's Borrowings.

*Alternative 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. Additional detail is provided in supplementary information on page 172.

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.	4.4 per share for the period 30 September 2022. (30 September 2021: 3.0p) Adjusted EPRA Earnings per share excluding one off costs and including first tranches sales for the period were 5.0p (30 September 2021: 4.2p)

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 NTA** £196.5mn or 106.1p per share at 30 September 2022 (£184.7mn or 107.9p per share at 30 September 2021) **EPRA NRV** £196.5mn or 106.1p per share at 30 September 2022 (£184.7mn or 107.9p per share at 30 September 2021) **EPRA NDV** £225.5mn or 121.8 per share at 30 September 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.	4.1% at 30 September 2022 (3.6% at 30 September 2021)

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.	4.1% at 30 September 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.	5% at 30 September 2022 (6% at 30 September 2021)

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) 36% at 30 September 2022 (43% at 30 September 2021) EPRA Cost Ratio (excluding direct vacancy costs) was 34% at 30 September 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.	46% at 30 September 2022 (47% at 30 September 2021)

Fund Manager's Report

Ben Fry
Managing Director Housing

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

Since I last wrote the Fund Manager's Report for ReSI's FY 2022 Interims Results, the wider UK macro environment has shifted dramatically. The themes through the past twelve months have been rising inflation and the cost-of-living crisis, rising interest rates and political uncertainty. We expect that as with the impact of the 2020 COVID pandemic, the difficult economic environment will further evidence the resilience of our portfolio of high-quality affordable housing.

Importantly, these changes not only affect ReSI, but also the lives of our residents (more on this below in the FY 2023 Outlook section), and we will continue to balance rent increases and investing in our portfolio with ensuring the affordability of our homes for our residents and the long-term resilience of our income.

Looking backwards, FY 2022 was a year of strong operational performance and financial achievements for ReSI. During FY 2022 we continued to invest in and grow our shared ownership portfolio and raised a further £15mn of equity in February which with long term debt from our facility with USS was invested into 286 shared ownership homes worth £37mn. ReSI's shared ownership portfolio now comprises 780 homes (including 41 committed and representing a 43% increase since 2021 year-end) and represents 36% of the portfolio mix by valuation.

Among other driving factors, a full year of impact from FY 2021 shared ownership acquisitions helped to generate £17.0mn of net rental income in FY 2022, representing 20% growth compared to the previous year. Further investment completions and inflation-linked rent increases should drive additional recurring income growth in FY 2023.

We increased our FY 2022 dividend to 5.16 pence per share (PPS) in line with September 2021 CPI of 3.1%, reflecting the inflation-linkage of the portfolio, as targeted twelve months ago. 19% year-over-year growth in EPRA Adjusted Earnings to 5.0 PPS translated to 97% dividend coverage, with ReSI re-achieving 100% dividend coverage in Q4 2022 as the capital from February's fundraise was deployed.

We have continued to focus on addressing social and environmental factors that impact our residents in the past year. Several examples are covered in the Social and Environmental section below, demonstrating our focus on providing security of tenure to our residents in an affordable way.

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. Our next step towards being a best-in-class provider involves exploring ways that we can achieve net-zero-carbon without waiting until the national grid is fully decarbonised.

ReSI's portfolio now consists of 3,284 homes worth £383mn - designed to help make people's housing aspirations achievable. Whether a retiree 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.

Operational Performance:

Net rental income before ground rents grew by 20% year-over-year to £17.0mn, driven by four underlying factors:

- Reducing retirement voids;
- Strong like-for-like rent growth;
- Full occupancy and annualised income of our shared ownership portfolio; and
- Accretive acquisitions

and underpinned by:

- Consistent rent collection

1. Retirement voids:

Income growth delivered:[35]
£0.2mn / 0.1 pence per share

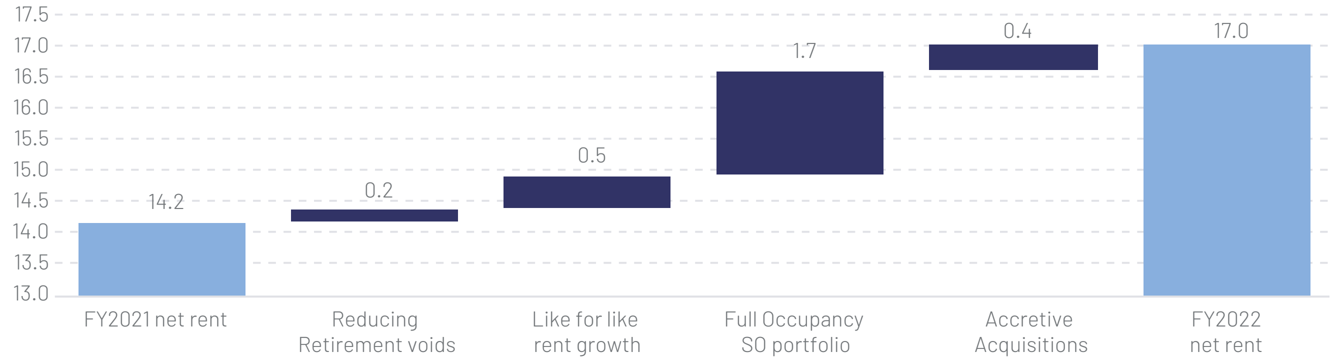
Bringing ReSI's property and lettings management in-house in July 2021, with the formation of ReSI Property Management Limited. ("RPML"), is a decision that continues to drive returns. RPML has continued to focus on improving resident move-in times, which has helped push retirement void losses to average 6.2% in FY 2022, below pre-COVID levels of c. 7%.

The transfer of this property and lettings management function now allows the team to work closely with the Fund Manager to optimise customer service and maximise performance for ReSI.

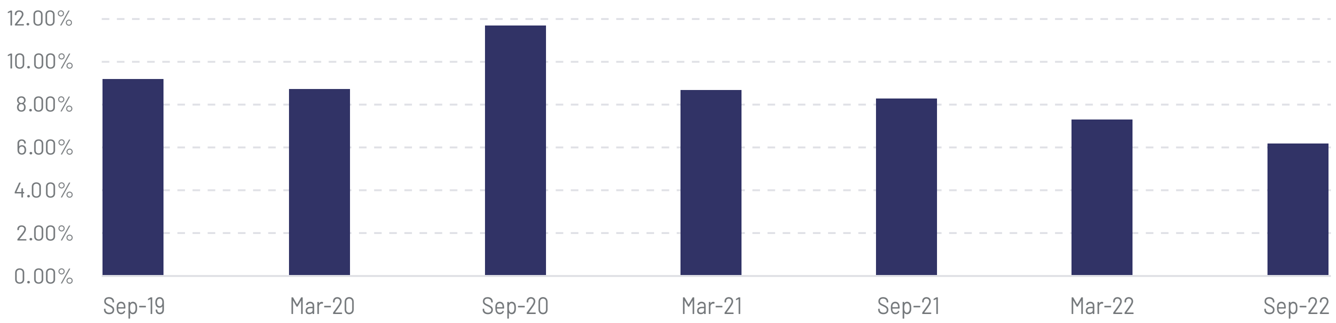
The focus of this team and level of customer provided is evidenced through the results of our recent customer survey[36] which show that:

- 84% would recommend renting in retirement
- 73% had made new friends
- 98% valued the assured lifetime tenancy as important

Net rental income (£mn)



Retirement void losses trending below pre-Covid average



35. FY 2021 vs FY 2022

36. Based on 251 respondents to a survey carried out by RPML, representing c.11% of residents.

2. Strong like-for-like rent growth

Income growth delivered:[37]
£0.5mn / 0.3 pence per share

ReSI's rental income is 97% linked to inflation which has delivered an average 4.5% like-for-like rent growth in the year.

Shared ownership rents increase annually in April and in 2022, like-for-like rents grew by 5.4% (excluding properties occupied in the previous 12 months). This increase reflects September 2021 RPI of 4.9% + 0.5%, which drives the vast majority of ReSI's shared ownership rate increases).

Retirement rents increase across the year on the anniversary of the resident move in date, with like-for-like rental growth of 4.6% year-over-year (1.5% growth in FY 2021). Whilst the rental market is very strong, we are very mindful of the financial challenges facing many residents and are taking a responsible approach to rental increases, capping all retirement rent increases at 6% during the year. This represents an annual saving of £164k p.a. for residents, and helps balance rent increases with retention and long-term affordability.

The 4.6% like-for-like increase in retirement rental income was partially offset by a c.3% increase in operating expenses, largely driven by increases in repair & maintenance costs and service charges.

3. Full occupancy and annualised impact of our shared ownership portfolio:

Income growth delivered:[38]
£1.7mn/ 0.9 pence per share

Demand for ReSI's shared ownership properties remained robust in FY 2022 and the same-store portfolio owned by ReSI at September 2021 is fully leased. Furthermore ReSI benefited from full year income from acquisitions during FY 2021 of 351 homes from Orbit Group and Metropolitan Thames Valley housing associations as well as Brick by Brick.

4. Accretive transactions:

Income growth delivered:
£0.4mn / 0.2 pence per share

During FY 2022, ReSI purchased 286 shared ownership homes for net consideration of £37mn (including commitments for 41 homes for £9mn). These acquisitions were funded by £15mn of equity raised in February and debt drawn on the USS credit facility in March, and are earnings-accretive to ReSI's financial performance. The transactions with Orbit Group and Brick By Brick were repeat transactions with counterparties transacted with during FY 2021 and the deal with HSPG provides a forward pipeline of at least £50mn – evidencing the growing strength of ReSI's relationship network.

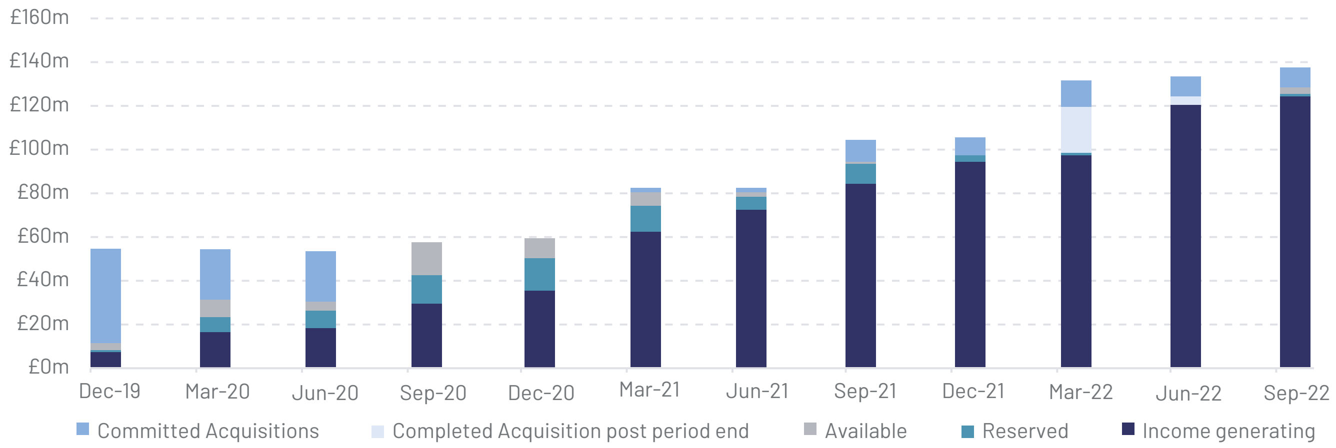
37. FY 2021 vs FY 2022
38. Figures in the loan covenants table are based on most recent quarter of lender covenant reporting.

The 227 homes acquired from Orbit Group and HSPG were occupied and immediately income generating, whilst those 59 (£11mn) homes from Brick By Brick are delivered on a phased basis based on construction completion beginning in September 2022. At the date of this Annual Report, 8 of these homes from Brick By Brick were acquired and occupied, with a further 32 reserved ahead of completion and 19 available. We continue to see sustained demand for shared ownership bear out with respect to the Brick By Brick properties, particularly as increased interest rates mean some people who could previously have afforded to buy outright or with Help to Buy can now only afford their own home through shared ownership. This demand emphasises the important role that shared ownership housing continues to play in helping mid-to-low-income earners onto a housing ladder which is otherwise increasingly out of reach for most people across the country.

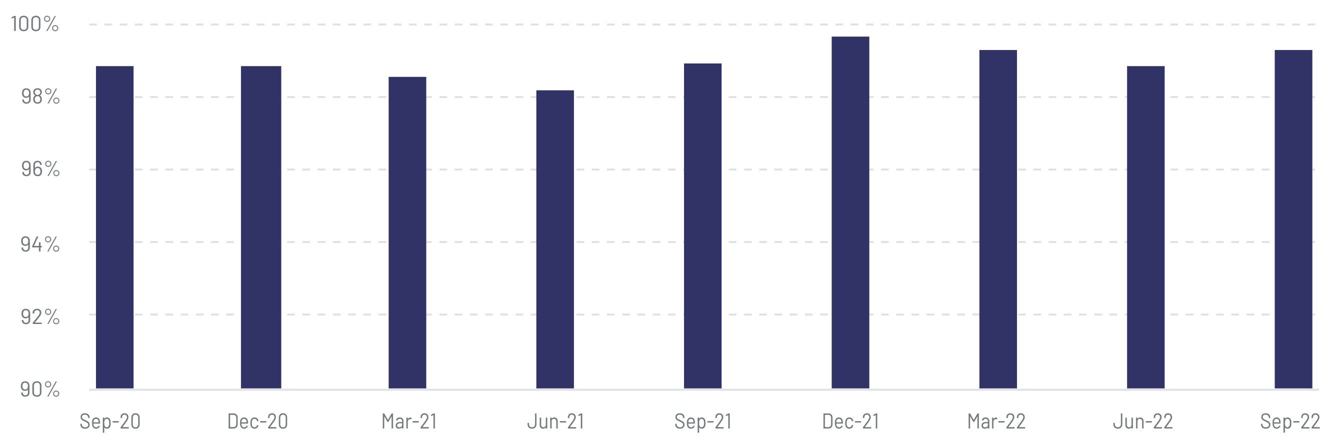
5. Consistent Rent Collection:

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. On average, ReSI's shared ownership residents own c. 37% of their homes and generally pay below-market rent. The remainder of ReSI's portfolio is local authority housing, which is leased to Luton Borough Council. ReSI has no leases with asset light, lease funded, housing associations or charities.

The strength of creditworthiness in ReSI's counterparties is manifest in ReSI's rent collection rate, which remained at 99% in FY2022, consistent with historic performance



Robust Rent Collection Rate through COVID-19



Financial Performance

Total Return:

ReSI delivered a total EPRA NTA return of 3.4 PPS (3.1%) for the financial year, with growth driven by inflation-linked increases across the shared ownership and retirement portfolios, along with operational improvements in our retirement portfolio, including further improvement in voids.

This 3.4 PPS EPRA return comprises:

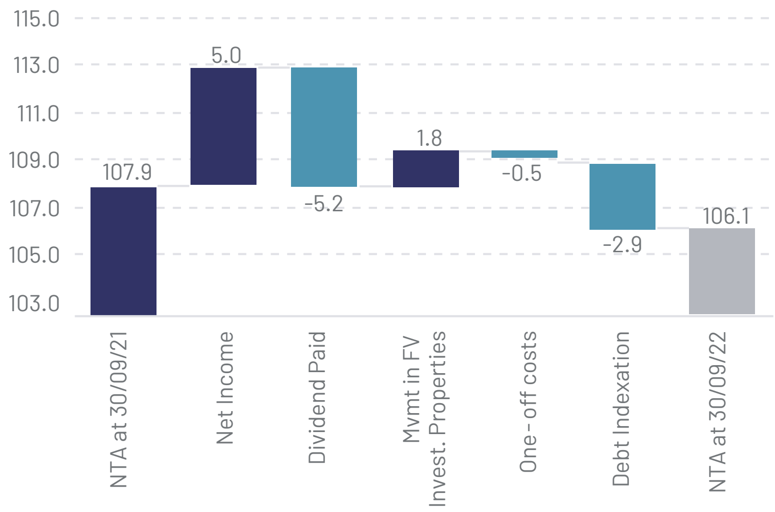
- 5.0 pence of Adjusted EPRA earnings (see note 15 – adjusted earnings per share), with recurring income of £8.9mn from regular recurring cash flows; plus
- 1.8 pence gain on change in valuation on investment property as assessed by Savills (£3mn) – a 0.6% increase on a like-for-like fair value basis to a total of £383mn (including £9mn of committed acquisitions) as of 30 September 2022. This was driven by 4.5% like-for-like rental growth, partially offset by c. 35 bps year-over-year increase in the weighted average nominal discount rates – with shared ownership increasing by c.10 bps to 6.4% and retirement increasing by c.45 bps to 8.2%; less
- 2.9 pence impact of USS debt indexation (£5.2mn) of which 0.9 pence related to prior periods (£1.6mn)*, reflecting the index linked nature of the debt which follows the increase in shared ownership rental income; and
- 0.5 pence one-off costs (c.£1.0mn), relating to the legal costs of securing further drawdowns from the USS facility and net share issuance costs; and

Excluding the impact of the one-time USS debt indexation adjustment and one-off costs, ReSI delivered a total recurring EPRA NTA return of 4.6 PPS (4.3%).

In line with the FY 2022 dividend target, ReSI paid dividends during the financial year of 5.16 PPS, which, resulting in an EPRA NTA decrease of 1.8 pence for the year.

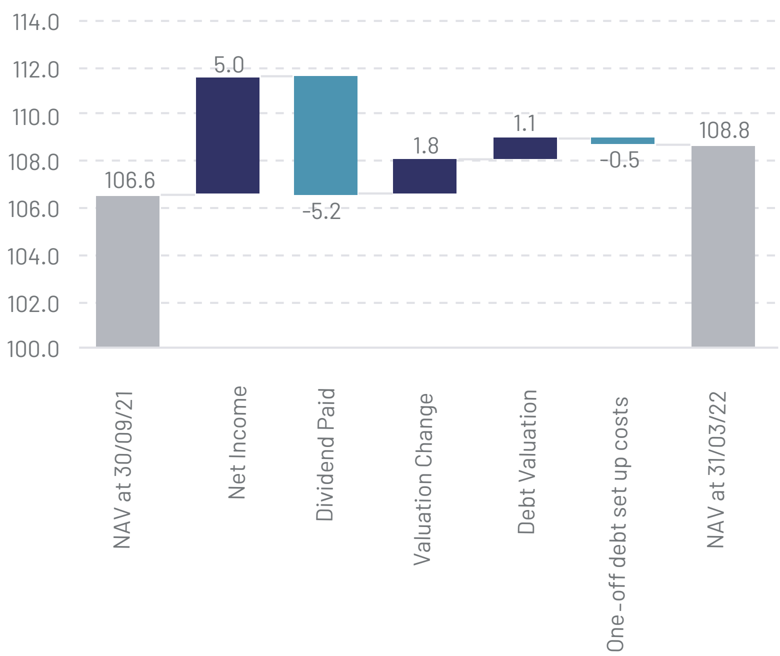
ReSI delivered a total IFRS return of 7.4 PPS (6.8%) for the year, with the difference to EPRA NTA returns caused by an increase in the amortised cost value of debt (EPRA) vs fair value of debt (IFRS) of 3.9 pence (£7.0mn), 0.9 pence (£1.5mn) of which related to prior periods, and decrease in revaluation of trading properties of 0.1 pence (£0.2mn). This is an IFRS improvement of 2.1 pence after dividends paid.

Movement in NTA pence per share for the year



* The Group 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 £5.2mn 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.

Movement in IFRS NAV pence per share for the year

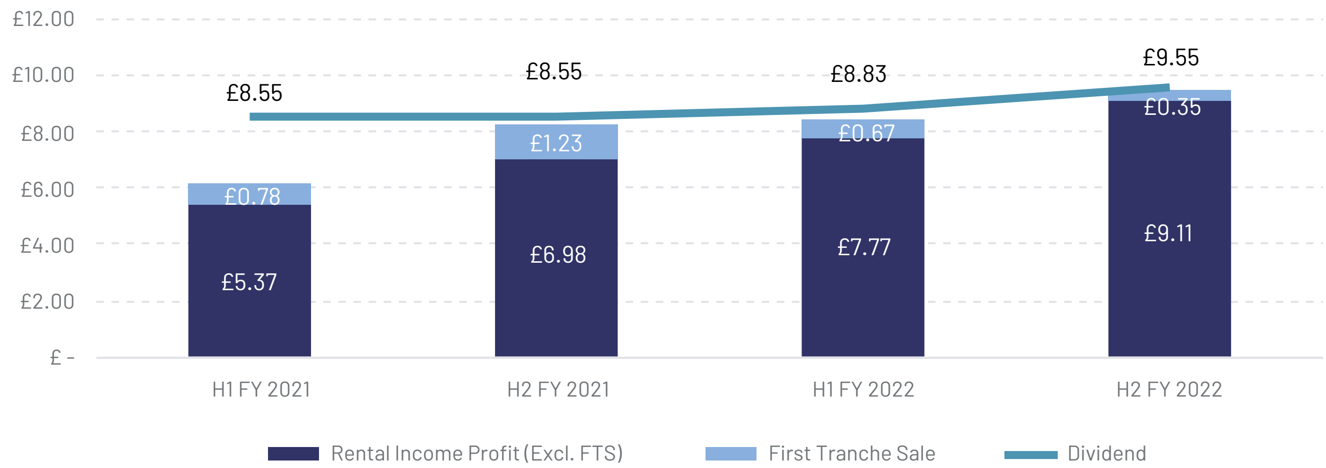


Dividend Coverage:

ReSI's dividend was 97% covered by recurring income during the year, including a return to full dividend coverage in Q4 22. The drop below 100% primarily reflected the impact of February's capital raise and the lag on dividend coverage whilst this was deployed.

The quality of the dividend coverage continues to improve reflecting the lease-up of ReSI's shared ownership portfolio with first tranche sales profits replaced by recurring rental income. This trend is illustrated by the robust 36% year-over-year increase in rental operating profit more than offsetting a 49% decrease in first tranche sales profit to increase total operating profit by 24%. 95% of the H2 2022 dividend was covered by rental operating profit, which we aim to further improve in FY 2023. We see the potential for rental dividend coverage to further improve in FY 2023, driven by inflation-linked rent increases in the retirement rental and shared ownership portfolios.

Rental Operating Profit & First Tranche Sales (£mn)



Statement of Comprehensive Income:

	FY22	FY21	Variance
	£'000	£'000	
Net rental income	**17,016**	**14,165**	**20%**
First tranche sales profits	510	1,008	-49%
Net Finance Costs	(5,588)	(5,221)	7%
Management fees	(1,867)	(1,802)	4%
Overheads	(1,119)	(1,046)	7%
Adjusted Earnings	**8,952**	**7,104**	**26%**
Adjusted EPS	**5.0p**	**4.2p**	**20%**
IFRS Earnings	**13,334**	**11,221**	**19%**
IFRS EPS	**7.4p**	**6.6p**	**12%**

Adjusted Earnings increased by 24% (£1.7mn) on FY 2021 to £9.0mn, driven by the 20% (£2.8mn) increase in net rental income to £17.0mn with the deployment of capital; inflation-linked increases across ReSIs three asset types; and occupancy gains in both shared ownership and retirement.

This earnings growth comes despite a 49% decrease (£0.5m) in first tranche sales profits, which reflects the gain on cost we recognise by selling a portion of a shared ownership home to the occupiers and is thereafter replaced by ongoing net rental income from the shared owner. The reduction in this line reflects the ongoing maturity of ReSI's business and increased quality of income streams.

The 9% increase in net finance costs to £5.6mn reflects a £21mn increase to £190mn in notional debt since September 2021, including £20mn debt drawn from USS and £5mn increase in Santander revolver facility to finance shared ownership acquisitions use during the year partially offset by a £3mn reduction in shorter term floating rate debt and £1mn reduction in fixed rate debt.

Balance Sheet:

	30 Sep 2022	30 Sep 2021	Variance
	£'000	£'000	
Total Investments	**374,785**	**341,128**	**10%**
Inventories - First tranche Shared Ownership properties available for sale	1,203	3,800	-68%
Cash and cash equivalents	15,984	8,370	91%
Borrowings amortised cost	(194,701)	(168,339)	16%
Other	(787)	(278)	182%
EPRA Net Tangible Assets (NTA)	**196,484**	**184,682**	**6%**
EPRA NTA per share (pence)	106.1	107.9	-2%
EPRA Net Disposal Value (NDV)	**225,455**	**178,157**	**27%**
EPRA NDV per share (pence)	121.8	104.1	17%
IFRS NAV	**201,388**	**182,392**	**10%**
IFRS NAV per share (pence)	108.8	106.6	2%
Book Value of Debt	**189,705**	**168,339**	**13%**
Reversionary Surplus (excluded from NTA)	**47,971**	**40,026**	**20%**
Reversionary Surplus per share (pence)	25.9	23.4	11%

Despite recent market turmoil, ReSI's property valuation, as assessed by Savills, grew during the year by £2mn – a 0.6% increase on a like-for-like fair value basis to a total of £383mn (including £9mn committed acquisitions) as of 30 September 2022. This was driven by 4.5% like-for-like rental growth, partially offset by c. 35 bps year-over-year increase in the weighted average nominal discount rates applied to shared ownership and retirement portfolios of c.10 bps to 6.4% and c.45 bps to 8.2% respectively.

Inventories reflect the amount of unoccupied shared ownership properties that are expected to be sold to shared owners and are held at cost. The 68% reduction reflects the full occupation of the opening shared ownership portfolio made by April 2022. ReSI acquired 18 additional untenanted shared ownership properties in September 2022, of which 8 have since been occupied. As a result, £1.2mn of inventories remain as at September 2022.

Total borrowings increased by £21mn over the twelve-month period to £190mn as of 30 September 2022, £20mn debt drawn from USS and £5mn increase in Santander revolver facility to finance shared ownership acquisitions use during the year partially offset by a £3mn reduction in shorter term floating rate debt and £1mn reduction in fixed rate debt.

The EPRA NTA and IFRS NAV measures exclude the reversionary surplus in our portfolio which stands at £48mn. 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 12% discount, on average, to its reversionary value.

Financing and Capital Structure:

ReSI now has in place £189mn (notional value) of fixed rate and inflation linked debt, with a weighted average coupon of 2.4%, the vast majority of which is long-term partially or fully amortising debt at an average maturity of 22 years.

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

This strategy leaves ReSI's well positioned to withstand today's rising interest rate environment. With only c.10% floating-rate debt exposure and a weighted average maturity of 22 years, the 2.4% weighted average coupon of our existing debt balances should remain fairly stable for the near-to-mid-term future.

As at 30 September, ReSI has c.£31mn of liquidity, including c. £18mn of revolving credit facility capacity. ReSI's 47% leverage remains slightly below our 50% target, with headroom across debt covenants to withstand moves in income, interest rates and valuation headwinds that may arise in the future, as shown below.[39]

Each asset type is secured separately and individually and there is no cross-collateralization between them. ReSI could sustain a fall in net operating income by c. 30% and remain in compliance with interest cover covenants. ReSI's investment portfolio is valued on a discounted cashflow basis on the value of its rental stream (rather than at vacant possession / retail value) and so has limited exposure in its valuations to house prices. Sensitivity analysis shows that investment values could fall by c. 13% before loan to value covenants breaches would arise. ReSI is also able to cash cure any loan to value covenants using liquidity across the group. ReSI's debt on its shared ownership portfolio is fully amortising and so does not have a loan to value covenant.

During the year ReSI extended its revolving credit facility from Santander by £15mn to £25mn, whilst reducing the interest rate margin by 55 basis points to 2.25% and agreeing a one-year extension of the facility termination date to March 2025. The expanded £25.0mn facility capacity and reduced interest rate margin allow for more efficient management of the ReSI's working capital and provide lower-cost bridge financing for future investments.

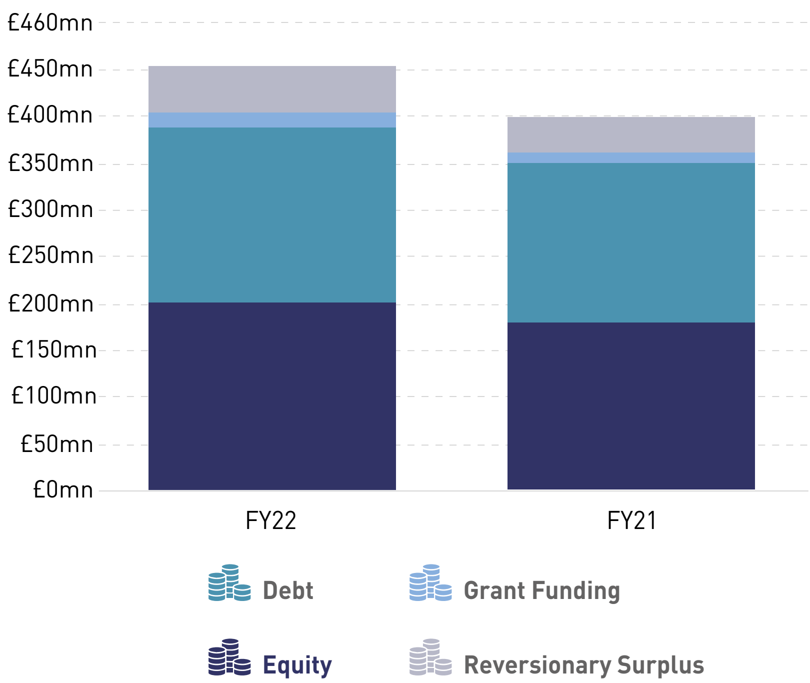
	FY22	FY21
Total debt	£190m	£166m
LTV (target 50%)	47%	46%
Leverage on reversion value	42%	43%
Weighted average cost	2.4%	2.3%
Weighted average maturity	22 years	22 years
Proportion of Floating Rate Debt	10%	9%

39. Figures in the loan covenants table are based on most recent quarter of lender covenant reporting.

Lender	Portfolio held against	Notional value of debt drawn less amortisation	Maturity date	Annual interest rate %
Universities Superannuation Scheme	Shared ownership	£77.7mn	May 2065	0.94% fixed* (inflation linked)
Scottish Widows	Retirement	£92.5mn	June 2043	3.5% fixed
National Westminster Bank	Local authority	£12.7mn	April 2023	1.5% + 1 month SONIA
Santander Bank	All assets	£6.8mn	March 2025	2.25% + 3 month SONIA
Total borrowings		**£189.7m**		

Lender	**Portfolio / Lender - Most Recently Reported Covenants***			
Covenant	**SO / USS**	**IRL / SW**	**LA / NW**	**Santander**
Current debt balance	£77.5mn	£94.6mn	£12.7mn	£3.9mn
LTV – Threshold	N/A	<59%	<60%	<55%
LTV – Reported	N/A	45.7%	46.5%	47.9%
Value – Headroom (%)	N/A	22%	22%	13%
Value – Headroom (£)	N/A	£46mn	£6mn	£51mn
ICR / DSCR – Threshold	>0.95x	>2.0x	>2.5x	>1.5x
ICR / DSCR – Reported	6.2x	2.9x	6.5x	3.4x
NOI – Headroom	85%	31%	61%	55%
SONIA Interest Reate - Breach Threshold	Fixed-rate	Fixed-rate	5.3%	30.0%

Capital Stack



Social and Environmental:

We remain committed to delivering measurable social and environmental impact for the benefit of our residents and the UK.

Our retirees have benefitted from the rent increase cap of 6% being applied to all directly-rented retirement properties, generating a total annual saving of £164k. In addition, further rent caps and rent freezes have been provided to residents who are most in need, with this support having grown from £32k in the six months to March to a total annualised amount for the year of £86k.

For our shared owners, we offer several services designed to financially benefit residents, such as providing assignments and consent for improvements free of charge and offering reverse staircasing to residents who encounter financial difficulties. Our commitments to our shared ownership residents are laid out in our proprietary Shared Ownership Customer and Environmental Charters, which are available on ReSI's website.

During 2022 we expanded our annual retirement customer survey to shared owners as well. The survey results help to confirm that the positive outcomes that ReSI intends to deliver are being experienced by residents.

Shared Owenership

87%

of RPML residents are happy or not dissatisfied with their property management service

80%

of residents are satisfied that their home is the same or better value for money than their previous residence

86%

of residents are satisfied that their home is as or more energy efficient than their previous residence

Retirement

90%

of retirement residents are happy or not dissatisfied with their property management service

73%

of residents have made new friends since moving in

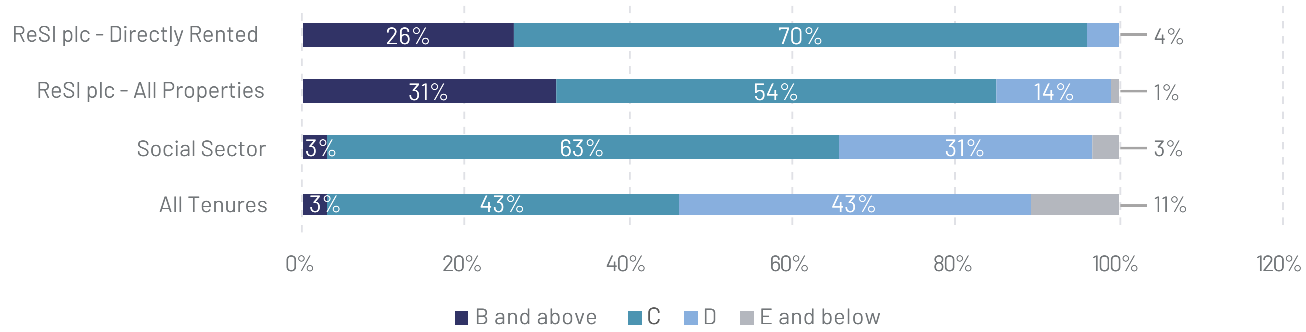
54%

of residents have experienced improvement in their mental health since moving in

ReSI continued to invest in improving the energy efficiency of its retirement portfolio in FY22. After upgrading 100% of the EPC E rated directly-rented properties to at least a D in FY21, FY22 saw ReSI embark on its target to upgrade all directly-rented D rated properties to at least a C by 2025, three years ahead of the Government target. During the year 61% of the directly-rented D rated properties have been upgraded to at least a C, progress that is well ahead of the project timetable. As result of this progress, 96% of our directly-rented properties now have EPC ratings of C or higher. For the whole portfolio, 85% of the properties are rated C or higher, leaving ReSI well ahead of the average for the social sector and the overall UK housing market[40].

40. As defined in the English Housing Survey, 2020 to 2021

Comparison to Wider Market*



*English Housing Survey, 2020-2021

The cost of energy has risen drastically in 2022, and with further increases scheduled for 2023, the energy efficiency improvements we are investing in generate real cost saving benefits to our residents.

Tenure	Saving compared to average UK property (EPC D)[41]	
	£	% saving
Property with efficiency of average for ReSI shared ownership portfolio (EPC B)	1,213	40%
Property with efficiency of average for ReSI retirement portfolio (EPC C)	456	15%

Investing in the energy efficiency of our properties is one important step in our broader net zero plan for ReSI. This year, we have been engaged with the consultancy Kamma Data, who take an innovative data-focused approach towards assessing the retrofitting works that are required to upgrade the energy efficiency of ReSI's properties to their full potential.

Kamma's report will form part of ReSI's net zero strategy, which is intended to be announced in 2023. The strategy will include a pathway to reach operational net zero, including scope 3 operational emissions, followed by a pathway to reach complete net zero, including operational and embodied scope 3 emissions, with complete net zero being reached by 2050 at the latest in line with Government targets.

Whilst improving property energy efficiency will drive a significant reduction in carbon emissions produced by the portfolio, it is not possible to reach operational net zero through retrofitting alone. As a result, to reach operational net zero, ReSI will either have to wait until the national grid is fully decarbonised, which is expected to be in 2035, or it will have to directly procure / invest in its own renewable energy sources. This is an option that we are currently exploring, with further information to follow in 2023.

Management Team Transition

On 6 March 2022, Alex Pilato moved to a Senior Advisor role as part of his transition to retirement . 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 Director of New Business and Hannah Howard-Jones as Director of Property also joining in 2021, and Dominic Stead joining in 2022 to head up our in-house property management team. The Gresham House housing investment team now comprises 25 people, with senior members having an average of c.30 years' experience.

Alex remains a member of all boards and committees of the division and fund vehicles. This change has been planned since the acquisition of TradeRisks by Gresham House. Alex continues to have a very strong interest in the success of ReSI with significant shareholdings.

41. Correct for the scheduled increase to the energy price cap in April 2023

Outlook:

The themes through the past twelve months have been rising inflation and the cost-of-living crisis, rising interest rates and political uncertainty. We expect that as with the impact of the 2020 COVID pandemic, the difficult economic environment will further evidence the resilience of our portfolio of high-quality affordable housing.

Importantly, these challenges not only affect ReSI, but also the lives of our residents. Between the underlying strength of credit for our shared owners, the affordability of the shared ownership compared to renting on the open market, the financial backstop of housing benefit and pension funds available to our retirement residents, and the energy efficiency of ReSI's portfolio compared to the broader UK, ReSI's residents are relatively well positioned to weather the current financial environment. For those residents who fall into acute financial hardship, ReSI offers a range of financial resources to help mitigate the situation as outlined in the Social and Environmental section above.

In addition to potential challenges, the current financial volatility could also present opportunities in FY 2023. We are seeing that the number of tenanted shared ownership that will be available to acquire in FY 2023 will be substantially higher as housing associations (who hold almost 200,000 shared ownership homes) look to bring in partners to acquire this stock in order to continue to fund their 43,000 homes per annum development programmes whilst also investing £25bn billion by 2030 in the energy efficiency of their homes[42].

ReSI's business model is well positioned to thrive in a high-inflationary environment. More importantly, ReSI has a highly experienced, capable and cohesive management team, as well as a dedicated in-house property management team, who are focused on navigating these uncertain times.

ReSI's long term amortising debt, with only c.8% floating-rate debt exposure and a weighted average maturity of 22 years, leaves ReSI's well positioned to withstand today's rising interest rate environment. The 2.4% weighted average coupon of our existing debt balances should remain relatively stable for the near-to-mid-term future, and ReSI has amble headroom across debt covenants.

In the short term we anticipate that FY 2023 will see earnings growth from inflation-linked rents, as well as shared ownership acquisitions and leasing activity but this could be offset by one-off operating expenses increasing ahead of rent increases (driven by ReSI's retirement rentals operations where we are responsible for energy costs in communal areas) and increases in floating-rate interest expenses.

These headwinds could make it difficult to increase Adjusted EPRA Earnings during FY 2023, and so the dividend target for FY 2023 is being kept constant at 5.16 pence per Ordinary Share. Any revision or adjustment to the dividend target will require greater confidence that interest rates have peaked, and energy costs stabilised.

For FY 2024 and beyond these one-offs could be static or potentially invert, allowing for higher earnings and dividend increase.

If FY 2022 was a year of profound change, two themes that remain unchanged are the UK's worsening shortage of affordable housing, and how well-positioned ReSI is 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.

What also remains the same is our aim to deliver secure, inflation-linked returns over the long term to investors, while providing measurable social and environmental impact to our residents and the UK.

Ben Fry
Managing Director, Housing

1 December 2022

42. Savills and National Housing Federation, Decarbonising the Housing Association Sector – Costs and Funding Options (October 2021).

ReSI's approach to Environmental and Social Impact

This section covers some of the key areas of implementation and other ongoing social impact and environmental initiatives during the year. There is also further detail relating to the impact of the Company on its major stakeholders in the Section 172 statement on page 72.

The Board and the Fund Manager believe that sustainable investment involves the integration of Environmental, Social and Governance ("ESG") factors through all stages of the investment process and that these factors should be considered alongside financial and strategic issues during the initial assessment and at all stages of the investment process.

The Board and the 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.

Such ESG factors, which were traditionally not part of financial analysis, are incorporated and prioritised as part of the investment and due diligence process through the ESG decision tool, which has been developed by Gresham House's dedicated Sustainable Investment Team (see ESG Decision Tool section). Ongoing monitoring of ESG related risks is carried out through investment reviews.

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 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 Gresham House Sustainable Investment Framework shown below is used to structure analysis, monitoring and reporting of ESG issues and opportunities within the lifecycle of our investments. reporting of ESG issues and opportunities within the lifecycle of our investments.

Environmental

Climate change and pollution

Energy-efficient housing; renewable energy where possible; access to public transport where available

Natural capital

Wate-saving measures where possible; regeneration of brownfields sites

Waste management

Where feasible, sustainable management of waste arising from refurbishment, maintenance and management of the portfolio

Social

Employment, health, safety and well-being

Safety and well-being of residents as a priority; application of best practice standards; quality employment

Marketplace responsibility

Affordability and quality in all tenure types: widening access to home ownership; proactive protection of residents' interests and customer charters

Supply chain sustainability

Sourcing policy ensures management teams have required knowledge of local areas and meet regulatory requirements

Community care and engagement

Contributing to community stability and environmental quality: housing that is accessible to jobs and amenities

Governance

Governance and ethics

Good practice governance; strong business ethics management and culture

Risk and compliance

Robust risk and compliance management; monitoring of regulatory and policy change

Commitment to sustainability

Sourcing policy ensures management teams have required knowledge of local areas and meet regulatory requirements

ESG Housing Wheel

To determine the most material themes within the broader framework when profiling our prospective investments, the ESG Housing Wheel ("the Wheel") has been developed.

The Wheel sets out the six social and environmental factors that are most crucial to the Company's sustainable investment strategy, with measurable objectives identified for each factor.

ESG Decision Tool

The Fund Manager has developed the ESG Decision Tool ("the Tool"), which is used by the investment team to assess the performance of prospective investments against six core themes in The Wheel and to identify potential ESG risks. The Tool contains two core sections:

Initial Evaluation – An initial assessment of the investment's performance against the six core social and environmental factors in the Wheel. The investment will be assessed against measures of success which have been developed for the six core social and environmental factors, ensuring that outcomes can be measured and compared to other investments.

Detailed Questionnaire - This assesses ESG risks in more detail by guiding the investment team through a series of potential ESG risks. The completed questionnaire highlights specific ESG risks that are the most relevant to the asset.

The investment team are required to mitigate the ESG risks identified by the tool as part of the due diligence process for the investment to be approved.

The Tool helps to ensure that ESG risks and opportunities are considered from the beginning of the investment process. These risks and opportunities are then continuously tracked, monitored and managed after the acquisition phase.

ESG KPIs

To record the social and environmental impact that ReSI generates through its investments, the Fund Manager has created a KPI Bank to help drive investment decision making, engagement planning and enhance stakeholder reporting.

The KPI Bank draws on elements of existing sustainability frameworks, such as SFDR, while also supplementing these with KPIs that expand upon the core measures of success contained within the Wheel and the Tool.

The KPI Bank is designed to improve sustainability practices within our investments and ensure sufficient progress is being made against stated ESG ambitions. KPIs are to be monitored to understand the strengths and weaknesses of an investment and to subsequently identify any actions for improvement. ReSI intends to report against its ESG KPI bank for the first time in the new year.

Gresham House Sustainable Investment

The Fund Manager's parent, Gresham House, has achieved top scores in the 2020 PRI (Principles for Responsible Investment) assessment report, the Group's first assessment since becoming a PRI signatory in 2018. For its 2021 PRI Report, Gresham House was awarded 4 and 5 stars, out of a maximum of 5 stars, for all modules relevant to Gresham House plc. For Real Estate specifically, Gresham House scored 78% vs. a median for the sector of 69%.

Gresham House became a signatory to the UK Stewardship Code in 2021. In September 2022, it was announced that Gresham House had met the expected standard of reporting for 2021 and will remain a signatory to the UK Stewardship Code 2020 for the second year in a row. Gresham House has also been awarded the Green Economy Mark from the London Stock Exchange.

More information on Gresham House's approach to sustainable investment can be found in its Sustainable Investment Report.

Signatory of: PRI Principles for Responsible Investment

Signatory of: UK STEWARDSHIP CODE | 2021

Alignment with UN Sustainable Development Goals

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

Core SDG

Secondary SDGs

Environmental Impact

Measuring and reducing the environmental impact of ReSI's operations, whilst addressing the risks posed by climate change, is essential in enabling ReSI to reach its long-term financial objectives.

It is estimated that carbon emissions produced by residential buildings account for 20%[43] of all carbon emissions in the UK and as a result, decarbonisation of the housing sector is a key focus of the Government's net zero strategy. ReSI recognises that as a responsible landlord, it has a role to play in reducing the emissions produced by its portfolio and ultimately the wider housing sector.

This year, ReSI has partnered with the consultancy, Kamma Data ("Kamma"), to report on the carbon emissions generated by its property portfolio. Kamma have produced report that includes an assessment of ReSI's Scope 1 and Scope 2 emissions, the Scope 3 operational emissions of ReSI's property portfolio and for the first time, an assessment of the Scope 3 embodied carbon emissions produced in developing ReSI's properties.

In addition, Kamma are producing a report on the retrofitting procedures that are required to improve the energy efficiency of ReSI's property portfolio further. The report sets out a choice of fully costed retrofitting pathways that ReSI can take. The full report will be published during 2023.

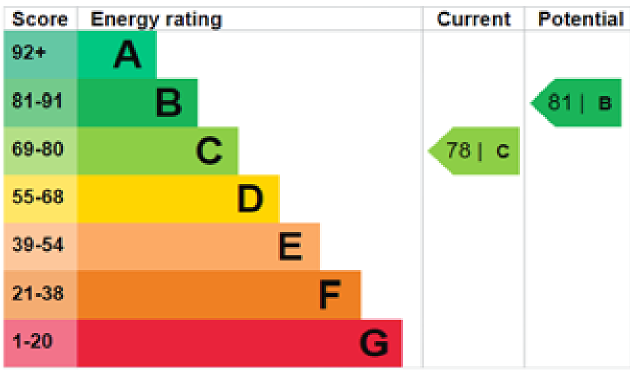
Kamma's retrofitting report will form part of ReSI's net zero strategy, which is intended to be announced in 2023. The strategy will include a pathway to reach operational net zero, including scope 3 operational emissions, followed by a pathway to reach complete net zero, including operational and embodied scope 3 emissions, with complete net zero being reached by 2050 at the latest in line with Government targets.

Whilst improving property energy efficiency will drive a significant reduction in carbon emissions produced by the portfolio, it is not possible to reach operational net zero through retrofitting alone. As a result, to reach operational net zero, ReSI will either have to wait until the national grid is fully decarbonised, which is expected to be in 2035, or it will have to directly procure / invest in its own renewable energy sources. This is an option that the Fund Manager is currently exploring, with further information to follow in 2023

Assessing the energy efficiency of ReSI's 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 environmentally friendly building) and a corresponding letter grade between A and G. EPC assessments are performed by third party assessors and therefore provide an externally-verified method of quantifying the energy efficiency of each home. EPC ratings are obtained on a property-by-property basis upon acquisition and are refreshed at set intervals.

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



Example Energy Performance Certificate[44]

43. Department for Business, Energy and Industrial Strategy
44. EPC certificate for retirement rental property owned by ReSI

Government Requirements and Proposals

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

The Government energy white paper,[45] which is not yet law and still in consultation, proposes a minimum EPC of C for new rental tenancies from 2025 and all rental tenancies from 2028. This will continue to have exemptions for certain types of property, including if it costs more than £10,000 to upgrade a home to EPC C and thus the Government's expectation is that only 70% of private rented homes will reach the new proposed minimum within the timeframe. Currently only 46%[46] of UK homes meet the target minimum EPC of C, with 43% D rated and 10% rated E and below.

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

ReSI is aware of the regulatory risk posed by the Energy White Paper and has taken action to position its portfolio to be ahead of Government legislation through the implementation of Project D, as described in the targets and progress section of this Annual Report.

The potential impact of climate change on ReSI and mitigation methods

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

- **Overheating risk:** rising average temperatures combined with a greater quantity and quality of property insulation could result in homes becoming too hot in the summer months. ReSI is aware of this risk and will balance the need to insulate its homes with the risk of 'over-insulating' them by making property-by-property assessments as required.
- **Flood risk:** rising sea levels could increase the chance of flooding in homes built near rivers and other bodies of water. ReSI's investment criteria for new homes requires that acquisitions are not developed in medium / high risk flood areas without appropriate mitigants in place. 100% of the properties acquired during the year met this standard.
- **Demand:** Following the rise in energy costs over 2022, sales teams have advised anecdotally that they are starting to see higher levels of demand for more energy efficient homes, with this trend expected to increase further over time. To mitigate against this risk, ReSI plans to upgrade the energy efficiency of its portfolio such that it is ahead of its competitors and proposed Government legislation, as outlined in the Our Targets and Progress section.

45. The Energy White Paper – Powering our Net Zero Future, December 2020

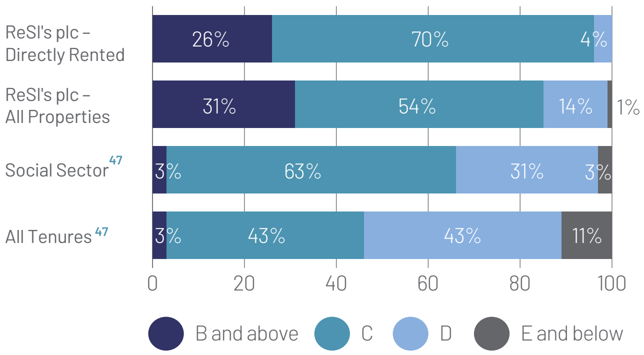
46. English Housing Survey, 2020 to 2021

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

At the year end date, 85% of ReSI's portfolio was EPC rated C or higher, up from 81% last year. This rises to 96% for ReSI's directly-rented homes.

Just 1% of ReSI's properties are E rated, with 100% of directly-rented properties rated at D or above. The remaining E rated properties are primarily shared ownership houses that were acquired as part of the acquisition of older, tenanted properties from Orbit, and Housing Manager Flats within the retirement portfolio that are on license to a third party.

Comparison to Wider Market

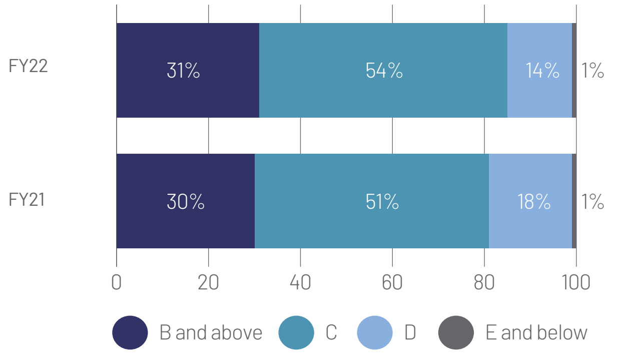


	Average EPC Score
EPC rating of ReSI's Homes*	C
Average UK rating[47]	D
Minimum rating legally required to let out property	E

* Representative sample of all properties assessed – 96%.

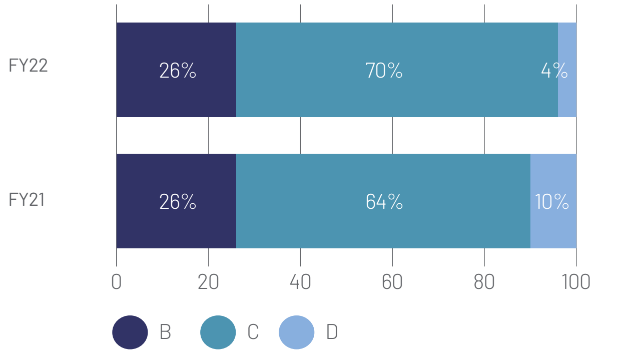
The table above evidences that the efficiency of ReSI's portfolio is well above the UK average, however whilst we are pleased with progress in this area, we recognise that there is more work to be done.

EPC Ratings: All Properties



Total properties 3,284, representatitve sample of 96% assessed

Directly Rented EPCs



Total directly-rented properties 1,887, 100% of properties assessed

47. English Housing Survey, 2020-2021

Our targets and progress:

ReSI is committed to positioning its portfolio ahead of the Government's legislation to prevent homes with poor energy efficiency ratings from being rented. This is because not only will improving the energy efficiency of our homes will reduce risk exposure to the new proposed legislation, but we believe it will also make the properties more attractive to potential residents. To this end, the following steps have been taken in FY22.

Project D: After successfully ensuring that 100% of directly-rented E rated properties were upgraded to at least a D in FY21, FY22 saw ReSI embark on its target to upgrade all directly-rented D rated properties to at least a C by 2025, three years ahead of the Government's proposal for all non-exempt rental tenancies to be upgraded to C by 2028. This workstream is known as Project D. During the year, 113 directly-rented properties have been upgraded to at least a C, represent-ing 61% of the total. The progress made this year means that we are ahead of schedule for completing the project. Properties have been upgraded through a combination of retesting and retrofitting works, such as replacing older heating systems and fitting insulating heat jackets on water heaters.

Housing Manager Flats (HMFs): The Housing Manager Flats in ReSI's retirement portfolio are on licence to a third-party, who is responsible for the maintenance of the properties. Nevertheless, ReSI has worked with the counterparty to improve the efficiency of the portfolio, evidenced by the percentage of HMFs with an EPC rating below D dropping from 34% in FY21 to 25% in FY22. The properties have been upgraded using the same approach as the directly-rented units, with ReSI funding the works despite not being responsible for the maintenance of the properties, evidencing our commitment to reducing carbon emissions across the portfolio.

Orbit Portfolio: During the year, ReSI acquired a portfolio of older, tenanted shared ownership properties from the Housing Association group, Orbit. At the time of acquisition in April, 138 of the properties did not have an EPC rating. Shared owners are not legally required to agree to an EPC assessment being performed on their property, so ReSI wrote to residents explaining the benefits of getting their property EPC rated and offering them a £50 voucher to allow the assessment to be carried out. Since ReSI acquired the portfolio in April, 66 (48%) of the properties with no rating have been tested. ReSI hopes to continue to test the remaining properties with no EPC in FY23.

ReSI's approach to sustainable investing

ReSI's policy for acquiring new build homes is that they must have a minimum EPC rating of a B. During FY22, 100% of the new build homes acquired met this standard. Going forward, ReSI aims to increase the proportion of new build homes that meet the Future Homes Standard, which is expected to be implemented by the Government for all new homes by 2025.

ReSI's preference is to acquire properties developed on brownfield sites in order to provide affordable housing while preserving biodiversity and enhancing green spaces. 65% of the new build properties acquired during the year were redevelopments of brownfield sites.

Case Study

2022 shared ownership acquisition – Brick by Brick, Malling Close

In 2022, 15 homes on Malling Close, Croydon, were purchased through ReSI's registered provider of social housing, ReSI Housing, adding to ReSI's existing portfolio of shared ownership homes.

Social Impact

- **Price to earnings ratio of 11.4x** [48]**:** providing local residents with an affordable route onto the housing ladder, in an area where outright ownership is unaffordable for many
- **Rentals charged at a discount of 38%**[49] **to market rate:** making monthly payments affordable to mid to low earners
- **Private outdoor balconies:** increasing quality of life for residents, with sufficient space for a table and chair.
- **Local green spaces:** less than a five minute walk from South Norwood Country Park
- **Cycle storage provided for residents:** enabling and encouraging shared owners to switch from motor vehicles to cycling - a low environmental impact method of transport

Environmental impact

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

48. Ratio of house price to residence based earnings – ONS
49. Compared with average CR0 gross rental yield. Data from Realyse - Sept 2022

Calculating ReSI's environmental impact: carbon emissions

FY22 was the first year of a long term partnership between ReSI and Kamma, with Kamma calculating the Scope 1, 2 and 3 carbon emissions generated by ReSI, as well as producing the forth-coming road to net zero report which is expected to be published in 2023. Using one consultant across all of ReSI's carbon reporting streamlines the process and ensures that a consistent methodology is used across all carbon disclosures. The more involved approach used by Kamma to determine ReSI's emissions in FY22 has led to some differences when comparing to the prior year numbers. ReSI intends to continue to use Kamma to calculate its carbon emissions going forward, allowing more accurate year-on-year comparisons in future years.

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

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

Scope 1 and 2 emissions

ReSI doesn't have any office premises of its own and its operations are performed by the Fund Manager, which is part of Gresham House, and other third parties as necessary. Where ReSI is financially responsible for the energy consumption of communal areas and vacant properties within its property portfolio, the emissions generated by these activities fall under Scope 1 and 2. Where gas is the heating source for these emissions, they are classified as Scope 1. This is the case for a small number of properties acquired vacant to be let as shard ownership before the resident moves in. Where the heating source is electricity, they are classified as Scope 2. Individual property energy usage is the responsibility of the tenants however and therefore not considered under Scope 2.

Kamma has calculated ReSI's Scope 1 and Scope 2 emissions using utility bills and actual kWh consumption data for a representative sample of communal areas and vacant properties within its portfolio. This data has been extrapolated across 100% of the vacant properties and communal areas in the portfolio where emissions fall under the definition of Scope 1 and 2.

Portfolio	Total energy consumption (GWh)		Tonnes CO_2 Emissions	
	FY21	FY22	FY21	FY22
Retirement: communal Areas[50]	0.12	**0.13**	23.1	**22.8**
Retirement: vacant Properties	0.13	**0.32**[51]	26.8	**52.4**[51]
Shared ownership: vacant properties	0.02	**0.01**	3.6	**0.5**
Total	0.27	**0.46**	53.5	**75.7**

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

Scope 3 emissions – third party providers

ReSI is responsible for indirect emissions through its service contracts with third party providers. The emissions of the Fund Manager will be reported as part of Gresham House's 2022 annual reporting.

In FY22, ReSI has assessed the embodied carbon emissions produced by its counterparties in developing the new build units that were acquired during the year. It is estimated that as much as 50%[52] of the whole lifecycle carbon emissions produced by buildings come from embodied carbon emitted in the development process. As a result, calculating the embodied carbon emissions produced by the Company is a crucial part of assessing ReSI's carbon footprint.

	Scope 3 Carbon Emissions (Tonnes CO_2)
Embodied carbon emissions -2022	1,172

Kamma's assessment evidences that for FY22, embodied carbon emissions formed a small portion of ReSI's total carbon emissions. This is due to ReSI committing to acquire a relatively small number of properties that had been under construction for a portion of FY22.

50. FY21 emissions restated to include additional emissions from communal areas not considered in prior year
51. A considerably larger sample size of vacant properties was used to calculated emissions from retirement properties in FY22 compared to FY21. As a result, the larger FY22 figure is a more accurate assessment than the FY21 figure, rather than a genuine increase in emissions
52. arup.com/news-and-events/arup-commits-to-whole-lifecycle-carbon-assessments-for-buildings-and-withdrawal-from-fossil-fuels

Scope 3 emissions – residents and shared owners

The carbon emissions produced by ReSI's properties are classified as Scope 3, as they are generated and paid for by residents.

Kamma Data has estimated the Scope 3 operational carbon emissions generated by ReSI's property portfolio using data extracted from Energy Performance Certificates.

Carbon emissions from ReSI's housing portfolio have been calculated in line with best practice standards. Where electricity is the source of emissions, regional conversion factors based on the Distribution Network Operator (DNO) that the property falls within have been used to convert energy usage into carbon emissions. These conversion factors represent a rolling 12-month average for each regional DNO. Where gas is the source of the emissions, the most recent Department for Environment, Food and Rural Affairs ("DEFRA") emissions factors are used.

The conversion factors used in the FY22 assessment produce a more accurate figure for ReSI's carbon emissions than the FY21 assessment, which used the DEFRA 2021 conversion factor for all sources of carbon emissions. In addition, the DEFRA 2021 conversion factor is calculated annually and therefore lags behind more recent conversion factors. Using a more up to date conversion factor that accurately represents the decarbonising of the National Grid has resulted in reduced carbon emissions for ReSI in FY22.

In addition, the prior year energy consumption figures contained "unregulated emissions" from residents, such as usage of electronics. These have not been included in the FY22 analysis on the advice of Kamma, as they cannot be controlled by ReSI.

These values are presented for 3,243 properties that ReSI had acquired at 30 September 2022 on an annualised basis, regardless of whether ReSI owned the home for the entire period, and no adjustment is made for property void periods.

Total Scope 3 operational portfolio emissions

	Total energy consumption (GWh)			Tonnes CO_2 Emissions		
Emissions per annum	2020	2021	**2022**	2020	2021	**2022**
ReSI's portfolio	34.7	39.9	**40.2**	8,699	9,067	**3,472**

Emissions per property

	Total energy consumption per property (kWh)			Emissions per property (Tonnes CO_2)		
Emissions per annum per property	2020	2021	**2022**	2020	2021	**2022**
SO	6,860	10,371	**10,383**	1.5	2.2	**1.6**
RHP	14,041	14,646	**13,060**	3.5	3.4	**0.9**
LA	7,440	7,465	**11,585**[53]	1.9	1.7	**1.9**
Total	**12,832**	**13,248**	**12,402**	**3.2**	**3.0**	**1.1**

53. In FY22, Kamma determined the energy consumption of the Local Authority Portfolio by using the EPC data from units which have a domestic EPC and extrapolating across all Local Authority units. The FY21 assessment used domestic and non-domestic EPC data in its assessment, and therefore the year-on-year comparison is not like for like. Going forward, Kamma will continue to use the FY22 method

Energy consumption by energy source[54]

	Electricity Consumption		Gas Consumption		LPG Consumption		Renewable energy Consumption		Total Consumption	
Energy Usage per property	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**
All Properties (Gwh)	36.7	**32.5**	3.1	**7.6**	0.1	**0.2**	0.0	**0.0**	39.9	**40.2**
Per property (kWh)	12,213	**10,011**	1,032	**2,341**	33	**45**	0.0	**0.0**	13,248	**12,402**

Emissions intensity

Emissions intensity[55]	Energy consumption of property portfolio per £ of Gross Rental In-come (Gwh / £mn)		CO_2 emissions of property portfolio per £ of Gross Rental Income (tCO_2 / £mn)	
	2021	**2022**	2021	**2022**
ReSI's portfolio[56]	1.76	**1.58**	400	**138**

Total emissions summary

	Carbon Emissions (Tonnes CO_2)		
	2022	2021	**2022**
Scope 1	Not reported	0	**2**
Scope 2	Not reported	53	**76**
Scope 3	8,699	9,067	**4,644**
Total carbon emissions	8,699	9,120	**4,722**

Overall, ReSI's estimated CO2 emissions per property has significantly reduced from FY21. This is due to the more accurate methodology used by Kamma, the continued decarbonisation of grid and work performed to improve the efficiency of the retirement portfolio through Project D.

Despite these strong results, ReSI will continue to push forward with its sustainable investment targets in FY23.

54. In FY22, Kamma determined the energy consumption of the Local Authority Portfolio by using the EPC data from units which have a domestic EPC and extrapolating across all Local Authority units. The FY21 assessment used domestic and non-domestic EPC data in its assessment, and therefore the year-on-year comparison is not like for like. Going forward, Kamma will continue to use the FY22 method
55. Includes Scope 1, Scope 2 and operational Scope 3 emissions. Embodied carbon excluded to allow like-for-like year-on-year comparison
56. Gross rental income used as portfolio intensity measure as it increases in proportion with Scope 1, Scope 2 and operational Scope 3 emissions, and it is the most reliable available metric.

Social Impact

Social Impact

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

To confirm that our intended social impact outcomes are being experienced by residents, ReSI conducted its annual survey of its shared ownership and retirement rental residents, the results of which are referenced in this Annual Report.

The Good Economy report

100% of ReSI's properties have been included in an impact assessment performed by The Good Economy ('TGE'), which aims to quantify ReSI's social impact.

The key findings from the report are summarised below; the entire report is available on ReSI's website (https://greshamhouse.com/real-assets/real-estate-investment/residential-secure-income-plc/).

The report includes TGE's assessment of ReSI against its new framework, the Equity Impact Project ('EIP'), for the first time. The EIP is helping to develop a set of globally aligned standards for equity investments in social and affordable housing. ReSI is one of the first funds to report against the standard, having contributed to the framework's development through participating in workshops with TGE.

Social outcomes

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

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

ACTIVITIES

The actions that ReSI is taking

ACTIVITIES

- Raising capital from investors with aligned interests
- Building relations with RPs and other strategic partners
- Financing of new affordable housing development
- Acquisition of tenanted shared ownership properties from housing associations
- Providing in-house property management services through RPML
- Development of a net zero strategy in partnership with an environmental consultant

OUTPUT

The direct result of the actions of ReSI

OUTPUTS

Shared Ownership Outputs

- Door opened to home ownership
- More affordable housing brought into the market
- Households have timeline security of tenure
- High quality RPML 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 RPML 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 peoples lives

OUTCOMES

Shared Ownership Outcomes

- Improved stability through security of tenure for those that 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

Reduces Energy Usage

- Reduced energy consumption from residents
- Lower energy bills for residents

Source: The Good Economy

Shared Ownership

ReSI acquires shared ownership homes from developers and housing associations. Shared ownership aims to improve access to home ownership for households that cannot afford to purchase a home outright through its part-buy, part-rent model, with subsidised rents and lower deposit requirements.

As part of ReSI's aim to be a best-in-class provider of shared ownership housing and drive best practice across the sector, its Shared Ownership Customer Charter and a Shared Ownership Environmental Charter have been developed. The charters are unique in the shared ownership space and provide benefits to both residents and 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, and we have been pleased to see that many of the measures in the Charters have been incorporated by Homes England into the new form of shared ownership lease.

How has ReSI performed against TGE's impact objectives?

	Address Social Need	Provide Affordability and Value for Money	Build Quality Partnerships	Increase Supply
Objective:	Making home ownership accessible in areas with low affordability ratios.	Addressing barriers to home ownership for low- and middle-income households.	Providing quality homes and management.	Bringing more homes into the affordable housing sector.
ReSI 2022 Results:	100% of properties in local authorities where the average worker cannot afford the average home	96% of properties affordable to local households when assessed through a person-centred affordability test	Increased the number of properties managed by ReSI's in house property manager, RPML	34% of FY22 investment was into new build shared ownership homes

Address social need

House prices in England are on average 9 times greater than the average person's earnings, making the average home unaffordable to the average worker[57]. The Good Economy has found that 68% of ReSI's shared ownership homes are located in local authorities with house price to earnings ratios above this average, demonstrating ReSI's commitment to delivering affordable homes to the areas that need them most.

Whilst affordability is most constrained in areas with an above average price to income ratio, the average worker is unable to afford the average property in regions where the ratio is above 5 times. Any local authority with a ratio above this level has a need for affordable housing, and 100% of ReSI's properties are located in such locations.

57. ONS – House price to workplace-based earnings ratio, 2021

> It gives you the opportunity to own your own home or part of your own home, giving you security and peace of mind.

80% of shared owners are satisfied that their home is the same or better value than their previous residence

Shared Ownership - Who benefits?

Our shared ownership residents: previous housing tenure

- 3% Other
- 17% Living with family or friends
- 35% (Alternative form of home ownership)
- 45% Renting privately or from a Housing Association

In addition, 78% of residents said that they would have be en unable to buy a property had it not been for shared ownership, evidencing the social need for ReSI's properties

> Shared ownership is a great way to get onto the housing ladder one step at a time, while paying a fair rent

Provide affordability and value for money

When assessed through TGE's person centred affordability calculator, 96% of ReSI's shared ownership properties were found to be affordable to local residents at the green and amber level. Under TGE's definition, green affordability and amber affordability is where the resident is spending less than 33% and 40% respectively of their net income on housing costs. This level of affordability is achieved as shared ownership rents are charged on residual equity at 2.75%, representing an typical saving compared to market rent of c.30%[58].

ReSI demonstrated its commitment to improving affordability for residents in its acquisition of tenanted shared ownership homes from Orbit Group, where 32 of the residents were initially on leases with a contractual rent increase of RPI +2.0%, however ReSI took the decision to cap the rent increase at RPI + 0.5%. This helps to ensure that rents remain affordable for residents and brings the properties in line with the rest of the portfolio.

In addition, the average remaining lease term for Orbit's residents at the point of acquisition was 95 years. Short lease terms can negatively impact the value of a shared owner's home, and it can become difficult to mortgage properties on lease terms of less than 75 years. As a result, ReSI offered all residents the opportunity to extend their lease term to a minimum of 125 years, for a nominal fee of £1.

58. Based on a typical UK rental yield of 4.0%

Build quality partnerships

ReSI has increased the proportion of properties that are managed by our in-house property manager, ReSI Property Management Limited (RPML). Having control over the property management services provided has improved the experience for residents, with 87% of residents in a property managed by RPML saying they are happy or not dissatisfied with their property management service.

Residents in a property managed by RPML saying they are happy with their property

Increase Supply

ReSI continued to increase the supply of affordable housing, with 34% of capital spend in the year used to fund new build affordable housing.

ReSI invested the majority of its remaining capital spend for the year into acquiring a portfolio of tenanted shared ownership homes from the not-for-profit Housing Association group, Orbit.

ReSI's investment provided Orbit with a long-term equity injection, which not only allows the not-for-profit to meet rising demand for additional affordable homes, but also to upgrade its existing housing stock. The proposed legal requirement for landlords to ensure that newly let rented homes have an EPC rating of C or better by 2025 has resulted in an elevated level of demand from Housing Associations for the long-term equity provided through acquisitions of this type.

Retirement

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

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

How has ReSI performed against TGE's impact objectives?

	Address Social Need	Provide Affordability and Value for Money	Build Quality Partnerships	Increase Supply
Objective:	Providing accommodation tailored to the over 55s to allow independent living	Providing rental homes that are affordable to the over-55s	Supporting residents with a high quality property management service tailored to the over 55s	Offering homes to meet the needs of the demographic
ReSI 2022 Results:	Retirement rentals survey analysis: 75% said their retirement home is as good or better than their previous residence. 73% had made new friends since moving. In 88% said that their retirement home is at least as stable as their previous residence	Approximately 27% of residents making rental payments using Housing Benefit Rent increases for retirees capped below inflation at 6%	When asked on a scale of 1-10 how likely they would be to recommend ReSI's in house retirement property manager, My Future Living, to a friend, 79% of residents responded with 7 or higher	ReSI primarily acquired its retirement portfolio from other investors between 2017-2019

Address social need

Providing specialist retirement accommodation where residents can live amongst their peers may have contributed to reduced levels of loneliness being experienced by residents, demonstrated by 73% of survey respondents saying they had made new friends since they moved into their retirement property. The reduced levels of loneliness, combined with stability provided by the assured tenancies that 85% of residents benefit from, has contributed to a reduced mental health burden for some residents, with 54% of residents saying their mental health has improved since moving in.

Residents reporting improved mental health

Residents who have made new friends since moving in

Providing affordability and value for money

The rents charged on ReSI's retirement properties are, on average, between the lower quartile and the median of market rents when compared to equivalent properties in the same local authority. Rents paid by ReSI's retirement residents include service charge, providing residents with an onsite warden, garden maintenance and a communal living area. When the cost of the service charge is removed from the rent level, the rents on ReSI's retirement properties are, on average, less than the lower quartile market rents when compared to equivalent properties in the same local authority.

Rents set at this level ensure that a portion of the properties are accessible to residents on lower incomes, with 27% of residents funding rent payments through housing benefit and 60% funding payments through their pension income.

Contractually, retirement rents increase at RPI, with a cap at 6.0%. ReSI has chosen to apply this cap to all retirement properties, despite residents not on Assured Tenancies being eligible for higher increases. This evidences ReSI's commitment to ensuring the properties remain affordable to residents.

This rent cap has generated a total annualised saving of £164k to ReSI's retirement residents this financial year. In addition to capping all rent increases at 6.0%, where residents are in financial difficulty, ReSI will offer them rent freezes or reduced rent increases where possible. The rent freezes and reduced rent increases offered by ReSI have generated a total annualised saving of £86k, taking the total annualised saving from ReSI capping rents to £250k.

Where residents approach My Future Living with affordability concerns, their dedicated welfare team will work with them to find a bespoke affordability solution. This approach includes checking residents' eligibility for welfare, helping residents cut their spending, capping rent increases and offering residents cheaper properties within the development.

Build quality partnerships

ReSI's retirement portfolio is managed in house by ReSI Property Management Limited (trading as My Future Living), a Gresham House owned provider. My Future Living has continued to provide a high quality service to residents.

My Future Living has continued the roll out of its new system, Fixflo, which allows residents to report maintenance requirement electronically, with the aim of improving efficiency and response times.

Residents who responded with 7 or above when asked how likely they are to recommend My Future Living to a friend*

Residents who are happy or not dissatisfied with the property management services provided by My Future Living

Increasing supply

ReSI primarily acquired its retirement portfolio from other investors between 2017-2019. This investment kept the homes in the retirement sector, however as ReSI has not acquired a significant number of new homes in the year, TGE considers that ReSI is bringing a low level of additionality to the sector through this tenure.

> "The tenants that TGE have spoken to have been positive about the quality of housing management that they have received."

Local Authority

ReSI owns two sites of temporary accommodation at Eaton Green Court and Wesley House, which are leased to the local authority, Luton Borough Council. Luton Borough Council uses these homes to house individuals and families who are at risk of homelessness.

Local authorities in England have a duty to secure accommodation for unintentionally homeless households and provide support which facilitates them securing long-term stable accommodation.

Luton has one of the highest levels of homelessness in the UK, with one in every 66 people experiencing homelessness according to a report by the charity Shelter. As a result, Luton Borough Council is under continual pressure to meet the housing needs of homeless people.

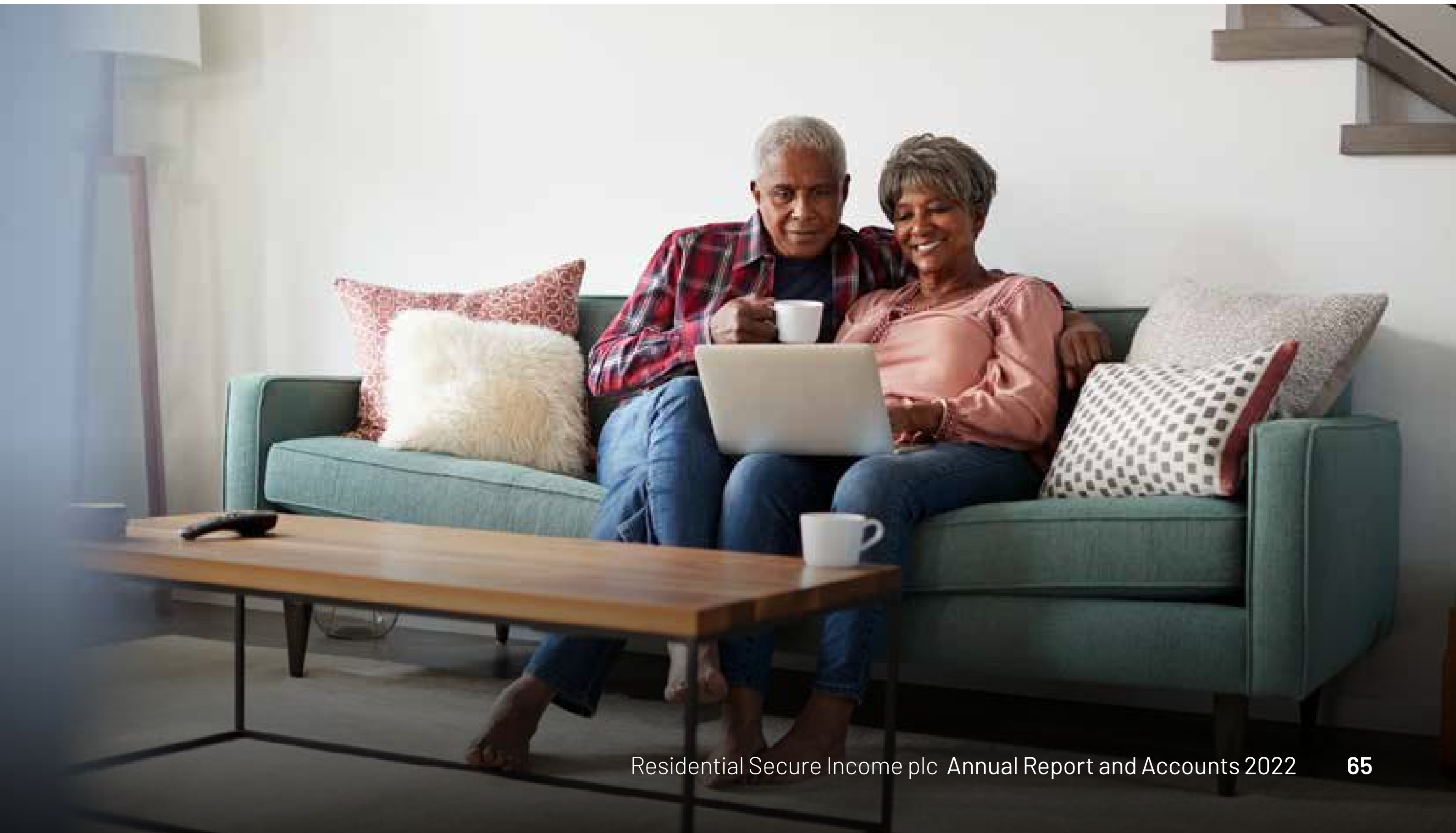
Temporary accommodation is a crucial component of Luton Borough Council's homelessness strategy, and the homes leased to them by ReSI form a significant proportion of their available housing stock under this tenure.

By providing Luton Borough Council with finance to offer 289 temporary accommodation homes, ReSI has helped the local authority to eliminate the use of bed and breakfast accommodation for homeless households.

Temporary accommodation is not only less expensive than Bed and Breakfast accommodation for local authorities, but it also more stable for residents. Luton Borough Council offers residents additional services such as help with CV writing and mental health support, with the aim of helping residents escaping the viscous cycle of homelessness.

The nature of leases on the temporary accommodation buildings owned by ReSI are such that the management of the building is the lessee's responsibility. As freeholder, ReSI's responsibilities are restricted to insuring the buildings and repairs and maintenance of some communal services, such as the lifts, common areas and smoke detectors. ReSI's representatives visit the buildings at least once a month, to check on the upkeep of the areas for which it is responsible.

Although safeguarding is the responsibility of the lessee, ReSI ensures that any safeguarding issues picked up during site visits are reported to the relevant property manager.



Cost of living

The increases in the cost of the energy, interest rates and inflation over that past year has resulted in an increase to the cost of living for everyone. Whilst it has not been possible to insulate our residents from all cost increases, the steps ReSI has taken alongside the protection offered by the shared ownership model have ensured that residents are protected from some of the cost increases that someone renting or owning the average UK property on the open market may have experienced.

Energy Bills

For many residents, the most significant cost increase this year has been rising energy bills, with the cost of energy having increased by 64% in 12 months to October[59] and a further increase in the price cap coming into force in April 2023, taking the annual cost of energy to £3,000. However, ReSI's properties are considerably more energy efficient than the UK average, with the average shared ownership property rated EPC B and the average retirement property rated EPC C. This energy efficiency means that whilst the increase in energy bills has been significant for our residents, it has been considerably less than for someone living in the average UK property, which has an EPC rating of D[60].

The Good Economy found that a resident living in a property with an EPC rating of B would save £460 p.a. on their energy bills compared to an EPC D rated property in March 2021, with this saving reducing to £173 p.a. for a C rated property. When this saving is scaled up by the increase in the energy price cap coming into force in April 2023, it increases to £1,213 p.a. for the B rated properties and £456 p.a. for the C rated properties[61i].

Tenure	Annual cost of energy (£)		Increase	
	March 2022	April 2023	£	%
Property with efficiency of average for ReSI **shared ownership** portfolio – **EPC B**	761	1,787	1,027	135%
Property with efficiency of average for ReSI retirement **rental portfolio** – **EPC C**	1,083	2,544	1,461	135%
Equivalent property with **UK average efficiency** – **EPC D**	1,277	3,000	1,723	135%

Tenure	Saving compared to average UK property (EPC D) at the energy price cap as of April 2023	
	£	%
Property with efficiency of average for ReSI shared ownership portfolio - **EPC B**	1,213	40%
Property with efficiency of average for ReSI retirement portfolio - **EPC C**	456	15%

Rent increases

Retirement rents increase contractually with RPI, with a cap at 6.0%. ReSI has chosen to apply this cap to all retirement properties, and with RPI reaching 12.6% in September[62], residents have benefited significantly from this. The total annualised saving generated by ReSI capping retirement rent increase in the year was £250k.

Shared ownership rents increased contractually by 5.4% (RPI + 0.5%) in April of this year. Rents will not increase again until April 2023, where contractually, they will increase by September's RPI + 0.5%.

59. Comparison of Price cap at Oct 2021 vs Oct 22 - https://www.energyhelpline.com/help/the-history-of-ofgems-energy-price-cap
60. English Housing Survey 2020 to 2021
61. Saving on energy bills assumes household energy consumption equal to the level used to calculate the energy price cap headline figure. Actual saving will vary dependent on the amount of energy consumed by the resident
62. ons.gov.uk/economy/inflationandpriceindices

The Government announced as part of the 2022 Autumn Statement that it will apply a 7% cap to social housing rent increases for 2023/24. Whilst there is no requirement to cap shared ownership rents, both the National Housing Federation (NHF) and G15, the group of London's largest Housing Associations, have stated that that they expect the majority of Housing Associations and all G15 members to be applying the 7% rent cap to their shared ownership portfolios in 2023/24.

Mortgage costs

2022 has seen interest rates rise significantly in the UK, with the average cost of a two-year fixed rate mortgage to surpassing 6%[63] in October. Interest rates have come down since then, with the best widely available rate on an 80% LTV 2-year fixed rate mortgage currently at 5.3%[64]. The majority of our shared ownership residents are on fixed rate mortgages and will therefore be protected from rate rises until their fixed term expires. For residents who's fixed term has expired, as shared owners only own a portion of their home, the impact of increased mortgage costs is significantly reduced compared to someone who owns outright.

Cost-of-living: Financial impact on our residents

Shared owners

To assess the financial impact of these market forces on our shared ownership residents, we have quantified the cost increases experienced by an average shared ownership resident. The table below shows average shared ownership residents who are refinancing their mortgage at today's rates can expect to see an increase in their housing costs and energy bills of 21% compared to April 2022, whilst residents with mortgage rates that are fixed will see their costs increase by 13%. The Fund acknowledges that whilst a rise of up to 21% in housing costs and energy bills represents a significant financial challenge for many of our residents, this increase is below the increase that an average renter/outright owner can expect to experience.

We will work with residents who are struggling to afford their housing costs and can offer them the option to reverse staircase. In addition, we will encourage residents to reach out to their mortgage broker to ensure they get the most appropriate mortgage terms for their financial circumstances.

		2022	2023	Increase	%
Typical ReSI Shared Ownership Resident refinancing their mortgage at today's rates[65]	Rent and service charge	7,543	8,071	528	7%
	Mortgage Costs	3,786	4,819	1,033	27%
	Energy Bills[66]	761	1,787	1,026	135%
	Total	**12,090**	**14,678**	**2,588**	**21%**
Typical ReSI Shared Ownership Resident with fixed rate mortgage[65]	Rent and service charge	7,543	8,071	528	7%[67]
	Mortgage Costs	3,786	3,786	-00	0%
	Energy Bills	761	1,787	1,027	135%
	Total	**12,090**	**13,644**	**1,555**	**13%**
Average UK outright owner[68]	Mortgage Costs	15,144	19,277	4,133	27%
	Energy Bills	1,277	3,000	1,723	135%
	Total	**16,421**	**22,277**	**5,856**	**36%**
Average UK rental accommodation[69]	Housing Costs	11,720	13,126	1,406	12%[70]
	Energy Bills	1,277	3,000	1,723	135%
	Total	**12,997**	**16,126**	**3,129**	**24%**

63. bbc.co.uk/news/business-63144506
64. Money Supermarket – 22 November 2022
65. Shared Ownership Assumptions: OMV £293k; First Tranche Sale: 25%; Deposit: 10%; Mortgage term: 25 years; initial interest 3.0%; refinanced interest 5.3%; Rents: 2.75%; Service charge: £1,500 p.a; EPC B
66. 2022 energy bills as of March 22 price cap. 2023 energy bills as of April 2023 price cap
67. Based on NHF announcement that they expect the majority of Housing Associations to be applying a 7% cap to shared ownership rent increases in 2023: https://www.housing.org.uk/news-and-blogs/news/rent-cap-press-statement/
68. Outright owner assumptions; OMV: £293k; Mortgage LTV 90%; initial interest 3.0%; refinanced interest 5.3%; EPC D
69. Rental Assumptions - OMV: £293k; Rental Yield: 4.0%; EPC D
70. Savills – Affordable rents capped, but private renters left behind – November 2022

Retirement residents

For our retirement residents, capping rent increases at 6.0% and living in a property that is more efficient than the UK average mean that cost increases for residents is lower than if they were renting on the open market.

The assessment shows that although retirement residents can expect to see their costs increase significantly in 2023, the increase will be 29% less than the increase that they would experience if they were renting the equivalent property (with an EPC rating of D, the UK average) on the open market.

In addition, the Government announced as part of the 2022 Autumn statement that the state pension and all HMRC and Department for Work and Pensions benefits will rise with CPI at 10.1%, a rise well above the capped rent increase of 6.0%

		2022	2023	Increase	%
ReSI Retirement resident[71]	Rent	9,600	10,176	576	6%
	Energy Bills[72]	1,083	2,544	1,461	135%
	Total	**10,683**	**12,720**	**2,037**	**19%**
Equivalent average private rental property[73]	Rent	9,600	10,752	1,152	12%[74]
	Energy Bills	1,277	3,000	1,723	135%
	Total	**10,877**	**13,752**	**2,875**	**26%**

Demand for shared ownership in the current economic climate

Rising Interest rates across the world have made the ambition of home more expensive for all first time buyers, however the impact is less severe on shared owners compared to those who own outright.

This is because as shared owners only own a portion of their home, the size of the mortgage required to purchase their equity stake is typically much lower than someone buying a property outright.

Whilst the rent paid by shared owners on the portion of the property that they do not own will increase significantly in 2023, even if the full inflationary increase of September RPI + 0.5% (13.1%) is applied, this increase is considerably lower than the 40% increase[75] in monthly payments that will be felt by outright owners as a result of a 3.0% increase in mortgage rates. The higher interest rates go, the more pronounced this saving under shared ownership becomes.

With outright sale affordability worsening at a faster rate than shared ownership, and with help to buy coming to an end in 2022, it is expected that shared ownership will become the only affordable route onto the housing ladder for many higher income residents.

In addition, demand for shared ownership housing far outstrips supply, with the tenure currently accounting for 20,000 of the 400,000 annual first time buyer sales in the UK, despite the tenure having the potential to help 4.4 million households[76] onto the housing ladder. This supply and demand imbalance means that the tenure is likely to be able to withstand an overall reduction in the number of first time buyers in the UK.

There will be some residents who are no longer able to afford shared ownership in the current economic climate, however it is expected that the new market of higher income residents, and the extent to which demand for shared ownership housing outstrips supply, will keep demand for the tenure strong, despite a worsening affordability outlook.

71. Retirement Assumptions: Rent £800pcm; Rent increase 6%; EPC C
72. 2022 energy bills as of March 22 price cap. 2023 energy bills as of April 2023 price cap
73. Private Rental Assumptions: Rent £800pcm; EPC D
74. Savills – Affordable rents capped, but private renters left behind – November 2022
75. Metro Finance – Shared Ownership – Where are we heading?
76. Gresham House calculation

Governance

Governance and ethics

The Directors and Fund Manager (and the broader Gresham House group) seek to embed effective corporate governance and a focus on ethics in all of the Company's operations.

The Board conducts an annual evaluation of its governance and ethics operations, covering board effectiveness, audit committee effectiveness, effectiveness of the Chairman and review of director self-appraisals. Alongside this annual evaluation, ReSI's governance and ethics policies are reviewed and renewed; these policies cover anti-money laundering, anti-bribery, conflicts of interest, diversity, inside information, disclosure, non-audit services, third party benefits, share dealing and whistleblowing. Many of these policies cover, not only the Board, but also ReSI's suppliers and contractors.

ReSI's board is entirely independent board and is tasked with monitoring the Fund Manager's performance as AIFM. The Board of ReSI comprises four non-executive directors, each appointed for the skillsets and experience they could being to ReSI. Each director is entitled to compensation that is linked to ReSI's net asset value, ensuring a long-term alignment of interests and in accordance with REIT best practice.

By way of additional governance and ethics oversight, for acquisitions of regulated housing tenures, such as shared ownership, which are completed through ReSI's wholly owned subsidiary, ReSI Housing, which is registered with the Regulator of Social Housing ("RSH") as a for-profit Registered Provider, ReSI's activities are subject to the oversight of the RSH and the oversight of the independent non-executive directors on the Board of ReSI Housing.

The RSH regulatory framework is designed to ensure good governance, financial viability, minimum maintenance and environmental standards, and protection of residents' welfare, thus supporting ReSI's goal of maximising social benefit.

ReSI Housing has a suite of governance policies that are independently reviewed annually to keep ReSI Housing abreast of regulatory developments and changes in best practice. These policies cover structural governance items such as conflicts of interest, succession and independence governance, fraud, anti-money laundering, risk management and also asset management items such as tenancies, affordability and anti-social behaviour.

Importantly, ReSI Housing's governance policies embed a regulatory protection that affords non-executive directors enhanced voting powers and a veto over any action that threatens ReSI Housing's compliance with the RSH's regulatory standards. As at the date of this Annual Report, ReSI Housing's non-executive directors are:

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

More information on the ReSI Housing board can be found on page 94.

Conflict of Interest

Each of ReSI, ReSI Housing and the Fund Manager has a conflicts of interest in policy maintained in accordance with the applicable best practice.

All of the Directors of the Company are independent of the Fund Manager and the enhanced voting powers of ReSI Housing non-executive directors are noted above, both of which are designed to enhance good governance and mitigate conflicts of intertest.

The Company's conflicts of interest policy reinforces the obligation on each Director to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or may conflict, with the interests of the Company and to exercise independent judgement.

Each Director has a duty to declare an interest in a proposed transaction and an obligation to declare an interest in an existing transaction.

If a Director has a potential conflict of interest between his duties to the Company and his private interests or other obligations owed to third parties on any matter, the relevant Director will disclose his conflict of interest to the rest of the Board, not participate in any discussion by the Board in relation to such matter and not vote on any resolution in respect of such matter.

Board culture

Each year the Board conducts an annual evaluation of its governance and ethics operations. This evaluation covers board effectiveness, audit committee effectiveness, effectiveness of the chairman and director self-appraisals, with the aim of setting focus areas and key priorities for the year coming.

This discussion of board effectiveness prioritises a discussion of the Board's role, dynamics and culture, ensuring these develop as the Company matures.

It is the responsibility of the Chairman to set the tone and culture of meetings of Directors. At Board meetings, ReSI promotes a collegiate discussion involving all non-executive directors and the Fund Manager, ensuring the skills and experience of all Board attendees are leveraged.

This leveraging of skills and experience is also a key focus of the ReSI Housing board.

Board diversity

Diversity is an important consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and knowledge necessary to discharge their responsibilities. The ReSI Plc Board is composed solely of non-executive Directors and has 25% female representation (three male directors and one female director).

The ReSI Housing Board contains two non-executive directors that are independent of the Fund Manager, (with 50% female representation), with remaining directors being fund manager personnel.

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

Board information

It is the responsibility of Company Secretary and the Fund Manager to ensure that the Board of ReSI is kept abreast of developments with respect to the Company's operations and business and receives timely, entire board packs for review at each meeting of Directors.

Standing items at each meeting of ReSI's directors include the following: strategic update, review of risk register, portfolio performance, pipeline report, management and year-end accounts, debt covenant reporting, governance and approved minutes of ReSI's registered provider subsidiary, ReSI Housing. In addition, reports of the Company Secretary, Depositary and Registrar are also tabled for discussion. Extraordinary items will include review of service providers, updates to governance and other company policies and such other ad hoc matters as arise from time to time.

Such materials, together with a free, open discussion with the Fund Manager and Company Secretary, facilitate an environment in which the directors can fulfil their duties in a manner fitting for ReSI's governance and ethics environment.

The Fund Manager has agreed a similar approach with the directors of ReSI Housing. Standing agenda items include the following: strategic update, pipeline report, property performance ad compliance, management and year-end accounts, review of business plan and stress testing, review of risk register and a regulatory update, Extraordinary items arise for ReSI Housing too and include review of property managers, review of customer satisfaction surveys, updates to governance and other company policies and such other ad hoc matters as arise from time to time.

Risk and compliance

ReSI has robust risk and compliance management policies and procedures, as outlined in the risk management and governance sections on pages 90 to 110.

In addition, for acquisitions of regulated housing tenues, ReSI Housing has its own risk management framework, risk appetite and set of governance policies.

Commitment to sustainability

ReSI is committed to investing in a sustainable manner in order to generate long-term returns. We have this year worked with The Good Economy, and Kamma Data to quantify our impact (see pages 48 to 68).

In addition, the Fund Manager adheres to Gresham House's sustainability investment framework and shared ownership investments, through ReSI Housing, benefit from the Fund Manager's proprietary shared ownership customer charter and environmental charter, under which the Group seeks to offer leases of 250+ years and not charge event fees. The Fund Manager created these charters in 2020 to formalise its existing process and practices that go above and beyond the requirements of the model form shared ownership lease, ultimately benefitting the Group's shared owners and comprising part of the Company's social impact. These charters are updated annually to enable the Fund Manager to remain abreast of social housing developments. The Fund Manager seeks be a market leader in creating a new era of aspirational shared ownership, and in turn help expand home ownership.

Section 172 Statement and Stakeholder Engagement

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

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

The Board is ultimately responsible for all stakeholder engagement. However as an externally managed investment company, ReSI does not have any employees and engages third party providers as required including for fund management, secretarial, administration, broking, depositary and banking services. All these service providers help the Board fulfil its responsibility to engage with stakeholders and it should be noted are also, in-turn, stakeholders themselves.

In addition to promoting the success of the Company for the benefit of members as a whole, section 172 of the Companies Act 2006 requires the Board to have regard to the following:

Section 172 element	ReSI comment
the long term (s.172(1)(a))	ReSI's investment objective is to establish a residential portfolio benefitting from inflation-linked income for the long term. Alongside this intention to hold for the long-term, ReSI has used leverage on a long-term basis – across the Group, ReSI has an average debt maturity of 22 years.
the interests of ReSI's employees (s.172(1)(b))	As an externally managed AIF, this is not applicable to ReSI.
relationships with suppliers, customers and others (s.172(1)(c))	See the discussion regarding the following major stakeholders – "Fund Manager", "Property Managers & Developers", ""Key Service Providers", "Grant providers" and "Residents".
	All investment decisions taken by the Fund Manager on behalf of ReSI are taken in accordance with its sustainable investment framework. Moreover, shared ownership investments, through ReSI Housing, benefit from the Fund Manager's proprietary shared ownership customer charter and environmental charter, under which the Group seeks to offer leases of 250+ years and not charge event fees. The Fund Manager created these charters in 2020 to formalise its existing process and practices that go above and beyond the requirements of the model form shared ownership lease, ultimately benefitting the Group's shared owners and comprising part of the Company's social impact.
high standards of business conduct (s.172(1)(e))	See the section titled "Governance and ethics".
the need to act fairly between members (s.172(1)(f))	See the discussion regarding "Shareholders" as a major stakeholder.

The Board has identified the following major stakeholders in the Company's business.

On an ongoing basis the Board and Fund Manager monitor both the potential and actual impacts of decisions made upon these major stakeholders.

Major Stakeholder	Why is it important to engage?	How have the directors and Fund Manager engaged?
Shareholders	As a public company listed on the London Stock Exchange, ReSI is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules. The Listing Rules include a listing principle that a listed company must ensure that it treats all holders of the same class of shares that are in the same position equally in respect of the rights attaching to such shares. With the assistance of regular discussions with and the formal advice of ReSI's legal advisors, company secretary and corporate broker, the Board abides by the Listing Rules at all times. For information on shareholder engagement please see the Governance section of this Annual Report which contains further information on shareholder engagement.	The Fund Manager along with ReSI's corporate broker regularly meets with ReSI's shareholders to provide corporate updates and to foster regular dialogue. The Board encourages shareholders to attend and participate in ReSI's Annual General Meeting ("AGM"). ReSI values any feedback and questions it may receive from shareholders ahead of and during the AGM. ReSI's Annual and Interim reports are made available on ReSI's website and then are circulated to shareholders as requested, providing shareholders with an in depth understanding of the Company's financial position and portfolio. ReSI also make available RNS and other business and market updates on ReSI's website.
Residents	ReSI's residents are integral to the business model. The importance of engaging with residents cannot be understated; strong relationships have been shown to improve tenant retention, rent collection rates, overall tenant satisfaction and ReSI's impact on the community. ReSI is committed to accelerating the development of socially and economically beneficial new housing to make a meaningful contribution to the UK housing shortage. ReSI's homes deliver a social benefit through providing wellbeing improvements to residents (e.g. by providing the security of a home for life), fiscal savings (e.g. lower costs for housing those at risk of homelessness and savings to the NHS), and wider economic benefits (e.g. by enabling people to live and find work in otherwise unaffordable parts of the country). The social impact delivered by ReSI is reported on page 58	ReSI works with trusted partners to manage its relationships with all residents on all tenures. ReSI's property managers are in regular contact with residents, and residents are also provided with contact details and are able to contact dedicated teams to discuss any problem that they might have. The Fund Manager reviews detailed affordability assessments before a resident is selected, and throughout the lease term a close relationship is maintained through ongoing engagement. The Fund Manager expects, and monitors, the property managers to encourage feedback from residents including suggestions for service improvement and to learn from any complaints about service delivery. The safety and wellbeing of residents is of the highest priority and when making an investment the Fund Manager is rigorous in using the skills and expertise of its property team to provide high quality homes and identify and mitigate all risks to residents. In addition, the Fund Manaer conducts an annual satisfaction survey for its retirement and shared ownership residents, affording these residents an opportunity to comment on the services received. The Fund Manager considers residents' changing needs and uses their expertise to assist them. ReSI's lifecycle plans for accommodation includes a conservative approach to the long-term costs of ownership to ensure that the standard of quality is maintained or improved throughout the life of the property. At the same time, the Fund Manager only works with well-regarded and established partners to ensure all routine and other maintenance is undertaken promptly and properly.

Major Stakeholder	Why is it important to engage?	How have the directors and Fund Manager engaged?
Fund Manager	The most significant service provider for ReSI's long-term success is the Fund Manager, who has been engaged as ReSI's alternative investment fund manager since ReSI's initial public offer. The Fund Manager performs investment management services to ReSI in accordance with the Alternative Investment Fund Managers Directive 2011/61/EU as implemented into UK law by the Alternative Investment Fund Managers Regulations 2013 and the FUND chapter of the FCA Handbook	The Board regularly monitors the Company's investment performance in relation to its objectives and investment policy and strategy. The Board receives and reviews regular reports and presentations from the Fund Manager and seeks to maintain regular contact to maintain a constructive working relationship.
Property Managers & Developers	ReSI's property managers are experienced in managing tenants' needs to ensure a good quality of service and to ensure that the regulatory risk is minimised. In addition, strong developer relationships enable ReSI to secure a pipeline of assets for investment. Experienced development partners ensure that ReSI acquires high quality homes to lease to its residents, improving quality of life for residents. By supporting development partners, ReSI aims to benefit local communities by increasing the provision of affordable housing. Through ReSI Housing, ReSI is able to acquire assets within the social housing regulatory environment, which emphasises good governance and financial viability	ReSI always seeks to work with well-regarded partners to ensure that its homes are fit for purpose and maintained at a high standard in order to meet the needs of lessees and occupiers, as well as sustaining value over the long-term. The Fund Manager has regular contact with property managers, estate managers and developers and takes a proactive approach to working with third parties. Before an acquisition, detailed property due diligence is performed by the Fund Manager on all acquisitions to minimise fire and other risks to residents and provide safe and secure accommodation. After acquisition, the Fund Manager (with input from property managers) regularly reports to the Board on ReSI's property performance and compliance with property obligations.
Key Service Providers	A list of the Company's key service providers can be found on page 185 of this Annual Report. As an externally managed real estate investment trust, the Company conducts all its business through third-party service providers.	Before the engagement of a service provider, the Board ensures that the service provider's services are appropriate and values are aligned. On an annual basis the Board reviews the continuing appointment of each service provider to ensure re-appointment is in the best interests of the Company's shareholders. The Board has strong working relationships with the Fund Manager, broker, company secretary, administrator and depositary and receives reports on the performance of the key service providers by the Fund Manager and company secretary. Separately, the auditor is invited to attend the Audit Committee meeting at least once per year. The Audit Committee Chair maintains regular contact with the audit partner to ensure the audit process is undertaken effectively.

Major Stakeholder	Why is it important to engage?	How have the directors and Fund Manager engaged?
Regulator of Social Housing	ReSI Housing is a wholly-owned subsidiary of ReSI and is registered with, and regulated by, the Regulator of Social Housing (the RSH) as a for-profit registered provider. As a regulated entity, ReSI Housing is able to offer shared ownership properties, which are central to its future investment strategy and other regulated tenures.	The Fund Manager and ReSI Housing's board each maintains strong lines of communication with the Regulator and is transparent in all dealings. The Fund Manager, in conjunction with the board of ReSI Housing, keeps ReSI Housing's compliance with its regulatory obligations under constant review, with input from such external advisers as may be necessary. The board of ReSI Housing contains independent non-executive directors with enhanced responsibilities for ReSI Housing's compliance with the RSH's regulatory regime.
Grant providers	To enable delivery of shared ownership homes, ReSI Housing is an investment partner of multiple grant providers, including the Greater London Authority ("GLA") and Homes England, and has accessed grant funding under their standard form grant agreements. Each of these grant providers is a long-term investment partner in ReSI Housing.	The Company engages the Fund Manager and third-party service providers to assist with compliance with grant requirements. Any correspondence from a grant provider is responded to promptly. In financial year 2022, ReSI Housing's compliance with grant requirements on Aukland Rise with GLA has been audited by Trimmer CS Ltd and we are awaiting final audit results from the GLA.
HMRC	If ReSI fails to remain qualified as a REIT, its rental income and gains will be subject to UK corporation tax.	ReSI corresponds with its contacts at HMRC regularly and is transparent in all dealings. The Directors and the Fund Manager at all times conduct the affairs of ReSI so as to enable it to remain qualified as a REIT for the purposes of Part 12 of the CTA 2010.
Lenders	Members of the Group have raised secured debt and entered into a working capital facility, As in customary, each facility contains representations and warranties	ReSI's Subsidiaries report to their respective lenders in line with the covenants entered into. Proactive correspondence helps develop the relationship and aides the Company's ability to raise further debt in the future.

Principal Decisions

ReSI's Directors are cognisant of their duties under section 172 and decisions made by and discussions of the Board take into account the interests of all the Company's key stakeholders.

The following are examples of how the Board managed their section 172 obligations in the context of decisions that were anticipated to have a material impact on ReSI and its key stakeholders.

Discussion item	Stakeholders	Decision and rationale
Equity raise in February 2022	Shareholders Residents Property Managers & Developers Fund Manager	The Board approved of the allotment of new ordinary shares, raising £15m (gross proceeds). This was considered in the best interests of stakeholders collectively for it would allow ReSI to continue deploying into its shared ownership pipeline, through ReSI Housing, increase group AUM and revenues, expand the groups' investor base, further diversify its exposure to inflation-linked receivables and strengthen its pipeline relationships.
Amendments to the Group working capital facility	Shareholders Residents Property Managers & Developers Fund Manager	The Board approved of the Fund Manager's proposal to extend and upsize the Group's working capital facility, reducing the margin and securing additional bridging and working capital financing.
Appointment of Peel Hunt LLP	Shareholders Fund Manager	The Board approved the appointment of Peel Hunt LLP as corporate broker and financial adviser, after a broker review and tender process.

Risk Management Measures

Risk management is the continual building of a framework and culture to promote a thoughtful and systematic methodology for identifying, analysing, evaluating, treating, monitoring, and communicating risks related with any activity that we employ to optimise gains and control potential losses.

ReSI has delegated risk management responsibility to the Fund Manager, for whom risk management is an integral part of the Fund Manager's culture. Risk management is also an integral part of the broader Gresham House group.

The Fund Manager has embedded risk management from the top down into its philosophy, practices and business processes – risk management is not to viewed or practiced as a separate activity. All Fund Manager personnel are ReSI directors are involved to some extent in the management of risk on a daily basis as part of their usual business activities.

The Fund Manager proactively manages risk (rather than responding reactively to it) and the Fund Manager's activities are also subject to scrutiny under the Gresham House risk management framework.

On behalf of ReSI, the Fund Managers maintains the following under regular review:

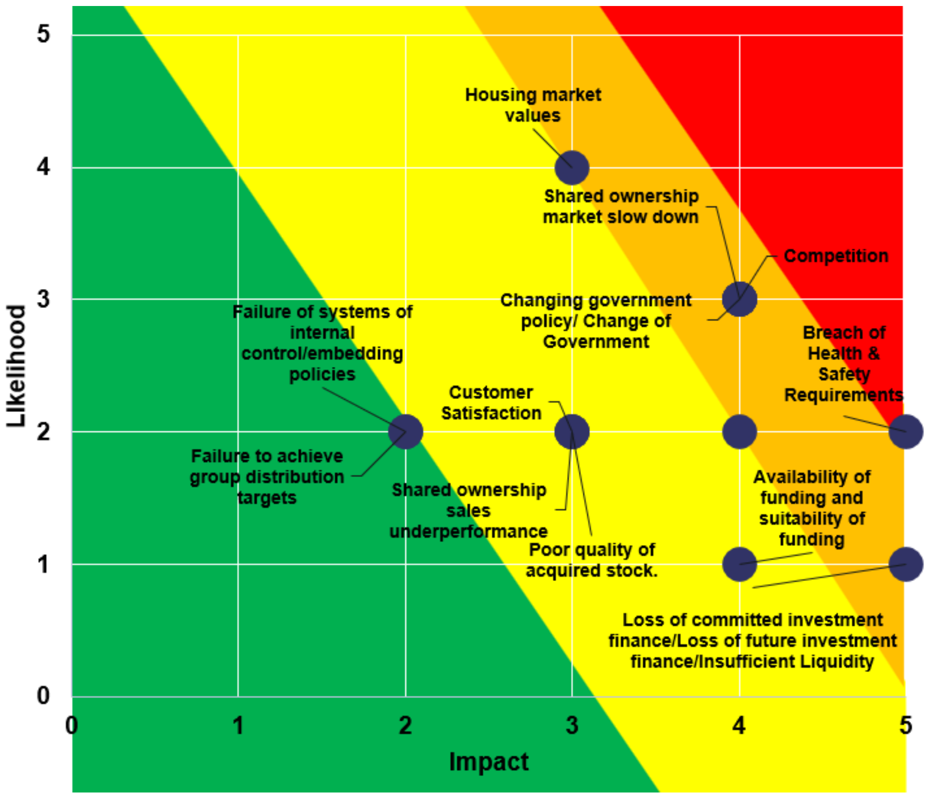
Measure	Explanation	Relevance to Strategy	Result
Percentage of shared ownership homes occupied	ReSI measures the number of empty shared ownership properties in its shared ownership portfolio. For each empty shared ownership property, ReSI is unable to collect rent, must pay service charge and council tax, and is exposed to maintenance costs.	Unsold shared ownership homes that do no generate rental income or staircasing proceeds, and carry operating expenses, adversely impact ReSI's dividend coverage.	723 of ReSI's 739 completed shared ownership homes were sold, reserved or moving to completion to shared owners as of 30 September 2022, equivalent to 98% (30 September 2021: 495 of 498 (99%). Those that are vacant are part of the 18 homes acquired in September 2022 and are being let up through established partners, SO ReSI. A further 10 homes have been reserved since 30 September and are moving to completion.
Void loss from retirement properties	ReSI measures the rate number of empty retirement properties in its retirement portfolio. For each empty retirement property, ReSI is unable to collect rent.	Void retirement units impact ReSI's dividend coverage.	The void loss as at 30 September 2022 was 6.2% (30 September 2021 7.6%)
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 prioritises investing in high quality retirement and 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 of first tranche sale receipts) cash consideration of £28 million into 246 additional high-quality shared ownership homes. ReSI's capital is therefore again fully deployed, with £383 million deployed (including £9 million committed acquisitions) by 30 September 2022 (30 September 2021: £351mn).

Measure	Explanation	Relevance to Strategy	Result
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 106.1p per share (30 September 2021: 107.9p), shows growth of over 8% since IPO whilst paying out c.23p of dividends over the same period.
Dividend per share	ReSI is targeting 5.16p per share in respect of the annual period to 30 September 2022, growing in line with inflation.	ReSI seeks to provide stable rental income to its investors through regular consistent dividend payments in line with its dividend target. Measuring dividend payments per share reflects ReSI's ability to meet this target, with performance reflecting available cash and the income generated from ReSI's assets.	ReSI increased its dividend target for FY 2022 to 5.16p in line its target to increase vs FY 2021 with annual inflation to September 2021 of 3.1%. Performance has been in line with target: four equal dividends were paid of 1.29p per share during the period under review (declared in December 2021 and January, May and July 2022) totalling 5.16p per Ordinary Share (FY 2021: 5.0p).
Dividend Cover	Dividend Cover expresses the ratio of annualised recurring profits (ie excluding asset or liability valuation movements) to dividends paid.	Dividend coverage of at least 100% is required to pay for the dividend over the long term	With the portfolio fully invested and the ongoing operational improvements manifesting in savings, ReSI reached full dividend cover in the fourth quarter of the year.
Ongoing charges ratio	Ongoing charges ratio compares annualised ongoing expenses to average Net Asset Value.	ReSI measures the ongoing charges ratio to demonstrate that the running costs of the Company are kept to a minimum without impacting performance. A lower ongoing charges ratio is indicative of improved financial performance.	ReSI's ongoing charges ratio was 1.40% (FY 21: 1.60%) for the period, 1 October 2021 to 30 September 2022, of which 1.0% relates to the Fund Management fee and the remainder being general and administrative expenses. (See supplementary information on page 172)
Loan covenant stress testing	ReSI measures the headroom in group financial covenants	ReSI's borrowing strategy is predicated on long-term project finance to match the cashflows of the scheme in question. ReSI monitors the asset and liability matches to make sure ReSI remains within its leverage targets and limits, and as part of prudent treasury management.	The Fund Managers analyses financial covenant headroom at quarterly meetings and, in addition, when submitting compliance certificates to funders. Given the headroom the Group has in each of its covenants, no action has to date been necessary.

Measure	Explanation	Relevance to Strategy	Result
Bad Debts on rental receipts	ReSI uses professional management companies to collect rent and invests in SO schemes where rent arrears are covered by ownership stakes and retirement schemes where rent arrears are traditionally very low	Bad debt write offs impact ReSI dividend coverage	Write off of rent arrears was only £2,900 in the year, representing 0.02% of annual rental income

In addition, for all acquisitions of regulated housing tenures (such as shared ownership), which are effected through ReSI Housing, ReSI has an added layer of risk management embedded into its procedures. As a registered provider registered with the RSH, the Board of ReSI Housing has established its own risk management framework, risk management policy and risk appetite, one of the outcomes of which is the Key Risk Map, which discussed by the board of ReSI Housing at every quarterly meeting as a standing item.

The following is a hypothetical Key Risk Map, illustrating the ongoing risk management conducted by the board of ReSI Housing:



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 (and changes to risks) and implementing appropriate mitigations, all of which are recorded in ReSI's risk register. Where relevant, the Company's financial model is stress-tested to assess the potential impact of a potential risk taking into account the likelihood of occurrence.

Risk is a standing agenda item at all meetings of the Audit Committee and all meetings of the Board. The Board takes a proactive view when assessing and mitigating risks. The Board regularly reviews the risk register to ensure that 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 that evolve as the business and operating environment changes. The risk management process ensures a defined approach to decision-making but can only provide reasonable, and not absolute, assurances.

The Board considers the following to be the principal risks and uncertainties:

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk over last financial year
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 ▪ ReSI Housing, as a for-profit Registered Provider, expands the origination universe available to ReSI to include acquiring newly developed properties that are designated as affordable accommodation under planning requirements and unrestricted stock where ReSI can apply for 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	Fund Manager	Board	No change

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk over last financial year
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	Fund manager	Board	No change
Failure of ReSI Housing to continue to meet the Regulatory Standards	▪ Specialist non-executive directors have been appointed tasked with reviewing activities from the perspective of the Regulatory Standards ▪ ReSI Housing board has specialist sector experience and a risk-based governance structure, and activities are monitored by Board. ▪ ReSI Housing performs ongoing compliance monitoring and annual self-assessments ▪ Regular support and /or compliance assurance procured from third parties	ReSI Housing and Fund Manager	Board	New
ReSI has insufficient liquidity available to meet obligations as they fall due (including any debt repayment obligations) or liquidity is available on more expensive terms	▪ The Fund Manager regularly reviews the Group's Business Plan against the Group's recent and anticipated activities to assess future liquidity requirements ▪ The Group typically uses long-term amortising debt, reducing refinancing risk ▪ The Group has access to a working capital facility with Santander, which gives access to £25m liquidity, and the Fund Manager actively reviews Group liquidity to manage cost of carry and mitigate the impact of rising interest rates	Fund Manager	Board	Increased

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk over last financial year
Political and Event risk				
Change in Government rent policy or ability to pass through inflation linked rent increases, as RPI increases to highest level in 30 years, limiting level of rent increases	▪ The current high inflationary environment combined is causing a cost of living crisis which has the greatest impact on low and middle income earners. Significant RPI increases over the past 12 months to the highest level in the last 30 years, may result in changes to Government policy on rent increases across residential sectors. ▪ ReSI's shared ownership leases are contracted to increase annually at RPI+0.5%. ReSI performs stress testing and profitability analyses regularly. ▪ Rent reviews on the retirement portfolio performed annually at RPI (capped at 6%), with affordability taken into consideration. The majority of retirement residents have inflation-protected pensions. ▪ The Fund Manager engages in sector-wide consultations to be familiar with trend within social housing providers practices ▪ The Fund Manager regularly reviews market forecasts to stay abreast of potential developments, including possible Government interventions ▪ The embedded collar in the Group's shared ownership financing restricting inflationary uplifts	ReSI, ReSI Housing and Fund Manager	Board	Increased
Impact of Energy Efficiency upgrades on rental properties - All properties cannot be upgraded to energy rating of EPC C or higher by 2025	▪ ReSI Property Management Limited, as property manager, is working on updating EPC ratings on a number of retirement properties ▪ The majority of shared ownership properties have an EPC rating of B or higher, with a few properties at lower ratings or no ratings. The Fund Manager is working towards obtaining ratings for all properties which do not have a rating at present (noting that this is ultimately a responsibility of the shared ownership customer) ▪ Government policy updates and their impacts are constantly reviewed by the Fund Manager, with appropriate management action pursued via third party managers	ReSI, ReSI Housing and Fund Manager	Board	No change

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk over last financial year
Environmental				
Risk of long-term impact on the portfolio from climate change	▪ Environmental concerns are integral to the Fund Manager's 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 ▪ The Fund Manager has have partnered with The Good Economy Kamma Data and other knowledgeable third parties to understand ReSI's impact on the environment and enhance our reporting – please see the Environmental, Social and Governance section of this Annual 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 mitigated by the fact that ReSI is fully deployed into investments which are primarily income generating, and therefore the Company does not heavily rely on realised revaluation gains to cover dividend payments. Additionally, ReSI has significant headroom of at least 13% in its loan-to-value covenants, and significant headroom in its income cover covenants (e.g. 31% for the retirement portfolio). ▪ The Board will assess market forecasts on a quarterly basis to put in place mitigations in the event of material fall in the value of the property market ▪ The Group will enter into long-term management agreements ▪ The Fund Manager stays abreast of market developments and forecasts, and, where necessary, seeks to adjust offer terms accordingly ▪ ReSI focuses on areas of the market with limited and ideally countercyclical exposure to the wider property market	N/A	Board	Increased

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk over last financial year
Inability to secure residents	▪ ReSI actively manages its void risk, looking for opportunities to acquire pre-tenanted homes where possible ▪ ReSI engages established property managers to provide the day-to-day management of home lettings and collection of underlying rent from residents or shared owners ▪ ReSI 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 like-for-like shared ownership portfolio is now fully occupied, with the retirement portfolio now averaging 6.2% void loss in FY 2022, below pre-COVID levels of c. 7% ▪ 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	No change
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's Board of Directors and the board of ReSI Housing have strong relevant experience and introduce independent scrutiny ▪ 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 Annual Report, the current and founder directors of the Fund Manager (or persons connected to them) hold (in aggregate) 2,359,115 Ordinary Shares in ReSI and the Fund Manager holds 3,647,399 Ordinary Shares totalling 3.3% of shares in issue ▪ The Fund Manager follows strict selection processes in recruiting personnel including psychometric testing, external verification of qualifications and experience and KYC and security checks. ▪ The Board formally reviews the Fund Manager's performance annually	Fund Manager	Board	No change

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk over last financial year
Poor performance by service providers leading to reputational loss or loss of shareholders' assets	▪ Service providers are either recommended to or known to the Fund Manager in advance of engaging ▪ Board agrees contractual arrangements with all key service providers ▪ Board considers regular reporting from key service providers ▪ Board monitors quality of services provided by key service providers and conducts an annual review of such service providers ▪ Details of disaster recovery arrangements are obtained from key service providers	Fund Manager	Board	New
Taxation				
If ReSI fails to meet the requirements of the REIT regime and remain qualified as a REIT, its rental income and gains will be subject to UK corporation tax	▪ ReSI has operated and intends to remain within the UK REIT regime and work within its investment objective and policy ▪ The Fund Manager receives advice from professional advisors on an on-going basis the UK REIT regime and reports any relevant changes to the Directors; such advice covers the UK REIT regime, legal developments, accounting standards and investment companies in general ▪ 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 who review REIT status quarterly and submit annual tax returns in line with HMRC requirements. ▪ The Fund Manager monitors the Government and HMRC, FCA and other public announcements for any relevant release affecting the Company	Fund Manager	Board	No change
Investment Management				
Market and individual investment risks not analysed or detected in a timely fashion leading to deteriorating investment performance or a higher risk profile than anticipated	▪ 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

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk over last financial year
Information Systems and Cyber security				
IT systems are compromised / unavailable, leading to financial loss / data breach	▪ The Fund Manager is part of the Gresham House group, who have a specialist third party IT team that are responsible for systems maintenance and 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. ▪ Company Secretary evaluates third party service providers to the Company to ensures that providers 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. ▪ Regular Staff training which includes awareness of IT policies, cyber threats, data protection and GDPR requirements	Fund Manager	Board	No change

Going Concern and Viability Statement

Going Concern

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

The Directors have considered the Group's cash position, income and expense flows. As at 30 September 2022 the Group's net assets were £201.4mn and the Group held cash and cash equivalents of £16.0mn. Net rental income for the year ended 30 September 2022 was £16.0mn, which is expected to increase to reflect the Group's recently occupied and committed shared ownership investments. The total ongoing operating expenses (excluding finance costs, taxation and aborted acquisition costs) for the period ended 30 September 2022 were £3.2m, showing the Group had substantial operating expenses cover.

ReSI's portfolio provides a very secure long term income stream. This is due to the defensive nature of ReSI's portfolio, the diversity of ReSI's counterparties and the resilience of ReSI's tenants' incomes. Tenants' incomes are predominantly from pensions / savings or paid by local authorities and are checked for affordability and to rents below market value. The secure long-term nature of the income is further evidenced by:

- the Company's shared ownership portfolio is 99% occupied,
- the Company's stabilised retirement portfolio occupancy rates are typically in excess of 94% per cent. with the empty time primarily reflected time to refurbish properties when a tenant vacates,
- a rent collection level for the year of 99%,
- the average residency period of a retirement portfolio tenant is six years,
- Shared Ownership customer leases ranging from between 130 and 999 years with annual increases generally at RPI +0.5%, and
- Local authority assets are ultimately leased to Luton Borough Council, which is an area with one of the highest rates of housing need in the country, to house those in the Borough who would be otherwise homeless or threatened with homelessness.

ReSI has high-quality cash flows that are resilient to economic downturns. ReSI also has a great deal of headroom in its financial covenants and, after conducting various stress tests and sensitivity analyses, could withstand a prolonged drop in net income without breaching any loan covenant.

As the property investment values of ReSI's retirement and local authority portfolios are primarily calculated with reference to future cash flows, not house prices, volatility in house prices does not have a substantial impact on the value of its property assets. Sensitivity analysis shows that a 13% fall in the value of ReSI's assets would not result in a loan covenant breach.

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

Assessment of Viability

The principal risks and uncertainties section on pages 80 to 86 of this Annual Report summarises those principal matters that the Directors consider could prevent ReSI the Group from delivering on its strategy. This discussion and is derived from a our robust assessment of the principal risks to our business model, future performance, liquidity, and solvency, which is supplemented by financial modelling and stress testing conducted by the Fund Manager. A number of these principal risks, because of their nature or potential impact, could also threaten the Group's ability to continue in business in its current form if they were to occur.

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

Considerations applied to going concern and viability

All of the sensitivity scenarios modelled use a base case scenario comprising of the consummating of no acquisitions other than those already committed, no further capital deployed to support the underlying costs of the business, and no significant changes to Governmental, regulatory or taxation policies.

The remaining principal risks, while having an impact on the Group's business model, are not considered by the directors to have a reasonable likelihood of impacting the Group's viability over the next five years to 30 September 2027.

Sensitivities and mitigating actions

The sensitivity analyses performed were designed to be severe but plausible, and to take full account of the availability of mitigating actions that could be taken to avoid, or reduce, the impact or occurrence of the underlying risks. Mitigating actions that could be taken at the Group's discretion include use of funds available under the revolving credit facility to reduce debt and the reduction or suspension of dividend payments.

Stress tests

The Directors have considered the level of the fall in property values that could be sustained without an impact on financial covenants and acquisitions that have exchanged but not completed. The Discounted Cash Flow valuation of the Group's Investment Properties could fall by over 13% from the valuation at 30 September 2022 before any loan to value covenant breaches would arise.

Additionally, in considering the effect of a reduction in rent on interest cover covenants, the Group could sustain a fall in net operating income by over 30% and remain in compliance with these covenants.

Availability of funding

The Santander revolving credit facility of £10mn was increased to £25mn of which £3.9mn is currently drawn and extended to March 2025 in September 2022. This provides ReSI with increased access to working capital and bridge finance. Repayment of the entire £12.2mn NatWest loan is due in April 2023. However, repayment of the NatWest loan could be funded from the Santander facility if necessary and the forecasts have been prepared on this assumption. Generally, the Fund Manager arranges finance in advance of expected requirements and has reasonable confidence that replacement debt facilities will be in place as required.

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 Group level. These financial assumptions include expected cash generated and distributed by the portfolio companies, which is then available to be distributed to the Company. The assumptions include inflows and outflows in relation to external debt, interest payments, expected dividends and the ongoing administrative costs of the Company. These models assume that the Continuation Resolution is passed 2023.

Continuation Vote

The Company's articles of association include a requirement for the Board to propose an ordinary resolution at the annual general meeting following the fifth anniversary from the initial public offering of the Company for the Company to continue in its current form (the Continuation Resolution). This is the first continuation vote since the Company was established.

If the Continuation Resolution is passed, the Company will continue its business as presently constituted and propose the same resolution at every fifth annual general meeting thereafter. If the Continuation Resolution is not passed, the Directors will be required, within six months after the date of the annual general meeting, to formulate proposals for consideration by the shareholders for the voluntary liquidation, unitisation, reorganisation, or reconstruction of the Company.

After making appropriate enquiries of the Company's brokers and Investment Adviser, pursuant to their recent discussions with a number of the Company's shareholders, the Directors are of the view that the Continuation Resolution will be passed at the forthcoming annual general meeting.

This reflects the long-term nature of the Company's assets with supporting debt funding and the attractiveness of the Company's low risk inflation linked Income strength in the Company's portfolio. Accordingly, the Directors expect that the Continuation Resolution will be passed. If the Continuation Resolution is not passed, an event which the Directors consider to be highly remote, formulating and implementing any such proposals would require the Company to continue operations for a period of at least 12 months from the date of approval of the Company's financial statements.

Viability Statement

In accordance with the UK Corporate Governance Code the Board has assessed the viability of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The Board has conducted this review for the five years to 30 September 2027. The Board considers that five years is the maximum period for which the degree of uncertainty relating to factors outside of the Board's control is low enough to make a reasonable expectation in respect of the Group's longer-term viability.

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

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

The Chairman's Statement and Fund Manager's Report present the positive long-term investment case for acquiring high quality residential assets which also underpins the Group's viability for the 5-year period.

Approval

The Strategic report was approved by the Board of Directors on 1 December 2022.

Rob Whiteman
Chairman of the Board of Directors

1 December 2022

02 Governance

Board of Directors

Rob Whiteman CBE
Non-executive Chairman

Appointed
9 June 2017

Skills, competence and experience:

Significant knowledge of public service finances and reform and a strong background in public financial management and governance.

Presently Chief Executive of the Chartered Institute of Public Finance & Accountancy (CIPFA) and previously Chief Executive of UK Border Agency (UKBA), Improvement and Development Agency (IDeA), and London Borough of Barking and Dagenham. He previously held various positions in the London Borough of Lewisham from 1996-2005, latterly as Director of Resources and Deputy Chief Executive.

He has been a technical adviser to the board of the International Federation of Accountants (IFAC) in New York since 2013.

Educated at the University of Essex where he gained a BA (Hons) in Economics and Government and is a qualified Chartered Public Finance Accountant (CPFA).

Other roles:

Director of CCAB Limited

Director of the Koru Project CIC F

Director of Eagles Crest (Poole) Limited

Director of CIPFA C.Co Limited

Director of CIPFA Business Limited

Director of Lilliput Advisory Ltd

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, and later at 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.

Elaine Bailey
Non-executive Director

Appointed
9 June 2017

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 a former Non-Executive Director of the Health and Safety Executive Board.

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

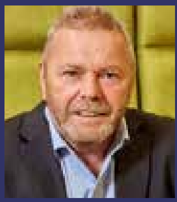
Director of McCarthy & Stone Shared Ownership Division

Director of CHAS (Construction Health and Safety)

Director of MJ Gleeson plc

Trustee of Greenslade Family Foundation

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.

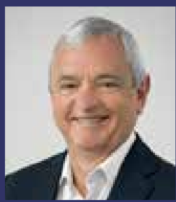
Other roles:

Director of Helping Change Limited

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 board of ReSI Housing is comprised of Ben Fry, David Orr, Alex Pilato, Pete Redman, Mark Rogers, and Gilian Rowley. The independent Directors control the Board on matters that they consider may affect ReSI Housing's compliance with the regulatory standards of the Regulator of Social Housing. ReSI Housing's non-executive directors are:

David Orr, CBE
Non-executive Director



Appointed
2 October 2018

Skills, competence and experience:

David is an experienced leader in both executive and non-executive roles. He has over 30 years' experience in Chief Executive roles, most recently at the National Housing Federation. He is Chair of Clarion Housing Association, Chair of the Canal & River Trust, 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.

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.

Other roles:

Chair of Clarion Housing Association

Chair of The Canal & River Trust

Chair of The Good Home Inquiry

Co-chair of #Housing 2030

Board member of Clanmil Housing Association Trustee National Communities Resource Centre

Investment Team Detail

Ben Fry
Managing Director, Housing & Investment Committee Member, ReSI plc

Ben Fry is Managing Director of the Housing division at Gresham House. He has led investment management for Residential Secure Income since IPO in July 2017, prior to which he led TradeRisks' debt advisory services for housing associations, local authorities, and social infrastructure.

Ben has almost 20 years of industry experience, with eleven years social housing experience since joining TradeRisks in 2011. He has extensive experience across social housing and social infrastructure. Ben qualified as a chartered accountant with Deloitte and is a fellow of the Institute of Chartered Accountants of England and Wales. He holds a BSc in Mathematics from Imperial College London.

Brandon Holloway
(Deputy Fund Manager, Housing)

Brandon joined Gresham House as Deputy Fund Manager, Housing in November 2021.

Prior to joining Gresham House, Brandon worked at real estate private equity firm Singerman Real Estate, focusing primarily on seniors housing acquisitions and asset management and investor relations. Prior to Singerman Real Estate, he worked as a corporate finance analyst at Ventas, Inc., a market listed healthcare REIT based in Chicago, IL (USA).

Brandon has 11 years of experience in real estate investing and corporate finance, and holds a BA in economics from Williams College.

Alex Pilato
Senior Advisor, Housing & Investment Committee Member, ReSI plc

Alex is Senior Adviser to the Housing and Capital Markets divisions at Gresham House, following the acquisition of TradeRisks and ReSI Capital Management in March 2020 and his subsequent transition to retirement. Alex remains a member of all the boards and committes of the housing division and the Group SPVs. This transition has been planned since the acquisition of TradeRisks by Gresham House.

Alex founded the TradeRisks group in 2000 where he was the Chairman & Chief Executive until the sale to Gresham House on 5 March 2020 when he became Managing Director and head of the housing division. Alex has worked in financial services throughout his career, including 7 years at JP Morgan. He has 35 years of investment banking and fund management experience, with the last 22 years focused on the social housing and infrastructure sectors.

Alex has a first-class honours degree in Theoretical Physics from the University of London and a DPhil in Mathematics from the University of Oxford.

Mark Rogers
Executive Director, ReSI Housing & Investment Committee Member, ReSI plc

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

Pete Redman
Executive Director, ReSI Housing & Investment Committee Member, ReSI plc

Pete is an Executive Director of ReSI Housing, joining Gresham House as part of the acquisition of TradeRisks in March 2020. He has responsibility for due diligence on residential acquisitions and operational performance by ReSI's property managers and leaseholders. He joined TradeRisks in 2013 and has 47 years of experience in residential portfolio management, having been Chief Executive of Notting Hill Housing Group and Housing Director of two London Boroughs.

Pete has been advisor to the Greater London Authority, to the Scottish Government, and was a member of the team that won the Wolfson Economics Prize in 2014 on housing supply.

Pete studied Engineering and then Philosophy at the University of Cambridge, is an Alumnus of London Business School, and is an Honorary Fellow of the Royal Institute of British Architects.

Directors' Report

The Directors are pleased to present their report and accounts, together with the audited financial statements of the Company, for the year ended 30 September 2022.

Residential Secure Income plc, company number: 10683026, (the "Company") is a Real Estate Investment Trust ("REIT") listed on the premium segment of the Main Market of the London Stock Exchange. The Company's investment strategy focuses on, delivering secure inflation linked returns from investing in affordable shared ownership, retirement and local authority housing throughout the UK.

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

Further information on the Board's role is provided in the Corporate Governance Statement beginning on page 104, which forms part of the Directors' Report.

Powers of the Board

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

Results

The Group's IFRS profit for the year was £13.3million and the IFRS earnings per share were 7.4 pence. The results for the year are shown in the financial statements. Commentary on the results, future developments and post balance sheet events can be found in the Strategic Report, Chairman's Statement and Fund Manager's Report.

Investment property

A summary of the Group's investment property portfolio is included on page 18. A full portfolio listing can be made available on request.

Dividend policy

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

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

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

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

Dividends paid in the year ended 30 September 2022

In line with the Company's dividend policy and target, four equal dividends of 1.29 pence per Ordinary Share were paid during the year, totalling 5.16 pence per Ordinary Share, of which 4.08 pence was paid as PID and 1.08 pence was paid as non-PID. These were declared in December 2021 and January, May and July 2022 with the first being the fourth interim dividend for the year ended 30th September 2021.

The Board declared a fourth interim dividend in respect of the quarter to 30 September 2022 of 1.29 pence per Ordinary Share, which will be payable on 18 January 2023 to shareholders on the register at the close of business on 9 December 2022. The ex-dividend date is 8 December 2022 and the full amount will be paid as PID.

Management – Fund Manager

ReSI Capital Management Limited (part of the Gresham House group) has been engaged as the Company's alternative investment fund manager (the "Fund Manager"), pursuant to a Fund Management Agreement originally dated 16 June 2017 (as amended), to advise the Company and provide certain investment and risk management services.

ReSI Capital Management Limited is authorised and regulated by the Financial Conduct Authority ("FCA") as a 'full scope' UK alternative investment fund manager for the purposes of the UK AIFM Regime.

The Fund Manager is appointed under a contract subject to twelve months' written notice with such notice not to expire prior to the fifth anniversary of first admission of the Ordinary Shares to trading on the London Stock Exchange, which was in July 2022.

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

The Fund Management Fee shall be paid quarterly in advance, with 75% of the total Fund Management Fee payable in cash and 25% of the total Fund Management Fee (net of any applicable tax) payable in the form of Ordinary Shares. During the period, 444,717 ordinary shares were awarded to the Fund Manager as part of the Fund Management Fee, of which 212,153 ordinary shares were purchased from Treasury at an average price of 106.57 pence per share (the prevailing Net Asset Value at the time of issue).

Since year end, as per the announcement on 3 October 2022, 130,650 Ordinary Shares were purchased in the secondary market at an average price of 105.5 pence per share and awarded to the Fund Manager part of fund management fee.

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

Related to the Fund Manager is ReSI Property Management Limited ('RPML'), a wholly owned subsidiary of the Fund Manager that provides property management services to parts of the Group on a cost pass through basis with no profit margin. During the year, RPML charged fees of £1,738,000 (2021: £408,000) in respect of costs incurred in providing property management services and £166,000 (2021: £317,000) in respect of non-recurring costs.

Continuing appointment of the Fund Manager

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

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

Depositary

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

Company Secretary

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

Administrator

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

Share capital and shareholders

As at 30 September 2022 the Company's issued share capital comprised 194,149,261 Ordinary Shares, each of 1p nominal value, including 8,985,980 Ordinary Shares held in Treasury. Treasury shares do not hold any voting rights. As at 30 September 2022, the Company's total shares in issue with voting rights, excluding treasury shares, were 185,163,281. As at the date of this Annual Report, there has been no change to the Company's issued share capital, total voting rights or Ordinary Shares held in Treasury.

During the period, 212,153 Ordinary Shares were issued from Treasury to satisfy the fund management fee at an average price of 106.57 pence per share. The average price was the prevailing Net Asset Value per share at the time of issuance.

On 7 February 2022, the Company issued a total of 13,824,884 new ordinary shares of 1p nominal value each in the capital of the Company, at an issue price of 108.5 pence per share. This resulted in gross proceeds of £15 million.

Each Ordinary Share held entitles the holder to one vote. Treasury shares do not hold any voting rights. All shares, excluding those held in Treasury, carry equal voting rights and there are no restrictions on those voting rights.

There are no restrictions on the transfer of Ordinary Shares, nor are there any limitations or special rights associated with the Ordinary Shares. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. For further information on the details of the forthcoming AGM and ways to engage with the Board, and the Fund Manager, please refer to page 186. Voting deadlines are stated in the notice of meeting and form of proxy and are in accordance with the Companies Act 2006.

Authority of Directors to allotted shares

The authority to issue new shares granted at the Annual General Meeting ("AGM") held on 14 January 2022 will expire at the conclusion of the forthcoming AGM. The forthcoming AGM will consider the authority for Directors to allot further shares in the capital of the Company under section 551 of the Companies Act 2006 up to 37,032,656 Ordinary Shares (excluding shares held in Treasury) in the capital of the Company (equivalent to approximately 20% of the Ordinary Shares in issue at the date of the notice of this meeting).

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

Accordingly, the AGM will consider two separate resolutions relating to the Director's ability to allot shares for cash or sell treasury shares for cash up to an aggregate nominal value of £37,032,656 which is equivalent to approximately 20% of the Company's issued Ordinary Share capital (excluding shares held in Treasury) as at the date of the notice of this meeting. This will allow the Company to carry out one or more tap issues, in aggregate, up to 20% of the number of Ordinary Shares in issue at the AGM and thus to pursue specific investment opportunities in a timely manner in the future and without the requirement to publish a prospectus and incur the associated costs.

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

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

Discount management

The Board makes use of its share buyback powers as a means of correcting any imbalance between supply of and demand for the Ordinary Shares. In deciding whether to make any such repurchases, including the timing, volume and price of such repurchases of Ordinary Shares, the Directors have regard to the Company's REIT status and what they believe to be in the best interests of shareholders as a whole and in compliance with the Articles, the Listing Rules, Companies Act 2006 and all other applicable legal and regulatory requirements. During the year ended 30 September 2022 the Company did not purchase any of its own Ordinary Shares for holding in treasury.

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

The authority for the Company to purchase its own shares granted by the AGM held on 14 January 2022 will expire at the conclusion of the forthcoming AGM. The Directors recommend that a new authority to purchase up to 14.99% of the Ordinary Shares in issue (subject to the condition that not more than 14.99% of the Ordinary Shares in issue, excluding treasury shares, at the date of the AGM are purchased) is granted and a resolution to that effect will be put to the AGM to be held on 31 January 2023. Any Ordinary Shares purchased will either be cancelled or, if the Directors so determine, held in Treasury.

Treasury shares

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

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

Appointment and replacement of directors

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

Articles of Association

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

Financial Instruments

The Company's financial instruments comprise its share portfolio, cash balances, borrowings, debtors and creditors that arise directly from its operations, profit or loss balances on derivative instruments and accrued income and expenses. The financial risk management objectives and policies arising from its financial instruments and exposure of the Company to risk are disclosed in note 36 to the financial statements.

Going Concern

The Directors' assessment of the longer-term viability of the Company is set out on page 87.

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.

Accordingly, the first continuation resolution will be presented to shareholders at the AGM on 31 January 2023.

In the event that a continuation resolution is not passed, the Directors would be required to formulate proposals for the voluntary liquidation, unitisation, reorganisation or reconstruction of the Company for consideration by shareholders at a general meeting The Directors expect that if the Continuation Resolution is not passed, an event which the Directors consider to be highly remote, formulating and implementing any such proposals would require the Company to continue operations for a period of at least 12 months from the date of approval of the Company's financial statements.

The Directors do not believe that there is a material uncertainty as to whether the Company will continue as a going concern from the continuation vote, taking into account the growth seen since IPO, the successful equity fund raise in February 2022, the long-term nature of the Company's assets with supporting debt funding and the attractiveness of the Company's low risk inflation linked income.

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 Group level. These financial assumptions include expected cash generated and distributed by the portfolio companies, which is then available to be distributed to the Company. The assumptions include inflows and outflows in relation to external debt, interest payments. Expected dividends and the ongoing administrative costs of the Company. These models assume that there is no vote to terminate the Company in 2023.

Significant shareholdings

As at 30 September 2022, the Directors have been notified of the following shareholdings comprising 3% or more of the issued share capital (excluding treasury shares) of the Company:

Shareholders	Holding	Percentage of voting rights
Close Asset Management Limited	18,818,332	11.00%
Schroders plc	16,648,405	9.73%
CG Asset Management Ltd	13,206,949	7.72%
Halb Nominees Limited	11,560,797	6.76%
VT Gravis Funds ICVC	9,049,470	5.29%
Premier Miton Group plc	7,699,945	4.50%
City Asset Management PLC	7,394,138	4.32%
abrdn plc	6,975,722	3.77%
City of Bradford – West Yorkshire Pension Fund	9,750,000	5.27%

Since the 30 September 2022 and the date of this Annual Report, the Company has been notified of the following changes to the significant shareholdings:

Shareholders	Holding	Percentage of voting rights
Close Asset Management Limited	20,231,855	10.93%

Settlement of ordinary share transactions

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

Anti-bribery and corruption

It is the Company's policy to conduct all of its business in an honest and ethical manner (see page 101 for a discussion on the Governance of the company). The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. The Company's policy and the procedures that implement it are designed to support that commitment.

As a result, the Company can confirm that there were no legal actions, fines or sanctions relating to anti-corruption, anti-bribery, anti-competitive behaviour or anti-trust or monopoly laws or regulations in the year to 30 September 2022.

Environmental, social and governance ('ESG') matters

The Company, the Fund Manager and the broader Gresham House group believe that it is essential to incorporate environmental and social considerations into the Company's business model and decision-making processes.

Gresham House has a clear commitment to sustainable investment as part of its business mission and has achieved a score of 4 out of 5 stars in its most recent PRI (Principles for Responsible Investment) assessment report.

The Company always seeks to work with well-regarded partners to ensure that its investments are fit for purpose and maintained at a high standard in order to meet the needs of lessees and occupiers as well as sustaining their value over the long-term.

As a result, the Company can confirm that there were no legal actions, fines or sanctions relating to environmental, social or governance matters in the year to 30 September 2022.

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

All of the Group's day to day operations and activities are outsourced to third-parties. As such the Group does not have any employees or operations of its own and does not generate any direct greenhouse gas or other emissions or consume any energy reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the UK Government's policy on Streamlined Energy and Carbon Reporting. Information regarding the portfolio's carbon emissions can be found on page 55.

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

For more information on the Company's environmental and social impact, please see pages 46 to 68.

Employees

The Company has no employees and no share schemes. The Company does not therefore calculate or disclose employee turnover rates, its share of temporary staff or employee training hours. The Board's policy on Diversity is contained in the Corporate Governance Statement on page 104.

The Board is also not entitled to participate in any bonus scheme, with Directors compensated according to the Company's Net Asset Value, ensuring a long-term alignment of interests.

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

The Company is not within the scope of the UK Modern Slavery Act 2015 because it does not have employees, customers or meet the turnover threshold The Company is therefore not obliged to make a slavery and human trafficking statement.

However, the Directors and Fund Manager are satisfied that, to the best of their knowledge, the Company's principal suppliers, as listed in the Directors' report on pages 96 to 103, comply with the provisions of Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Annual General Meeting

The AGM of the Company will be held on 31 January 2023 at 12:45pm. The Notice convening the AGM is contained in this Annual Report and can be found on the Company's website at https://greshamhouse.com/real-assets/real-estate-investment/residential-secure-income-plc/

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

Political donations

The Company's policy is not to make any direct or indirect political donations. No political donations were made during the year under review and no political donations will be paid during the forthcoming year (2021: nil).

Future developments

The outlook for the Company is discussed in the Chairman's Statement on page 8.

Independent auditor

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

Disclosure of information to the independent auditor

Each of the Directors at the date of the approval of this Annual Report confirms that:

1. so far as the Directors are aware, there is no relevant audit information of which the Company's independent auditor is unaware; and
2. the Directors have taken all steps that ought to have been taken as Directors to make themselves aware of any relevant information and to establish that the Company's Independent Auditor is aware of that information.

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

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

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

Listing Rule	
9.8.4 (1) – Capitalised Interest	The Company has not capitalised any interest in the year under review.
9.8.4 (2) – Unaudited Financial Information	The Company publishes a quarterly NAV statement. The Company published its interim report and unaudited financial statements for the period from 1 October 2021 to 31 March 2022.
9.8.4 (4) – Incentive Schemes	The Company has no incentive schemes in operation.
9.8.4 (5) and (6) – Emolument Waivers	No Director of the Company has waved or agreed to waive any current or future emoluments from the Company.
9.8.4 (7), (8) and (9) – Share Issuance	Included in the Director's report.
9.8.4 (8) and (9) – Companies Part of the Group	Not applicable.
9.8.4 (10) – Significant Contracts	During the period under review, there were no contracts of significance subsisting to which the Company is a party and in which a Director of the Group is or was materially interested or between the Company and a controlling shareholder.
9.8.4 (11) – Controlling Shareholders	The Company is not party to any contracts for the provision of services to the Company by a controlling shareholder.
9.8.4 (12) and (13) – Waiving Dividends	During the period under review, there were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.
9.8.4 (14) – Board Statement re Significant Shareholders	Not applicable.

There are no other disclosures to be made under LR 9.8.4

By order of the Board

For and on behalf of
Computershare Company Secretarial Services Limited
Company Secretary

1 December 2022

Corporate Governance Statement

Introduction

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

Statement of Compliance

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

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

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

Throughout the year ended 30 September 2022, the Company has complied with the principles of the AIC Code which incorporates the UK Code, except as set out below:

Executive Directors – The UK Code includes provisions relating to the role of the chief executive and executive directors' remuneration. For the reasons as set out in the AIC Guidance, the Board considers these provisions are not relevant to the Company. ReSI plc is an externally managed company with a Board comprising entirely of Non-Executive Directors and it does not have any employees, therefore it does not have any executive board members or a chief executive.

- **Internal Audit function** – The UK Code includes provisions for an internal audit function. For reasons set out in the AIC Code, the Board considers that these provisions are not relevant to the Company as it is an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third-party service providers, all of which have their own internal audit function. As a result, the Company has no internal operations. The Board has therefore determined that it is not necessary for the Company to have its own internal audit function, although this is reviewed on an annual basis.

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

The Board of Directors

The Company has a robust corporate governance framework with oversight provided by a highly experienced, fully independent board. The Board consists of four Non-Executive Directors including the Chairman. All of the Directors have served during the entire year. The Directors are collectively responsible for determining the investment policy and strategy, and have overall responsibility for the Company's activities. The names and biographical details of the Directors, including a list of their other directorships and significant commitments is shown on pages 92 to 94.

The Board believes that during the year ended 30 September 2022 its composition was appropriate for a REIT of the Company's nature and size. The Directors have a broad range of relevant business and financial knowledge, skills and experience to meet the Company's requirements and all of the Directors are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

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

The Board leads the appointment process of new Directors, as and when vacancies arise in accordance with the Directors' ongoing succession planning. A formal process for the selection and appointment of new Directors to the Company is followed by the Board. New Director appointments shall be made on the basis of merit against objective criteria as identified by the Board as being desirable to complement the skills and experience of the existing Directors whilst having regard for all diversity factors.

Succession planning and Board composition has been a focus during the year, particularly in the context of Board tenure and diversity policies. On 21 September 2022, the Board approved and adopted a Board tenure and re-appointment policy ("Board Tenure Policy"). The Board considers it to be inappropriate to set a specific tenure limit for any individual Director or the Chairman of the Board. Instead, as set out in the Board Tenure Policy, the Board will seek to recruit a new Director on average every 2-4 years to regularly bring the challenge of fresh thinking into the Board's discussions. The Board recognises the benefits of regular refreshment and diversity which brings new perspectives and challenge, whilst also maintaining stability and continuity of corporate memory through longer serving Directors. Through the Board Tenure Policy the Board seeks to achieve a range of skills, experience, backgrounds and lengths of services among its members. This approach will likely result in an average tenure of 3-5 years. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the requirements of the AIC Code. Information in respect of the Company's Board Diversity Policy can be found on page 106 of this Annual Report.

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

Insurance and indemnity provisions

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

Responsibilities of the Chairman and Senior Independent Director

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

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

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

Audit Committee

The Board delegates certain responsibilities and functions to the Audit Committee as is clearly set out and defined in its terms of reference, which can be inspected at the registered office of the Company and viewed on the Company's website (https://greshamhouse.com/real-assets/real-estate-investment/residential-secure-income-plc/). The Audit Committee comprises the whole Board, all of whom are independent and have relevant financial expertise. Robert Gray who is the Chairman of the Audit Committee has relevant financial experience and holds similar roles at other organisations. The Committee as a whole has competence relevant to the sector in which the Company operates. The Committee meets at least twice a year to review the integrity and content of the interim and annual financial statements, including the ongoing viability of the Company. The Committee also reviews the scope and results of the external audit, its cost effectiveness, quality and the independence and objectivity of the external auditors, including the provision of non-audit services. A report of the Audit Committee is included in this Annual Report as set out on page 111.

Other Committees

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

It is the responsibility of the Board as a whole to determine and approve the Directors' fees, following proper consideration and having regard to the industry generally, the role that individual Directors fulfil in respect of Board and committee responsibilities, the time committed to the Company's affairs and the remuneration levels generally within the sector. Detailed information on the remuneration arrangements for the Directors can be found in the Directors Remuneration Report on pages 114 to 115.

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

In addition, the Board as a whole fulfils the functions of a management engagement committee to review the actions and judgements of management in relation to the interim and annual financial statements and the Company's compliance with statutory and regulatory matters. Furthermore, in this capacity, the Board reviews the terms of the Fund Management Agreement and examines the effectiveness of the Company's internal control systems and the performance of the Fund Manager, depositary, administrator, company secretary and the registrar.

Board and Audit Committee meeting attendance

Directors	Board Meeting (7 meetings held)	Audit Committee (3 meetings held)
Rob Whiteman	7	3
Robert Gray	7	3
John Carleton	6	2
Elaine Bailey	7	3

There were seven board meetings and three Audit Committees during the year to 30 September 2022. Additional sub-committee meetings of the Board were also held during the year in respect of the Company's share issuance, payment of dividends, approval of NAV, approval of financial statements and results, and other administrative matters and approval of documentation.

Due to an unforeseen natural event, and despite his best efforts, John Carleton was unfortunately unable to attend, either in person or virtually, the Audit Committee and Board meetings held in November 2021. John had access to all relevant Board and Audit Committee meeting materials prior to the meetings and provided comments and questions prior to and after the meetings.

Board diversity

During the period, the Board approved and adopted a new Board Diversity Policy, which was updated in line with the FCA Policy Statement 22/3 on diversity and inclusion published 1 April 2022. The board Diversity Policy sets out the approach to diversity on the Board and the process which the Board will follow when making new appointments. All Board appointments will be made on merit and against objective criteria, having due regard to the benefits of diversity on the Board including of gender, ethnicity, sexual orientation, disability or educational, professional and socio-economic backgrounds and cognitive and personal strengths and taking care that appointees have enough time available to devote to the position, in the context of the overall balance of skills and backgrounds that the Board needs to maintain in order to remain effective.

It is the Board's ongoing intention that, to the extent that there are any changes to the current composition of the Board, it shall take into account the recommendations of the Hampton-Alexander Review on gender diversity (published 2016) and the Parker Review on ethnic diversity (published 2017).

Whilst recognising the importance and benefits of diversity in the boardroom, the Board does not consider it to be in the interest of the Company and its shareholders to set prescriptive diversity criteria or targets as all appointments must be made on merit. However, diversity generally, including gender and ethnicity, will be taken into consideration with evaluating the skills, knowledge, and experience desirable to fill each Board vacancy. The objective of the Board Diversity Policy is to ensure that all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective.

The Board appraises its collective set of cognitive and personal strengths, independence and diversity on an annual basis, and especially during the recruitment process, so as to ensure alignment with the Company's strategic priorities and aims. The Board is satisfied with its current composition. One Director (25%) of the ReSI plc Board, Elaine Bailey, is female.

The below tables set out the directors' gender or sex and ethnic background:

Board gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board
Men	3	75%	N/A*
Women	1	25%	N/A*

Board ethnic background

	Number of board members	Percentage of the board	Number of senior positions on the board
White** British or other White	3	75%	N/A*

* This column is not applicable as the Company is an externally managed real estate investment trust and does not have executive management functions, including the roles of a chief executive officer or chief financial officer.

** Including minority white groups

The Company is voluntarily reporting on the diversity targets set out in Listing Rule 9.8.6R(9). As at 30 September 2022, the Company has not met the following targets on board diversity:

a. At least 40% of individuals on its board are women

b. At least one of the senior board positions is held by a women

c. At least one individual on its board is from a minority ethnic background

As at the publication of this Annual Report, there have been no changes to the Board that have impacted the Company's ability to meet these targets.

As a Board of four Directors, the size of the Board provides a challenge to achieving the diversity targets and it is recognised that any change of the membership of the Board will have a significant impact on the representation of any particular group of people.

Succession planning and review of the composition of the Board has been a key focus during the year as can be seen though the adoption of the new Board Diversity Policy and the Board Tenure Policy. In order to take steps towards embedding the Board Diversity Policy and the Board Tenure Policy, encouraging diversity, and achieving the diversity targets stated above, the Board aims to start implementing its succession plans during the year ending 30 September 2023. The centrepiece of which will be the gender and ethnic diversity of the Board. In accordance with the new Board Diversity Policy, an objective of the Company when appointing new Directors to the Board shall be to have a long list of potential non-executive directors including diverse candidates of appropriate merit.

Performance evaluation

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

The Chairman led the evaluation, which covered the functioning and dynamics of the Board as a whole, composition and diversity of the Board, the effectiveness of the Audit Committee and the contribution made by each Director. Each Director completed a self-evaluation questionnaire in order to reflect on their personal commitment and contributions during the period. The results were reviewed by the Chairman and discussed with the Board. The Board confirmed that the results of the performance evaluation were positive, and it was concluded that the Board continued to function effectively and there are no significant concerns among the Directors about the Board's effectiveness. The resulting actions agreed by the Directors will be monitored during the year ending 30 September 2023. The Board is satisfied that all current Directors continue to contribute effectively and have the skills and experience relevant to the leadership and direction of the Company.

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

The Board monitors the performance of the Fund Manager and believes the continuing appointment of the Fund Manager to be in the best interests of shareholders as a whole. For further information see page 81.

During the period, the Board reviewed and re-evaluated the need for an externally facilitated board evaluation. Taking into consideration the current activities of the Company, it was agreed that undertaking an external board evaluation in the period was not, at this time, appropriate or in the best interest of the Company. The Board recognise the benefits of an external evaluation and will continue to consider whether an external evaluation would be beneficial and in the interests of the Company as a whole.

Internal control review and assessment process

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

The Board has undertaken a risk assessment and review of the Company's internal controls framework and the Company's risk appetite in the context of the Company's overall investment objective. The Board, through delegation to the Audit Committee, has undertaken a robust assessment and review of the emerging and principal risks facing the Company. A statement of the principal risks and uncertainties faced by the Company can be found on pages 80 to 86.

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

Financial aspects of internal control

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

The Statement of Directors' Responsibilities in respect of the accounts is on page 118 and the Going Concern and Viability Statement is on page 87. The Independent Auditor's Report is on pages 120 to 126.

Other aspects of internal control

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

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

Matters reserved for the Board and delegated authorities

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

Principal risks

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its position, business model, future performance, solvency or liquidity. The principal risks and how they are being managed is set out in the Strategic Report on pages 80 to 86. As part of its risk process, the Board seeks to identify emerging risks to ensure that they are effectively managed as they develop and recorded in the risk matrix.

Annual General Meeting

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

Shareholder relations

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

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

The Interim and Annual reports of the Company are prepared by the Board and its advisers to present a full and readily understandable review of the Company's performance. Copies of which are dispatched to shareholders by post of electronically as requested and are also on the Company's website (https://greshamhouse.com/real-assets/real-estate-investment/residential-secure-income-plc/). Half year and annual investor presentations, as well has factsheets, reports and policies are also made available on the Company's website

The Chairman and the Board welcome direct feedback from shareholders.

Further details of the Company's engagement with of stakeholders and how the Board has regard to those stakeholders in the Board's decision-making processes are set out in the Strategic Report on pages 72 to 76.

Exercise of voting powers and stewardship code

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

Social and environmental policy

Please see the Environmental and Social Impact report on pages 46 to 68 for details.

For and on behalf of

Computershare Company Secretarial Services Limited
Company Secretary
1 December 2022

Report of the Audit Committee

Role of the Audit Committee

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

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

- considering the appointment, independence and objectivity, and remuneration of the Company's external auditor, BDO LLP (the "Auditor");
- to review the annual accounts and interim financial report;
- to review the day-to-day management of the Company by the Fund Manager and its adherence to agreed investment parameters; and
- assessment of the Company's internal financial controls and risk management systems.

Composition

All of the independent Directors of the Company are members of the Audit Committee. The Audit Committee as a whole has recent and relevant financial experience. The Chairman of the Company is a member of the Audit Committee. The Board and the Audit Committee believe that the Chairman of the Company being a member of the Audit Committee is appropriate and beneficial to the Company due to his contributions as a result of his recent and relevant financial experience and as a result of him being independent on appointment. Details of the Committee members' experience can be found on page 92 to 94.

Meetings

There have been three Audit Committee meetings during the year ended 30 September 2022. These meetings were aligned with key dates for financial reporting and the audit cycle of the Company.

Attendance is included in the Corporate Governance Statement page 104.

During these meetings the Audit Committee has:

- Reviewed the Company's financial statements for the half year and year end and made formal recommendations to the Board;
- Reviewed the Company's going concern and viability statements;
- Reviewed the internal controls and risk management systems of the Company and its third-party service providers including cyber-security;
- Reviewed the Company's risk register reflecting the current and emerging risks faced by the Company;
- Agreed the audit plan and fees with the Auditor, including the principal areas of focus;
- Reviewed its own performance; and

Reviewed its Terms of Reference.

Financial statements and significant accounting matters

The Audit Committee considered the following significant accounting issues in relation to the Company's Financial Statements for the year ended 30 September 2022:

A. Investment property valuation

The valuation of investment property is the most material matter in the production of the financial statements. Savills Advisory Services Limited has been appointed to value the Company's property investments, in accordance with the Regulated Investment Company requirements, on a quarterly basis. The Audit Committee reviewed a copy of the valuation report once it had been completed and has received a presentation from the valuer. Investment properties are valued at their fair value in accordance with IFRS 13 and IAS 40, which recognises a variety of fair value inputs depending upon the nature of the investment. The Audit Committee has reviewed the assumptions underlying the property valuations and concluded that the valuation as at 30 September 2022 is appropriate.

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

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

C. Revenue recognition

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

D. Shared ownership

Shared ownership is a form of tenure in which a long lease is granted in respect of a property alongside payment of an initial stake in that property (the First Tranche). Proceeds of First Tranche sales are included within turnover and the related proportion of the cost of the asset recognised within cost of sales. Shared ownership properties are split proportionately between Inventories and Investment properties based on the current element relating to First Tranche sales. The valuations for the investment property element are valued by Savills as part of the investment property valuation process and the inventory element is held at cost (defined as the lower of net realisable value or cost). The Audit Committee has reviewed the Savills valuation report for the relevant period, the Company's assessment of the split of investment property and inventory, and the Company's procedures in place for the valuation of shared ownership and has concluded that it has been appropriately recognised.

E. Internal Controls and Risk Management

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

In addition, with the assistance of the Fund Manager and third-party services providers, the Audit Committee identifies the principal risks and uncertainties faced by the Company and determines strategies to ensure that they are mitigated. Further details on the principal risks and uncertainties that face the Company can be found on pages 80 to 86.

External Audit

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

Audit Fees

The audit fee incurred for the review of the 2022 Annual Report and Accounts was £178,000 (30 September 2021: £145,000). The Audit Committee continues to monitor the level of audit fees carefully.

Provision of non-audit services

The Audit Committee has a Non-Audit Services Policy to govern the supply of any non-audit services provided by the Auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if the provision of such services is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest which would prevent the Auditor from remaining objective and independent. On 21 September 2022, the Board reviewed and approved the Non-Audit Services Policy following a review of its ongoing effectiveness and adequacy.

BDO LLP were paid fees of £61,000 in respect of non-audit services in the year to 30 September 2022 (2021: £34,000). These services were in respect of the interim review of the Interim Report for the period ended 31 March 2022 (£34,000) and reporting accountant services (£37,000). When reviewing the suitability of BDO LLP to carry out this service the Committee assesses a number of factors, including but not limited to: assessing whether there are any threats to independence and objectivity resulting from the provision of such services, the nature of the service provided and whether the skills and experience of BDO LLP make it the most suitable supplier. The Audit Committee has considered the non-audit work of the auditor during the year ended 30 September 2022 and does not consider that this compromises its independence. In addition, the Audit Committee has received assurances from the Auditor that its independence is not compromised by the supply of these services and appropriate safeguards have been implemented where required including a separate team undertaking the work of the reporting accountant.

Audit tenure

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

Effectiveness of external audit and continuing appointment of the auditor

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

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

Internal audit function

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

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

The Audit Committee has concluded that the Annual Report for the year ended 30 September 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Audit Committee has reported its conclusions to the Board of Directors. The Audit Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the Annual Report.

Robert B. Gray

Robert Gray
Chairman of the Audit Committee
1 December 2022

Directors' Remuneration Implementation Report

The Board has prepared this report in accordance with the requirements of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The law requires the Company's Auditor to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 120 to 126.

The Board consists entirely of Non-Executive Directors and the Company has no employees therefore the Company has not reported on those aspects of remuneration that relate to Executive Directors. As detailed on page 94, it is not considered appropriate for the Company to establish a separate Remuneration Committee. Accordingly, the Board as a whole considers and approves the Directors' remuneration.

Remuneration Policy

The Company is required to ask shareholders to formally approve the Directors' Remuneration Policy, on a three-yearly basis. Any change to the Directors' Remuneration Policy requires shareholder approval. A binding ordinary resolution to approve the Directors' Remuneration Policy was last proposed and approved by shareholders at the AGM of the Company held on 14 January 2022.

There are no proposed changes to the policy, and therefore it is intended that the provisions of this policy continue for the year ended September 2023 and subsequent years. A copy of the policy is included in the Company's Annual Report for the year ended 30 September 2021. The Directors' Remuneration Policy will next be put forward for approval at the AGM to be held in 2025.

Directors' Remuneration Implementation Report

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

The law requires the Company's auditor to audit certain disclosures provided in the Directors' Remuneration Implementation Report. Where disclosures are audited, they are indicated as such. The auditor's opinion is on page 120.

A non-binding ordinary resolution to approve the Directors' Remuneration Implementation Report contained in the Annual Report for the period ended 30 September 2021 was put forward and passed at the AGM held on 14 January 2022.

The votes cast by proxy were as follows:

Directors' Remuneration Policy

	Number of votes	Percentage of votes cast
For	95,493,606	99.16%
Against	809,958	0.84%
Votes Withheld	3	

Directors' Remuneration Report

	Number of votes	Percentage of votes cast
For	95,492,606	99.17%
Against	800,731	0.83%
Votes Withheld	3	

Remuneration

The Company currently has four Non-Executive Directors.

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

The Chairman, will be entitled to receive a fee linked to the Net Asset Value of the Company as follows:

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

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

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

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

The Board reviews the fees payable to the Directors on an annual basis. During the year, the Net Asset Value of the Company increased to such that the Directors became eligible for a fee increase under the Re-muneration Policy. However, taking into consideration current ongoing activities within the Company, the Board agreed to waive an increase of fees for the year ended 30 September 2022. The Board will meet to review the Directors' Remuneration during the course of the year ending 30 September 2023 and consider a potential increase per the remuneration policy.

Directors' service contracts

The Directors do not have service contracts with the Company. The Directors are not entitled to compensation on loss of office. The Directors have appointment letters which do not provide for any specific term but are subject to re-election by shareholders at a maximum interval of three years. However, in line with best practice and the Company's Tenure and Re-appointment Policy all Directors have agreed to retire and stand for re-election on a voluntary basis at the AGM in January 2023.

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

Director search and selection fees

No Director search and selection fees were incurred during the year ended 30 September 2022.

Directors' emoluments for the year ended 30 September 2022 (audited)

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

	Fees from 1 October 2021 to 30 September 2022 £'000	Fees from 1 October 2020 to 30 September 2021 £'000	Annual percentage change in fees[b] %
Robert Whiteman	**50**	50	0
Robert Blackburn Gray	**35**	35	0
John Carleton	**35**	35	0
Elaine Bailey	**35**	35	0
	155	155	

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

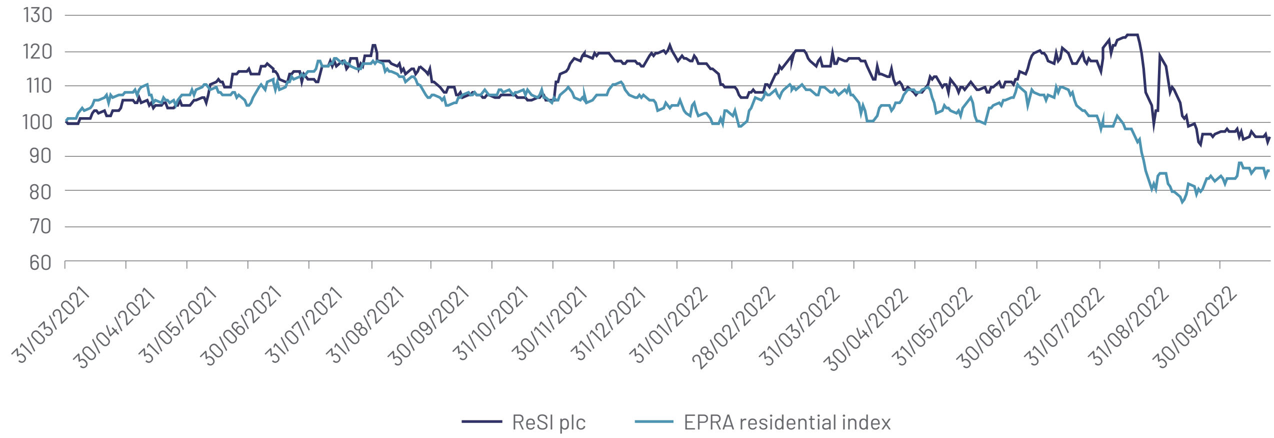
There are no other taxable benefits payable by the Company which may be deemed to be taxable. None of the above fees were paid to third parties.

The Directors do not receive pension benefits, long-term incentive schemes or share options.

Performance

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

ReSI Share Price vs. Peers



Relative importance of spend on pay

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

	2022 £'000	2021 £'000	Change £'000
Net Property Income	**17,526**	15,173	2,354
Directors' fees	**155**	155	0
Operating expenses	**3,221**	3,217	5
Dividends paid and payable to shareholders	**9,194**	8,552	642

The management fee and expenses have been included to give Shareholders a greater understanding of the relative importance of spend on pay.

Directors' holdings (audited)

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. As at 30 September 2022, the Directors' beneficial shareholdings were as follows:

	30 September 2022	30 September 2021
Robert Whiteman	**80,000**	80,000
Robert Blackburn Gray	**207,148**	157,148
John Carleton	**4,850**	4,850
Elaine Bailey	**5,000**	5,000

The changes in the Director's beneficial shareholdings between 30 September 2022 and the date of this report were as follows:

	30 November 2022	30 September 2022
Robert Whiteman	**100,000**	100,000
Robert Blackburn Gray	**262,315**	207,148
John Carleton	**4,850**	4,850
Elaine Bailey	**5,000**	5,000

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

Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports)(Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the financial year ended 30 September 2022:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the financial year ended 30 September 2022; and

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

Rob Whiteman
Chairman of the Board of Directors
1 December 2022

Directors' Responsibilities

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. The Group financial statements have been prepared in accordance with UK adopted international accounting standards and the Company financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), subject to any material departures disclosed and explained in the Company financial statements; and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

They are responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Implementation Report and Corporate Governance Statement that complies with that law and those regulations. These can be found on pages 1 to 89, 96 to 103, 114 to 117 and 104 to 110 respectively. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Website publication: The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website (https://greshamhouse.com/real-assets/real-estate-investment/residential-secure-income-plc/). Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibility statement

Each of the Directors, whose names and titles are listed on pages 92 to 94, confirms that to the best of their knowledge:

- the financial statements have been prepared in accordance with prepared in accordance with UK adopted international accounting standards and, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole;
- The Strategic Report includes a fair review of the development and performance of the business and the financial position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board

Rob Whiteman
Chairman
1 December 2022

Independent Auditors Report

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Residential Secure Income plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the

Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Directors on 20 September 2017 to audit the financial statements for the period ended 11 July 2017 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the period ended 11 July 2017 and the periods ended 30 September 2018 to 2022.

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

Conclusions relating to going concern

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

- We used our knowledge of the Group and its market sector together with the general economy to identify the inherent risks to the Group's business and considered how those might impact the Group's ability to remain a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
- We reviewed the forecasts that support the going concern statement and also the long term viability statement. Our review work included agreeing the Group's available borrowing facilities and the related covenants, assessing the forecasted cash flows with reference to budgeted and historic performance and considering the covenant compliance headroom for sensitivity to both future changes in property valuations and the Group's future financial performance, including checking the reverse stress testing performed by management.

- We discussed the Continuation Vote due to be put to the AGM in January 2023 with the Directors and with the Company's brokers. We considered the basis on which the Directors concluded that the outcome of the Vote will be positive and assessed the adequacy of the disclosures about this in the annual report.

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

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

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

Overview

Coverage[74]	100% (2021: 100%) of Group revenue		
	100% (2021: 100%) of Group profit/(loss) before tax		
	100% (2021: 100%) of Group investment property		
	100% (2021: 100%) of Group total assets		
Key audit matter		2022	2021
	KAM 1	Valuation of property portfolio	Valuation of property portfolio
Materiality	*Group financial statements as a whole* We determined materiality for the Group financial statements as a whole to be £4,275,000 (2021: £3,900,000), which was set at 1% of Group total assets (2021: 1%).		

An overview of the scope of our audit

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

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

Key audit matters

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

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

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of investment properties Refer to note 4 (significant accounting judgements and estimates) and note 17 investment property) to the Group financial statements.	Investment properties are held at fair value in the Group's financial statements. The valuation of the Group's investment property is the key component of net asset value and underpins the Group's result for the year. The valuation of investment property requires significant judgement and estimates by management with the involvement of their independent valuer, including discount rates used and staircasing rates for the shared ownership properties. There is also a risk that management may influence the significant judgements and estimates in respect of property valuations in order to achieve performance targets to meet market expectations. The property valuations should also be disclosed appropriately in the financial statements in accordance with UK adopted international accounting standards. It is for these reasons that we consider this to be a key audit matter.	*Experience of Valuer and relevance of their work* We read the Valuer's report and agreed that the approaches used were consistent with the requirements of accounting standards. We assessed the Valuer's competence and capabilities and read their terms of engagement with the Group, and considered if there were any matters that affected their independence and objectivity, or imposed scope limitations upon them. *Data provided to the Valuer* We checked the data provided to the Valuer by management including inputs such as current rent and lease term (which we have agreed on a sample basis to executed lease agreements as part of our audit work), future costs, void rates and bad debts (which we have assessed based on past experience of the portfolio). *Assumptions and estimates used by the Valuer* We met with the Valuer and gained an understanding of the valuation methods and assumptions used. We benchmarked the valuation to our expectations developed using independently obtained data in relation to discount rates and capitalisation yields. With the assistance of our own property valuation specialist we considered the methodology applied and challenged the assumptions utilised by the Valuer, corroborating their explanations where relevant. We checked the accuracy of the valuation models by reperforming the discounted cash flow calculations using the same inputs and assumptions. We considered if there was any evidence of management bias in relation to the valuations. *Financial statement disclosures* We checked that the property valuations have been properly included in the financial statements. We also assessed whether the disclosures in the financial statements are appropriate and in accordance with relevant accounting standards *Key observation* Based on the procedures performed, we noted no exceptions and found the estimates and assumptions used appropriate in the context of the Group's property portfolio.

Our application of materiality

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

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

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

	Group financial statements		Parent company financial statements	
	2022	2021	2021	2021
Materiality	£4,275,000	£3,900,000	£1,898,000	£1,770,000
Basis for determining materiality	1% of total assets	1% of total assets	1% of total assets	1% of total assets
Rationale for the benchmark applied	We determined that total assets would be the most appropriate basis for determining overall materiality as we consider it to be one of the principal considerations for users of the financial statements in assessing the financial performance of the Group.		We determined that total assets would be the most appropriate basis for determining overall materiality as we consider it to be one of the principal considerations for users of the financial statements in assessing the financial performance of the Parent Company.	
Performance materiality	£3,206,000	£2,925,000	£1,423,500	£1,327,500
Basis for determining performance materiality	75% of materiality – it is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.		75% of materiality – it is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.	

Specific materiality

We determined that for other account balances, classes of transactions and disclosures that impact adjusted earnings (as defined in note 15 of the Group financial statements) a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of users. We concluded that a specific materiality for these areas should be £447,000 (2021 - £355,000), which was set at 5% of adjusted earnings. Adjusted earnings excludes the impact of fair value movements and one-off debt arrangement costs.

The specific materiality applied to the Parent Company was £130,000 (2021 - £167,000) respectively, calculated as a proportion of the Group materiality.

Component materiality

We set materiality for each component of the Group based on a percentage of between 2% and 60% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £92,000 to £2,546,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £85,000 (2021: £76,000) for items audited to financial statement materiality, and £25,000 (2021: £25,000) for items audited to specific materiality. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

We determined that the same measure as the Group was appropriate for the Parent Company and the areas subject to specific materiality. Accordingly the Parent Company reporting threshold was £37,000 (2021: £35,000) and specific reporting threshold applied was £25,000 (2021 - £25,000).

Other information

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

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability	The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 87 to 89; and The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate set out on page 89.
Other Code provisions	Directors' statement on fair, balanced and understandable set out on page 113; Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 109; The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 108; and The section describing the work of the audit committee set out on pages 111 to 113.

Other Companies Act 2006 reporting

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

The engagement partner has assessed and confirmed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations throughout the audit.

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

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

Use of our report

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

[Signature] DocuSigned by: Richard Levy D73C2CC419E64AE...

Richard Levy (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

London
United Kingdom

[Date] 01 December 2022

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

03
Financials

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2022

	Note	2022 £'000	2021 £'000
Income	6	**31,785**	39,596
Cost of sales	6	**(14,259)**	(24,423)
Net income		**17,526**	15,173
Administrative expenses			
Fund management fee	7	**(1,867)**	(1,802)
General and administrative expenses	8	**(1,128)**	(1,047)
Non-recurring operating costs	9	**(225)**	(368)
Total Administrative expenses		**(3,220)**	(3,217)
Operating profit before property disposals and change in fair value		**14,306**	11,956
Loss on disposal of investment properties		**(24)**	(12)
Change in fair value of investment properties	13	**3,200**	7,731
Change in fair value of borrowings	13	**1,809**	(2,731)
Debt set up costs	12	**(369)**	(606)
Operating profit		**18,922**	16,338
Finance income	12	**67**	–
Finance costs	12	**(5,655)**	(5,221)
Change in fair value of interest rate swap derivative contracts	12	**–**	104
Profit for the year before taxation		**13,334**	11,221
Taxation	14	**–**	–
Profit for the year after taxation		**13,334**	11,221
Other comprehensive income:		**–**	–
Total comprehensive income for the period attributable to the shareholders of the Company		**13,334**	11,221
Earnings per share - basic and diluted - pence	15	**7.4**	6.6

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

The notes on pages 134 to 162 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 September 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Investment properties	17	406,127	372,335
Total non-current assets		406,127	372,335
Current assets			
Inventories shared ownership properties	16	1,203	3,800
Trade and other receivables	18	3,390	4,051
Deposits paid for property purchases	19	827	1,158
Cash and cash equivalents	20	15,984	8,370
Total current assets		21,404	17,379
Total assets		427,531	389,714
Current liabilities			
Trade and other payables	21	4,891	7,738
Borrowings	22	14,285	2,984
Lease liabilities	31	994	989
Total current liabilities		20,170	11,711
Non-current Liabilities			
Borrowings	22	175,420	165,355
Recycled Capital Grant Fund	23	205	38
Lease liabilities	31	30,348	30,218
Total non-current liabilities		205,973	195,611
Total liabilities		226,143	207,322
Net assets		201,388	182,392
Equity			
Share capital	24	1,941	1,803
Share premium	25	14,605	108
Treasury shares reserve	26	(8,293)	(8,515)
Retained earnings	27	193,135	188,996
Total interests		201,388	182,392
Total equity		201,388	182,392
Net asset value per share - basic and diluted (pence)	32	108.8	106.6

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

Rob Whiteman
Chairman

1 December 2022

The notes on pages 134 to 162 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 September 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit for the year		13,334	11,221
Adjustments for non-cash items:			
(Gain) in fair value of investment properties	13	(3,200)	(7,731)
Movement in rent smoothing adjustment	13	(1,148)	(650)
(Gain) in fair value of interest rate swap	12	–	(104)
Loss/(profit) in fair value of borrowings	13	(1,809)	2,731
Loss on disposal of investment properties		24	12
Shares issued in lieu of management fees	7	467	449
Finance income	12	(67)	–
Finance costs	12	5,655	5,221
Debt set up costs	12	369	606
Cash generated from operations before working capital changes		13,625	11,755
Changes in working capital			
Decrease/(Increase) in trade and other receivables		659	(288)
Decrease in inventories		2,597	6,621
(Decrease)/increase in trade and other payables		(2,754)	1,876
Net cash flow generated from operating activities		14,127	19,964
Cash flow from investing activities			
Purchase of investment properties	17	(30,635)	(33,526)
Grant received	17	672	1,204
Disposal of investment properties		1,475	1,719
Deposits paid for acquisitions	19	(513)	(1,158)
Interest received	12	67	–
Amounts transferred into restricted cash deposits	20	–	(851)
Net cash flow used in investing activities		(28,934)	(32,612)
Cash flow from financing activities			
Share issue (net of issue costs)	24	14,635	–
Purchase of own shares	26	(245)	(338)
New borrowings raised	22	28,100	24,853
New borrowing costs	22	(215)	(275)
Bank loans repaid		(4,978)	(605)
Finance costs	12	(5,681)	(5,556)
Dividend paid	30	(9,195)	(8,552)
Net cash flow generated from financing activities		22,421	9,802
Net increase/(decrease) in cash and cash equivalents		7,614	(2,846)
Reclassification of restricted cash balances	20	2,684	–
Cash and cash equivalents at the beginning of the year	20	5,686	8,532
Cash and cash equivalents at the end of the year	20	15,984	5,686

The notes on pages 134 to 162 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2022

	Share capital £'000	Share premium £'000	Treasury shares reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 September 2020	1,803	108	(8,626)	186,327	**179,612**
Profit for the year	–	–	–	11,221	**11,221**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	–	–	–	11,221	**11,221**
Contributions by and distributions to shareholders					
Issue of management shares	–	–	449	(449)	**–**
Share based payment charge	–	–	–	449	**449**
Purchase of own shares	–	–	(338)	–	**(338)**
Dividends paid	–	–	–	(8,552)	**(8,552)**
Balance at 30 September 2021	1,803	108	(8,515)	188,996	**182,392**
Profit for the year	–	–	–	13,334	**13,334**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	–	–	–	13,334	**13,334**
Contributions by and distributions to shareholders					
Issue of shares	138	14,862	–	–	**15,000**
Share issue costs	–	(365)	–	–	**(365)**
Issue of management shares	–	–	467	(467)	**–**
Share based payment charge	–	–	–	467	**467**
Purchase of own shares	–	–	(245)	–	**(245)**
Dividends paid	–	–	–	(9,195)	**(9,195)**
Balance at 30 September 2022	**1,941**	**14,605**	**(8,293)**	**193,135**	**201,388**

The notes on pages 134 to 162 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year to 30 September 2022

1 General information

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

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

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

2 Basis of preparation

These financial statements for the year ended 30 September 2022 have been prepared in accordance with UK adopted international accounting standards.

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

The comparatives presented are for the year ended 30 September 2021.

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

a) Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group and the Company have the resources to continue in business for the foreseeable future, as set out in the going concern statement on pages 87 to 89. The Group expects to refinance the NatWest facility which is due to expire in April 2023. The Group has access to a revolving credit facility of £25mn with Santander which could be used if necessary. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group and the Company'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 (which are ringfenced to that particular portfolio) and on its holding company working capital facility with Santander (see note 22 on page 150). Sensitivity analysis has been performed, showing a large amount of headroom on all covenants (see Fund Manager Report on page 32), including all debt servicing and valuation metrics. Due to the long-term nature of the company's assets and strong cash flow, the Directors do not forecast a breach of any debt covenants.

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 the level of the subsidiaries of the ReSI plc. These financial assumptions include expected cash generated and distributed by the portfolio companies available to be distributed to the Company. This includes 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.

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 Group and 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.

If the Continuation Resolution is passed, the Group and the Company will continue its business as presently constituted and propose the same resolution at every fifth annual general meeting thereafter.

After making appropriate enquiries of the Group and the Company's brokers and Investment Adviser, pursuant to their recent discussions with a number of the Group and the Company's shareholders, the Directors are of the view that the Continuation Resolution will be passed at the forthcoming annual general meeting. This reflects the long-term nature of the Group and the Company's assets with supporting debt funding and the attractiveness of the Group and the Company's low risk inflation linked Income strength in the portfolio.

The Board is, therefore, of the opinion that the going concern basis adopted in the preparation of the consolidated financial statements is appropriate having reviewed the next 12 month period.

b) Changes to accounting standards and interpretations

Amendments to standards adopted during the year

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

Standards in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 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 applied in the preparation of the financial statements are set out below. 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 shared ownership which provides an affordable homes 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).

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 ('staircasing') 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 grant provider. Where such an obligation exists the grant will be held as a liability on the Statement of Financial Position.

f) Share issue costs

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

g) Revenue

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

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

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

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

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

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

h) Cost of sales

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

i) Expenses

The Group recognises all expenses on an accruals basis.

j) Finance income and expense

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

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

k) Taxation

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

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

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

l) Dividend payable to shareholders

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

m) Financial instruments

Financial assets

Recognition of financial assets

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

Initial measurement and classification of financial assets

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

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

At 30 September 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.

Fair value through profit or loss

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

At 30 September 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. Subsequent to initial recognition, borrowing costs are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method or at fair value if elected to hold at fair value through profit or loss.

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

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

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

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

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

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

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

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

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

Borrowings held at fair value

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

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

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

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

Shared Ownership Properties

First Tranche Sales

The Group estimates the proportion of shared ownership properties that will be sold as First Tranche sales and therefore classified as inventory rather than investment property. The assumptions on which the proportion has been based include, but are not limited to, matters such as the affordability of the shared ownership properties, local demand for shared ownership properties, and general experience of First Tranche shared ownership sales in the social housing sector. The first tranche sales percentage used is consistent with values used by the valuers. As at 30 September 2022 the average first tranche sales percentage assumed for vacant shared ownership properties was 25%. If there is a change in percentage used, this will affect the proportion of inventory and investment property recognised with a higher assumed first tranche sale percentage resulting in a higher inventory value and lower investment property value.

5 Operating segments

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

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

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

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

6 Income less cost of sales

	Net property income £'000	First tranche sales £'000	2022 Total £'000	2021 Total £'000
Gross Rental income	25,670	–	**25,670**	22,826
First tranche property sales	–	6,115	**6,115**	16,770
Total income	25,670	6,115	**31,785**	39,596
Service charge expenses	(4,927)	–	**(4,927)**	(4,701)
Property operating expenses	(3,717)	–	**(3,717)**	(3,958)
Impairment of receivables	(10)	–	**(10)**	(2)
First tranche cost of sales	–	(5,605)	**(5,605)**	(15,762)
Total cost of sales	(8,654)	(5,605)	**(14,259)**	(24,423)
Net rental income/gross profit before ground rents	17,016	510	**17,526**	15,173
Ground rents disclosed as finance lease interest	(996)	–	**(996)**	(989)
Net rental income/gross profit after ground rents disclosed as finance lease asset	16,020	510	**16,530**	14,184

Included within gross rental income is a £1,148,000 (2021: £650,000) rent smoothing adjustment that arises as a result of IFRS 16 'Leases' which require rental income in respect of leases with rents increasing by a fixed percentage be accounted for on a straight-line basis over the lease term. During the year this resulted in an increase in rental income, with an offsetting entry being recognised in profit or loss as an adjustment to the investment property re-valuation (see note 17).

Gross rental income includes service charges collected from tenants, included in rent collected but not separately invoiced, of £4,622,000 during the year (2021: £4,344,000). 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 £305,000 (2021: £357,000).

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.

7 Fund management fee

	2022 £'000	2021 £'000
Cash portion	1,400	1,353
Equity	467	449
	1,867	1,802

ReSI Capital Management Limited acts as alternative investment fund manager (the "Fund Manager") pursuant to the Fund Management Agreement.

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

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

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

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

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

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

8 General and administrative expenses

	Group 2022 £'000	Group 2021 £'000
Professional fees	579	552
Directors' fees and expenses	220	217
Fees paid to the Company's auditor	279	224
Other expenses	41	53
Aborted acquisiiton costs	9	1
	1,128	1,047

9 One-off administration costs

	2022 £'000	2021 £'000
One-off adminstration costs	225	368
	225	368

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 re-late to residual set-up costs associated with the transfer, which straddled the 2021-year end, and is now complete, one-off costs associated with upgrading the energy performance of properties.

10 Directors' fees and expenses

	2022 £'000	2021 £'000
Fees	155	155
Taxes	17	17
	172	172
Fees paid to directors of subsidiaries	48	45
	220	217

The Group had no employees during the year (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:

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

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

Net asset value	Annual Fee
Up to £100,000,000	£30,000
£100,000,000 to £200,000,000	£35,000
Thereafter	£40,000

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

During the year, the Net Asset Value of the Company increased to such that the Directors became eligible for a fee increase under the Remuneration Policy. However, taking into consideration current ongoing activities within the Company, the Board agreed to waive an increase of fees for the year ended 30 September 2022. The Board will meet to review the Directors' Remuneration during the course of the year ending 30 September 2023 and consider a potential increase per the remuneration policy.

11 Fees paid to the Company's auditor

	2022 £'000	2021 £'000
Audit fees		
Parent and consolidated financial statements	75	60
Audit of subsidiary undertakings	143	122
Additional fees payable to the auditors in relation to prior year audit	18	–
Total audit fees	237	182
Audit related services		
Review of interim report	42	42
Non-audit fees		
Corporate Finance Fees	44	–
Total fees	318	224

Fees paid to the Company's auditors are inclusive of irrecoverable VAT.

Non audit fees of £44,000 relating to corporate finance services have been incurred in the year ended 30 September 2022 (2021: £nil). These costs have been included in prepayments as they relate to a future work.

12 Net finance costs

	2022 £'000	2021 £'000
Finance income		
Interest income	67	–
	67	–
Finance expense		
Interest payable on borrowings	(4,300)	(3,946)
Amortisation of loan costs	(268)	(259)
Debt programme costs	(91)	(27)
Lease interest	(996)	(989)
	(5,655)	(5,221)
Movement in fair value of derivative contracts		
Interest rate swaps	–	104
Net finance costs	(5,588)	(5,117)
One-off shared ownership facility set-up costs	(300)	(567)
Debt set up fees	(69)	(39)
Debt set up costs	(369)	(606)

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

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

Movement in fair value of derivative contracts arose from interest rate swaps entered into in February 2019 to partially fix the £14.5mn of debt secured by the Local Authority portfolio. The swaps expired on 20 August 2021.

Debt set up fees in the current year relate to the abortive fees of debt that was not put in place.

13 Change in fair value

	2022 £'000	2021 £'000
Gain/(loss) on fair value adjustment of investment properties	4,348	8,381
Adjustments for lease incentive assets and rent straight line assets recognised		
Start of the year	922	272
End of the year	(2,070)	(922)
	3,200	7,731
Gain/(loss) on fair value adjustment of borrowings (note 22)	1,809	(2,731)
Shared ownership facility set up costs	(300)	(567)
	4,709	4,433

Gain/(loss) on fair value adjustment of borrowings arises from debt raised against the shared ownership portfolio, which the Company elected to fair value through profit and loss in order to address an accounting mismatch as the value of the loan is linked to the shared ownership investment portfolio. During the year the Group incurred costs of £0.3mn (equivalent to 0.2 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. With the election made to value this debt at fair value through profit or loss, all fees associated with this debt have been expensed in the current year.

14 Taxation

	2022 £'000	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:

	2022 £'000	2021 £'000
Profit before tax	13,334	11,221
Tax at the UK corporation tax rate of 19% (2019: 19%)	2,533	2,132
Tax effect of:		
UK tax not payable due to REIT exemption	(1,995)	(656)
Investment property revaluation not taxable	(608)	(1,469)
Expenses that are not deductible in taxable profit	(27)	(15)
Unutilised residual current year tax losses	97	8
Tax charge for the year	–	–

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 2023. From 1 April 2023 the rate will increase to 25%.

15 Earnings per share

	2022 £'000	2021 £'000
Profit attributable to Ordinary shareholders	13,334	11,221
Deduction of fair value movement on investment properties, borrowings and interest rate swap	(5,009)	(5,104)
Deduction of non-recurring set up costs	225	368
Deduction of debt set up costs	369	606
Deduction of aborted acquisition costs	9	1
Loss on property disposals	24	12
Adjusted Earnings	8,952	7,104
Weighted average number of ordinary shares (thousands)	180,159	171,071
Basic Earnings per share (pence)		
- 2022 (pence)	7.4	
- 2021 (pence)		6.6
Adjusted Earnings per share (pence)		
- 2022 (pence)	5.0	
- 2021 (pence)		4.2

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

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

EPRA Earnings per share	2022 £'000	2021 £'000
Earnings per IFRS income statement	13,334	11,221
Changes in value of investment properties	(3,200)	(7,731)
Profits or losses on disposal of investment properties	24	12
Profits or losses on sales of trading properties	(510)	(1,008)
Changes in fair value of financial instruments and associated close-out costs	(1,809)	2,627
EPRA Earnings	7,839	5,121
Basic number of shares	180,159	171,071
EPRA Earnings per Share (EPS) (pence)	4.4	3.0

Adjusted EPRA Earnings per share	2022 £'000	2021 £'000
Company specific adjustments:		
Exclude debt set up costs	369	607
Exclude one-off administration costs	225	368
Exclude one-off aborted acquisition costs	9	–
Include shared ownership first tranche sales	510	1,008
Company specific Adjusted EPRA Earnings	8,952	7,104
Company specific Adjusted EPRA Earnings EPRA per share (pence)	5.0	4.2

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.

Dividend coverage for the year ended 30 September is 97% based on an adjusted earnings figure of £8.95mn and dividends paid over the year of £9.20mn.

16 Inventories – finished properties available for sale

	2022 £'000	2021 £'000
Shared ownership properties	1,203	3,800
	1,203	3,800

The costs of inventories recognised in cost of sales as an expense in the year is £5,605,000 (2021: £15,762,000). The amount of inventories written down to net realisable value is Nil (2021: Nil).

17. Investment properties

	2022 £'000	2021 £'000
At beginning of period	372,335	331,782
Property acquisitions at cost	30,827	33,113
Grant receivable	(672)	(1,652)
Capital expenditure	652	539
Property disposals	(1,498)	(1,731)
Movement in head lease gross up	135	1,631
Adjustments for lease incentive assets and rent straight line assets recognised	–	272
Change in fair value during the period	4,348	8,381
At end of period	406,127	372,335
Valuation provided by Savills	374,785	341,128
Adjustment to fair value - finance lease asset	31,342	31,207
Total investment properties	406,127	372,335

The investment properties are divided into:

	2022 £'000	2021 £'000
Leasehold properties	293,734	284,596
Freehold properties*	81,051	56,532
Head lease gross up	31,342	31,207
Total investment properties	406,127	372,335

*Includes Feuhold properties, the Scottish equivalent of Freehold.

The table below shows the total value of the Group's investment properties including committed properties with purchase contracts exchanged at 30 September 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 30 September 2022.

	2022 £'000	2021 £'000
Total investment properties	406,127	372,335
Adjustment to fair value - finance lease asset	(31,342)	(31,207)
Committed properties with purchase contracts exchanged	8,635	9,946
Total investment properties including committed properties with purchased contracts exchanged	383,420	351,074

Included within the carrying value of investment properties at 30 September 2022 is £2,070,000 (2021: £922,000) 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 30 September 2022 was £339,012,000 (2021: £309,703,000).

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

The carrying values of investment property as at 30 September 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 of £31,342,000 (£31,207,000 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 31. 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 substantially all of its investment properties to secure loan facilities granted to the Group (see note 22).

In accordance with IFRS 13, the Group's investment property has been assigned a valuation level in the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The Group's investment property as at 30 September 2022 is categorised as Level 3.

ReSI's properties are valued by Savills using a discounted cashflow ("DCF") methodology applying a discount rate to estimated future cashflows to arrive at a net present value of the properties.

Historically, Savills valued ReSI's retirement rentals portfolio using a capitalisation methodology which applied a yield to current and estimated rental income, subject to certain adjustments for estimated vacant possession value and head lease length (where yields and rental values were considered to be unobservable inputs). In order to align with incoming RICS guidance to use DCF valuation methodologies and to apply consistent methodologies across all of ReSI's portfolios, Savills transitioned the retirement valuation approach to a DCF methodology at 30 September 2022.

There are multiple key unobservable inputs that play material roles in determining the Group's fair value of investment property:

1 The discount rates applied to projected rental cash flows (and to staircasing cash flows for shared ownership properties):

a. Effectively, the discount rate is representative of both the long-term cost of borrowing and the risks implicit in the properties concerned, as well as the risk associated with the cash flow assumptions reflected in the valuation.
b. 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.
c. Weighted average nominal rental discount rates applied across the shared ownership and retirement portfolio valuations at 30 September ranged from 5.4% to 10.2%.

2 Projected rates of inflation (both CPI and RPI):

a. The majority of ReSI's leases are inflation-linked (subject to inflation floors and, for some leases, inflation caps). Additionally, some of ReSI's operating expenses are subject to inflationary pressure. Changes in inflation assumptions can have a material impact on the Group's valuations.
b. The relationship between inflation and income growth (and resulting rental values) is generally positive, as the majority of the Group's revenues are inflation-linked (subject to certain inflation caps and floors in certain leases in ReSI's portfolio), however, inflation can also increase operating expenses, potentially offsetting some or all of inflation-linked revenue growth, all else being equal.
c. Forecast inflation rates applied for different years across the portfolio valuations at 30 September ranged from 2.0% to 8.5% for CPI and 2.5% to 12.3% for RPI.

3 House price growth for shared ownership properties

a. Projected house price growth plays a significant role in determining the prevailing open market value at which shared ownership residents staircase.
b. Everything else being equal, 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.HPI forecasts applied for different years to the shared ownership valuations ranged from -1.5% to +10%.

4 Staircasing rates for shared ownership properties:

a. Shared ownership residents have the option to incrementally purchase from ReSI additional shares in their homes at the prevailing open market value. This process, known as "staircasing", generates additional cash flow to the Group, and the rate of staircasing partly determines the amount of cash flow from equity purchases that the Group may receive in any given period of time.

b. 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).

c. Staircasing rates applied to shared ownership valuations ranged from 2.5% to3.0%.

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 discount rates 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 discount rates and rental values. The impact on valuation from the change in key factors has been modelled below by Savills:

Key inputs	Key inputs	Sensitivity modelled	Valuation at 30 September 2022 £'mn	+ Updated Valuation £'mn	– Updated Valuation £'mn
Retirement	Regional Discount Rate	+/- 25bps	218.9mn	210.4mn	228.1mn
	Consumer Price Index (CPI)[80]	+/- 25bps	218.9mn	208.6mn	230.1mn
	Retail Price Index (RPI)[81]	+/- 25bps	218.9mn	229.1mn	209.2mn
Shared Ownership	Rental Discount Rate	+/- 25bps	128.2mn	125.5mn	131.1mn
	Retail Price Index (RPI)	+/- 25bps	128.2mn	130.0mn	126.5mn
	House Price Index (HPI (long-term rate Yr 6+))	+/- 25bps	128.2mn	129.7mn	127.0mn

80. Applied to operating expenses and rents at the end of contractual periods

81. Applied to contractual rent increases

18 Trade and other receivables

	2022 £'000	2021 £'000
Trade debtors	385	968
Prepayments	2,623	2,488
Other debtors	382	595
	3,390	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 ageing.

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

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

19 Deposits paid for property purchases

	2022 £'000	2021 £'000
Deposit paid for property purchases	827	1,158
	827	1,158

The deposits paid as at 30 September 2022 relate to the acquisition of 41 shared ownership homes from Brick by Brick Croydon Ltd located in Croydon which are expected to complete in the first half of FY 2023.

The deposits paid as at 30 September 2021 relate to the acquisition of 46 shared ownership homes in Leicestershire and Croydon, 38 of which were acquired during the year with the rest expected to complete in the first half of FY 2023.

20 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank	12,739	5,684
Cash held as investment deposit	2	2
	12,741	5,686
Restricted cash	3,243	2,684
	15,984	8,370

During the year, the Group has reassessed the classification of restricted cash and has included it in cash and cash equivalents at 30 September 2022. This relates to cash that is subject to restrictions with a third party where the terms of the account do not prevent the Group from the cash. 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 year-end was an amount totalling £3,243,000 (£2,684,000 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.

£1,324,000 (2021: £1,227,000) was held by the managing agent of the retirement portfolio in respect of tenancy rental deposits. Other funds were held by the management agent in an operating account to pay service charges in respect of the RHP Portfolio due on 1 October 2022.

£1,564,000 (2021: £1,139,000) was held by US Bank in respect of funds required as a debt service reserve for the shared ownership debt.

£354,000 (2021: £318,000) 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 £13.8 billion AUM, hence the Group's investment deposit represents an immaterial proportion of the fund.

21 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	1,173	3,735
Accruals	1,238	1,756
VAT payable	4	3
Deferred income	797	661
Other creditors	1,679	1,583
	4,891	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.

22 Borrowings

	2022 £'000	2021 £'000
Loans	192,126	170,814
Unamortised borrowing costs	(2,421)	(2,475)
	189,705	168,339
Current liability	14,285	2,984
Non-current liability	175,420	165,355
	189,705	168,339

The loans are repayable as follows:

	2022 £'000	2021 £'000
Within one year	14,285	2,984
Between one and two years	9,851	14,792
Between three and five years	9,088	6,911
Between six and ten years	14,887	12,019
Between eleven and twenty years	29,452	23,953
Over twenty years*	112,142	107,680
	189,705	168,339

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

The maturity analysis has been expanded in the current year to provide better information. The comparatives have been amended for consistency.

Movements in borrowings are analysed as follows:

	Fair value through profit or loss £'000	Held at amortised cost £'000	2022 £'000	2021 £'000
At 30 September 2021	59,513	108,826	168,339	141,101
Drawdown of facility	20,000	8,100	28,100	25,128
New borrowing costs	–	(215)	(215)	(275)
Amortisation of loan costs	–	268	268	259
Fair value movement	(1,809)	–	(1,809)	2,731
Repayment of borrowings	–	(4,978)	(4,978)	(605)
Year ended 30 September 2022	77,704	112,001	189,705	168,339

The table below lists the Group's borrowings:

Lender	Drawn on original facility £'000		Outstanding debt net of unamortised issue costs £'000		Maturity date	Annual interest rate %
	2022 £'000	2021 £'000	2022 £'000	2021 £'000		
Held at amortised cost						
Scottish Widows Ltd	97,000	97,000	92,506	95,224	Jun-43	3.5% Fixed (Average)
National Westminster Bank Plc	21,550	14,450	12,704	14,450	Apr-23	1.50% over SONIA
Santander	7,100	1,628	6,791	1,628	Jun-25	2.25% over SONIA
	125,650	113,078	112,001	111,302		
Held at fair value						
Universities Superannuation Scheme	77,500	57,500	77,704	59,513	May-65	0.94% (Average)*
	77,500	57,500	77,704	59,513		
Total borrowings	203,150	170,578	189,705	170,815		

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

During the year the Group transferred all of its borrowings subject to a variable rate of interest from LIBOR to SONIA. SONIA is an overnight rate whereas LIBOR was a term rate. SONIA is close to a risk-free measure of borrowing costs. It is compounded over a lending period to produce a backward-looking term interest rate, It is expected that this change in risk-free rate will not lead to a material change in overall borrowing costs.

The Group elected to fair value through profit and loss the Universities Superannuation Scheme borrowings. The notional outstanding debt at 30 September 2022 was £77.5mn (2021: £57.5mn) with an amortised cost of £82.7mn (2021: £59.0mn).

The Universities Superannuation Scheme borrowings have been fair valued by calculating the present value of future cash flows, using the gilt curve and a credit spread reflecting the high credit strength of the borrower at the date of valuation. The credit spread used for the valuation as at 30 September 2022 was 1.81%.

In accordance with IFRS 13, the Group's borrowings held at fair value have been assigned a valuation level in the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The Group's borrowings held at fair value as at 30 September 2022 are categorised as Level 2.

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

The fair value of borrowings held at amortised cost at 30 September 2022 was £83.3mn (£114.2mn at 30 September 2021).

The Scottish Widows facility is secured by a first charge over retirement properties with a fair value of £218.9mn.

The NatWest facility is secured by a first charge over Local Authority Housing properties with a fair value of £27.7mn.

The Universities Superannuation Scheme facility is secured by a first charge over shared ownership properties with a fair value of £128.2mn, cash of £11.2mn, deposits of £0.8mn and restricted cash balances of £1.6mn.

On 12 September 2022 the Group amended the terms of the revolving capital facility with Santander UK plc under which the facility was increased from £10mn to £25mn at a reduced margin of 2.25%, down from 2.80%, over SONIA and extended to 12 March 2025. Each draw under the facility must be repaid within 2 years of drawdown.There is a commitment fee of 2.25% on 30% of the undrawn balance of the facility. As at the year end, £7.1mn had been drawn down under the facility. The facility bears interest at SONIA plus 2.25%.

23 Recycled Capital Grant

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

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

The balance at 30 September 2022 was £205,000 (2021: £38,000).

24 Share capital account

	Number of Ordinary 1 p shares	£'000
At 30 September 2021	180,324,377	1,803
Issue of shares	13,824,884	138
At 30 September 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; 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 year, 13,824,884 ordinary shares of 1p each were issued at a premium of £1.075 per share. Costs of £364,514 associated with the share issue have been offset against the share premium account.

Treasury shares do not hold any voting rights.

25 Share premium account

	£'000
At 30 September 2021	108
Issue of shares	14,862
Share issue costs	(365)
At 30 September 2022	14,605

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

26 Treasury shares reserve

	£'000
At 30 September 2021	(8,515)
Purchase of treasury shares	(245)
Transferred as part of Fund Management fee	467
At 30 September 2022	(8,293)

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

During the year ended 30 September 2022, the Company purchased 232,564 of its own 1p ordinary shares at a total gross cost of £240,201 (£240,400 cost of shares and £801 associated costs).

During the year 212,153 1p Ordinary Shares were transferred from its own shares reserve to the Fund Manager, in lieu of the management fee in accordance with the Fund Management Agreement.

As at 30 September 2022, 8,985,980 (2021: 9,198,133) 1p Ordinary Shares are held by the Company.

27 Retained earnings

	£'000
At 30 September 2021	188,996
Profit for the year	13,334
Share based payment charge	467
Issue of management shares	(467)
Dividends	(9,195)
At 30 September 2022	193,135

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

28 Group entities

The Group entities which are owned either directly by the Company or indirectly through a subsidiary undertaking are:

Name of entity	Percentage of ownership	Country of incorporation	Principal place of business	Principal activity
ReSI Portfolo Holdings Limited	100%	UK	UK	Holding company
RHP Holdings Limited	100%	UK	UK	Holding company
The Retirement Housing Limited Partnership	100%	UK	UK	Property investment
ReSI Housing Limited	100%	UK	UK	Registered Provider of Social Housing
Wesley House (Freehold) Limited	100%	UK	UK	Property investment
Eaton Green (Freehold) Limited	100%	UK	UK	Property investment

Name of entity	Registered address
ReSI Portfolo Holdings Limited	5 New Street Square, London, England, EC4A 3TW
RHP Holdings Limited	5 New Street Square, London, England, EC4A 3TW
The Retirement Housing Limited Partnership	Glanville House, Frobisher Way, Taunton, Somerset, TA2 6BB
ReSI Housing Limited	5 New Street Square, London, EC4A 3TW
Wesley House (Freehold) Limited	5 New Street Square, London, England, EC4A 3TW
Eaton Green (Freehold) Limited	5 New Street Square, London, England, EC4A 3TW

All group entities are UK tax resident.

29 Notes to the cash flow statement

The liabilities arising from financing activities are reconciled below:

	Borrowings due within one year (note 22) £'000	Borrowings due in more than one year (note 22) £'000	Fair value of interest rate swaps £'000	Lease liabilities (note 31) £'000	Total £'000
At 1 October 2021	2,984	165,355	–	31,207	**199,546**
Cash flows					
Borrowings advanced	–	28,100	–	–	**28,100**
Borrowings repaid	(4,978)	–	–	–	**(4,978)**
Debt arrangement fees paid	–	(215)	–	–	**(215)**
Non-cash flows					
Reclassification of borrowings					
Borrowings reclassified	16,279	(16,279)			
Amortisation of debt set up fees	–	268	–	–	**268**
Change in fair value of borrowings	–	(1,809)	–	–	**(1,809)**
Recognition of headlease liabilities acquired	–	–	–	135	**135**
At 30 September 2022	14,285	175,420	–	31,342	**221,047**
At 1 October 2020	388	140,713	104	29,576	**170,781**
Cash flows					
Borrowings advanced	2,201	22,927	–	–	**25,128**
Borrowings repaid	(605)	–	–	–	**(605)**
Debt arrangement fees paid	–	(275)	–	–	**(275)**
Non-cash flows					
Borrowings reclassified	1,000	(1,000)			
Amortisation of debt set up fees	–	259	–	–	**259**
Change in fair value of borrowings	–	2,731	–	–	**2,731**
Change in fair value of interest rate swaps	–	–	(104)	–	**(104)**
Recognition of headlease liabilities acquired	–	–	–	1,631	**1,631**
At 30 September 2021	**2,984**	**165,355**	–	**31,207**	**199,546**

30 Dividends

	2022 £'000	2021 £'000
Amounts recognised as distributions to shareholders in the period:		
4th interim dividend for the year ended 30 September 2020 of 1.25p per share	–	2,138
1st interim dividend for the year ended 30 September 2021 of 1.25p per share	–	2,138
2nd interim dividend for the year ended 30 September 2021 of 1.25p per share	–	2,138
3rd interim dividend for the year ended 30 September 2021 of 1.25p per share	–	2,138
4th interim dividend for the year ended 30 September 2021 of 1.29p per share	2,208	–
1st interim dividend for the year ended 30 September 2022 of 1.29p per share	2,209	–
2nd interim dividend for the year ended 30 September 2022 of 1.29p per share	2,389	–
3rd interim dividend for the year ended 30 September 2022 of 1.29p per share	2,389	–
	9,195	8,552
Amounts not recognised as distributions to shareholders in the period:		
4th interim dividend for the year ended 30 September 2021 of 1.25p per share	–	2,138
4th interim dividend for the year ended 30 September 2022 of 1.29p per share	2,389	–
Categorisation of dividends for UK tax purposes:		
Amounts recognised as distributions to shareholders in the period:		
Property Income Distribution (PID)	7,345	3,078
Non-PID	1,850	5,474
	9,195	8,552

On 1 December 2021, the Company declared its fourth interim dividend of 1.29 pence per share for the period 1 July 2021 to 30 September 2021.

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.

On 27 July 2022, the Company declared its third interim dividend of 1.29 pence per share for the period 1 April 2022 to 30 June 2022.

On 1 December 2022, the Company announced the declaration of a fourth interim dividend of 1.29 pence per share for the period 1 July 2022 to 30 September 2022 which will be payable on 18 January 2023 to Shareholders on the register at the close of business on 8 December 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.

31 Lease arrangements

The Group as lessee

The interest expense in respect of lease liabilities for the period was £996,000 (2021: £989,000)

There was no expense relating to variable lease payments in the period (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 £996,000 (2021: £989,000).

At 30 September 2022, the Group had outstanding commitments for future minimum lease payments under non-cancellable leases, which fall due as follows:

As at 30 September 2022	Less than one year £'000	Two to five years £'000	6 to 10 years £'000	10 to 20 years £'000	More than 20 years £'000	Total £'000
Minimum lease payments	994	3,976	4,970	9,920	113,062	**132,922**
Interest	–	(291)	(432)	(1,485)	(99,372)	**(101,580)**
Present value at 30 September 2022	994	3,685	26,663	8,435	13,690	**31,342**

As at 30 September 2021	Less than one year £'000	Two to five years £'000	6 to 10 years £'000	10 to 20 years £'000	More than 20 years £'000	Total £'000
Minimum lease payments	989	3,955	4,944	9,888	113,600	**133,377**
Interest	–	(288)	(428)	(1,496)	(99,957)	**(102,170)**
Present value at 30 September 2021	989	3,667	4,516	8,392	13,643	**31,207**

The above commitment is in respect of ground rents payable for properties held by the Group under leasehold. There are 2,182 properties (2021: 2,281) held under leasehold with an average unexpired lease term of 155 years (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:

	2022 £'000	2021 £'000
Receivable within 1 year	**7,987**	6,616
Receivable between 1-2 years	**5,817**	4,544
Receivable between 2-3 years	**5,723**	4,544
Receivable between 3-4 years	**4,728**	4,544
Receivable between 4-5 years	**4,530**	4,544
Receivable between 5-10 years	**19,039**	13,665
Receivable between 10-20 years	**37,978**	25,635
Receivable after 20 years	**373,736**	250,571
	459,537	314,663

The total of contingent rents recognised as income during the period was £nil (2021: £nil).

The maturity analysis has been expanded in the current year to provide more information. The comparatives have been amended for consistency.

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.

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:

	2022 £'000	2021 £'000
Receivable within 1 year	25,099	22,971
Receivable between 1-2 years	21,547	19,576
Receivable between 2-3 years	18,590	16,839
Receivable between 3-4 years	15,286	14,631
Receivable between 4-5 years	13,221	12,847
Receivable between 5-10 years	44,784	38,255
Receivable between 10-20 years	54,455	41,359
Receivable after 20 years	382,089	258,530
	575,071	425,008

The maturity analysis has been expanded in the current year to provide more information. The comparatives have been amended for consistency.

32 Net asset value per share

	2022 £'000	2021 £'000
Net assets	201,388	182,392
	201,388	182,392
Ordinary shares in issue at period end (excluding shares held in treasury)	185,163,281	171,126,244
Basic NAV per share (pence)	108.8	106.6

The net asset value ('NAV') is calculated as the net assets of the Group attributable to shareholders divided by the number of Ordinary Shares in issue at the period end.

EPRA Net Tangible Assets (NTA) per share

	2022 £'000	2021 £'000
IFRS NAV per the financial statements	201,388	182,392
Revaluation of trading properties	93	278
Fair value of financial instruments	(4,997)	2,012
Real estate transfer tax	-	-
EPRA NTA	196,484	184,682
Fully diluted number of shares	185,163,281	171,126,244
EPRA NTA per share (pence)	106.1	107.9

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.

The Group has debt which it 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 £5.0mn which represents the difference between fair value and what amortised cost would have 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.

33 Contingent liabilities and commitments

ReSI's shared ownership portfolio has been supported by £15mn of grant funding. In some circumstances, typically when a Shared Owner staircases, ReSI will be required to recycle the grant into the purchase of new properties within three years or to repay it to the grant providing body (see note 23).

ReSI is committed to the acquisition of 41 shared ownership units in South London which are expected to complete within the next financial year, at a total acquisition cost of £8.9mn.

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

34 Related party disclosure

As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

For the year ended 30 September 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 10, Directors' fees and expenses.

ReSI Capital Management Limited acts as alternative investment fund manager (the "Fund Manager") pursuant to the Fund Management Agreement. The Fund Manager has responsibility for the day-to-day management of the Company's assets in accordance with the Investment policy subject to the control and directions of the Board.

The Fund Management agreement is terminable on not less than 12 months' notice, such notice not to expire earlier than 12 July 2022 (the fifth anniversary of admission to the Official List of the UKLA and traded on the London Stock Exchange main market).

Details regarding the Fund Manger's entitlement to a management fee are shown in note 7.

For the year ended 30 September 2022, the Company incurred £1,867,000 (2021: £1,802,000) in respect of fund management fees of which £nil was outstanding as at 30 September 2022 (2021: £nil). The above fee was split between cash and equity as per the Fund Management Agreement with the cash equating to £1,401,000 (2021: £1,351,000) and the equity fee of £467,000 (2021: £449,000) being paid as 444,717 Ordinary Shares (2021: 506,000) at an average price of £1.05 per share (2021: £0.91 per share).

In addition, the Fund Manager was paid a fee, pursuant to the Fund Management Agreement, of £143,000 (2021: £186,000) in respect of its arrangement of borrowings for the Group and £nil was outstanding at 30 September 2022 (September 2021: £nil).

During the period the Directors and the Fund Manager received dividends from the Company of £15,000 (2021: £10,000) and £149,000 (2021: £53,000) respectively.

ReSI Property Management Limited ('RPML') is a wholly owned subsidiary of ReSI Capital Management Limited and provides property management services to the Group on a cost pass through basis with no profit margin. During the year, RPML charged fees of £1,738,000 (2021: £408,000) in respect of costs incurred in providing property management services and £166,000 (2021: £317,000) in respect of non-recurring costs.

35 Post balance sheet events

There have been no significant events that require disclosure to, or adjustment in the financial statements as at 30 September 2022.

36 Financial instruments

The table below sets out the categorisation of the financial instruments held by the Group as at 30 September 2022. Borrowings held at amortised cost have a fair value of £83.3mn. The carrying amount of other financial instruments approximates to their fair value.

	2022 £'000	2021 £'000
Financial assets		
At amortised cost		
Trade and other receivables	767	1,563
Cash and cash deposits	15,984	8,370
	16,751	9,933
Financial liabilities		
At amortised cost		
Obligations under leases	31,342	31,207
Borrowings	112,002	108,826
Trade and other payables	4,090	7,074
	147,434	147,107
At fair value through profit or loss		
Borrowings	77,703	59,513
	77,703	59,513
	225,137	206,620

The Group's activities expose it to a variety of financial risks: market risk, interest rate and inflation risk, credit risk, liquidity risk and capital risk management.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls, and to monitor risks and adherence to limits. When considered appropriate the Group uses derivative financial instruments to hedge certain risk exposures.

Risk management policies and systems are reviewed regularly by the Board and Fund Manager to reflect changes in the market conditions and the Group's activities.

The exposure to each financial risk considered potentially material to the Group, how it arises and the policy for managing the risk is summarised below:

a) Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holding of financial instruments.

The Company's activities will expose it to the market risks associated with changes in property and rental values.

Risk relating to investment in property

Investment in property is subject to varying degrees of risk. Some factors that affect the value of the investment in property include:

- changes in the general economic climate;
- changes in the general social environment;
- competition from available properties;
- obsolescence; and
- Government regulations, including planning, environmental and tax laws.

Variations in the above factors can affect the valuation of assets held by the Company and the rental values it can achieve, and as a result can influence the financial performance of the Company.

The Group mitigates these risks by entering into long term management and rental/letting agreements to ensure any fall in the property market should not result in significant impairment to rental cashflows. The average unexpired length of leases in the portfolio is 155 years. In addition, the Group focuses on areas of the market with limited and ideally countercyclical exposure to the wider property market.

As the Group operates only in the United Kingdom residential property market for Retirement Homes, Shared Ownership and Local Authority housing it is not exposed to currency risk.

b) Interest rate and inflation risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate exposure profile of the Group's financial assets and liabilities as at 30 September 2022 and 30 September 2021 were:

	Nil rate assets and liabilities £'000	Floating rate assets £'000	Fixed rate liability £'000	Floating rate liability £'000	Total £'000
2022					
Trade and other receivables	767	–	–	–	**767**
Cash and cash equivalents	–	15,984	–	–	**15,984**
Trade and other payables	(4,090)	–	–	–	**(4,090)**
Bank borrowings	–	–	(170,210)	(19,495)	**(189,705)**
Obligations under finance leases	–	–	(31,342)	–	**(31,342)**
	(3,323)	15,984	(201,552)	(19,495)	**(208,386)**
2021					
Trade and other receivables	1,563	–	–	–	**1,563**
Cash and cash equivalents	–	8,370	–	–	**8,370**
Trade and other payables	(7,074)	–	–	–	**(7,074)**
Bank borrowings	–	–	(152,538)	(15,801)	**(168,339)**
Obligations under finance leases	–	–	(31,207)	–	**(31,207)**
	(5,511)	8,370	(183,745)	(15,801)	**(196,687)**

The Group has primarily financed its activities with fixed rate debt, which reduces the Group's exposure to changes in market interest rates. If market interest rates increased by 1% the Group's finance costs for existing debt facilities would increase by £198,040. Conversely, if market interest rates decreased by 1% the Group's finance costs for existing debt facilities would decrease by £198,040.

The Group intends to finance its activities with fixed, floating rate or inflation-linked debt. Changes in the general level of interest rates and inflation can affect the Group's profitability by affecting the spread between, amongst other things, the income on its assets and the expense of its interest-bearing liabilities, the value of its interest-earning assets and its ability to realise gains from the sale of assets should this be desirable.

The Fund Manager intends to match debt cash flows to those of the underlying assets and therefore does not expect to utilise derivatives. However, to the extent this is not possible, the Group may utilise derivatives for full or partial inflation or interest rate hedging or otherwise seek to mitigate the risk of inflation or interest rate movements. The Group will closely manage any derivatives, in particular with regard to liquidity and counterparty risks. The Group will only use derivatives for risk management and not for speculative purposes.

c) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations and arises principally from the Group's tenants (in respect of trade receivables arising under operating leases), banks and money market funds (as holders of the Group's cash deposits).

Exposure to credit risk

	2022 £'000	2021 £'000
Trade and other receivables	767	1,563
Cash and cash equivalents	15,984	8,370
	16,751	9,933

The Group engages third parties to provide day-to-day management of its properties including letting and collection of underlying rent from residents or shared owners. The Group mitigates void risk by acquiring residential asset classes with a demonstrable strong demand or where the residents are part owners of the properties (as exhibited by retirement, sub-market rental assets or shared ownership properties).

The credit risk of cash and cash equivalents is limited due to cash being held at banks or money market funds considered credit worthy by the Fund Manager, with high credit ratings assigned by international credit rating agencies.

Note 31 details the Group's exposure as a lessor in respect of future minimum rentals receivable.

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages its liquidity and funding risks by considering cash flow forecasts and ensuring sufficient cash balances are held within the Group to meet future needs. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of financing through appropriate and adequate credit lines, and the ability of customers to settle obligations within normal terms of credit. The Company ensures, through forecasting of capital requirements, that adequate cash is available.

The Company's near-term debt maturities include c. £12.7mn of debt repayable in full to NatWest in April 2023. The Company currently has c.£31mn of liquidity on hand to address this upcoming maturity, including £18 million of available capacity on the Santander revolving credit facility.

The Group has been in compliance with all financial covenants on its external borrowings throughout the year.

The following table details the Group's remaining contractual maturing for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities, including future interest payments, based on the earliest date on which the Group can be required to pay.

	Less than one year £'000	Two to five years £'000	More than five years £'000	Total £'000
2022				
Borrowings	14,285	18,456	156,964	**189,705**
Interest on borrowings	3,824	14,611	53,435	**71,870**
Obligations under leases	994	3,975	127,953	**132,922**
Payables and accruals	4,090	–	–	**4,090**
	23,193	37,042	338,352	**398,587**
2021				
Borrowings	2,984	21,703	143,652	**168,339**
Interest on borrowings	3,805	14,108	54,009	**71,922**
Obligations under leases	989	3,955	128,433	**133,377**
Payables and accruals	7,074	-	-	**7,074**
	14,852	39,766	326,094	**380,712**

e) Capital risk management

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt (note 22), cash and cash equivalents (note 20) and equity attributable to the shareholders of the Company (comprising share capital, retained earnings and the other reserves as referred in notes 24 to 27.

The Group is not subject to externally imposed capital requirements under the UK AIFM regime.

The Group's management reviews the capital structure on a regular basis in conjunction with the Board. As part of this review management considers the cost of capital, risks associated with each class of capital and debt and the amount of any dividends to shareholders.

	2022 £'000	2021 £'000
Obligations under leases	**31,342**	31,207
Borrowings (book value)	**189,705**	168,339
Cash and cash equivalents	**(15,984)**	(8,370)
Net debt	**205,063**	191,176
Equity attributable equity holders	**201,388**	182,392
Net debt to equity ratio	**1.02**	1.05
Borrowings excluding lease liability	**189,705**	168,339
Available cash	**(12,675)**	(6,825)
Net debt excluding lease liability and cash	**177,030**	161,514
Total assets less finance lease gross up and cash	**380,205**	350,137
Loan to Value ("LTV") leverage ratio	**0.47**	0.46

The LTV leverage ratio has been presented to enable a comparison of the group's borrowings as a proportion of Gross Assets as at 30 September 2022 to its medium term target LTV leverage ratio of 0.50.

Company Statement of Financial Position

As at 30 September 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Investment in subsidiary undertakings	8	189,018	174,390
Total non-current assets		189,018	174,390
Current assets			
Trade and other receivables	9	715	1,859
Cash and cash equivalents	10	42	1,039
Total current assets		757	2,898
Total assets		189,775	177,288
Current liabilities			
Trade and other payables	11	367	370
Total current liabilities		367	370
Net assets		189,408	176,918
Equity			
Share capital	12	1,941	1,803
Share premium	13	14,605	108
Teasury shares reserve	14	(8,293)	(8,515)
Retained earnings		181,155	183,522
Total interests		189,408	176,918
Total equity		189,408	176,918

The notes on pages 165 to 171 form part of these financial statements.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit attributable to the Parent Company for the year ended 30 September 2022 amounted to £6.8 million (2021: £8.5 million).

These financial statements were approved and authorised for issue by the Board of Directors on 1 December 2022 and signed on its behalf by:

Rob Whiteman

Rob Whiteman
Chairman

1 December 2022

Company Statement of Changes in Equity

For the year to 30 September 2022

	Share capital £'000	Share premium £'000	Treasury shares reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 September 2020	1,803	108	(8,626)	183,567	**176,852**
Profit for the period	–	–	–	8,507	**8,507**
Total comprehensive income	–	–	–	8,507	**8,507**
Contributions by and distributions to shareholders					
Issue of management shares	–	–	449	(449)	–
Share based payment charge	–	–	–	449	**449**
Purchase of own shares	–	–	(338)	–	**(338)**
Dividends paid	–	–	–	(8,552)	**(8,552)**
Balance at 30 September 2021	1,803	108	(8,515)	183,522	**176,918**
Profit for the period	–	–	–	6,828	**6,828**
Total comprehensive income	–	–	–	6,828	**6,828**
Contributions by and distributions to shareholders					
Issue of shares	138	14,862	–	–	**15,000**
Share issue costs	–	(365)	–	–	**(365)**
Issue of management shares	–	–	467	(467)	**-**
Share based payment charge	–	–	–	467	**467**
Purchase of own shares	–	–	(245)	–	**(245)**
Dividends paid	–	–	–	(9,195)	**(9,195)**
Balance at 30 September 2022	**1,941**	**14,605**	**(8,293)**	**181,155**	**189,408**

The notes on pages 165 to 171 form part of these financial statements.

Notes to the Company Financial Statements

For the year to 30 September 2022

1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

2 Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101.Therefore these financial statements do not include:

- Certain comparative information as otherwise required by adopted IFRS;
- Certain disclosures regarding the Company's capital;
- A statement of cash flows;
- The effect of future accounting standards not yet adopted;
- The disclosure of the remuneration of key management personnel; and
- Disclosure of related party transactions with other wholly owned members of Residential Secure Income plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- Financial instruments;
- Fair value measurement other than certain disclosures required as a result of recording financial instruments at fair value.

3 Changes to accounting standards and interpretations

Revised standards adopted during the year

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

Standards in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 October 2022 and whilst the Directors are considering these, initial indications are that these changes, will have no material impact on the Company's financial statements.

4 Significant accounting policies

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

a) Basis of accounting

These financial statements have been presented as required by the Companies Act 2006 and have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and policies in the United Kingdom ("UK GAAP").

b) Currency

The Company financial information is presented in Sterling which is also the Company's functional currency and all values are rounded to the nearest million (£m), except where otherwise indicated.

c) Investments in subsidiary undertakings in the Company Financial Statements

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

d) Share issue costs

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

e) Finance income

Finance income comprises interest receivable on funds invested and is recognised in profit and loss as it accrues, using the effective interest method.

f) Taxation

Taxation on the profit or loss for the period not exempt under UK REIT regulations would comprise of current and deferred tax. Tax would be recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movement in equity, in which case it would be recognised as a direct movement in equity. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is provided in full using the balance sheet liability method on timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

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

g) Dividend payable to shareholders

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

h) Financial instruments

Financial assets

Recognition of financial assets

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

Initial measurement and classification of financial assets

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

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

At 30 September 2022 the Company had the following non-derivative financial assets which are classified as financial assets at amortised cost:

Cash and cash equivalents

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

Trade and other receivables

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

Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measuring the expected credit losses for trade and other receivables whereby the allowance or provision for all trade receivables are based on the lifetime expected credit losses ("ECLs").

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

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

Stage 1

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

Stage 2

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

Stage 3

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

De-recognition of financial assets

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

Financial liabilities

Recognition of financial liabilities

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

Initial measurement and classification of financial liabilities

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

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

At 30 September 2022 the Company had the following non-derivative financial liabilities which are classified as other financial liabilities:

Trade and other payables

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

De-recognition of financial liabilities

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

5 Significant accounting judgements and estimates

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

Impairment of fixed asset investments

The Directors are required to review the carrying amounts of its investments to determine whether there are any indicators for impairment. After assessing the carrying amounts of the Company's investments, it was determined that impairment indicators no longer existed for some of the investments and a reversal of impairment loss should be recognised.

6 Fees paid to the Company's auditor

	2022 £'000	2021 £'000
Audit fees	78	60
Audit related services	15	14
Total fees	93	74
Non Audit fee		
Corporate Finance Fee	44	–
Total Fee	137	74

Fees paid to the Company's auditors are inclusive of irrecoverable VAT.

7 Dividends paid

	2022 £'000	2021 £'000
Amounts recognised as distributions to shareholders in the period:		
4th interim dividend for the year ended 30 September 2020 of 1.25p per share	–	2,138
1st interim dividend for the year ended 30 September 2021 of 1.25p per share	–	2,138
2nd interim dividend for the year ended 30 September 2021 of 1.25p per share	–	2,138
3rd interim dividend for the year ended 30 September 2021 of 1.25p per share	–	2,138
4th interim dividend for the year ended 30 September 2021 of 1.29p per share	2,208	–
1st interim dividend for the year ended 30 September 2022 of 1.29p per share	2,209	–
2nd interim dividend for the year ended 30 September 2022 of 1.29p per share	2,389	–
3rd interim dividend for the year ended 30 September 2022 of 1.29p per share	2,389	–
	9,195	8,552
Amounts not recognised as distributions to shareholders in the period:		
4th interim dividend for the year ended 30 September 2021 of 1.25p per share	–	2,138
4th interim dividend for the year ended 30 September 2022 of 1.29p per share	2,138	–
Categorisation of dividends for UK tax purposes:		
Amounts recognised as distributions to shareholders in the period:		
Property Income Distribution (PID)	7,345	3,078
Non-PID	1,850	5,474
	9,195	8,552

On 1 December 2021, the Company declared its fourth interim dividend of 1.29 pence per share for the period 1 July 2021 to 30 September 2021.

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.

On 27 July 2022, the Company declared its third interim dividend of 1.29 pence per share for the period 1 April 2022 to 30 June 2022.

On 1 December 2022, the Company announced the declaration of a fourth interim dividend of 1.29 pence per share for the period 1 July 2022 to 30 September 2022 which will be payable on 18 January 2023 to Shareholders on the register at the close of business on 8 December 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

8 Investments

	2022 £'000	2021 £'000
At beginning of year	174,390	171,865
Additions	14,628	174,390
Disposals	–	(172,728)
Impairment reversal	–	863
At end of year	189,018	174,390

The impairment reversal is included in administrative expenses in the Company's statement of comprehensive income.

The impairment of the Company's investments in subsidiary undertakings has been determined by the comparing the Company's cost of investment in each subsidiary with the fair value of each subsidiaries' assets and liabilities. The investments are categorised as Level 3 in the fair value hierarchy.

The Company had the following subsidiary undertakings at 30 September 2022:

Name of entity	Percentage of ownership	Country of incorporation	Principal place of business	Principal activity
ReSI Portfolo Holdings Limited	100%	UK	UK	Holding company
RHP Holdings Limited	100%	UK	UK	Holding company
The Retirement Housing Limited Partnership	100%	UK	UK	Property investment
ReSI Housing Limited	100%	UK	UK	Registered Provider of Social Housing
Wesley House (Freehold) Limited	100%	UK	UK	Property investment
Eaton Green (Freehold) Limited	100%	UK	UK	Property investment

Name of entity	Registered address
ReSI Portfolo Holdings Limited	5 New Street Square, London, EC4A 3TW
RHP Holdings Limited	5 New Street Square, London, England, EC4A 3TW
The Retirement Housing Limited Partnership	Glanville House, Frobisher Way, Taunton, Somerset, TA2 6BB
ReSI Housing Limited	5 New Street Square, London, EC4A 3TW
Wesley House (Freehold) Limited	5 New Street Square, London, EC4A 3TW
Eaton Green (Freehold) Limited	5 New Street Square, London, EC4A 3TW

All group entities are UK tax resident.

9 Trade and other receivables

	2022 £'000	2021 £'000
Amounts due from group undertakings	697	1,806
Prepayments	18	53
	715	1,859

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

All amounts fall due for repayment within one year.

10 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank	40	1,037
Cash held as investment deposit	2	2
	42	1,039

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 £13.8 billion AUM, hence the Group's investment deposit represents an immaterial proportion of the fund.

11 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	37	82
Accruals	330	288
	367	370

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

12 Share capital

	Number of Ordinary 1p shares	£'000
At 30 September 2021	180,324,377	1,803
Issue of shares	13,824,884	138
At 30 September 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.

Treasury shares do not hold any voting rights.

13 Share premium

	£'000
At 30 September 2021	108
Issue of shares	14,862
Share issue costs	(365)
At 30 September 2022	14,605

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

14 Treasury Share Reserve

	£'000
At 30 September 2021	(8,515)
Purchase of treasury shares	(245)
Transferred as part of Fund Management fee	467
At 30 September 2022	(8,293)

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

During the year ended 30 September 2022, the Company purchased 232,564 of its own 1p ordinary shares at a total gross cost of £244,165 (£240,140 cost of shares and £4,025 associated costs).

During the year 444,717 1p Ordinary Shares were transferred from its own shares reserve to the Fund Manager, in lieu of the management fee in accordance with the Fund Management Agreement.

As at 30 September 2022, 8,985,980 (2021: 9,198,133) 1p Ordinary Shares are held by the Company.

15 Related party transactions

The Company has taken advantage of the exemption not to disclose transactions with other members of the Group as the Company's own financial statements are presented together with its consolidated financial statements. For all other related party transactions please make reference to note 34 of the Group accounts.

Supplementary Information

As at 30 September 2022

1 EPRA Earnings Recurring earnings from core operational activities

	2022 £'000	2021 £'000
Earnings per IFRS income statement	13,334	11,221
Changes in value of investment properties	(3,200)	(7,731)
Profits or losses on disposal of investment properties	24	12
Profits or losses on sales of trading properties incl. impairment charges in respect of trading properties	(510)	(1,008)
Changes in fair value of financial instruments and associated close-out costs	(1,809)	2,627
EPRA Earnings	7,839	5,121
Basic number of shares	180,159	171,071
EPRA Earnings per share (EPS) (pence)	4.4	3.0

Adjusted EPRA Earnings per share

	2022 £'000	2021 £'000
Company specific adjustments:		
Exclude one off costs	603	975
Include shared ownership first tranche sales	510	1,008
Company specific Adjusted Earnings	8,952	7,104
Company specific Adjusted Earnings EPRA per share (pence)	5.0	4.2

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

	2022 £'000	2021 £'000
IFRS NAV per the financial statements	201,388	182,392
Revaluation of trading properties	93	278
Fair value of financial instruments	(4,997)	2,012
Real estate transfer tax	–	–
EPRA NTA	196,484	184,682
Fully diluted number of shares	185,163	171,126
EPRA NTA per share (pence)	106.1	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 £5mn 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

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 Reinstatement Value (NRV)

	2022 £'000	2021 £'000
IFRS NAV per the financial statements	201,388	182,392
Revaluation of trading properties	93	278
Fair value of financial instruments	(4,997)	2,012
Revaluation of intangibles to fair value	–	–
Real estate transfer tax	–	–
EPRA NRV	196,484	184,682
Fully diluted number of shares	185,163	171,126
EPRA NRV per share (pence)	106.1	107.9

The Group has debt which it elected to carry at fair value through profit and loss. In accordance with the EPRA Best Practice Recommendations, EPRA NRV should reflect the amortised cost of the debt rather than its fair value. In the current period, an adjustment has been made for £5mn 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.

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.

4 EPRA Net Disposable Value (NDV)

	2022 £'000	2021 £'000
IFRS NAV per the financial statements	201,388	182,392
Revaluation of trading properties	93	278
Fair value of fixed interest rate debt	23,974	(4,511)
EPRA NDV	225,455	178,159
Fully diluted number of shares	185,163	171,126
EPRA NDV per share (pence)	121.8	104.1

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

	2022 £'000	2021 £'000 Restated
Investment property – wholly owned	374,785	341,128
Trading property (including share of JVs)	1,203	3,800
Completed property portfolio	375,988	344,928
Allowance for estimated purchasers' costs estimated as 6% of property portfolio	22,559	20,696
Gross up completed property portfolio valuation	398,548	365,624
Annualised cash passing rental income	24,809	21,805
Property outgoings	(8,653)	(8,661)
Annualised net rents	16,156	13,144
Add: notional rent expiration of rent-free periods or other lease incentives	–	–
Topped-up net annualised rent	16,156	13,144
EPRA NIY	4.1%	3.6%
EPRA Topped up NIY	4.1%	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.

6 EPRA Vacancy Rate

	2022 £'000	2021 £'000
Estimated Rental Value of vacant space	1,368	1,514
Estimated rental value of the whole portfolio	27,292	25,061
EPRA Vacancy Rate	5%	6%

7 EPRA Cost Ratios

	2022 £'000	2021 £'000 Restated
Administrative/operating expense line per IFRS income statement	3,221	3,217
Net service charge costs/fees	4,927	4,701
Management fees less actual/estimated profit element	1,739	1,994
Other property operating expenses	1,988	1,966
Service charge costs recovered through rents but not separately invoiced	(4,622)	(4,344)
EPRA Costs (including direct vacancy costs)	7,253	7,534
Direct vacancy costs	(527)	(745)
EPRA Costs (excluding direct vacancy costs)	6,726	6,789
Gross Rental Income less ground rents – per IFRS	24,673	21,837
Less: service fee and service charge costs components of Gross Rental Income	(4,622)	(4,344)
Gross Rental Income	20,051	17,493
EPRA Cost Ratio (including direct vacancy costs)	36%	43%
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 £4,621,789 during the period (2021: £4,344,089). 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 £304,966 (2021: £357,306).

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

8 EPRA LTV

	2022 £'000	2021 £'000 Restated
Borrowings	189,705	168,339
Net payables	-	-
Less cash	(15,984)	(8,370)
Net debt	173,721	159,969
	374,785	341,128
Investment properties at fair value		
Net receivables	325	1,233
Total property value	375,110	342,361
EPRA LTV	46%	47%

9 AIC Ongoing Ratio

Total expenses ratio	2022 £'000	2021 £'000
Management fee	1,867	1,802
Fund operating expenses*	742	1,046
	2,609	2,848
Average Net Asset Valuation **	191,890	181,002
Annualised total expenses ratio	1.4%	1.6%

* Fund operating expenses has been revised to only include the direct costs at the Fund level and not subsidiary level. No adjustment was made in the prior year.

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

10 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.

	2022 £'m	2021 £'m
Annualised net rental income at balance sheet date	16.5	14.3
Historical cost of investment property	339.0	309.7
Historical cost of investments not yet income producing	(7.5)	(14.8)
Historical cost of income producing investment properties	331.5	294.9
Net yield	5.0%	4.9%

11 Total Return on NTA

A performance measure which represents the total return for the year, excluding movements in valuation of debt and derivatives, expressed as a percentage of opening NTA.

	2022 £'m	2021 £'m Restated
Operating profit before property disposals and change in fair value	14.3	12.0
Valuation movement of investment properties	3.2	7.7
Finance costs	(6.0)	(5.8)
Debt Indexation*	(5.2)	-
Revaluation of trading properties	(0.2)	(0.4)
Property return	6.1	13.5
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
Movement in share capital	14.9	-
Increase/(decrease) in the year	(3.1)	5.0
Closing EPRA NTA	196.5	184.7
Total return on opening NTA (%)	4.2%	6.6%

* The Group 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 £5.2mn 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

12 Total Return on IFRS NAV

A performance measure which represents the total IFRS return for the year as a percentage of opening IFRS NAV.

	2022 £'m	2021 £'m
Net income	13.3	11.2
Share issuance costs	(0.3)	-
Total Return	13.0	11.2
Net Asset Value at the beginning of the year	182.4	179.6
Total IFRS return on opening NAV (%)	7.1%	6.2%

13 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 30 September 2022 to its medium target LTV leverage ratio of 0.50.

	2022 £'000	2021 £'000
Borrowings excluding lease liability	189,705	168,339
Available cash	(12,675)	(6,825)
Net debt excluding lease liability and cash increase/(decrease) in year	177,030	161,514
Total assets less finance lease gross up and cash	380,206	350,137
Loan to Value ("LTV") leverage ratio	**0.47**	0.46

04

Other Information

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 the UK AIFM Regime. 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	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 the AIFM Regime. 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	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	ReSI Capital Management Limited, a company incorporated in England and Wales with company number 07588964 in its capacity as Fund Manager to the Company.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Housing Association	A regulated independent society, body of trustees or company established for the purpose of providing social housing.
HMRC	HM Revenue & Customs
Investment Company	A company formed to invest in a diversified portfolio of assets.

Leverage	An alternative word for "Gearing". Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.
Liquidity	The extent to which investments can be sold at short notice.
Loan to Value (LTV) Ratio	Ratio of total debt outstanding, excluding the finance lease liability, against the total assets excluding the adjustment for finance lease gross up.
Market Rental Home	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	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	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	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	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	A Property Rental Business fulfilling the conditions in section 529 of the CTA 2010.
REIT	Real estate investment trust.
Rental Agreement	Comprise Leases, Occupancy Agreements and Nominations Agreements.

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	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.
RPI	The Retail Price Index (RPI) is a measure of inflation, which in turn is the rate at which prices for goods and services are rising.
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	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	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.
UK AIFM Regime	Together, The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investment Fund Managers (Amendment etc.)(EU Exit) Regulations 2019) and the Investment Funds Sourcebook forming part of the FCA Handbook, in each case as amended from time to time.

Company Information

Directors

Robert Whiteman
(Non-executive Chairman)

Robert Gray
(Senior Independent Director)

John Carleton
(Non-executive Director)

Elaine Bailey
(Non-executive Director)

Registered Office

The Pavilions
Bridgwater Road
Bristol
BS13 8FD

Company Information

Company Registration Number: 10683026

Incorporated in the United Kingdom

Fund Manager

ReSI Capital Management Limited
5 New Street Square
London
England
EC4A 3TW

Corporate Broker

Peel Hunt LLP
7th Floor, 100 Liverpool Street
London
EC2M 2AT

Legal and Tax Adviser

Cadwalader, Wickersham & Taft LLP
Dashwood House
69 Old Broad Street
London
EC2M 1QS

Tax Adviser

Evelyn Partners Group Limited
(formerly Smith & Williamson)
45 Gresham Street
London
EC2V 7BG

Depositary

Thompson Taraz LLP
4th Floor, Stanhope House
47 Park Lane
Mayfair
London
W1K 1PR

Administrator

MGR Weston Kay LLP
55 Loudoun Road
St John's Wood
London
NW8 0DL

Company Secretary

Computershare Governance Service, UK
The Pavilions
Bridgwater Road
Bristol
BS13 8FD

Registrar

Computershare Governance Service, UK
The Pavilions
Bridgwater Road
Bristol
BS13 8FD

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Public Relations Adviser

KL Communications
40 Queen Street
London
EC4R 1DD

Valuers

Savills (UK) Limited
33 Margaret Street
London
W1G 0JD

Notice of Annual General Meeting

Annual General Meeting 2023

In line with the requirements of the Companies Act 2006, the Company will hold an Annual General Meeting ("AGM") of shareholders to consider the resolutions laid out in the Notice of Meeting below.

Shareholders are permitted to attend the AGM in person and any shareholders wishing to do so are re-quested to register their interest in attending by emailing the Fund Manager at resiplc@greshamhouse.com by Monday 23 January 2023.

Should a shareholder have a question that they would like to raise at the AGM, either of the Board or the Fund Manager, the Board request that they either ask the question in advance of the AGM via email to resiplc@greshamhouse.com by Monday 23 January 2023. Alternatively, a shareholder may attend the AGM and ask the question at the meeting at the appropriate time. If appropriate, the Company will publish the responses on its website https://greshamhouse.com/real-assets/real-estate-investment/residential-secure-income-plc/ as soon as reasonably practicable after the conclusion of the AGM.

AGM voting

Each of the resolutions to be considered at the AGM will be voted on by way of a show of hands unless a poll is validly demanded. A member present in person or by proxy shall have one vote on a show of hands.

Details of how to vote, either electronically, by proxy form or through CREST, can be found in the Administrative Notes to the Notice of AGM on pages 186 to 194.

The results of the AGM will be announced to the London Stock Exchange and placed on the Company's website, as soon as practicable after the conclusion of the AGM.

Resolutions

Resolutions 1 to 11 will be proposed as ordinary resolutions. An ordinary resolution requires a simple majority of votes cast, whether in person or by proxy, to be cast in favour of the resolution for it to be passed. Resolutions 12 to 15 will be proposed as special resolutions. A special resolution requires a majority of not less than 75% of the votes cast, whether in person or by proxy, to be cast in favour of the resolution for it to be passed.

Voting results

The results of the voting will be announced through a regulatory information service and will be published on our website https://greshamhouse.com/real-assets/real-estate-investment/residential-secure-income-plc/ as soon as reasonably practicable after the conclusion of the AGM.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Residential Secure Income plc (the "Company") will be held at the offices of Gresham House plc, the parent company of the Fund Manager Resi Capital Management Ltd, 80 Cheapside, EC2V 6EE on 31 January 2023 at 12.45 p.m. for the following purposes:

To consider and if thought fit pass the following resolutions of which resolutions 1 to 11 will be proposed as ordinary resolutions and resolutions 12 to 15 will be proposed as special resolutions.

Ordinary Resolutions

1 To receive the Company's Annual Report and Accounts for the year ended 30 September 2022, with the reports of the Directors and Auditor thereon.

2 To approve the Directors' Remuneration Implementation Report included in the Annual Report for the year ended 30 September 2022.

3 To re-elect Robert Whiteman as a Director of the Company.

4 To re-elect Robert Gray as a Director of the Company.

5 To re-elect John Carleton as a Director of the Company.

6 To re-elect Elaine Bailey as a Director of the Company.

7 To re-appoint BDO LLP as Auditor to the Company to hold office until the conclusion of the next general meeting at which the Company's annual accounts are laid before the meeting.

8 To authorise the Directors to fix the remuneration of the Auditor until the conclusion of the next Annual General Meeting of the Company.

9 To authorise the Directors to declare and pay all dividends of the Company as interim dividends and for the last dividend referable to a financial year not to be categorised as a final dividend that would ordinarily be subject to shareholder approval.

10 That the continuation of the Company as an investment trust until the AGM of the Company falling five years after the date of this resolution be approved.

11 That the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (in substitution for all subsisting authorities to the ex-tent unused) to exercise all the powers of the Company to allot Ordinary Shares of one penny each in the capital of the Company up to an aggregate nominal amount equal to £37,032,656 (equivalent to approximately 20% of the Ordinary Shares in issue (excluding shares held in Treasury) at the date of the notice of this meeting) during the period commencing on the date of the passing of this resolution and expiring (unless previously varied, revoked or renewed by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2024 or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter in-to an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired.

Special Resolutions

12 That, subject to the passing of resolution 11, in substitution for all subsisting authorities to the extent unused but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are generally and unconditionally authorised for the purposes of sections 570 and 573 of the Companies Act 2006 ("the Act") to allot equity securities (within the meaning of section 560 of the Act) for cash either pursuant to the authority conferred by resolution 11 or by way of sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment or sale, provided this authority shall be limited to (a) the allotment or sale of equity securities up to an aggregate nominal amount equal to £18,516,328 (equivalent to approximately 10% of the is-sued Ordinary Shares of the Company (excluding shares held in Treasury) at the date of this notice); and (b) the allotment or sale of equity securities at a price not less than the prevailing Net Asset Value per share, and shall (unless previously varied, revoked or renewed by the Company in general meeting) expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired.

13 That, subject to the passing of resolution 11 and in addition to the authority granted in resolution 12, in substitution for all subsisting authorities to the extent unused but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are generally and unconditionally authorised for the purposes of sections 570 and 573 of the Companies Act 2006 ("the Act") to allot equity securities (within the meaning of section 560 of the Act) for cash either pursuant to the authority conferred by resolution 11 or by way of sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment or sale, provided this authority shall be limited to (a) the allotment or sale of equity securities up to an aggregate nominal amount equal to £18,516,328 (equivalent to approximately 10% of the issued Ordinary Shares of the Company (excluding shares held in Treasury) at the date of this notice); and (b) the allotment or sale of equity securities at a price not less than the prevailing Net Asset Value per share, and shall (unless previously varied, revoked or renewed by the Company in general meeting) expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired.

14 That the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of 1p each, provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 27,755,975 (representing 14.99% of the Company's issued Ordinary Share capital (excluding shares held in Treasury) at the date of the notice of this meeting);

(b) the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is 1p;

(c) the maximum price (excluding expenses) which may be paid for an Ordinary Share is not more than the higher of:

(i) 5% above the average of the middle market quotations for the Ordinary Shares for the five business days immediately before the day on which it purchases that share; and

(ii) the higher of the price of the last independent trade and the highest current in-dependent bid for the Ordinary Shares.

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2024 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

15 That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting after the date of the passing of this resolution.

Registered office

The Pavilions,
Bridgwater Road,
Bristol,
England,
BS13 8FD

By order of the Board

For and on behalf of Computershare Company Secretarial Services Limited

Company Secretary

1 December 2022

Notes to resolution 1

Ordinary resolution: Annual report and accounts for the year ended September 2022

The Directors are required to present the annual report and accounts, which incorporate the Strategic report, Directors' Report, the Auditor's Report and the financial statements for the year ended 30 September 2022. These are contained in the Company's Annual Report and Audited Financial Statements for the year ended 30 September 2022 (the "Annual Report").

Notes to resolution 2

Ordinary resolution: Directors' Remuneration Implementation Report

In accordance with the requirements of the remuneration reporting regime which came into force on 1 October 2013, the Board is required to give notice to shareholders of the intention to propose an ordinary resolution to approve the Directors' Remuneration Implementation Report for the financial year ended 30 September 2022. The Directors' Remuneration Implementation Report, which can be found on pages 114 to 115 of the Annual Report, gives details of the Directors' remuneration and remuneration policy for the year ended 30 September 2022.

The Company's auditor, BDO LLP, has audited those parts of the Directors' Remuneration Implementation Report which are required to be audited and their report may be found in the Annual Report. The Directors' Remuneration Implementation Report has been approved by the Board and signed on its behalf by the Company Secretary. The vote on the Directors' Remuneration Implementation Report is advisory in nature and therefore not binding on the Company.

Notes to resolutions 3-6

Ordinary resolution: Re-election of directors

In line with best practice, the Board has resolved that all Directors will be submitted for re-election on an annual basis. Therefore, Robert Whiteman, Robert Gray, John Carleton and Elaine Bailey will retire, and being eligible, offer themselves for re-election.

The Board has carefully considered whether each of the Non-Executive Directors is free from any relationship that could materially interfere with the exercise of his or her independent judgement. It has concluded that each Non-Executive Director is independent. The Board has also reviewed and concluded that each Non-Executive Director possesses the necessary mix of skills and experience to continue to contribute effectively to the Company's long-term sustainable success. Further, notwithstanding their other appointments, the Board is satisfied that each Non-Executive Director is able to commit sufficient and appropriate time to their board responsibilities.

Full biographies of all the Directors are set out in the Company's Annual Report on pages 92 to 94.

Notes to resolution 7

Ordinary resolution: Re-appointment of auditor

The appointment of BDO LLP as auditor of the Company ends at the conclusion of the AGM. BDO LLP have indicated their willingness to stand for reappointment as auditor of the Company until the conclusion of the AGM in 2024. The Audit Committee considers the reappointment of the external auditor each year before making a recommendation to the Board. The Board recommends the reappointment of the auditors.

The effectiveness of the external auditor is evaluated by the Audit Committee. The Committee assessed BDO LLP's approach to providing audit services as it undertook this year's audit. On the basis of such assessment, the Committee concluded that the audit team was providing the required quality in relation to the provision of the services. The audit team had shown the necessary commitment and ability to provide the services, together with a depth of knowledge, robustness, independence and objectivity as well as an appreciation of complex issues.

The Audit Committee assesses the independence of the external auditor on an ongoing basis and the external auditor is required to rotate the lead audit partner every five years and other senior audit staff ev-ry seven years. The current lead partner has been in place since the 2021 AGM, accordingly, the audit for the financial year beginning 1 October 2025 will be led by a new audit partner. No partners or senior staff associated with the audit may transfer to the Group.

Notes to resolution 8

Ordinary resolution: Remuneration of auditor

The Audit Committee reviews the fee structure, resourcing and terms of engagement for the external auditor annually. The Board is seeking authority for the Audit Committee to fix the auditor's remuneration. Fees paid to the external auditor for the year were £178,000 (2021: £145,000).

The Audit Committee is satisfied that this level of fee is appropriate in respect of the audit services provided and that an effective audit can be conducted for this fee. BDO LLP were paid fees of £61,000 in respect of non-audit services in the year to 30 September 2022 (2021: £34,000). These services were in respect of the interim review of the Interim Report for the period ended 31 March 2022 (£34,000) and reporting accountant services (£27,000). The consolidated financial statements provides details of the remuneration of the Company's external auditor. This can be found on page 143 of the Annual Report.

Notes to resolution 9

Ordinary resolution: Policy of paying quarterly interim dividends.

The purpose of the renewal is to provide flexibility to the Company to continue implementing its quarterly interim dividend policy.

Notes to resolution 10

Ordinary resolution: 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. In accordance with this, a continuation vote is scheduled to be held at the Company's AGM in 2023 in order to extend the Company's life for another five years.

Notes to resolution 11

Ordinary resolution: Authority to allot

The purpose of this resolution is to grant the Board the authority to allot ordinary shares in accordance with Section 551 of the Act up to up to 37,032,656 Ordinary Shares (excluding shares held in Treasury) in the capital of the Company (equivalent to approximately 20% of the Ordinary Shares in issue at the date of the notice of this meeting). While the Directors have no present intention of exercising this authority, they consider it important to have the maximum flexibility commensurate with good corporate governance guidelines, to raise finance to enable the Company to respond to investment opportunities, market developments and conditions. No ordinary shares will be issued for cash at a price less than the prevailing net asset value per ordinary share at the time of issue pursuant to this authority. This authority shall expire at the conclusion of the Company's Annual General Meeting to be held in 2024, or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired.

Notes to resolutions 12 and 13

Special resolution: Disapplication of pre-emption rights

If the Directors wish to exercise the authority under resolution 11 and offer shares (or sell treasury shares which the Company may purchase and elect to hold as treasury shares) for cash, company law requires that unless shareholders have given specific authority for the waiver of their statutory pre-emption rights, the new shares must be first offered to existing shareholders in proportion to their existing holdings. There may be occasions, however, when the Directors will need the flexibility to allot new shares (or to grant rights over shares) for cash or to sell treasury shares for cash without first offering them to existing shareholders in proportion of their holdings in order to make investments in line with the Company's investment policies. This cannot be done unless the shareholders have first waived their pre-emption rights.

These Resolutions will, if passed, authorise the Directors to do this by allowing the Directors to allot shares for cash or sell treasury shares for cash up to an aggregate nominal value of £37,032,656.20, which is equivalent to approximately 20% of the Company's issued Ordinary Share capital as the date of this Notice (being the latest practicable date prior to the publication of this notice).

In the event that resolution 12 is passed, but resolution 13 is not passed, the Directors will only be authorised to issue Ordinary Shares up to an aggregate nominal value of £18,516,328, which represents approximately 10% of the Company's issued Ordinary Share capital (excluding shares held in Treasury) as the date of this Notice (being the latest practicable date prior to the publication of this notice).

Resolutions 12 and 13 will allow the Company to carry out one or more tap issues, in aggregate, up to 20% of the number of Ordinary Shares in issue at the AGM and thus to pursue specific investment op-portunities in a timely manner in the future and without the requirement to publish a prospectus and in-cur the associated costs.

The Directors are aware that the combined authority to disapply pre-emption rights in respect of up to 20% of the Company's issued Ordinary Share capital sought under resolutions 12 and 13 is higher than the 10% typically sought by investment companies. However, the Directors believe that a higher authority is justified to enable the Company to fund future acquisitions in line with the Company's anticipated acquisition pipeline. In addition, the higher authority is expected to broaden the Company's asset base which will increase the diversity of the portfolio. It will also allow the Company to broaden its investor base and enhance the size and liquidity of the Company's share capital, and spread the fixed operating costs over a larger capital base, thereby reducing the Company's ongoing charges ratio.

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

Resolutions 12 and 13 will be proposed as special resolutions to provide the Company with the necessary authority. If given, the authority will expire at the conclusion of the next AGM of the Company in 2024 or, if earlier on the expiry of 15 months from the passing of this resolution. The Directors intend to renew such authority in respect of 10% of the Company's issued Ordinary Share capital (excluding shares held in Treasury) at successive AGMs in accordance with current best practice.

Notes to resolution 14

Special resolution: Purchase of own shares

The current authority of the Company to make market purchases of up to approximately 14.99 per cent of its issued share capital expires shortly. This resolution seeks renewal of such authority until the next AGM, or the expiry of 15 months after the passing of the resolution is earlier. The price paid for shares will not be less than the nominal value nor more than the maximum amount permitted to be paid in accordance with the rules of the Financial Conduct Authority in force as at the date of purchase. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole. Any shares repurchased under this authority will either be cancelled or held in Treasury at the discretion of the Board for future re-sale in appropriate market conditions.

The authority sought would replace the authority previously given to the Directors. The maximum number of ordinary shares authorised to be purchased pursuant to the authority represents approximately 14.99 per cent of the total number of ordinary shares in issue (excluding shares held in Treasury) as at the date of this Notice.

This authority shall expire at the conclusion of the Company's next Annual General Meeting to be held in 2024.

Notes to resolution 15

Special resolution: Notice of General Meetings

Under the provisions in the Act, listed companies must call general meetings (other than an annual general meeting) on at least 21 clear days' notice unless the company:

a. has obtained shareholder approval for the holding of general meetings on 14 clear days' notice by passing an appropriate resolution at its most recent annual general meeting; and
b. offers the facility for shareholders to vote by electronic means accessible to all shareholders.

To enable the company to utilise the shorter notice period of 14 days for calling such general meetings, shareholders are asked to approve this resolution. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. If granted, this authority will be effective until the company's next annual general meeting.

Recommendation

The Directors consider that all the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings of shares.

Administrative notes to the Notice of Annual General Meeting

Website address

1 Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from https://www.resireit.com/

Entitlement to attend and vote

2 Only those holders of Ordinary Shares registered on the Company's register of members at 6.00 p.m. on Friday 27 January or, if this meeting is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to vote at the meeting.

Appointment of Proxies

3 Members entitled to vote at the meeting (in accordance with Note 2 above) are entitled to appoint a proxy to vote in their place. If you wish to appoint a proxy please use the Form of Proxy or follow the instructions at note 7 below if you wish to appoint a proxy through the CREST electronic proxy appointment service. In the case of joint members, only one need sign the Form of Proxy. The vote of the senior joint member will be accepted to the exclusion of the votes of the other joint members. For this purpose, seniority will be determined by the order in which the names of the members appear in the register of members in respect of the joint shareholding. The completion and return of the Form of Proxy will not stop you attending and voting in person at the meeting should you wish to do so. A proxy need not be a member of the Company.

You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you choose to appoint multiple proxies use a separate copy of this form (which you may photocopy) for each proxy, and indicate after the proxy's name the number of shares in relation to which they are authorised to act (which, in aggregate, should not exceed the number of Ordinary Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and re-turned in the same envelope. Additional forms may be obtained by contacting the Company's registrars, Computershare Investor Services PLC helpline on 0370 889 3181. Shareholders can access their information at www.investorcentre.co.uk.

4 You can appoint the Chairman of the Meeting, or any other person. If you wish to appoint someone other than the Chairman, cross out the words "the Chairman of the Meeting" on the Form of Proxy and insert the full name of your appointee.

5 You can instruct your proxy how to vote on each resolution by marking the resolutions For and Against using the voting methods stated in notes 6 and 7 below. If you wish to abstain from voting on any resolution please mark these resolutions withheld. It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution. If you do not indicate how your proxy should vote, he/she can exercise his/her discretion as to whether, and if how so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the meeting.

A company incorporated in England and Wales or Northern Ireland should execute the Form of Proxy under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Form of Proxy.

Appointment of proxy using

6 You can vote either:

- by logging on to www.eproxyappointment.com and following the instructions. Shareholders will need their shareholder reference number, PIN and control number to submit a proxy vote this way (which will be provided via email or on their paper form of proxy);

- You may request a hard copy form of proxy directly from the registrars, Computershare Investor Services on Tel: 0370 889 3181; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

To be valid, a form of proxy should be lodged with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol, BS99 6ZY so as to be receive not later than 48 hours before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

Appointment of a proxy through CREST

7 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as deter-mined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy's appointee through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.

It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be lodged at 12.45 p.m. on Friday 27 January 2023 in respect of the meeting. Any such messages received before such time will be deemed to have been received at such time. In the case of an adjournment, all messages must be lodged with Computershare Investor Services PLC no later than 48 hours before the rescheduled meeting.

Termination of proxy appointments

8 In order to revoke a proxy instruction you will need to inform the Company. Please send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

In the case of a member which is a company, the revocation notice must be executed under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by an officer or attorney whose power of attorney or other authority should be included with the revocation notice.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified in note 2 above then, subject to the paragraph directly below, your proxy will remain valid.

If you submit more than one valid proxy appointment in respect of the same Ordinary Shares, the appointment received last before the latest time for receipt of proxies will take precedence.

Nominated Persons

9 If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights:

- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in the notes to the form of proxy.

Questions at the Meeting

10 Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:

- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Issued Shares and total voting rights

11 As at the date of this Notice, the total number of shares in issue is 194,149,261 Ordinary Shares of 1p each. The total number of Ordinary Shares with voting rights is 185,163,281. On a vote by a show of hands, every holder of Ordinary Shares who (being an individual) is present by a person, by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote. On a poll every holder of Ordinary Shares who is present in person or by proxy shall have one vote for every Ordinary Share held by him.

Communication

12 Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

- calling Computershare Investor Services PLC shareholder helpline: 0370 889 3181;
- in writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

You may not use any electronic address provided either in this notice of meeting or in any related documents (including the Form of Proxy for this meeting) to communicate with the Company for any purposes other than those expressly stated.

Since 1857
Gresham House
Specialist asset management

The Pavilions
Bridgwater Road
Bristol
BS13 8FD

www.resi-reit.com