Residential Secure Income plc

Interim Report 2024

Gresham House
Specialist investment

Purpose

Residential Secure Income plc (ReSI or the Company) (LSE: RESI) is a real estate investment trust (REIT) focused on delivering secure, inflation-linked returns in two sub-sectors in UK residential housing; independent retirement rentals; and shared ownership, which are underpinned by an aging demographic and untapped, strong demand for affordable homes.

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

ReSI's subsidiary, ReSI Housing Limited (ReSI Housing), is registered as a for-profit Registered Provider of social housing, and so provides a unique proposition to its housing developer partners, being a long-term private sector landlord within the social housing regulatory environment. As a Registered Provider, ReSI Housing can acquire affordable housing subject to s106 planning restrictions and housing funded by government grant.

Contents

01 Strategic Report

Investment case

Why ReSI?

ReSI delivers 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

Dividends paid quarterly

ReSI's business model is:

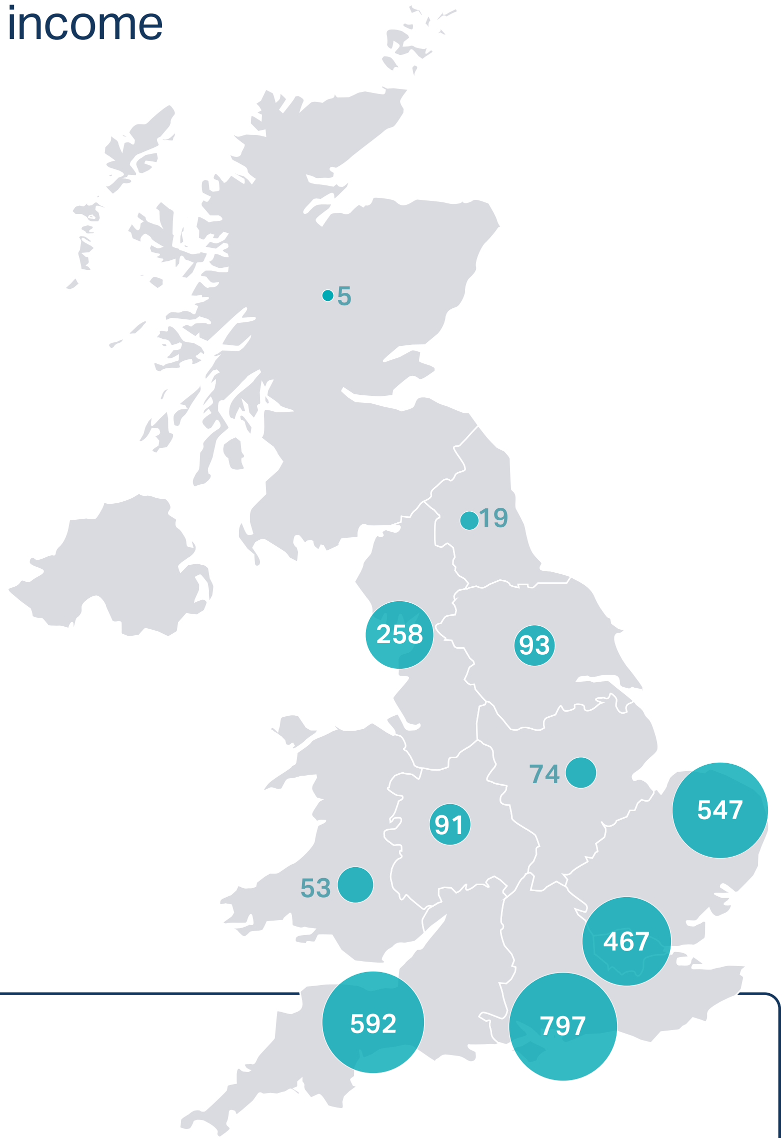
Supported by:	Creating:	Executed by:
Strong market drivers	**Measurable impact**	**An expert manager**
Ageing population, declining home affordability, supportive government policy	Providing affordable high-quality, energy efficient homes for life, and addressing elderly loneliness	c.60-person housing team with over 20-year track record in UK housing

ReSI's income is:

Diverse	Asset-backed	Affordable
2,996 households diversified across ages and stages of life	Underpinned by c.£400mn home value with 26% uplift from reversionary surplus Subsidised shared ownership rents secured by homebuyers' stake	Low retirement rents (in line with Local Housing Allowance) paid from pensions and welfare c.£15mn government grant supports subsidised rents for shared ownership

Investment Portfolio snapshot

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



2,996*

Homes

30 September 2023: 3,295

£317mn*

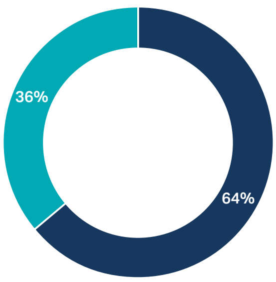
Value of investment property

30 September 2023: £345mn
See note 12 on **page 38**

930*

Unique UK property locations

30 September 2023: 935



Portfolio split by valuation

- **£202.1mn** Independent retirement rentals
- **£114.9mn** Shared ownership

Portfolio Highlights

£16.1mn*

Annualised net rental income

Year to 30 September 2023: £18.0mn
See note 9 Supplementary Financial Information on **page 54**

* Excludes Local Authority portfolio which is now measured as assets held for sale

** Alternative performance measure

5.1%*

Annualised net rental yield**

30 September 2023: 5.2%
See note 9 Supplementary Financial Information on **page 54**

2,619*

Counterparties

30 September 2023: 2,628

Our portfolio focus

Residential Secure Income plc (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 (£202mn GAV/2,238 Homes/64% of portfolio)	Shared ownership housing (£115mn GAV/758 Homes/36% of portfolio)
Driver	Booming and increasingly lonely older population	Huge untapped demand for affordable homeownership
Summary	Let to elderly residents with affordable rents and assured tenancies Provides fit-for-purpose homes for retired people, allowing them to maintain their independence without care provision	Homebuyers acquire, from ReSI, a share in a residential property and rent the remainder Helps house buyers acquire homes they would otherwise be unable to buy Capital grant funding from government drives a c.30% living-cost discount compared to market level rents
Rent growth	Increase with RPI each year, generally capped at 6%	Increase contractually by RPI+ 0.5% each year
Secure income	Secure rental income paid from pensions and welfare	Subsidised, below-market rents Homebuyer equity stake
ReSI's origination advantages	Scale: UK's largest private independent retirement rentals business Specialist in-house 30-person team with over 20-year track record	ReSI Housing – for-profit Registered Provider of Social Housing
Average vacant possession value	c.£110,000 per home	c.£330,000 per home[6]
Net yield[1]	5.7%	4.0%[4]
Average debt coupon	3.5%	1.1% with principal increasing with RPI + 0.5% (with a 0.5% floor and 5.5% cap)
Levered yield	7.6%	8.2%[4,5]
Average customer stay/length of lease[2]	6 years	248 years
Like-for-like rental reviews[3]	6.1%	8.3% applied on 1 April 2024
March 2024 occupancy	96%	100%
Rent collection	99%	99%

1. Based on annualised Net Operating Income over fair value as at 31 March 2024 as measured by an independent third party valuer

2. Assuming no staircasing

3. Represents the rent growth for homes that were occupied and eligible for a rent review during the six months ended March 2023. Including all homes that were occupied during H1 2023, shared ownership rents increased on 1 April 2024, after the half-year ended March 2024

4. Based on 1 April 2024 rents

5. Debt/Equity split is as per IFRS balance sheet, with properties held at fair value at March 2024 as measured by an independent third party valuer, and debt at fair value

6. Shared ownership vacant possession value includes both the value of ReSI's 64% average equity position, and the 38% owned by the residents

Financial highlights

as at 31 March 2024

Income

Adjusted Earnings Per Share*

2.4p +9.1%

EPRA Adjusted Earnings Per Share 31 March 2023: 2.2p
See note 11 on page 37

IFRS Earnings Per Share

(5.6)p

31 March 2023: (16.2)p
See note 11 on page 37

Like-for-like rent growth*

6.5%**

31 March 2023: 6.2%

Dividend per share – paid

2.06p

Six months March 2023: 2.58p

Dividend coverage*

117%

31 March 2023: 86%
See note 11 on page 37

Total Return (on Opening NTA)*

-3.2%

Six months March 2023: -13.7%
See Supplementary information note 10 on page 58

Recurring profit before change in fair value and property disposals*

£4.5mn +8.5%

31 March 2023: £4.1mn
See note 11 on page 37

Total IFRS Return (on Opening NAV)

-6.2%

31 March 2023: -14.9%
See Supplementary information note 11 on page 55

* Alternative performance measure
** Includes 1 April Shared Ownership rent reviews
*** Excludes Local authority portfolio which is measures as Assets held for sale

Capital

IFRS Net Asset Value per share

83.4p -8%

30 September 2023: 91.1p
See note 25 on page 47

Value of Investment Property

£317mn***

30 September 2023: £345mn
See note 12 on page 38

Fund Manager Shareholding

2.9% (5.3mn shares)+

Of the total number of shares held by the Fund Manager, current and directors of the Fund Manager, and directors of ReSI plc as at the date of this Annual Report
30 September 2023: 2.6% or 4.9mn shares)

Loan to Value Ratio (LTV)

53%

30 September 2023: 50%
See Supplementary information note 12 on page 55

Weighted Average Remaining Life of Debt

20 years

30 September 2023: 21 years

EPRA Net Tangible Asset Value (NTA) per share*

77.2p -5.6%

30 September 2023: 81.8p
See Supplementary information note 2 on page 50

Chairman's Statement

H1-24 Review

The first half of FY 2024 has seen ReSI continue to deliver strong operational performance, with high levels of rent collection, occupancy and rent growth. Importantly, we have seen a stabilisation of ReSI's operating costs which, aided by the reduction in fund management fees agreed with Gresham House, has enabled ReSI to grow Adjusted Earnings by 9% and comfortably cover our rebased dividend by 117%.

ReSI's performance is underpinned by the enormous demand for fair priced and high-quality affordable housing, and ReSI continues to be mindful of its role as custodian, balancing returns in a way which is sustainable for residents and equitable for shareholders. During the period, we have seen strong income growth broadly in line with inflation making us comfortable passing through inflation linked rent increases and delivering 6.5% like-for-like rental growth.

ReSI's investment valuation continued to be impacted by higher interest rates, declining 2% despite strong rental growth, taking EPRA NTA to 77.2p per share down from 81.8p at 30 September 2023, and IFRS NAV to 83.4p, down from 91.1p.

The sale of our local authority portfolio outlined at year end continues to progress, with one asset sale completed at the start of April and the remainder remains under offer with sale expected in H2 following delays in obtaining building control signoff for works already completed upgrading fire safety systems. Proceeds are being utilised to repay all our floating rate debt, with the first asset sale of £5.6mn slightly ahead of the September book value. This will simplify ReSI to two portfolios focused on strong market segments – independent retirement living and shared ownership – supported by very long-term debt with an average maturity of 20 years, with our largest loan of £92mn fixed at 3.5% until 2043.

Rob Whiteman CBE
Chairman

"ReSI continues to deliver strong operational performance, with high levels of rent collection, occupancy and rent growth. Operational costs have stabilised, and this coupled with Gresham House agreeing to reduce fund management fees, has led to adjusted earnings growing by 9%, to comfortably cover our dividend. The sale of our local authority portfolio is continuing to progress with one asset sale completed at the start of April and the remainder advancing through due diligence with proceeds used to repay our floating rate debt.

We continue to review opportunities to make further disposals that add value for shareholders, from which we would prioritise the return of capital. However, with investment market volumes expected to remain low until any future interest rate cuts, we expect opportunities may take time to emerge. In the meantime, we will maintain our focus on driving operational performance in the retirement portfolio, which should drive shareholder value.

Going Concern

The Directors consider that the Company and the Group will have sufficient resources to continue to meet their liabilities for the foreseeable future. However, at the date of signing the financial statements, the Santander revolving credit facility, on which £16.6mn is drawn (£20.6mn at the 31 March 2024 balance sheet date) needs to be repaid by December 2024.

At the date of signing the accounts the ability to meet this repayment is dependent on the sale of the residual local authority asset (or alternatively a refinancing of this debt). This sale is under exclusivity and therefore the Directors are confident that this sale will conclude ahead of the repayment date, and have a range of contingencies including sale to an underbidder or refinancing the debt. However, given a degree of uncertainty exists in the timing and value of the residual local authority asset sale and management's ability meet this repayment provision, there exists a material uncertainty over the Group's ability to continue as a going concern. The Board continues to monitor progress.

Outlook

Despite the headwinds to valuations caused by higher interest rates, the fundamentals underpinning ReSI's business model are positive – backed by rising demand for affordable housing and with a substantial opportunity to drive strong operating performance.

Retirement living is a key solution to tackle the social isolation that increasingly impacts a UK population that is rapidly ageing, with the demographic over 65 expected to increase by almost 50% by 2060[1]. Shared ownership provides affordable homeownership in an environment where most of the UK population lives in areas where home purchase is unaffordable. This is underpinned by an environment where the UK has consistently fallen short of the government's aspiration for 300,000 new homes per year[2] with an estimated need for £34bn[3] of annual investment over the next decade to begin addressing the shortfall.

As the UK's largest provider of private independent retirement rental homes and the owner of a for-profit Registered Provider, and with an experienced and capable fund management team, the Board believes that ReSI's two portfolio platforms both offer enormous market opportunities to deliver long-term, inflation-linked returns to investors.

1. Cushman & Wakefield – Housing_For_An_Ageing_Population_Report_In_Association_With_The_BPF 2023
2. House of Commons Library, "Tackling the under-supply of housing" from February 2022 – https://researchbriefings.files.parliament.uk/documents/CBP-7671/CBP-7671.pdf
3. Department for Levelling Up, Housing and Communities (2021) and House of Commons Library (2022), British Property Federation, and Legal & General, 2022

At year end we rebased the dividend to 4.12p, a level we felt comfortable we could progressively grow on a fully covered basis after disposing of the local authority portfolio, whilst continuing to invest in maximising the growth of the portfolio value. After removing the local authority portfolio and the floating rate debt from our H1-24 income, this 4.12p dividend would have still been 111% covered, which gives us confidence that we achieve these objectives, and we will review the opportunity to increase the dividend at year end.

We also announced at year end specific initiatives that we would be taking to drive operational performance in our retirement portfolio including driving rents, reducing leakage and rationalising portfolio footprint. Good initial progress has been made on these initiatives as seen through the 6.1% like-for-like rent growth in the portfolio, passing into 6.6% net income growth and the first 20 retirement properties (1% of portfolio) being sold or in legals.

ReSI's shares continue to trade at a significant discount to Net Asset Value in line its listed peers which we believe is not reflective of the value from the secure long-term inflation linked income generated by ReSI's portfolio of homes. The Board acknowledges that this may in part reflect the small scale of ReSI compared to its listed peers, which is both difficult to reverse with shares trading at a discount and disappointing given the great investment opportunities now available for ReSI to scale its operational platforms and drive shareholder value.

The Board is continually reviewing how best to reverse the discount and at year end agreed with the Fund Manager to reduce its management fee and for it to be based on the average of share price and Net Asset Value, as well as reducing the size of the board. Given current cash levels and the intention to pay down floating rate debt through disposal of the local authority portfolio, the Board does not consider it currently in shareholders' best interests to increase leverage in order to re-instate a programme of further share buy-backs. However, alongside the local authority sale, we are continuing to review opportunities to make further disposals which will add value to shareholders and would prioritise the return of capital to shareholders following any such disposals. We anticipate that such opportunities may take time with volumes in the investment market expected to remain low until after the Bank of England begins cutting interest rates and will regardless continue to focus on operational performance in the retirement portfolio which should drive shareholder value.

As always, the Board is grateful for the support of shareholders and welcomes investor feedback.

Rob Whiteman

Chairman
Residential Secure Income plc

17 June 2024

KPI measures

Income returns

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

	Adjusted EPRA earnings* (£mn)		Net rental income (£mn)		Like-for-like rental reviews (%)		EPRA cost ratio (%)*		Loss before tax (£mn)	
	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024
	4.1	4.5	8.3	8.9	6.2%	6.5%	41%	35%	(30.0)	(10.4)
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.		Net rental income after deducting property operating expenses including ground rent paid.		Like-for-like average growth on rent reviews across the portfolio.		Administrative and operating costs (including costs of direct vacancy) divided by gross rental income.		Loss before tax is a statutory IFRS measure as presented in the Group's Consolidated Statement of Comprehensive Income.	
Comment	H1 2024 earnings growth primarily via top line inflation linked rent growth, stabilisation of operating costs and reduction in fund management fee which from January 2024 onwards is now measured in reference to the average of share price and Net Asset Value.		Increase of 7% delivered during the period as a result of inflation linked rent increases.		6.5% like-for-like rental reviews growth achieved for properties that were eligible for rent increases during the six months ended March 2024, adjusted for shared ownership rent increases which occurred on 1 April 2024.		H1 2024 cost ratio improving via a 7.4% increase in gross rental income and lower fund management fee.		Decreased loss before tax driven by reduced property valuation loss reflecting ongoing market repricing following the increase in interest rates, albeit at a lower rate than previously.	
Notes	See note 11 to the financial statements on page 37.		See note 5 to the financial statements on page 33.		See Glossary on page 57 for definition and calculation basis.		See note 6 Supplementary Financial Information on page 52.		See Consolidated Statement of Comprehensive Income on page 27.	

* 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.

EPRA NTA per share* (pence)		IFRS NAV per share (pence)		Total Return on NTA (%)*		Loan to Value (LTV) (%)		Weighted Average Remaining Life of Debt (Years)	
FY 2023	H1 2024	FY 2023	H1 2024	H1 2023	H1 2024	FY 2023	H1 2024	FY 2023	H1 2024
81.8	77.2	91.1	83.4	(13.7)	(3.2)	50%	53%	21	20

	EPRA NTA per share* (pence)	IFRS NAV per share (pence)	Total Return on NTA (%)*	Loan to Value (LTV) (%)	Weighted Average Remaining Life of Debt (Years)
KPI definition	EPRA NTA (Net Tangible Assets) is the market value of property assets, after deducting deferred tax on trading assets, and excluding intangible assets and derivatives.	IFRS NAV (Net Asset Value) per share at the balance sheet date.	Return on NTA is total return for the year, prior to payment of dividends (excluding movements in valuation of debt and derivatives), expressed as a percentage of opening NTA.	Ratio of net debt to the total assets less finance lease and cash on a consolidated Group basis.	Average remaining term to loan maturity.
Comment	5.6% reduction in the six months to 31 March 2024 driven by fair value through profit or loss movements. Recurring Earnings of 2.4p covered 117% of dividends in the year.	Returns of minus 5.5p per share in the six-month period reflecting property valuation decline and debt valuation.	Returns of minus 3.2% in H1 2024 reflecting property valuation decline.	Increase in LTV reflecting outward valuation yield shift as market repricing for higher interest rates continues and increase in the mark to market debt valuation of the USS debt.	20 years remaining life of debt reflecting the long-term nature of ReSI's fixed and inflation-linked debt secured on the retirement and shared ownership portfolios.
Notes	See note 2 Supplementary Financial Information for reconciliation from IFRS to EPRA performance measures.	See Consolidated Statement of Financial Position.	See note 10 Supplementary Financial Information for calculation.	See note 12 Supplementary Financial Information for calculation.	See note 17 for information on the Group's Borrowings.

Fund Manager's Report

ReSI has continued to deliver strong rental growth, rent collection and occupancy through the first half of FY 2024, which combined with a stabilisation of our operating costs have driven 8% earnings growth leading to strong dividend cover.

Whilst rising long-dated gilt yields continued to impact on valuations, we have made substantial progress on the two key initiatives announced at year end, disposal of our non-core local authority portfolio and driving operational performance in our retirement portfolio.

ReSI is the custodian of homes for 2,996 households and continues to balance returns with affordability for our residents. Despite energy prices starting to fall we continue to invest to improve the energy efficiency of our homes, helping to keep resident's energy bills affordable. During the period we have seen strong income growth broadly in line with inflation, with average wage growth of 7% over the past six months[1] and the state pension increasing by 8.5% in April 2024, marking a substantial improvement compared to 2023 when inflation was significantly ahead of earnings and pension increases. This environment made us comfortable passing through inflation linked rent increases in full, comprising an average like-for like increase of 8.3% in shared ownership and 6.1% in retirement, whilst continuing to focus support on customers who encounter financial difficulties.

These rent increases have led ReSI to deliver like-for-like rent growth of 6.5% whilst maintaining retirement occupancy at 96% and with our shared ownership portfolio fully occupied. Rent collection continues to exceed 99%, underpinned by direct leases with a highly diversified resident base comprising 2,619 counterparties paying affordable rents and shared ownership equity stakes averaging 37%.

The excessive cost pressure that was seen in FY 2023 has eased, which has ensured this strong rental growth has converted into net rental income growth of 7%. Average interest rates were 2% higher in the period than during H1 FY 2023 which impacted the 10% of debt that was floating rate in the period, but this was largely offset through the reduction we agreed in our fund management fees at the start of the year to ensure net rental growth was converted into bottom line growth with Adjusted Earnings up by 9%.

1. Average weekly earnings in Great Britain – Office for National Statistics (ons.gov.uk) – Average of 6 month data releases to March 2024

Ben Fry
Managing Director, Housing

We outlined at year end our strategy to sell our non-core local authority portfolio which continues to progress. The first asset sale completed on the 3 April for net proceeds of £5.6mn, slightly ahead of September book value. The remainder of the portfolio remains under offer with sale expected in H2 following delays in obtaining building control signoff for works already completed upgrading fire safety systems. As previously announced proceeds are being utilised to repay all our floating rate debt, and so whilst these assets sales will reduce ReSI's adjusted earnings by 6%, they will increase sustainability of income and strengthen the balance sheet, given the removal of exposure to interest rate movements. This will simplify ReSI to two portfolios focused on the strongest market segments, independent retirement living and shared ownership, supported by very long-term debt with an average maturity of 20 years, with our largest loan of £91.7mn fixed at 3.5% until 2043.

Statement of Comprehensive Income

	31 March 2024 (£'000)	31 March 2023 (£'000)	Variance
Net rental income	*9,391*	*8,768*	*+7%*
First tranche sales profits	*44*	*231*	*-81%*
Net Finance Costs	*(3,444)*	*(3,132)*	*+10%*
Fund management fees	*(800)*	*(1,051)*	*-24%*
Overheads	*(725)*	*(700)*	*+4%*
Adjusted Earnings/Adjusted EPRA Earnings	**4,466**	4,116	*+9%*
Adjusted EPS	**2.4**	2.2	*+9%*
Dividend Coverage	**117%**	86%	*+36%*
Profit on Disposals (SO Staircasing)	**168**	4	*+4,100%*
Property Valuation movements	*(7,288)*	*(28,502)*	*-74%*
Debt Valuation movements	*(7,752)*	*(5,187)*	*+49%*
One-offs	*(12)*	*(405)*	*-97%*
IFRS Loss	**(10,417)**	(29,974)	*-65%*
IFRS EPS	**(5.6)**	(16.2)	*-65%*

Strong dividend coverage

The Board rebased the dividend at the start of the year to 4.12p per share, which was comfortably covered 117% during the period and covered 111% after removing the impact of the local authority portfolio and floating rate debt. This gives us comfort that the rebased dividend has been set appropriately to grow on a covered basis, whilst in tandem continuing to invest in maximising the growth of the portfolio. We will review with the Board the opportunity to increase the dividend at year end.

Valuations continue to be impacted by increased gilt yields

As with other high-quality assets that deliver long-term inflation linked income, our investment valuations continue to be impacted by the impact of increased gilt yields with our investment portfolio valuation yield rising to 5.1% from 4.9% in September 2023 (both figures exclude the local authority portfolio). Our strong rental growth of 6.5% has partially mitigated the impact of higher interest rates leading to a 2% like-for-like valuation decline of £6mn to £317mn, taking EPRA NTA to 77.2p per share down from 81.8p at 30 September 2023. The USS debt is held at mark to market value in IFRS NAV and so the 0.6% decrease in borrowing costs over the period increased its net present value giving an IFRS loss of 5.6p vs EPRA NTA.

These valuation headwinds have increased the LTV of the Company to 53% (from 50% in FY 2023), but this is expected to reduce to 50% following completion the sale of the local authority portfolio in line with the Company's target.

The quality of ReSI's operational business model, with 6.5% like-for-like rental growth, consistently strong rent collection of over 99%, and record occupancy of 96% in retirement and 100% in shared ownership, continues to reflect our focus on the underserved markets of affordable purpose-built retirement living and the provision of affordable homeownership to young families and key workers.

Whilst cost pressures remain, they have started to ease which has enabled this top-line performance to grow Adjusted Earnings by 9% and cover the dividend by 117%. We continue to see strong rental growth which combined with good process on our asset management initiatives in our retirement portfolio should continue to underpin earnings growth.

The sale of our local authority portfolio is continuing to progress with one asset sale completed at the start of April and the remainder advancing through due diligence. This will lead to the simplification of ReSI's portfolio to focus on the strongest market segments of independent retirement living and shared ownership.

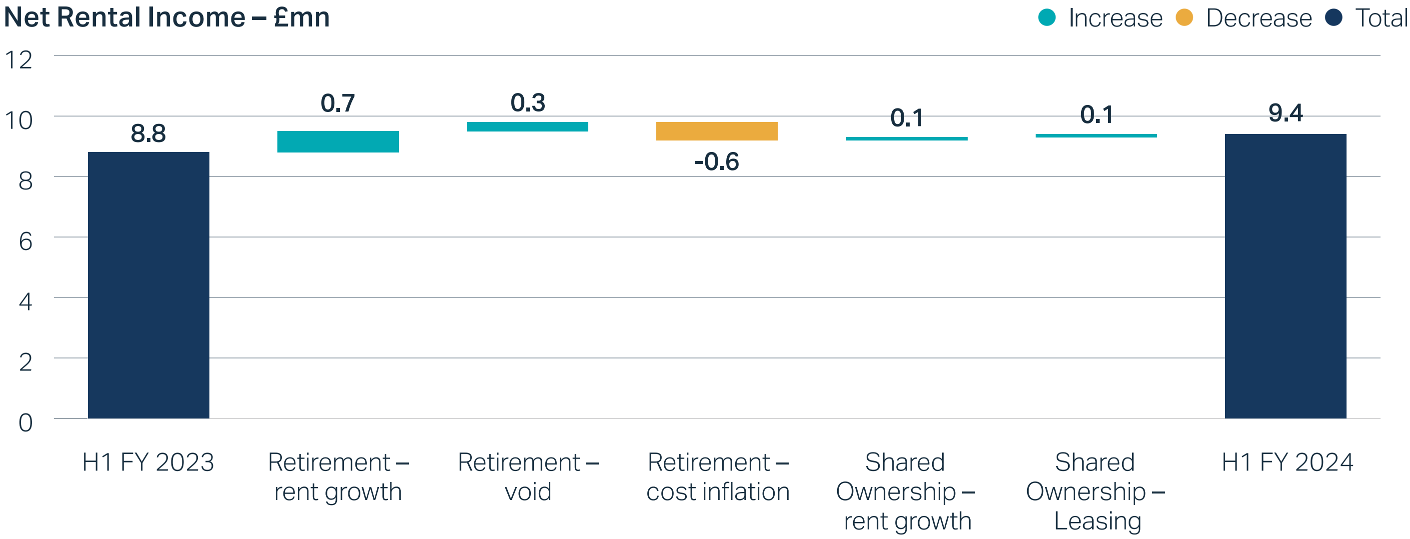
The sector outlook remains positive, with low housing affordability and an ageing population driving higher demand, amid the persistent shortfall in new housing.

Operational performance

Net rental income before ground rents (NRI) grew by 7% year-over-year to £9.4mn, driven by the following underlying factors:

- Retirement rent growth of 6.6% to £5.8mn, with strong like-for-like rent growth of 6.1% supplemented by higher average occupancy and lower voids
- Shared ownership rent growth of 12.0% from £2.4mn to £2.6mn due to:
  - £0.1mn from 6.8% like for like rental increases
  - £0.1mn from full occupancy of the shared ownership portfolio

Net Rental Income – £mn



Top-line retirement growth flowing through despite higher costs:

Income growth delivered: £0.4mn/7%/0.2 pence per share[1]

Retirement rental revenue grew 9.6% year-over-year to £11.0mn through a combination of 6.1% like-for-like rent growth and higher average occupancy, which averaged 96% for the six months ending 31 March 2024 (31 March 2023: 94%).

Top line revenue growth was partially offset by 13.2% year-over-year increase in operating expenses to £5.2mn, which was primarily driven by a 17% increase (c.£0.45mn) in services charges caused by continued increases in energy costs for common areas which we are now seeing start to moderate which should help to reduce leakage in future.

Notwithstanding increased property costs, strong top line growth enabled net rental income to grow by 6.6% to £5.8mn.

We have made good progress on the asset management initiatives announced at year end, which should drive further income growth and lead to cost savings including:

- introduction of a self-service customer portal by the summer which should both speed up the rental process and save costs by enabling residents to get information directly;
- re-tendering of repairs and maintenance contracts;
- replacing baths with showers which improve re-let times on average by two weeks, and delivers our target 8% minimum return on cash – with the first 35 upgraded in H1;
- improved re-letting times ensuring occupancy was maintained at the 96% of H2 2023 despite the winter months generally seeing increased turnover, and allowing a focus on rent growth of 6.1%;
- energy efficiency works almost completed with 98% of the directly let portfolio at EPC C or above; and
- commencement of portfolio rationalisation with 20% of the portfolio identified for disposal and reinvestment in core areas, and the first 20 properties (1% of portfolio) have either been sold or are in legals. Following completion of the sale of the local authority portfolio we intend to step up this disposal programme and have identified the core areas in which to reinvest, which will help drive local economies of scale and reduce leakage.

1. H1 2024 versus H1 2023

Strong rent growth in shared ownership:

Income growth delivered: £0.1mn/5.2%/0.1 pence per share[2]

Shared ownership rents increase annually on 1 April generally with RPI + 0.5%, and grew by 6.8% like-for-like compared to the same period.

The 2023 rent reviews, effective 1 April 2023, were due to increase by up to 12.4% on 1 April 2023, however we capped this increase at 7% (by way of a rebate), in line with wage growth and the inflation rate excluding the impact of energy bills. This cap helped protect affordability for our residents when their incomes were under unprecedented pressure. This decision was entirely in our control but matches the cap that the government has applied to general needs social housing properties.

From 1 April 2024, shared ownership rents have increased by an average of 8.3%. We have chosen to pass on the full contractual rent increases but have waived the option to recover last year's rebate in future periods. This decision has been taken in view of (a) strong earnings growth (b) easing of energy prices and (c) our shared owners being relatively insulated vs. non shared ownership home owners against increased mortgage costs.

Full occupancy and annualised impact of our shared ownership portfolio:

Income growth delivered: £0.1mn/0.1 pence per share[3]

ReSI's portfolio is now fully occupied and benefited from full-period income from the Brick By Brick homes that were acquired and leased during FY 2023.

Financial review – Total Return Bridge

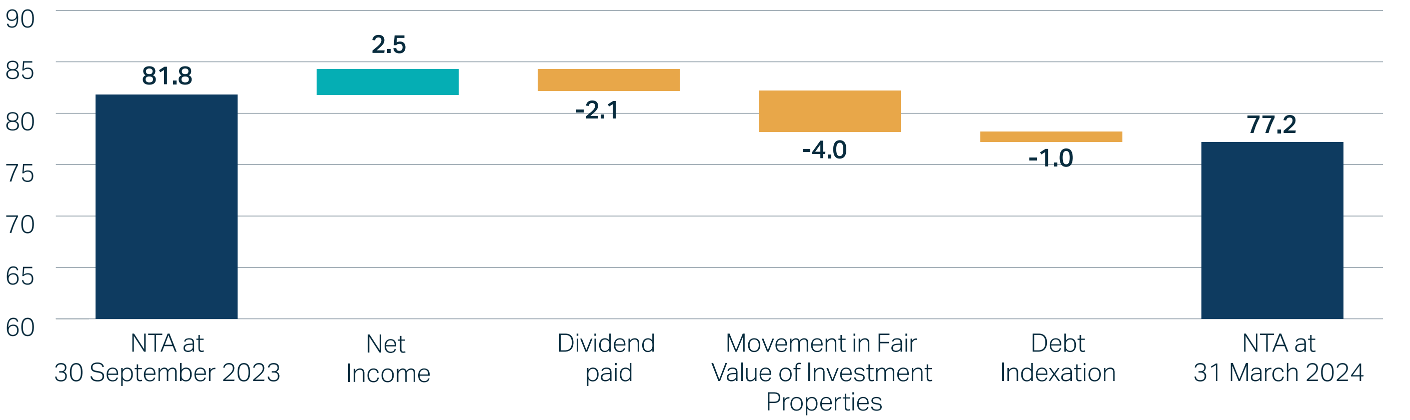
ReSI delivered an EPRA NTA total return of -2.5p per share (-3.2%) for the half year, which comprised of:

- 2.4p of Adjusted EPRA earnings (see note 11 – adjusted earnings per share), with recurring income of £4.5mn; less
- 4.0p impact of the 2% like-for-like decrease in investment property values as assessed by Savills to £317mn as at 31 March 2024. This valuation decrease was driven by a c.20 bps increase in the weighted average valuation yield since September 2023, despite net rental income growth of 7%; and
- 1.0p impact of USS debt indexation (£2.0mn), reflecting the index linked nature of the debt which follows the increase in shared ownership rent reviews up to a cap of 5.5%.

The movement in the NTA position during the half year, from 81.8p to 77.2p per share, is after total dividend payments of 2.1p per share (£3.8mn), which were covered 117% by Adjusted EPRA Earnings.

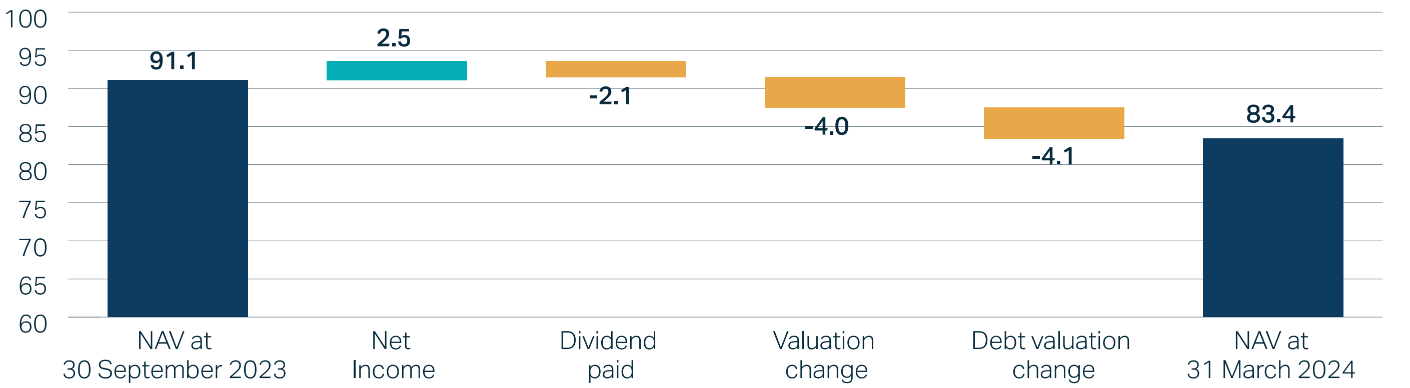
2. H1 2023 versus H1 2024
3. H1 2023 versus H1 2024

Movement in NTA pence per share for the six-month period



A total IFRS return of -5.6p per share (-6.2%) was delivered for the half year. The difference to EPRA NTA returns, results from the value and treatment applied to debt. Under IFRS, USS debt is held at fair value of £75.7mn, whereas, under ERPA USS debt is recognised at amortised cost of £87.3mn. The £11.6mn delta, is equal to 6.2p per share, which is deducted from EPRA NTA. The mark to market value of this debt increased in the period by £7.8mn (3.8p) due to the 0.6% decrease in market borrowing costs. IFRS NAV decreased by 7.7p after dividends paid.

Movement in IFRS NAV at 31 March 2024 (pence per share)



Balance Sheet

	31 March 2024 (£'000)	30 September 2023 (£'000)	Variance
Total Investments*	**317,004**	345,138	-8%
Assets held for sale	**20,709**	0	
Inventories	**0**	431	
Cash and cash equivalents	**8,861**	8,805	+1%
Borrowings amortised cost	**(199,519)**	(199,039)	0%
Other	**(4,189)**	(3,882)	+8%
EPRA Net Tangible Assets	**142,866**	151,453	-6%
EPRA NTA per share (pence)	**77.2**	81.8	-6%
EPRA Net Disposal Value (NDV)	**156,967**	195,303	-20%
EPRA NDV per share (pence)	**84.8**	105.2	-20%
IFRS NAV	**154,446**	168,679	-8%
IFRS NAV per share (pence)	**83.4**	91.1	-8%
Book Value of Debt	**187,939**	181,747	+3%
Reversionary Surplus (excluded from NTA)	**81,130**	77,509	+5%
Reversionary Surplus per share (pence)	**43.8**	41.9	+5%

* Excluding finance lease asset

Total investments declined by £28.1mn (8%) reflecting a £7.0mn (2%) like-for-like decline caused by a c.20 bps increase in the weighted average valuation yield. The remaining £20.7mn reduction was driven by the local authority portfolio being reclassified from investment property to assets held for sale.

Inventories reflect the unoccupied shared ownership properties. As at 31 March 2024 the portfolio was fully sold and rental income generating.

Total borrowings (amortised cost) was broadly flat in the six months ending 31 March 2024 with indexation being partially offset by amortisation.

The EPRA NTA and IFRS NAV measures exclude the reversionary surplus in our portfolio which stands at £81mn. 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 26% discount, on average, to its reversionary value.

Financing and capital structure

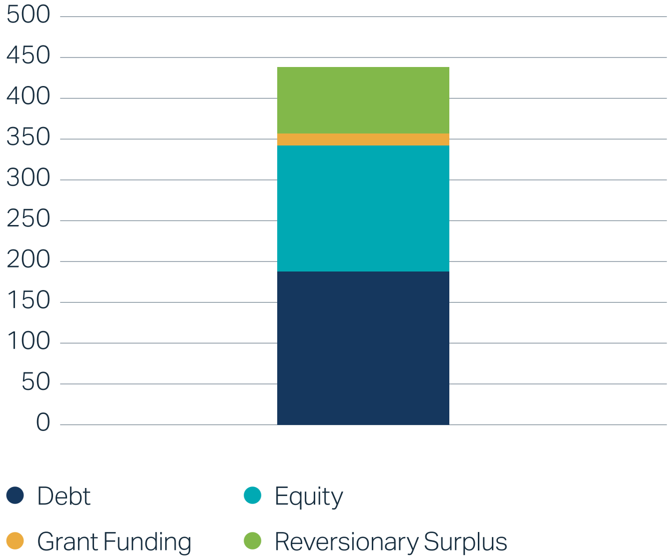
At the reporting date of 31 March 2024, ReSI has c.£200mn (notional value) of debt in place, of which 90% is either long-term fixed rate or inflation linked.

LTV has increased by 3% from 50% to 53%, over the last six months, ahead of our target of 50% leverage and is attributable to the c.20 basis points outward yield shift reducing valuation of the ReSI property portfolio. This is expected to reduce to 50% following completion of the sale of the local authority portfolio in line with the Company's target. Our reversionary loan-to-value is 45% when considering the £398mn vacant possession value of the portfolio.

	H1 2024	FY 2023
Total debt	£188mn	£182mn
LTV (target 50%)	53%	50%
Leverage on reversion value	45%	44%
Weighted average fixed-debt coupon (49% of ReSI's debt)	3.5%	3.5%
Weighted average inflation-linked debt coupon (40% of ReSI's debt)	1.1%[1]	1.1%
Weighted average maturity	20 years	21 years

1. 1.1% average blended coupon over the remaining loan term, with principal increasing with RPI + 0.5% (with a 0.5% floor and 5.5% cap).

Capital stack (£mn)



The drop in property investment values and increase in debt fair value has narrowed headroom in the Santander working capital facility's loan-to-value covenant which was £21mn drawn at the balance sheet date and represents 10% of ReSI's outstanding debt balance. As at 31 March 2024 the working capital facility's LTV covenant was 54.5%, with c.£3mn of property value headroom (1%) before a covenant breach is triggered. We estimate that ReSI's weighted average valuation yield would need to shift outward by a further c.5bps for this valuation loss to be realised, on top of the c.20bps widening since September 2023.

A disposal of the one of the local authority assets, in April 2024, enabled £4mn of the Santander facility to be repaid post balance sheet. At the signing of the interim report, £17mn of the Santander working capital facility is drawn, which is due for repayment on 30 December 2024. The sale of the remainder of the local authority portfolio is expected in H2, the proceeds of which together with cash reserves will enable ReSI to fully pay-down the Santander facility. This would leave the Company with long-term fixed or inflation-linked debt with a weighted average maturity of 20 years.

ReSI's other LTV covenants and ICR covenants still have ample headroom and ReSI's USS debt on its shared ownership portfolio is fully amortising and so does not have a loan-to-value debt covenant.

Loan Covenants by Portfolio[1]			
Covenant	Shared Ownership/ USS	Retirement/ Scottish Widows	Total Portfolio/ Santander
Current debt balance[2]	£76mn	£94mn	£21mn
LTV – Threshold	N/A	<58.2%	<55.0%
LTV – Reported	N/A	44.8%	54.5%
Value – Headroom (%)	N/A	23.1%	0.9%
Value – Headroom (£)	N/A	£48.6mn	£3.1mn
ICR/DSCR – Threshold	>0.95x	>2.0x	>1.5x
ICR/DSCR – Reported	1.4x	3.3x	2.7x
NOI – Headroom	33.5%	40.0%	29.5%
SONIA Interest Rate – Breach Threshold[3]	Fixed rate	Fixed rate	20.7%

ReSI currently has £8mn of remaining liquidity available via its working capital facility as well as £3mn of unrestricted cash.

Social and environmental

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

Ensuring that our homes remain affordable to residents is a core focus of the Fund Manager, as not only does this deliver good outcomes for residents, but we believe this will contribute to delivering long-term, stable returns to investors.

For our shared ownership properties, rents have increased by an average of 8.3% on 1 April 2024. We took the decision to increase rents by the full contractual amount of RPI + 0.5% because it broadly aligned with UK wage growth (8.0%[4]) and private sector rental growth (10.5%[5]) over the reference period[6]. In addition, with the cost of energy and mortgage rates having come down from peak levels, we are comfortable that our shared ownership homes will remain affordable to residents after this rent increase. With the 2023 shared ownership rent increases being capped below its contractual level, we had the option to recover the rent increase foregone of 6%, however we have waived this option so that we are not raising rents significantly above income growth.

1. Based on lender covenant reporting. The covenants presented do not represent a comprehensive set of debt covenants. This is not a performance forecast and there can be no guarantee that ReSI will continue to meet its debt covenants in the future.
2. As at 31 March 2024. USS debt balance shown at fair value, reflecting the impact of recurring quarterly indexation and movements in gilt yields and credit spreads.
3. Interest rate breach threshold based on last-twelve-month net rental income.
4. UK total pay growth (including bonuses), September 2023, ONS
5. Zoopla UK Rental Market Report – September 2023
6. The rents at the majority of our shared ownership properties increase with September RPI + 0.5%

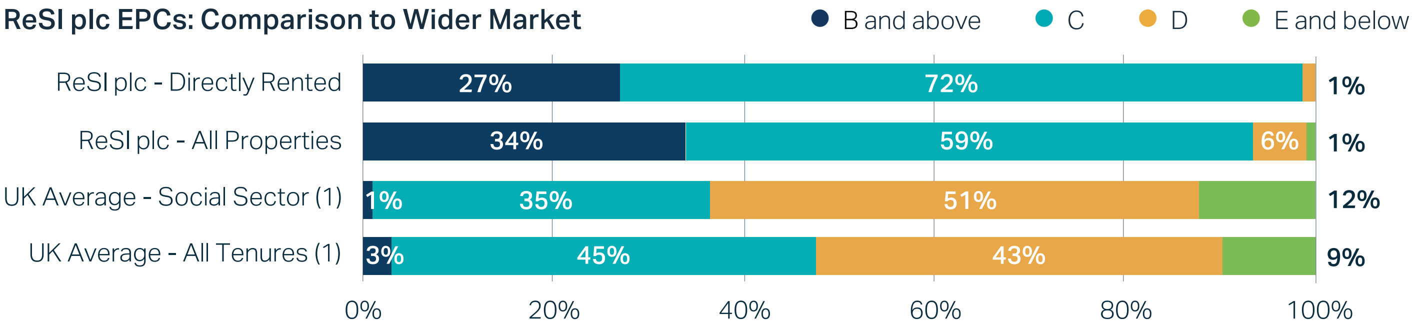
Our retirees benefit from the rent increase cap of 6% being applied to all directly rented retirement properties, which generated annualised savings of c.£448,000 as at March 2024. In addition, further rent caps and rent freezes have been provided to residents who are most in need, representing c.£14,000 of annualised benefit as at March 2024.

Our in-house property manager, RPML, received resident survey feedback indicating >75% resident satisfaction rates across our retirement and shared ownership portfolios. More generally, we aim to continue delivering high-quality of service to our residents as a best-in-class provider of affordable housing.

ReSI continued to invest in improving the energy efficiency of its retirement portfolio and is targeting upgrading all directly rented properties to at least a C by 2025, three years ahead of the government target with 98% now at this target. For the whole portfolio, 93% of the properties are rated C or higher, up from 86% at year end, leaving ReSI well ahead of the average for the social sector and the overall UK housing market[7]. The improvement since year end is as a result of upgrading further retirement properties to a C, and due to the Local Authority properties being removed as they have been sold or are held for sale.

7. As defined in the English Housing Survey, 2022 to 2023

ReSI plc EPCs: Comparison to Wider Market



Summary and outlook

The quality of ReSI's operational business model, with 6.5% like-for-like rental growth, consistently strong rent collection of over 99%, and record occupancy of 96% in retirement and 100% in shared ownership, reflects our focus on the underserved markets of affordable purpose-built retirement living and the provision of affordable homeownership to young families and key workers. Whilst cost pressures remain, they have started to ease which has enabled this top-line performance to grow Adjusted Earnings by 9% and cover the dividend by 117%.

We have continued to progress the disposal of our non-core local authority portfolio, and expect the final sale to complete in H2, which will simplify ReSI to these two underserved markets supported by very long-term debt with an average maturity of 20 years, with our largest loan of £91.7mn fixed at 3.5% until 2043.

Despite higher gilt yields continuing to impact our valuations the fundamentals underpinning ReSI's business model continue to remain strong and provide substantial opportunity to drive strong operating performance with ReSI making good initial progress on the retirement performance initiatives announced at year end.

We remain very conscious that significant listed sector discounts continue, and ReSI is not immune to these pressures with our shares trading below their net asset value and will continue to work with the board to review options to reverse this situation, which includes reviewing opportunities to make further disposals which will add value to shareholders.

Ben Fry

Managing Director, Housing

17 June 2024

Environmental, Social and Governance

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

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

Gresham House has a clear commitment to sustainable investment as part of its business mission, exemplified by being awarded the Green Economy Mark from the London Stock Exchange and being a signatory to the UK Stewardship Code.

Based on its Sustainable Investment Framework, Gresham House 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**.

Housing Sustainable Investment Framework

At Gresham House, we break down the key environmental and social factors of our investment strategy into six themes, which form the Housing Sustainable Investment Framework. This framework is used to structure analysis, monitoring and reporting of ESG issues and opportunities within the lifecycle of our investments, with measurable objectives and KPIs have been identified for each theme.

	Target outcome	Measure of success
Additionality	Increase the supply of UK affordable housing	▪ # of new homes delivered
Affordability	Construct new, high-quality housing affordable to low and average workers	▪ % of affordable homes ▪ Affordability metrics – house price and ongoing costs
Customer service	Achieve best-in-class customer service	▪ Customer survey results ▪ Staircasing/moving home
Resident experience	Ensuring delivery of high quality, safe homes	▪ # of homes with access to outdoor and working space ▪ Walkscore
Environmental benefits	Ensure new builds are energy-efficient and manage environmental footprint	▪ % of homes with renewable generation on site ▪ % EPC A+, A and B
Community regeneration	Investments that regenerate a particular site/area	▪ % of housing in areas of need as defined by local authority

Principal Risks and Uncertainties

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

The principal risk and uncertainties for the Group continue to be those outlined on pages 80 to 86 of the Annual Report for the year ended 30 September 2023 and the Board expects those to remain valid for the remainder of the financial year.

An assessment of any changes to the risks in the six months ending 31 March 2024 are listed below:

Risk	Risk mitigation	Party responsible	Party responsible for monitoring	Change in risk since 2023 Annual Report
Investment Philosophy				
The Group has insufficient liquidity available to meet obligations as they fall due (including any debt repayment obligations)	▪ 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 of £25mn on which £20.6mn was drawn at the balance sheet date (£4.0mn of the drawn balance was repaid on 10 April 2024 with £16.6mn drawn at the singing of the Interim report). There is a scheduled clean down in December 2024 that is expected to be met through sale of Wesley House, which is currently in legals, with any shortfall being covered by working capital and disposal proceeds from other parts of the portfolio	Fund Manager	Board	Increased

02 Governance

Directors' Responsibilities in respect of the Interim Accounts

Each of the directors, whose names are listed on page 60, confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the United Kingdom; and
- the Strategy and Performance overview on pages 8 to 11, the Fund Manager's Report and Key Performance Measures on pages 12 to 19, Principal Risks and Uncertainties on page 21 and the Related Party Disclosure on page 48 (note 27) include a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure and Transparency rules of the United Kingdom's Financial Conduct Authority namely:

  (a) an indication of important events that have occurred during the first six months since 1 October 2023 and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

  (b) disclosure of any material related party transactions in the period are included in note 27 to the condensed consolidated financial statements.

The Interim Report has been reviewed by the Company's auditor and was approved by the Board of Directors on 17 June 2024.

For and on behalf of the Board

Rob Whiteman

Rob Whiteman
Chairman

17 June 2024

Independent Review Report to the members of Residential Secure Income plc

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2024 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and related notes.

Basis for conclusion

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

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

Material uncertainty related to going concern

We draw attention to Note 2(a) in the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2024, which indicates that the Group is dependent on the completion of the sale of the residual local authority asset which is not guaranteed. As stated in Note 2(a), these events or conditions, along with other matters set out in note 2(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410 (Revised), however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

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

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

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

Use of our report

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

DocuSigned by:
BDO LLP
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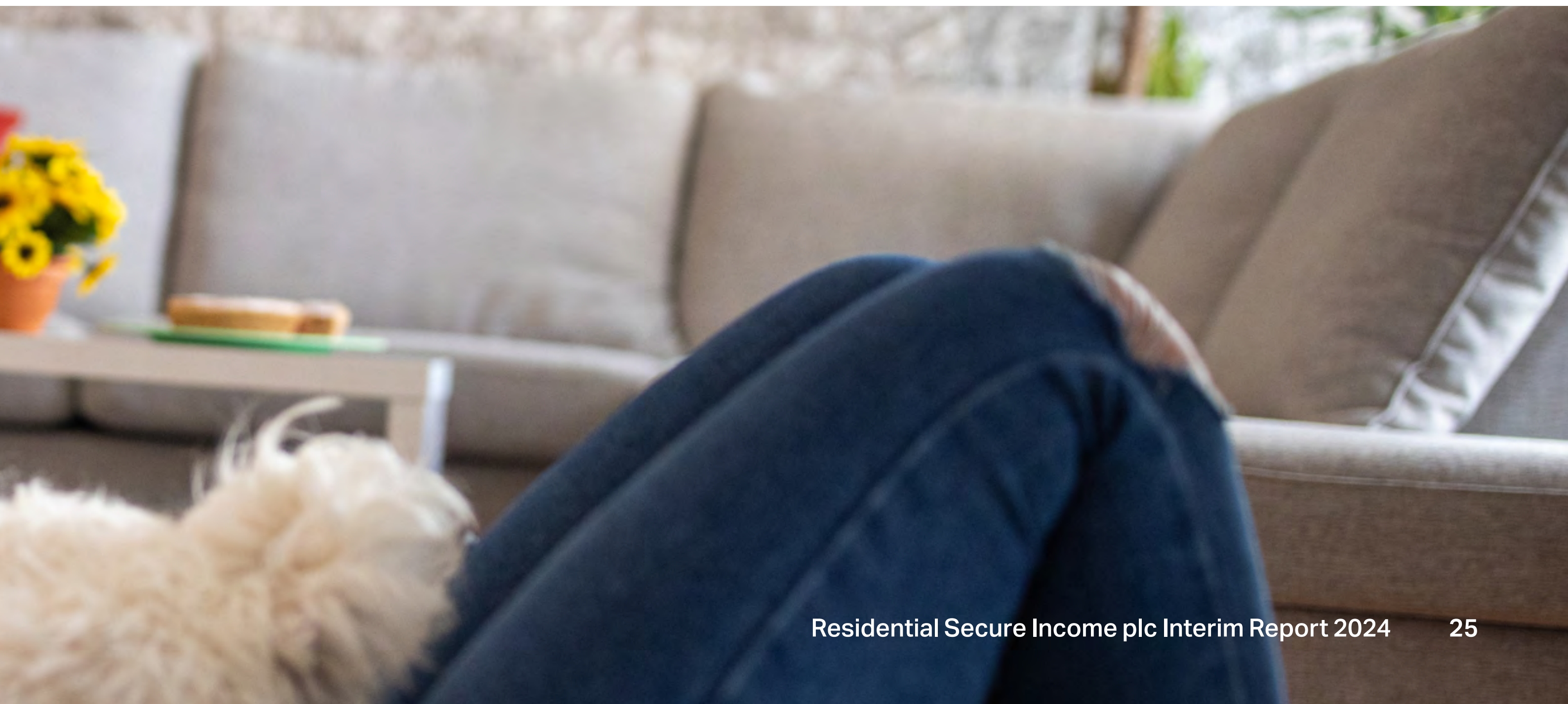
BDO LLP
Chartered Accountants

London, UK

17 June 2024

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



03 Financials

Condensed Consolidated Statement of Comprehensive Income

For the Period 1 October 2023 to 31 March 2024

	Note	Unaudited 6 months to 31 March 2024 £'000	Unaudited 6 months to 31 March 2023 £'000
Income	5	**15,474**	17,022
Cost of sales	5	**(6,039)**	(8,022)
Net income		**9,435**	9,000
Administrative and other expenses	6	**(1,514)**	(2,066)
Operating profit before property disposals and change in fair value		**7,921**	6,934
Profit on disposal of investment properties		**168**	3
Change in fair value of investment properties	9	**(7,288)**	(28,502)
Change in fair value of borrowings	9	**(7,752)**	(5,187)
Debt set up costs	8	**(23)**	(89)
Operating loss before finance costs		**(6,974)**	(26,841)
Finance income	8	**142**	98
Finance costs	8	**(3,585)**	(3,231)
Loss for the period before taxation		**(10,417)**	(29,974)
Taxation	10	**–**	–
Loss for the period after taxation		**(10,417)**	(29,974)
Other comprehensive income/(loss):		**–**	–
Total comprehensive loss for the period attributable to the shareholders of the Company		**(10,417)**	(29,974)
Loss per share – basic and diluted – pence	11	**(5.6)**	(16.2)

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

The notes on pages 31 to 49 form part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 March 2024

	Note	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
Non-current assets			
Investment properties	12	**346,266**	376,727
Total non-current assets		**346,266**	376,727
Current assets			
Inventories – properties available for sale		**–**	431
Trade and other receivables	14	**3,557**	3,470
Cash and cash equivalents	15	**8,861**	8,805
		12,418	12,706
Assets held for sale	13	**20,709**	–
Total current assets		**33,127**	12,706
Total assets		**379,393**	389,433
Current liabilities			
Trade and other payables	16	**7,070**	6,833
Borrowings	17	**23,506**	23,327
Lease liabilities	24	**933**	1,005
Total current liabilities		**31,509**	31,165
Non-current liabilities			
Borrowings	17	**164,433**	158,420
Recycled Capital Grant Fund		**676**	585
Lease liabilities	24	**28,329**	30,584
Total non-current liabilities		**193,438**	189,589
Total liabilities		**224,947**	220,754
Net assets		**154,446**	168,679
Equity			
Share capital	18	**1,941**	1,941
Share premium	19	**14,605**	14,605
Treasury shares reserve	20	**(8,297)**	(8,295)
Retained earnings	21	**146,197**	160,428
Total interests		**154,446**	168,679
Total equity		**154,446**	168,679
Net asset value per share – basic and diluted (pence)	25	**83.4**	91.1

The condensed consolidated financial statements were approved by the Board of Directors on 17 June 2024 and signed on its behalf by:

Rob Whiteman
Chairman

Rob Whiteman

17 June 2024

The notes on pages 31 to 49 form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the period 1 October 2023 to 31 March 2024

	Note	Unaudited 6 months to 31 March 2024 £'000	Unaudited 6 months to 31 March 2023 £'000
Cash flows from operating activities			
Loss for the period		**(10,417)**	(29,974)
Adjustments for items that are not operating in nature:			
Changes in fair value of investment properties	9	**7,288**	28,502
Movement in rent smoothing adjustments	5	**(620)**	(559)
Loss in fair value of borrowings	9	**7,752**	5,187
Profit on disposal of investment properties		**(168)**	(2)
Shares issued in lieu of management fees		**186**	263
Finance income	8	**(142)**	(98)
Finance costs	8	**3,585**	3,231
Debt set up costs	8	**23**	89
Operating result before working capital changes		**7,487**	6,639
Changes in working capital			
(Increase)/decrease in trade and other receivables		**(87)**	595
Decrease/(increase) in inventories		**506**	(614)
(Decrease)/increase in trade and other payables		**(72)**	2,034
Net cash flow generated from operating activities		**7,834**	8,654
Cash flow from investing activities			
Purchase of investment properties	12	**(463)**	(11,292)
Grant received	12	**–**	1,484
Disposal of investment properties		**1,313**	2,483
Interest received	8	**142**	98
Net cash flow generated from/(used in) investing activities		**992**	(7,227)
Cash flow from financing activities			
Purchase of own shares	20	**(188)**	(266)
New borrowings raised (net of expenses)	17	**–**	4,733
Bank loans repaid		**(1,684)**	(4,118)
Finance costs		**(3,084)**	(3,078)
Dividend paid	21	**(3,814)**	(4,776)
Net cash flow used in financing activities		**(8,770)**	(7,505)
Net increase/(decrease) in cash and cash equivalents		**56**	(6,078)
Cash and cash equivalents at the beginning of the period	15	**8,805**	15,984
Cash and cash equivalents at the end of the period	15	**8,861**	9,906

The notes on pages 31 to 49 form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the period 1 October 2023 to 31 March 2024

	Share capital £'000	Share premium £'000	Treasury shares reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 September 2022	1,941	14,605	(8,293)	193,135	**201,388**
Loss for the period	–	–	–	(29,974)	**(29,974)**
Other comprehensive loss	–	–	–	–	**–**
Total comprehensive loss	–	–	–	(29,974)	**(29,974)**
Contributions by and distributions to shareholders					
Issue of management shares	–	–	263	(263)	**–**
Share based payment charge	–	–	–	263	**263**
Purchase of own shares	–	–	(265)	–	**(265)**
Dividends paid	–	–	–	(4,776)	**(4,776)**
Balance at 31 March 2023	1,941	14,605	(8,295)	158,385	**166,636**
Profit for the period	–	–	–	6,820	**6,820**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	–	–	–	6,820	**6,820**
Contributions by and distributions to shareholders					
Issue of management shares	–	–	219	(219)	**–**
Share based payment charge	–	–	–	219	**219**
Purchase of own shares	–	–	(219)	–	**(219)**
Dividends paid	–	–	–	(4,777)	**(4,777)**
Balance at 30 September 2023	1,941	14,605	(8,295)	160,428	**168,679**
Loss for the period	–	–	–	(10,417)	**(10,417)**
Other comprehensive loss	–	–	–	–	**–**
Total comprehensive loss	–	–	–	(10,417)	**(10,417)**
Contributions by and distributions to shareholders					
Issue of management shares	–	–	186	(186)	**–**
Share based payment charge	–	–	–	186	**186**
Purchase of own shares	–	–	(188)	–	**(188)**
Dividends paid	–	–	–	(3,814)	**(3,814)**
Balance at 31 March 2024	1,941	14,605	(8,297)	146,197	**154,446**

The notes on pages 31 to 49 form part of these financial statements.

Condensed Notes to the Financial Statements

For the period 1 October 2023 to 31 March 2024

1. General information

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

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

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

The financial information set out in this report covers the six months to 31 March 2024 and includes the results and net assets of the Company and its subsidiaries. The comparatives presented for the Statement of Comprehensive Income and Statement of Cash Flows are for the six months to 31 March 2023. The comparatives presented for the Statement of Financial Position are as at 30 September 2023.

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

2. Basis of preparation

These condensed financial statements for the period ended 31 March 2024 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the United Kingdom. The interim report should be read in conjunction with the annual Financial Statements for the year ended 30 September 2023, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with UK adopted international financial reporting standards.

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

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

The condensed financial statements for the period are unaudited and do not constitute statutory accounts for the purposes of the Companies Act 2006. The annual report and financial statements for the year ended 30 September 2023 have been filed at Companies House. The independent auditor's report on the annual report and financial statements for the year ended 30 September 2023 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under sections 498 (2) or 498 (3) of the Companies Act 2006.

a) Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern for the period to June 2025, and are satisfied that the Group has the resources to continue in business for the foreseeable future.

The Group is subject to covenants on debt secured on its shared ownership and retirement portfolios (which are ringfenced to that particular portfolio) and on its working capital facility with Santander (see note 17 on pages 41-42). Sensitivity analysis has been performed, showing headroom on all covenants, including all debt servicing and valuation metrics. Due to the long-term nature of the Group's assets and strong cash flows, 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 level of the subsidiaries of ReSI. These financial assumptions include expected cash generated and distributed by the portfolio companies available to be distributed to the Company, 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.

At the date of signing the financial statements the Santander revolving credit facility, on which £16.6mn is drawn (£20.6mn at 31 March 2024) needs to be repaid by December 2024. Whilst the Directors and the Investment Manager remain confident that the scenario laid out in the Group's Going Concern assessment will be successfully achieved, this scenario includes the completion of the sale of the residual local authority asset, which is not guaranteed. This indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The residual local authority asset is under exclusivity and therefore the Directors are confident that this sale will conclude ahead of the repayment date, and have a range of contingencies including sale to an underbidder or refinancing the debt. The Board remains focused on an outcome that will best enhance value for shareholders. Despite the uncertainty regarding assumptions made in respect of the timing of the asset disposal, the Directors acknowledge the progress made on the transaction, and therefore maintain confidence in reaching a successful resolution. As a result, they have chosen to base the preparation of these interim financial statements on the assumption that the Group will continue to operate as a going concern. The interim financial statements do not contain the adjustments that would result if the Group were unable to continue as a going concern.

b) Changes to accounting standards and interpretations

Amendments to standards adopted during the year

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

Standards in issue but not yet effective

Amendments to IAS 1 on Classification of liabilities as Current or Non-Current are effective for the financial years commencing on or after 1 January 2024 and are to be applied retrospectively. It is not expected that the amendments will have an impact on the presentation and classification of liabilities in the Group Statement of Financial Position based on rights that are in existence at the end of the reporting period.

Certain amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 2023 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. Material accounting policies

The material accounting policies applied in the preparation of the financial statements are consistent with those applied in the Group's statutory accounts for the year ended 30 September 2023 and are expected to be consistently applied for the year ending 30 September 2024. The policies have been consistently applied throughout the period.

4. Significant accounting judgements and estimates

There have been no new or material revision to the nature and amount of judgements reported in the Annual Report 2023, other than changes to certain assumptions applied in the valuation of properties and USS debt.

5. Income less cost of sales

	Net property income £'000	First tranche sales £'000	Unaudited 6 months to 31 March 2024 Total £'000	Unaudited 6 months to 31 March 2023 Total £'000
Gross rental income	14,874	–	**14,874**	13,583
First tranche property sales	–	600	**600**	3,439
Total income	14,874	600	**15,474**	17,022
Service charge expenses	(3,150)	–	**(3,150)**	(2,704)
Property operating expenses	(2,308)	–	**(2,308)**	(2,081)
Impairment of receivables	(25)	–	**(25)**	(29)
First tranche cost of sales	–	(556)	**(556)**	(3,208)
Total cost of sales	(5,483)	(556)	**(6,039)**	(8,022)
Net rental income/gross profit before ground rents	9,391	44	**9,435**	9,000
Ground rents disclosed as finance lease interest	(511)	–	**(511)**	(478)
Net rental income/gross profit after ground rents disclosed as finance lease interest	8,880	44	**8,924**	8,522

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

Included within rental income is a £620,000 (2023: £559,000) rent smoothing adjustment that arises as a result of IFRS 16 'Leases' which require rental income in respect of leases with rents increasing by a fixed percentage be accounted for on a straight-line basis over the lease term. During the period this resulted in an increase in rental income, with an offsetting entry being recognised in profit or loss as an adjustment to the investment property revaluation.

Gross rental income includes service charges collected from tenants, included in rent collected but not separately invoiced, of £3,017,000 during the period (H1 2023: £2,537,000). 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 £133,000 (2023: £167,000).

The Net Income 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.

6. Administration and other expenses

	Unaudited 6 months to 31 March 2024 £'000	Unaudited 6 months to 31 March 2023 £'000
Fund management fee (note 27)	**800**	1,051
General administration expenses	**706**	699
Non-recurring costs	**–**	9
Aborted fundraising costs	**8**	307
	1,514	2,066

7. Directors' fees and expenses

The Group has no employees in the current period. The Directors, who are the key management personnel of the Company, are appointed under letters of appointment for services. Directors' remuneration, all of which are fees for services provided, was as follows:

	Unaudited 6 months to 31 March 2024 £'000	Unaudited 6 months to 31 March 2023 £'000
Fees	**81**	78
Taxes	**10**	11
Expenses	**–**	–
	91	89
Fees paid to directors of subsidiaries	**25**	25
	116	114

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

None of the Directors received any advances or credits from any Group entity during the period (2023: Nil).

8. Net finance costs

	Unaudited 6 months to 31 March 2024 £'000	Unaudited 6 months to 31 March 2023 £'000
Finance income		
Interest income	**142**	98
	142	98
Finance expense		
Interest payable on borrowings	**(2,908)**	(2,555)
Amortisation of loan costs	**(124)**	(156)
Debt programme costs	**(42)**	(42)
Lease interest	**(511)**	(478)
	(3,585)	(3,231)
Net finance costs	**(3,443)**	(3,133)
One-off shared ownership facility costs	**–**	(62)
Debt one off fees	**(23)**	(27)
Debt set up costs	**(23)**	(89)

The Group's interest income during the period relates to cash held on deposit with banks and 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".

Debt one off fees incurred in the six months ended 31 March 2024 relate to the costs incurred in charging assets to the facility with Scottish Widows Limited.

9. Change in fair value

	Unaudited 6 months to 31 March 2024 £'000	Unaudited 6 months to 31 March 2023 £'000
Loss on fair value of investment properties	**(6,668)**	(27,943)
Adjustments for lease incentive assets and rent smoothing		
Start of the period	**3,262**	2,070
End of the period	**(3,882)**	(2,629)
	(7,288)	(28,502)
Loss on fair value of borrowings held at fair value through profit or loss (note 17)	**(7,752)**	(5,187)
Debt one off costs	**–**	(62)
	(15,040)	(33,751)

Loss on fair value of borrowings held at fair value through profit or loss arises from debt raised against the shared ownership portfolio, which the Company has elected to fair value through profit or loss, in order to address an accounting mismatch as the value of the loan is linked to the shared ownership investment portfolio. An election has been made to value this debt at fair value through profit or loss, therefore all fees associated with this debt are expensed in entirety as they occur.

10. Taxation

	Unaudited 6 months to 31 March 2024 £'000	Unaudited 6 months to 31 March 2023 £'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 loss before tax. The differences are explained below:

	Unaudited 6 months to 31 March 2024 £'000	Unaudited 6 months to 31 March 2023 £'000
Loss before tax	**(10,417)**	(29,974)
Tax at the UK corporation tax rate of 25% (2023: 19%)	**(2,604)**	(5,695)
Tax effect of:		
UK tax not payable due to REIT exemption	**(20)**	253
Investment property revaluation not taxable	**1,822**	5,415
Expenses that are not deductible in taxable profit	**710**	(22)
Unutilised residual current year tax losses	**92**	48
Tax charge for the period	**–**	–

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

11. Earnings per share

EPRA Earnings per share

	Unaudited 6 months to 31 March 2024 £'000	Unaudited 6 months to 31 March 2023 £'000
Loss per IFRS income statement	**(10,417)**	(29,974)
Changes in value of investment properties	**7,288**	28,502
Losses on disposal of investment properties	**(168)**	(2)
Profits on sales of trading properties	**(44)**	(232)
Changes in fair value of financial instruments and associated close-out costs	**7,752**	5,187
EPRA earnings	**4,411**	3,481
Deduction of non-recurring costs	**(12)**	9
Add back debt set up costs	**23**	89
Add back aborted acquisition costs	**–**	307
Profits on sales of trading properties	**44**	232
Adjusted EPRA earnings	**4,466**	4,118
Weighted average number of ordinary shares (thousands)	**185,163**	185,163
IFRS earnings per share (pence)		
– 2024 (pence)	**(5.6)**	
– 2023 (pence)		(16.2)
EPRA earnings per share (pence)		
– 2024 (pence)	**2.4**	
– 2023 (pence)		1.9
Adjusted EPRA earnings per share (pence)		
– 2024 (pence)	**2.4**	
– 2023 (pence)		2.2

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.

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 half year ended 31 March 2024 is 117% based on an adjusted earnings figure of £4.47mn and dividends paid over the half year of £3.81mn.

12. Investment properties

	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
At beginning of period	**376,727**	406,127
Property acquisitions at cost	**–**	11,163
Grant receivable	**–**	(1,148)
Capital expenditure	**463**	1,497
Property disposals	**(1,146)**	(3,407)
Transfer to property held for sale	**(20,709)**	–
Transfer to inventory	**(75)**	–
Movement in head lease gross up	**(2,326)**	247
Change in fair value during the period	**(6,668)**	(37,752)
At end of period	**346,266**	376,727
Valuation provided by Savills	**317,004**	345,138
Adjustment to valuation – finance lease asset	**29,262**	31,589
Total investment properties	**346,266**	376,727

The investment properties are divided into:

	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
Leasehold properties	**276,822**	282,073
Freehold properties*	**40,182**	63,065
Head lease gross up	**29,262**	31,589
Total investment properties	**346,266**	376,727

* Includes Freehold properties, the Scottish equivalent of Freehold.

The table below shows the total value of the Group's investment properties as at 31 March 2024. 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).

	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
Total investment properties	**346,266**	376,727
Adjustment to fair value – finance lease asset	**(29,262)**	(31,589)
Total investment properties including committed properties with purchased contracts exchanged	**317,004**	345,138

Included within the carrying value of investment properties at 31 March 2024 is £3,882,000 (30 September 2023: £3,262,000) in respect of the smoothing of fixed contractual rent uplifts as described in note 5. The difference between rents on a straight-line basis and rents receivable is included within the carrying value of the investment properties but does not increase that carrying value over the fair value.

The historical cost of investment properties at 31 March 2024 was £346,117,000 (30 September 2023: £347,117,000).

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 31 March 2024 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 £29,262,000 (£31,589,000 at 30 September 2023), representing the present value of ground rents payable for the properties held by the Group under leasehold – further information is provided in note 24. 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.

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 has pledged all of its investment properties (including inventory) to secure loan facilities granted to the Group (see note 17).

13. Assets held for sale

As at 31 March 2024, management intended to dispose of two assets and were marketing these properties for sale. The combined fair value of these properties as of the date of financial statements is £20.7mn. On 4 April, the sale of Eaton Green has been completed for a consideration of £5.9mn, while the directors are confident that the sale of Wesley House will be completed in the second half of the year.

The properties have been classified as held for sale and presented separately in the Statement of Financial Position under IFRS 5: Non-current Assets Held for Sale. All assets held for sale fall within 'Level 3' as defined by IFRS. There have been no transfers within the fair value hierarchy during the year.

14. Trade and other receivables

	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
Trade debtors	**726**	469
Prepayments	**2,705**	2,836
Other debtors	**126**	165
	3,557	3,470

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

The carrying value of trade and other receivables approximate its fair value at the Statement of Financial Position date.

15. Cash and cash equivalents

	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
Cash at bank	**3,255**	3,221
Cash held as investment deposit	**2**	2
	3,257	3,223
Restricted cash	**5,604**	5,582
	8,861	8,805

Included within cash at the period end was an amount totalling £5,604,000 (£5,582,000 at 30 September 2023) held in separate bank accounts which the Group considers restricted cash. 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 accessing the cash. 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.

£1,432,000 (£1,411,000 at 30 September 2023) was held by the managing agent of the retirement portfolio in respect of tenancy rental deposits.

£3,773,000 (£3,811,000 at 30 September 2023) was held by US Bank in respect of funds required as a debt service reserve for the shared ownership debt. £398,000 (£360,000 at 30 September 2023) 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 £14.8bn AUM, hence the Group's investment deposit represents an immaterial proportion of the fund.

16. Trade and other payables

	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
Trade payables	**3,178**	2,328
Accruals	**2,094**	2,615
VAT payable	**–**	3
Deferred income	**7**	117
Other creditors	**1,791**	1,770
	7,070	6,833

17. Borrowings

	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
Loans	**189,966**	183,899
Unamortised borrowing costs	**(2,027)**	(2,152)
	187,939	181,747
Current liability	**23,506**	23,327
Non-current liability	**164,433**	158,420
	187,939	181,747
The loans are repayable as follows:		
Within one year	**23,506**	23,327
Between one and two years	**2,923**	3,043
Between three and five years	**8,677**	8,699
Between six and ten years	**14,237**	14,261
Between eleven and twenty years*	**104,884**	105,381
Over twenty years	**33,712**	27,036
	187,939	181,747

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

Movements in borrowings are analysed as follows:

	Fair value through profit or loss £'000	Held at amortised cost £'000	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
At 30 September 2023	69,280	112,467	**181,747**	189,705
Drawdown of facility	–	–	**–**	16,800
New borrowing costs	–	–	**–**	(18)
Amortisation of loan costs	–	124	**124**	288
Fair value movement	7,752	–	**7,752**	(7,747)
Repayment of borrowings	(1,360)	(324)	**(1,684)**	(17,281)
Period ended 31 March 2024	75,672	112,267	**187,939**	181,747

The table below lists the Group's borrowings:

	Original Facility		Outstanding Debt			
	H1 2024	FY 2023	**H1 2024**	FY 2023		Annual
Lender	**£'000**	£'000	**£'000**	£'000	**Maturity date**	**Interest Rate %**
Held at amortised cost						
Scottish Widows Ltd	**97,000**	97,000	**91,700**	91,972	Jun-43	3.5 Fixed (Avg)
Santander UK PLC	**20,650**	20,650	**20,568**	20,495	Mar-25	2.25 over SONIA
	117,650	117,650	**112,268**	112,467		
Held at fair value through profit or loss						
Universities Superannuation Scheme	**77,500**	77,500	**75,671**	69,280	May-65	1.2 (Avg)*
	77,500	77,500	**75,671**	69,280		
Total borrowings	**195,150**	195,150	**187,939**	181,747		

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

Borrowing held at amortised cost

The £91.7mn Scottish Widows facility is secured by a first charge over retirement properties with a fair value of £201.7mn.

The revolving capital facility with Santander UK plc has a £25mn limit at a margin of 2.25%. There is a commitment fee of 2.25% on 35% of the undrawn balance of the facility. As at 31 March 2024, £20.6mn had been drawn down under the facility. Following a £4mn repayment in April 2024, the drawn balance reduced to £16.6mn. The facility bears interest at SONIA plus 2.25%.

Borrowing held at fair value through profit or loss

The Group has elected to fair value through profit or loss the Universities Superannuation Scheme ("USS") borrowings. This is considered a more appropriate basis of recognition than amortised cost given the inflation-linked nature of the debt, which has been negotiated to inflate in line with the RPI linked rent in ReSI's shared ownership leases. The notional outstanding debt at 31 March 2024 was £75.7mn (30 September 2023: £76.9mn) with an amortised cost of £87.3mn (30 September 2023: £87.2mn).

The USS 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 31 March 2024 was 1.25% (30 September 2023: 1.47%).

In accordance with IFRS 13, the Group's borrowings held at fair value have been assigned a valuation level in the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The Group's borrowings held at fair value as at 31 March 2024 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 of the liability by £1.3mn.

The USS facility is secured by a first charge over shared ownership properties with a fair value £115.4mn, cash of £1.1mn, and restricted cash balances of £3.8mn.

18. Share capital account

	Number of Ordinary 1p shares	£'000
At 30 September 2023	194,149,261	1,941
Issue of shares	–	–
At 31 March 2024	**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.

19. Share premium account

	£'000
At 30 September 2023	14,605
Issue of shares	–
Share issue costs	–
At 31 March 2024	**14,605**

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

20. Treasury shares reserve

	£'000
At 31 March 2023	(8,295)
Purchase of own shares	(219)
Transferred as part of Fund Management fee	219
At 30 September 2023	(8,295)
Purchase of own shares	(188)
Transferred as part of Fund Management fee	186
At 31 March 2024	**(8,297)**

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

During the period ended 31 March 2024, the Company purchased 309,373 of its own 1p ordinary shares at a total gross cost of £187,300 (£185,624 cost of shares and £1,676 associated costs).

As at 31 March 2024, 8,985,980 (30 September 2023: 8,985,980) 1p Ordinary Shares are held by the Company.

21. Retained earnings

	£'000
At 31 March 2023	158,385
Profit for the period	6,820
Share based payment charge	219
Issue of management shares	(219)
Dividends	(4,777)
At 30 September 2023	160,428
Loss for the period	(10,417)
Share based payment charge	186
Issue of management shares	(186)
Dividends	(3,814)
At 31 March 2024	**146,197**

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

22. Group entities

The Group entities which are owned either directly by the Company or indirectly through a subsidiary undertaking are:

Name of entity	Percentage of ownership	Country of incorporation	Principal place of business	Principal activity
RHP Holdings Limited	100%	UK	UK	Holding company
ReSI Portfolio Holdings Limited	100%	UK	UK	Holding company
The Retirement Housing Limited Partnership	100%	UK	UK	Property investment
ReSI Housing Limited	100%	UK	UK	Social housing Registered Provider
Wesley House (Freehold) Limited	100%	UK	UK	Property investment
Eaton Green (Freehold) Limited	100%	UK	UK	Property investment

Name of entity	Registered address
RHP Holdings Limited	5 New Street Square, London, EC4A 3TW
ReSI Portfolio Holdings Limited	5 New Street Square, London, EC4A 3TW
The Retirement Housing Limited Partnership	First Floor, 2 Tangier Central, Castle Street, Taunton, Somerset, TA1 4AS
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.

23. Dividends

	Unaudited 6 months to 31 March 2024 £'000	Unaudited 6 months to 31 March 2023 £'000	Unaudited 6 months to 30 September 2023 £'000
Amounts recognised as distributions to shareholders in the period to 31 March 2024:			
4th interim dividend for the year ended 30 September 2023 of 1.03p per share (2023: 1.29p)	**1,907**	2,388	
1st interim dividend for the year ended 30 September 2024 of 1.03p per share (2023: 1.29p)	**1,907**	2,388	
	3,814	4,776	
Categorisation of dividends for UK tax purposes:			
Amounts recognised as distributions to shareholders in the period:			
Property Income Distribution (PID)	**3,814**	4,776	
Non-PID	**–**	–	
	3,814	4,776	
Amounts not recognised as distributions to shareholders in the period:			
2nd interim dividend for the year ended 30 September 2023 of 1.29p per share (2022: 1.29p)			2,388
3rd interim dividend for the year ended 30 September 2023 of 1.29p per share (2022: 1.29p)			2,388
			4,776

On 5 December 2023, the Company declared its fourth interim dividend of 1.03 pence per share for the period 1 July 2023 to 30 September 2023.

On 31 January 2024, the Company declared its first interim dividend of 1.03 pence per share for the period 1 October 2023 to 31 December 2023.

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.

24. Lease arrangements

The Group as lessee

The Group holds 2,207 properties (30 September 2023: 2,207) under leasehold with an average unexpired lease term of 153 years (30 September 2023: 154 years). 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.

At 31 March 2024, the Group had outstanding commitments for future minimum lease payments under non-cancellable leases, which fall due as follows:

As at 31 March 2024	Less than one year £'000	Two to five years £'000	6-10 years £'000	10-20 years £'000	More than 20 years £'000	Total £'000
Minimum lease payments	933	3,713	4,642	9,292	108,622	127,202
Interest	–	(271)	(402)	(1,406)	(95,861)	(97,940)
Present value at 31 March 2024	**933**	**3,442**	**4,240**	**7,886**	**12,761**	**29,262**

As at 30 September 2023	Less than one year £'000	Two to five years £'000	6-10 years £'000	10-20 years £'000	More than 20 years £'000	Total £'000
Minimum lease payments	1,005	4,000	5,000	10,001	115,945	135,951
Interest	–	(292)	(433)	(1,512)	(102,125)	(104,362)
Present value at 30 September 2023	1,005	3,708	4,567	8,489	13,820	31,589

The interest expense in respect of lease liabilities for the period was £511,000 (31 March 2023: £478,000).

The total cash outflow in respect of leases was £511,000 (31 March 2023: £478,000).

The majority of restrictions imposed are the covenants in place limiting tenancies to people of retirement age.

The Group as lessor

The Group leases some of its investment properties under operating leases. At the balance sheet date, the Group had contracted with tenants for the following future aggregate minimum rentals receivable under non-cancellable operating leases:

	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
Receivable within 1 year	9,095	8,689
Receivable between 1-2 years	6,703	6,353
Receivable between 2-3 years	5,711	5,359
Receivable between 3-4 years	5,510	5,160
Receivable between 4-5 years	4,790	4,441
Receivable between 5-10 years	23,901	22,166
Receivable between 10-20 years	47,776	44,283
Receivable after 20 years	466,145	435,467
	569,631	531,918

The total of contingent rents recognised as income during the period was £nil (31 March 2023: £nil).

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 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 table below shows our expected lease receivables, excluding future rent reviews, from existing leases based on historical turnover rates consistent with our assumptions for valuing the properties:

	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
Receivable within 1 year	**30,091**	29,138
Receivable between 1-2 years	**25,954**	25,118
Receivable between 2-3 years	**21,686**	20,940
Receivable between 3-4 years	**18,822**	18,154
Receivable between 4-5 years	**15,936**	15,328
Receivable between 5-10 years	**58,674**	56,214
Receivable between 10-20 years	**73,579**	69,698
Receivable after 20 years	**482,432**	451,628
	727,174	686,218

25. Net asset value per share

	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
Net assets	**154,446**	168,679
	154,446	168,679
Ordinary shares in issue at period end (excluding shares held in treasury)	**185,163**	185,163
Basic NAV per share (pence)	**83.4**	91.1

The net asset value ('NAV') per share is calculated as the net assets of the Group attributable to shareholders divided by the number of Ordinary Shares in issue at the period end.

EPRA Net Tangible Assets (NTA) and EPRA Net Reinstatement Value (NRV) per share

	Unaudited 31 March 2024 £'000	Audited 30 September 2023 £'000
IFRS NAV per the financial statements	**154,446**	168,679
Revaluation of trading properties	**–**	66
Change in fair value of financial instruments	**(11,580)**	(17,292)
Real estate transfer tax	**–**	–
EPRA NTA	**142,866**	151,453
Fully diluted number of shares (thousands)	**185,163**	185,163
EPRA NTA per share (pence)	**77.2**	81.8

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.

In accordance with the EPRA Best Practice Recommendations, EPRA NTA reflects the amortised cost of the debt rather than its fair value.

26. Contingent liabilities and commitments

ReSI's shared ownership portfolio has been supported by £15mn government grant funding. In some circumstances, typically when a Shared Owner staircases, ReSI will be required to recycle the grant into the purchase of new properties within three years or to repay it to the grant providing body. On disposal/staircasing of a grant funded property, the Group initially recognises a liability in the Recycled Capital Grant fund. If the disposal receipts are not subsequently recycled, the grant will be repaid. The balance at 31 March 2024 was £676,000 (30 September 2023: £585,000).

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

27. Related party disclosure

As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

For the period ended 31 March 2024, 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 7, Directors' fees and expenses.

Gresham House Asset Management Limited ("GHAM") acts as alternative investment fund manager (the Fund Manager), in compliance with the provisions of the AIFMD, pursuant to the Fund Management Agreement. The Fund Manager has responsibility for the day-to-day management of the Company's assets in accordance with the Investment policy subject to the control and directions of the Board. The Fund Management Agreement is terminable on not less than 12 months' notice.

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

a) on that part of the Net Asset Value up to and including £250mn, an amount equal to 1% p.a. of such part of the average of ReSI plc market capitalisation and Net Asset Value;

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

c) on that part of the Net Asset Value over £500mn and up to and including £1,000mn, an amount equal to 0.8% p.a. of such part of the average of ReSI plc market capitalisation and Net Asset Value; or

d) on that part of the Net Asset Value over £1,000mn, an amount equal to 0.7% p.a. of such part of the average of ReSI plc market capitalisation and 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.

For the period ended 31 March 2024, the Company incurred £800,259 (period ended 31 March 2023: £1,050,681) in respect of Fund Management Fees of which £616,711 was outstanding as at 31 March 2024 (31 March 2023: £372,432). The above fee was split between cash and equity as per the Fund Management Agreement with the cash equating to £600,194 (31 March 2023: £762,339) and the equity fee of £200,065 (31 March 2023: £254,446) being paid as 309,372 Ordinary Shares (31 March 2023: 277,556) at an average price of £0.65 per share (31 March 2023: £0.96 per share).

During the period the Directors and the Fund Manager received dividends from the Company of £10,487 (31 March 2023: £68,201) and £53,369 (31 March 2023: £50,335) respectively.

ReSI Property Management Limited (RPML) is a wholly owned subsidiary of Gresham House Holdings Limited and provides property management services to the Group on a cost pass through basis with no profit margin. During the period, RPML charged fees of £1,078,522 (31 March 2023: £910,924) in respect of property management services.

28. Post balance sheet events

On 3 April 2024, Eaton Green Freehold Limited, disposed of its Freehold interest of a gross consideration of £5.8mn.

On 10 April 2024, £4.0mn was repaid on the Santander RCF, leaving the drawn balance at £16.6mn.

Supplementary Financial Information

For the period 1 October 2023 to 31 March 2024

1. EPRA Earnings recurring from core operational activities

	H1 2024 £'000	H1 2023 £'000
Loss per IFRS income statement	**(10,417)**	(29,974)
Changes in value of investment properties	**7,288**	28,502
Profits or losses on disposal of investment properties	**(168)**	(2)
Profits or losses on sales of trading properties incl. impairment charges in respect of trading properties.	**(44)**	(232)
Changes in fair value of financial instruments and associated close-out costs	**7,752**	5,187
EPRA Earnings	**4,411**	3,481
Basic number of shares	**185,163**	185,163
EPRA Earnings per share (EPS) (pence)	**2.4**	1.9

Adjusted EPRA Earnings per share

	H1 2024 £'000	H1 2023 £'000
Company specific adjustments:		
Exclude one off costs	**11**	405
Include shared ownership first tranche sales	**44**	232
Company specific Adjusted Earnings	**4,466**	4,118
Company specific Adjusted EPRA Earnings per share (pence)	**2.4**	2.2

2. EPRA Net Tangible Assets (NTA)

	H1 2024 £'000	2023 £'000
IFRS NAV per the financial statements	**154,446**	168,679
Revaluation of trading properties	**–**	66
Fair value of financial instruments	**(11,580)**	(17,292)
Real estate transfer tax	**–**	–
EPRA NTA	**142,866**	151,453
Fully diluted number of shares	**185,163**	185,163
EPRA NTA per share (pence)	**77.2**	81.8

The Group has debt which it elected to carry at fair value through profit or 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 £11.6mn which represents the difference between fair value and what amortised cost would have been had the Group carried the debt at amortised cost.

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)

	H1 2024 £'000	2023 £'000
IFRS NAV per the financial statements	154,446	168,679
Revaluation of trading properties	–	66
Revaluation of financial instruments	(11,580)	(17,292)
Real estate transfer tax	–	–
EPRA NRV	142,866	151,453
Fully diluted number of shares	185,163	185,163
EPRA NRV per share (pence)	77.2	81.8

The Group has debt which it elected to carry at fair value through profit or 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 £11.6mn which represents the difference between fair value and what amortised cost would have been had the Group carried the debt at amortised cost.

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 Initial Yield (NIY) and EPRA "Topped Up" NIY

	H1 2024 £'000	2023 £'000
Investment property – wholly owned	317,004	345,138
Trading property	–	431
Assets held for sale	20,709	–
Completed property portfolio	337,713	345,569
Allowance for estimated purchasers' costs estimated as 6% of property portfolio	20,263	20,734
Gross up completed property portfolio valuation	357,976	366,303
Annualised cash passing rental income	29,096	28,836
Property outgoings	(10,965)	(9,833)
Annualised net rents	18,131	19,003
Add: notional rent expiration of rent-free periods or other lease incentives	–	–
Topped-up net annualised rent	18,131	19,003
EPRA NIY	5.1%	5.2%
EPRA Topped up NIY	5.1%	5.2%

5. EPRA Vacancy Rate

	H1 2024 £'000	2023 £'000
Estimated Rental Value of vacant space	**1,146**	1,060
Estimated rental value of the whole portfolio	**30,530**	30,114
EPRA Vacancy Rate	**3.8%**	3.5%

6. EPRA Cost Ratios

	H1 2024 £'000	H1 2023 £'000
Administrative/operating expense line per IFRS income statement	**1,514**	2,067
Net service charge costs/fees	**3,150**	2,704
Management fees less actual/estimated profit element	**1,162**	1,006
Other property operating expenses	**1,171**	1,104
Service charge costs recovered through rents but not separately invoiced	**(3,017)**	(2,537)
EPRA Costs (including direct vacancy costs)	**3,980**	4,344
Direct vacancy costs	**(158)**	(317)
EPRA Costs (excluding direct vacancy costs)	**3,822**	4,027
Gross Rental Income less ground rents – per IFRS	**14,363**	13,105
Less: service fee and service charge costs components of Gross Rental Income	**(3,017)**	(2,537)
Gross Rental Income	**11,346**	10,568
EPRA Cost Ratio (including direct vacancy costs)	**35%**	41%
EPRA Cost Ratio (excluding direct vacancy costs)	**34%**	38%

Gross rental income includes service charges collected from tenants, included in rent collected but not separately invoiced, of £3,017,000 during the period (H1 2023: £2,537,000). 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 £133,000 (H1 2023: £167,000).

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

7. EPRA LTV

	H1 2024 £'000	2023 £'000
Borrowings	187,939	181,747
Net payables	4,190	3,516
Less cash	(8,861)	(8,805)
Net debt	183,268	176,458
Investment properties at fair value	317,004	345,138
Assets held for sale	20,709	–
Net receivables	–	–
Total property value	337,713	345,138
EPRA LTV	54%	51%

8. AIC Ongoing Ratio

	H1 2024 £'000	2023 £'000
Total expenses ratio		
Management fee	800	1,885
Fund operating expenses*	438	846
	1,238	2,731
Annualised total expenses	2,476	2,731
Average Net Asset Valuation**	161,563	185,034
Annualised total expenses ratio	1.5%	1.5%

* 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.

9. 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.

	H1 2024 £'mn	2023 £'mn
Annualised net rental income at balance sheet date	16.1	18.0
Fair value of investment properties	317.0	345.1
Net yield	5.1%	5.2%

Net rental yield in H1 2024 excludes Local Authority portfolio which is now measured as assets held for sale but was included in investment properties in 2023.

10. 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.

	H1 2024 £'mn	H1 2023 £'mn
Operating profit before property disposals and change in fair value	**7.9**	6.9
Valuation movement of investment properties	**(7.1)**	(28.5)
Finance costs	**(3.5)**	(3.2)
Debt Indexation*	**(2.0)**	(2.1)
Revaluation of trading properties	**(0.1)**	(0.1)
Property return	**(4.8)**	(27.0)
IFRS NAV at beginning of the prior year	**168.7**	201.4
Revaluation of trading properties	**0.1**	0.1
Fair value of financial instruments	**(17.3)**	(5.0)
Real estate transfer tax	**–**	–
Opening EPRA NTA	**151.5**	196.5
Movement in share capital	**–**	–
Decrease in the year	**(8.6)**	(31.7)
Closing EPRA NTA	**142.9**	164.8
Total return on opening NTA (%)	**(3.2)%**	(13.7)%

* The Group elected to carry this debt at fair value through profit or 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 £2.1mn which represents the difference between fair value and what amortised cost would have been had the Group carried the debt at amortised cost.

11. Total Return on IFRS NAV

A performance measure which represents the total IFRS return for the year as a percentage of opening IFRS NAV.

	H1 2024 £mn	H1 2023 £mn
Net Income	**(10.4)**	(30.0)
Share issuance costs	**–**	–
Total Return	**(10.4)**	(30.0)
Net Asset Value at the beginning of the year	**168.7**	201.4
Total IFRS return on opening NAV (%)	**(6.2)%**	(14.9)%

12. Loan to Value Ratio

The LTV leverage ratio has been presented to enable a comparison of the Group's borrowings as a proportion of Gross Assets as at 31 March 2024 to its medium target LTV leverage ratio of 0.50.

	H1 2024 £'000	2023 £'000
Borrowings excluding lease liability	**187,939**	181,747
Available cash	**(7,031)**	(6,998)
Net debt excluding lease liability and cash increase in year	**180,908**	174,749
Total assets less finance lease gross up and cash	**341,270**	349,040
Loan to Value ("LTV") leverage ratio	**0.53**	0.50

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 AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or "AGM"	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested.
Articles or Articles of Association	Means the articles of association of the Company.
Company Secretary	The Company's company secretary from time to time, the current such company secretary being Computershare Company Secretarial Services Limited.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share.
Depositary	Certain AIFs must appoint depositaries under the requirements of AIFMD. A depositary's duties include, inter alia, safekeeping of assets, oversight and cash monitoring. The Company's current depositary is Thompson Taraz Depositary Limited.
Dividend	Income receivable from an investment in shares.
DSCR	Debt service cover ratio
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Functional Home	Means both a Unit and an aggregation of multiple Units offering elderly care facilities, assisted living facilities, sheltered housing or supported housing that are made available, by a Tenant, Occupant or Nominator (as the case may be) to a Resident/Residents.
Fund Manager	Means ReSI Capital Management Limited, a subsidiary of Gresham House Limited, a company incorporated in England and Wales with company number 07588964 in its capacity as Fund Manager to the Company.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Housing Association	Means a regulated independent society, body of trustees or company established for the purpose of providing social housing.

HMRC	HM Revenue & Customs
ICR	Interest cover ratio
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.
Like-for-like rental review	The change in gross rental income in a period for homes that were occupied and eligible for a rent review during the period under review. Applies to changes in gross rents on a comparable basis and excludes the impact of acquisitions, disposals and resident turnover.
Liquidity	The extent to which investments can be sold at short notice.
Loan to Value (LTV) Ratio	Ratio of total debt outstanding, excluding the finance lease liability, against the total assets excluding the adjustment for finance lease gross up.
Market Rental Home	Means both a Unit of residential accommodation and an accommodation block comprising multiple Units facilities that is/are made available, by a Tenant, Occupant or Nominator, to a resident/residents at a market rent.
Net assets	Means the net asset value of the Company as a whole on the relevant date calculated in accordance with the Company's normal accounting policies.
Net asset value (NAV) per Ordinary Share	Means the net asset value of the Company on the relevant date calculated in accordance with the Company's normal accounting policies divided by the total number of Ordinary Shares then in issue.
NOI	Net operating income
Non PID dividend	Means a dividend paid by the Company that is not a PID.
Ongoing charges	A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company.
Ordinary Shares	The Company's Ordinary Shares of 1p each.
PID	Means a distribution referred to in section 548(1) or 548(3) of the CTA 2010, being a dividend or distribution paid by the Company in respect of profits or gains of the Property Rental Business of the Group (other than gains arising to non-UK resident Group companies) arising at a time when the Group is a REIT insofar as they derive from the Group's Property Rental Business.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share.

Property Rental Business	Means a Property Rental Business fulfilling the conditions in section 529 of the CTA 2010.
REIT	Real estate investment trust.
Rental Agreement	Comprise Leases, Occupancy Agreements and Nominations Agreements.
Rental growth	The change in gross rental income in a period as a result of rent increases, tenant renewals or a change in tenants. Applies to changes in gross rents on a comparable basis and excludes the impact of acquisitions, disposals and changes resulting from refurbishments.
Reputable Care Provider	Means a Statutory Registered Provider or other private entity in the business of building, managing and/or operating Functional Homes in the United Kingdom that the Fund Manager considers reputable in light of its investment grade equivalent debt strategy.
Reversionary Surplus	The increase in valuation if the portfolio is valued on a vacant possession basis compared to the IFRS fair value.
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	Means the part owner of a shared ownership home that occupies such shared ownership home in return for the payment of rent to the co-owner.
Social impact per share	The social, economic and environmental impact and value of investments calculated using two key analysis frameworks, Social Return on Investment (SROI) and Economic Impact, divided by the number of shares outstanding.
Sub-Market Rental Home	Means a Unit of residential accommodation that is made available, by a Tenant, Occupant or Nominator, to a resident to rent at a level below the local market rent.
Total return	A measure of performance that takes into account both income and capital returns.
Treasury shares	A company's own shares which are available to be sold by a company to raise funds.
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)

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

Gresham House Asset Management Limited
5 New Street Square
London EC4A 3TW

Corporate Broker

Peel Hunt LLP
7th Floor, 100 Liverpool Street
London EC2M 2AT

Legal and Tax Adviser

Cadwalader, Wickersham & Taft LLP
100 Bishopsgate,
London EC2N 4AG

Tax Adviser

Evelyn Partners Group Limited
45 Gresham Street
London EC2V 7BG

Depositary

Indos Financial Limited
54 Fenchurch Street
London EC3M 3JY

Administrator

MR Weston Kay LLP
55 Loudoun Road
St John's Wood
London NW8 0DL

Company Secretary

Computershare Governance Service, UK
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Registrar

Computershare Governance Service, UK
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Auditors

BDO LLP
55 Baker Street
London W1U 7EU

Public Relations Adviser

KL Communications
40 Queen Street
London EC4R 1DD

Valuers

Savills (UK) Limited
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Gresham House
Specialist investment