TriplePoint
Social Housing REIT plc

ANNUAL REPORT

2019

Felmonger Seacroft, Leeds

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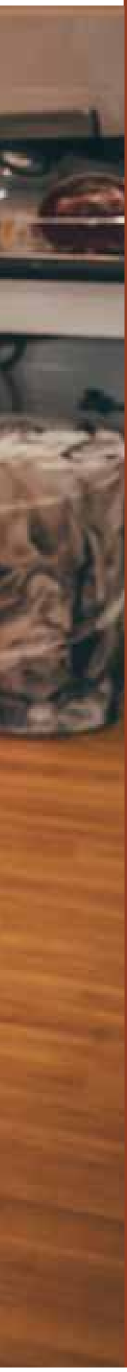
Company Overview

THE VALUE OF

HOME



AT A GLANCE

Who We Are

Triple Point Social Housing REIT plc invests in UK social housing properties, focusing on homes in the Supported Housing sector which have been adapted for vulnerable adults with care and support needs.

We believe our residents deserve a home that offers greater independence than institutional accommodation, at the same time as meeting their specialist care needs.

Our ambition is to be the leading UK Supported Housing investor, helping guarantee a secure future for people in need across the country, while ensuring that our shareholders have an ethical, attractive, long-term income source.

What We Do

We seek to optimise the opportunities and stability for vulnerable people across the UK. The properties we invest in provide sustainable, high-quality accommodation for adults with specific care and support requirements. These needs often result from mental health problems, learning disabilities, or physical and sensory impairment.

Our accommodation differentiates itself by being a home within a community rather than the care facilities that have historically been the mainstay for vulnerable people with care needs similar to our residents. We also seek to provide value-for-money to local authorities by offering housing that is both more suitable and cost-effective than traditional alternatives.

Our ability to forward fund the development of custom-built properties allows us to bring high-quality, high occupancy new housing stock to market to the benefit of wider society that would otherwise not exist.

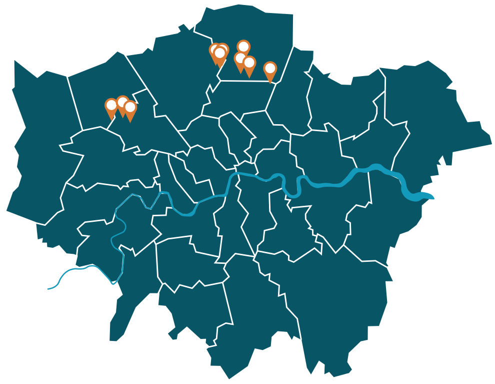
Our portfolio benefits from long-term leases to Approved Providers, who are bodies that receive their funding from central or local government to provide long-term homes for people in need of housing. Through these leases we offer our shareholders an attractive level of inflation-linked income.

THE YEAR IN BRIEF

During 2019, the Group deployed a further £136.3 million into UK Supported Housing, acquiring an average of ten properties and sites each month including our first scheme in Scotland.

In the year, the Group entered into nine new forward funding agreements and five ongoing projects had their works certified as completed.

Over the last 12 months, we successfully deployed the proceeds of both our October 2018 equity raise and our December 2018 revolving credit facility. In October 2019, we extended the revolving credit facility by another £60 million to meet the strong demand for new Specialised Supported Housing properties.



Jan | Feb | Mar | Apr | May | Jun

INTERIM DIVIDEND

The Company declared an interim dividend of 1.25 pence per Ordinary Share for the period from 1 October to 31 December 2018.

PROPERTY ACQUISITION

The Group acquired its first scheme in Scotland, entering into a forward funding agreement to develop the site in Edinburgh.

West Bowling Green

Building Adaptations	Wet rooms, a warden call system and a 13-person lift configured to allow for wheelchairs and stretchers.
Maximum Commitment	£5.4 million
Build Period	17 months
Lease	35 years +10 year tenant extension option, CPI-linked

PROPERTY ACQUISITION

London Portfolio

The Group completed on the acquisition of a portfolio of 10 Supported Housing properties, comprising an aggregate 82 units in London, for £23 million.

INTERIM DIVIDEND

The Company declared an interim dividend of 1.27 pence per Ordinary Share for the period from 1 January to 31 March 2019.

BUYBACK OF SHARES

The Board announced that it would consider share buybacks for investment purposes alongside the acquisition of new Supported Housing properties when establishing how best to deploy capital. The Company undertook its first share buyback, acquiring 200,000 Ordinary Shares at a price of 83 pence per Ordinary Share for treasury.

BUYBACK OF SHARES

The Company purchased 250,000 Ordinary Shares in the market at a price of 83.3 pence per Ordinary Share for treasury.

The Company declared an interim dividend of 1.27 pence per Ordinary Share for the period from 1 April to 30 June 2019.

INTERIM DIVIDEND

PROPERTY ACQUISITION

Orion Portfolio

The Group completed on the acquisition of a portfolio of 40 supported housing properties, comprising 216 units in total, for £27.4 million, including Park View Apartments.

The Group secured a £60 million extension to its existing £70 million Revolving Credit Facility on identical terms, with National Westminster Bank plc providing debt alongside Lloyds Bank plc.

CREDIT EXTENSION

INTERIM DIVIDEND

The Company declared an interim dividend of 1.27 pence per Ordinary Share for the period from 1 July to 30 September 2019.

Since the period end the Group has acquired a further 7 properties, comprising an aggregate 91 units, for £19.3 million.

On 5 March 2020, the Company declared an interim dividend of 1.285 pence per Ordinary Share for the period from 1 October to 31 December 2019.

POST PERIOD EVENTS

Jul Aug Sep Oct Nov Dec

KEY HIGHLIGHTS

Dividend Per Ordinary Share

5.095p

(Year ended 31 Dec 2018: 5.00p)

Dividends paid or declared in respect of the financial year ended 31 December 2019 totalled 5.095 pence.

IFRS NAV and EPRA NAV Per Ordinary Share

105.37p

(December 2018: 103.65 pence)

The IFRS NAV and EPRA NAV per Ordinary Share as at 31 December 2019 was 105.37 pence, a 1.66% increase from 31 December 2018 to 31 December 2019.

IFRS Valuation

£471.6m

(December 2018: £323.5 million)

As at 31 December 2019 the portfolio was independently valued at £471.6 million on an IFRS basis, an uplift of 7.45% against total invested funds of £439 million.

The Group's properties were valued at £503.8 million on a portfolio valuation basis, reflecting a portfolio premium of 6.82% or a £32.2 million uplift against the IFRS valuation.

Ongoing Charges Ratio

1.63%

(December 2018: 1.58%)

The ongoing charges ratio was 1.63% as at 31 December 2019 and is a ratio of annualised ongoing charges expressed as a percentage of average net asset value throughout the year.

Committed Capital

£24.3m

(December 2018: £21.0 million)

The Group had outstanding commitments totalling £24.3 million (including transaction costs) as at 31 December 2019.

Market Capitalisation

£315.8m

(December 2018: £349.9 million)

As at 31 December 2019, the market capitalisation of the Company was £315.8 million.

9.75% decrease from 31 December 2018 to 31 December 2019, due to the reduction in share price. This is discussed further on pages 28 to 29 of the Chairman's Statement.

Total Investment Portfolio

388

(December 2018: 272)

During the year, the Group purchased 116 properties for a total investment cost of £130.5 million bringing the total investment portfolio to 388 properties.

Portfolio

100% let or pre-let

(December 2018: 100%)

Throughout the year 100% of the portfolio was fully let and income producing, or pre-let.

WAULT

25.7 years

(December 2018: 27.2 years)

As at 31 December 2019, the weighted average unexpired lease term was 25.7 years (including put/call options and reversionary leases).

Units

2,728 units

(December 2018: 1,893)

As at 31 December 2019, the portfolio comprised 2,728 units.

Leases

300

(December 2018: 189)

As at 31 December 2019, the portfolio had 300 leases.

Approved Providers

16

(December 2018: 16)

As at 31 December 2019, the Group had leases with 16 Approved Providers.

Inflation Measure

100% index linked

(December 2018: 100%)

As at 31 December 2019, 100% of contracted rental income was either CPI or RPI linked.

Contracted Rental Income

£25.4m

(December 2018: £17.4 million)

As at 31 December 2019, the contracted rental income was £25.4 million per annum, excluding Forward Funding Agreements and Exchanges.

Yield Compression

64 basis points

(December 2018: 64 basis points)

As at 31 December 2019, the portfolio's blended average net initial yield at purchase was 5.91% compared to the blended valuation net initial yield of 5.27%, reflecting our ability to buy good properties at off-market prices.

Forward Funding Agreements

22

(December 2018: 13)

As at 31 December 2019, the Group had entered into 22 Forward Funding Agreements.

Forward Funding Commitments

£29.8m

In the year, the Group entered into a further 9 forward funding transactions with an aggregate maximum commitment of £29.8 million.

Forward Funding Completions

11

As at 31 December 2019,11 forward funding schemes had achieved practical completion.

Social Impact

OUR SOCIAL IMPACT

The Company was founded amid the largest UK housing crisis in modern times. When we launched in 2017, we firmly believed, as we still do today, that by investing private capital into social housing we can tackle this crisis head on and achieve a positive impact for all stakeholders.

Our model allows us to invest into new housing that benefits residents and saves the taxpayer money, which in turn underpins our investors' returns and encourages reinvestment. In this way, and as described below and illustrated on the next page, our Group is creating a virtuous circle of impact.

We create this impact by using private capital to fund the development of high-quality newly-renovated or newly-built housing that is desperately required by Commissioners around the country. Each of our homes then provides a home-for-life for some of the most vulnerable people in society. By giving people the security of a home and the associated independence, the wellbeing of our residents improves and, as reliance on care lessens, the cost to the taxpayer reduces.

This social impact in turn underpins the demand for this type of housing and so the returns for our investors. Positive returns encourage continued investment, which in turn allows us to fund more housing. This creates more social impact and more returns, becoming a virtuous circle of impact and creating value for all stakeholders.

THE VALUE OF HOME

Positive Impact for Residents

Our residents benefit from the development of new homes-for-life in the community. These homes include safety features, energy efficiency measures, and specialist adaptations for their health needs. Each of the 388 homes in our portfolio gives someone with severe health needs a future they may have struggled to imagine when they were stuck in a care home or hospital. As a result of this new housing, and as the case studies on pages 20 to 23 of this report show, people living in our homes are typically more independent, develop more skills and have better overall wellbeing.

Positive Impact for Taxpayers

Taxpayers benefit from the cost-efficiencies of our model. Someone living in Specialised Supported Housing costs the Government about £200 less each week than being in a care home or about £2,000 less each week than being in a hospital[1]. Multiplying these cost savings across the 388 properties in our portfolio indicates the significant benefit we are generating for Government finances. In addition to these direct savings, our housing has indirect benefits to the public purse arising from unblocking hospital beds, reducing use of local medical services, and the preventative benefits of saving someone from moving into expensive institutional care by giving them a home in the community.

Positive Impact for Investors

Investors benefit because the significant advantages of our model create persistent demand for this type of housing from Commissioners across the country. This underpins the strength of our rental income and our ability to pay dividends. Our investors – predominantly pension funds, insurance companies, local authorities and investment managers – are attracted to long-term income based on strong fundamentals; all our rental income continues to be received and all our dividends have been paid in full.

1 Mencap, Funding supported housing for all (2018)

BALANCING THE REGIONAL DIVIDE

Many property funds' spending is often skewed towards London and the South East creating a vast regional imbalance. We are actively working to address this challenge and invest in accommodation for adults with specific care and support requirements in regions, wherever there is need.

Of the 2,728 units in our portfolio, the three largest concentrated areas of properties are the North West and North East (37.2%), followed by the West and East Midlands (29.7%) and London and the South (20.9%).

79% of units located in northern England and the Midlands

Our model allows us to invest private capital into new housing that both benefits residents and saves the taxpayer money. We will continue to provide supported social housing, across the country, wherever there is need.

IMPACT CYCLE

Introduction

This page shows the Group's Impact Cycle, as described in more detail on the previous page. Each stage of the cycle is expanded upon below. The Group's investment model is self-perpetuating as private capital is used to create a social impact which underpins investor returns and further investment, benefiting all stakeholders.

Investment
Invest private capital from a wide range of investors into Social Housing

New Housing
Fund development of best-in-class, adapted additional housing stock

New Homes
Deliver much needed homes-for-life for people with lifelong health needs

Better for Residents and Government
Create better health outcomes for residents and cost savings for the Government

Returns for Investors
Deliver robust, long-term returns for investors

COMMISSIONER

"By giving people their own home, Specialised Supported Housing is crucial in helping people who require a high level of care and support to become less dependent. This support helps individuals gain access to community services while acquiring the skills and confidence to live independently. In addition, this type of housing is better for the NHS and social services since it saves the public purse substantial amounts every year."

Laurence Dowden,
Commissioning Manager,
Oxfordshire County Council

CARE PROVIDER

"We have seen first-hand how the housing provided by Triple Point Social Housing REIT has changed the lives of the vulnerable individuals we provide care for. There continues to be an exceptional need for social housing in the UK, and every day we see the wellbeing of people living in these new homes improve."

Care Provider
John Hugkulstone, National Care Group

INVESTORS

Investor funds have been used to acquire 2,728 units to date as at 31 December 2019. Investors have received all dividends in full and dividend targets continue to increase in line with inflation.

INVESTMENT MANAGER

"Across the UK and around the world, more and more investors want to make a difference to society at the same time as achieving a return on their investment. Our investors understand that investing in Triple Point Social Housing REIT does exactly that. By funding the development of much-needed new housing, our socially-conscious investors have a tangible social impact, improving the lives of some of the most vulnerable people in society while saving the Government money and earning a solid, long-term return."

Max Shenkman,
Partner and Head of Investment
at Triple Point Investment Management LLP

REGISTERED PROVIDER

"By using this funding model, we have been able to develop truly bespoke accommodation with the aim of providing "homes for life". These homes include new-build self-contained apartments and enhanced, accessible bungalows, all bespoke to the needs of our tenants. This has been achieved through focused, person-centred planning and has achieved excellent outcomes."

Care Housing Association

RESIDENT

"I could finally do things on my own terms"

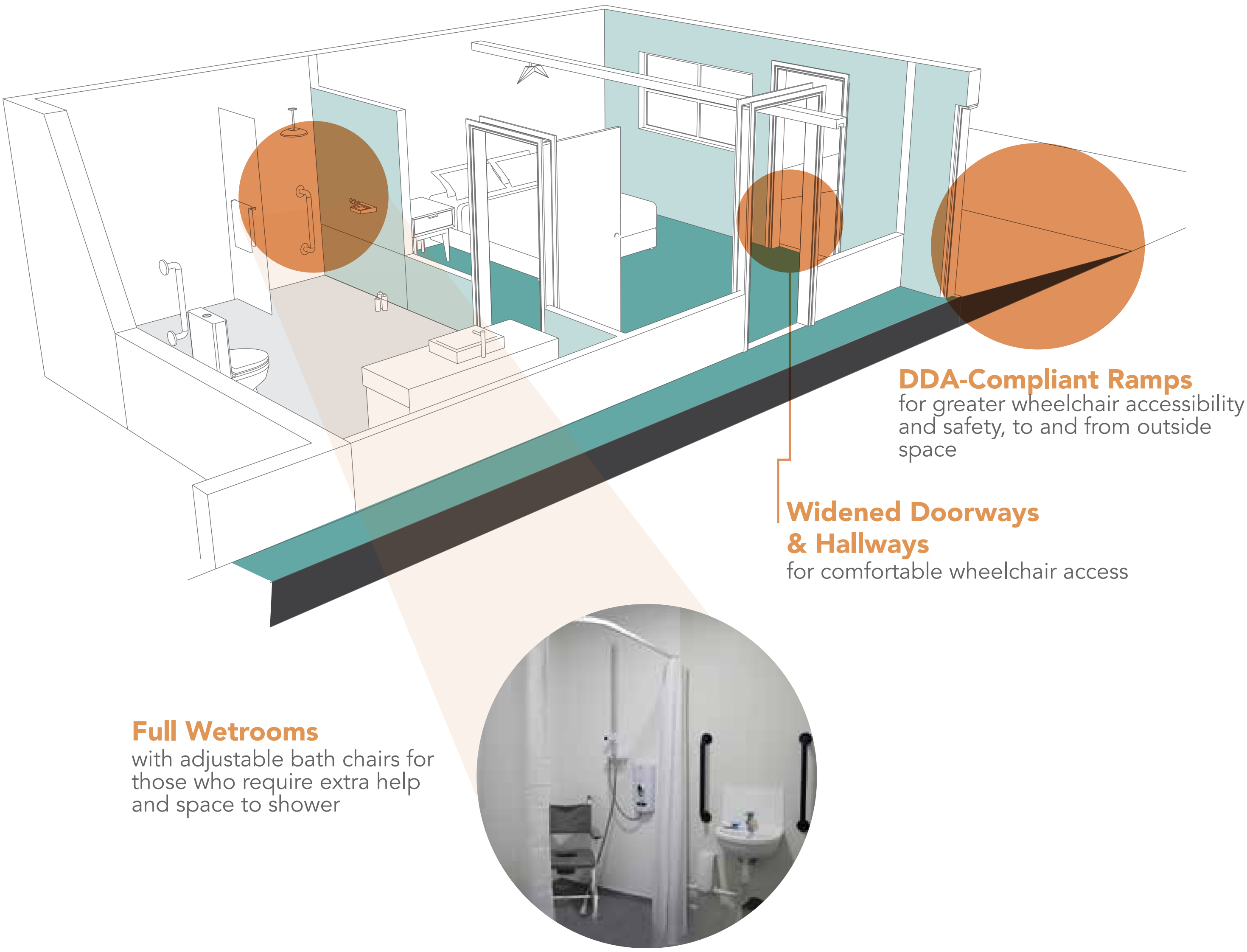
Lee
Resident

ADAPTED FOR RESIDENTS' NEEDS

The vast majority of properties in the Group's portfolio have been newly-built or newly-refurbished to provide long-term accommodation for some of the most vulnerable people in society. The people living in the Group's properties have acute health needs such as learning disabilities, mental health issues, autism and physical and/or sensory impairments.

To meet these health needs, high-quality specialist adaptations are installed in the Group's properties to ensure the safety and comfort of residents.

These adaptations – which are agreed with commissioners, care providers and Approved Providers – range from non-slip flooring, widened door-frames and grab handles, to more complex adaptations like alarm systems, wet-rooms and lifts.



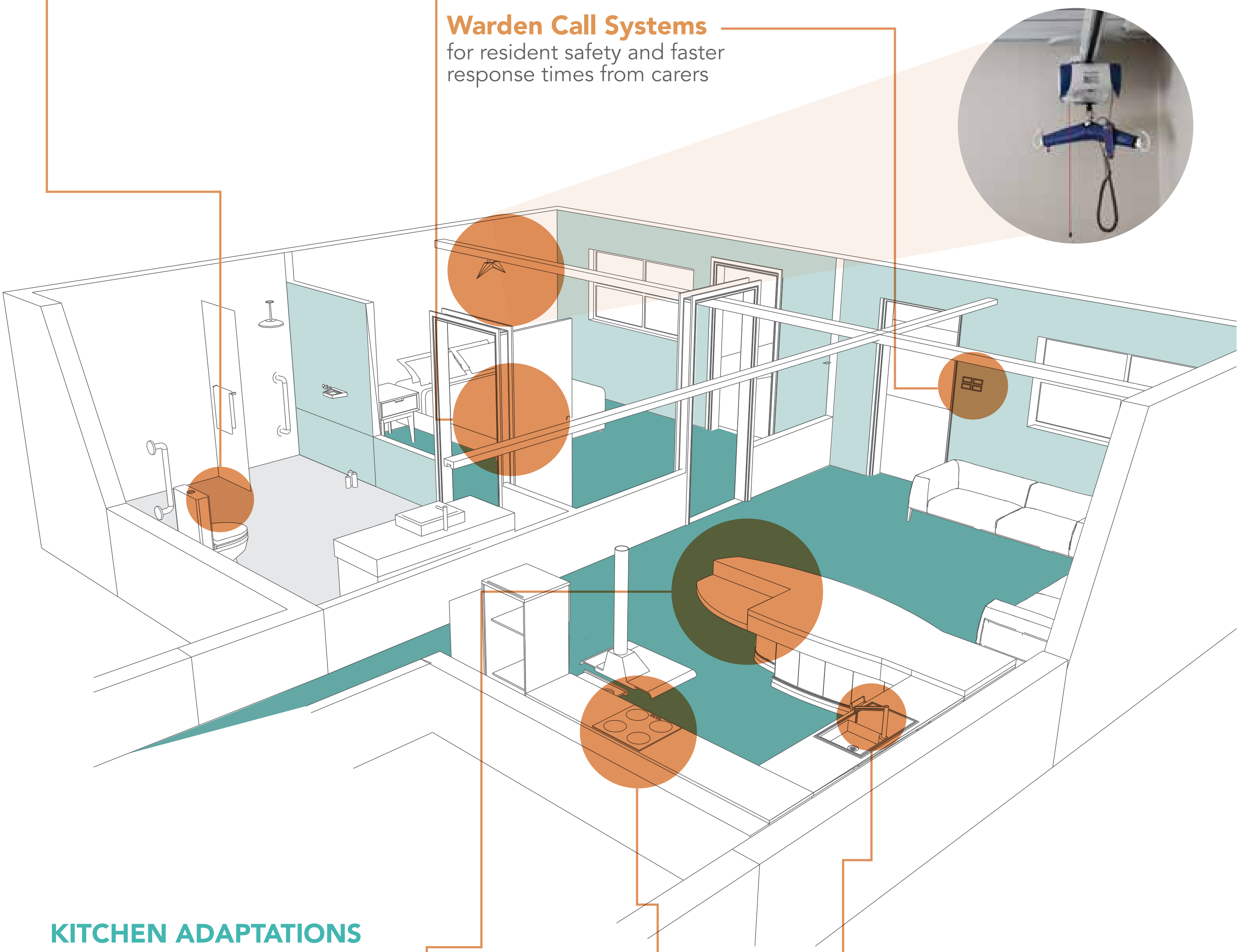
APARTMENT ADAPTATIONS

Non-Slip Flooring
for a reduced likelihood of slip-and-fall accidents

Reverse Hinges On Doors
for carer access in the event of assistance being required

Hoist Systems
for dignified access and movement for a resident in and out of bed

Warden Call Systems
for resident safety and faster response times from carers



KITCHEN ADAPTATIONS

Height-Adjustable Countertops
for greater usability and independence in day-to-day living

Induction Hobs
for safer cooking as there is no flame or element to ignite fumes or cause burns and will automatically turn off when a pan is not detected

Thermostatic Mixing Valves
for constant water temperatures, preventing scalding

RESIDENT CASE STUDIES

CORNMILL HOUSE

For 31-year-old Great British Bake Off fan Rachel, Cornmill House is a place where she can express her personality, a passion for the colour purple and her love of unicorns.

For 35-year-old stalwart Leeds United fan Lee, Cornmill House is a place where he can get up when he wants, go to bed when he wants, live life on his own terms and live life his own way.

For 30-year-old Steven, it's a place where he doesn't have to rely on his parents so can be his own man and where he pushes himself to do things he never thought he'd be able to do.

For these three firm friends, Cornmill House, a development of 16 homes in the heart of Seacroft in Leeds, is their community. It's the place they call home.

Opened by the Mayor in February 2017, the Specialised Supporting Housing development, realised through £3.5 million of Triple Point capital, represents dignity, independence and choice.

Far more than that, it represents a place where residents such as Steven, Lee and Rachel can be their own people, put down roots for the long-term and become homemakers in the truest sense.

**"So this...
is where you can put
down roots,
it's where you can
feel safe.
It's where you can
feel loved.
It's where you can
feel protected.
It's where you can
live with dignity
because you have your own
home and all the support you
need here too."**

-Rachel

RACHEL

A fiercely independent young lady, Rachel explains:

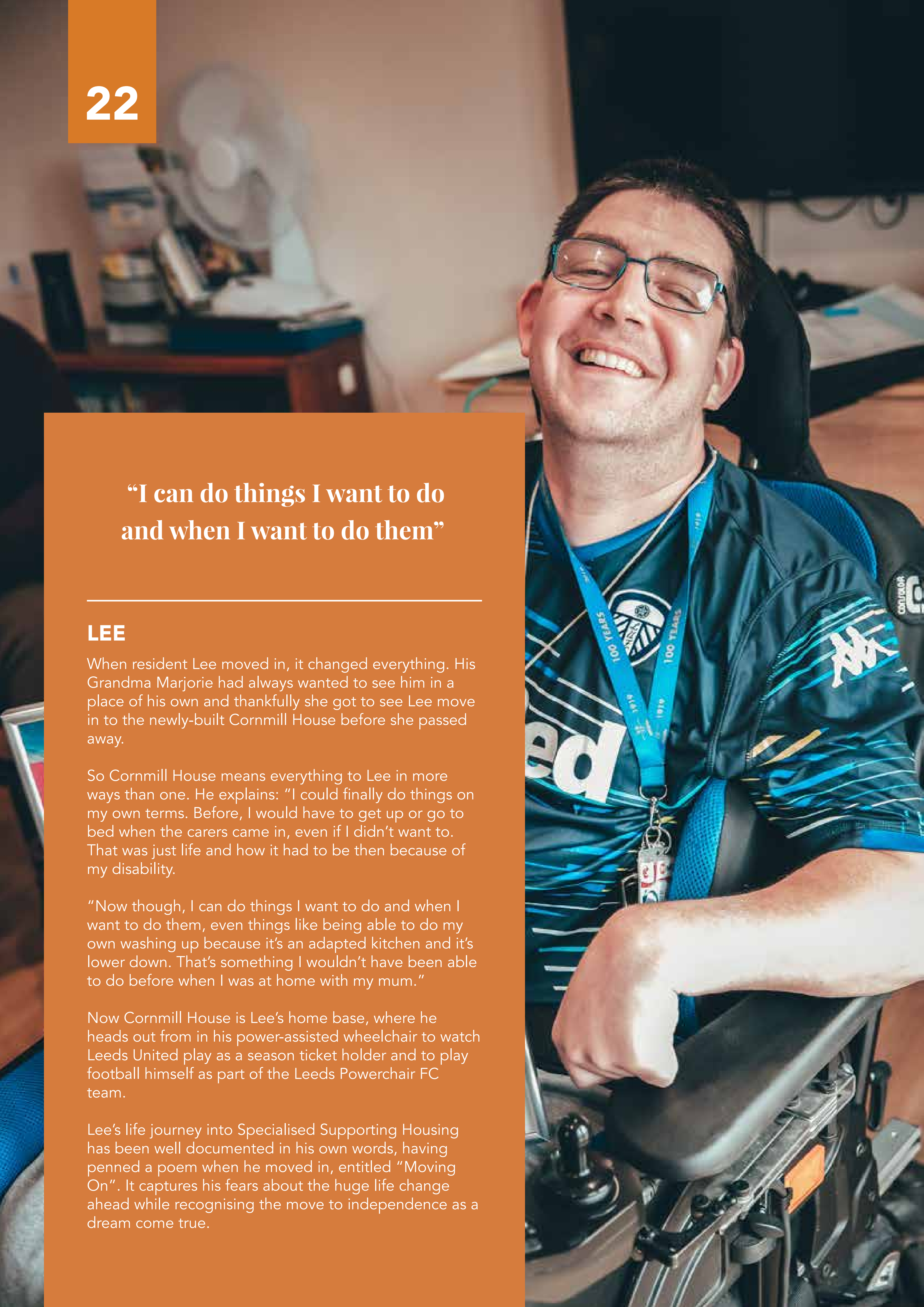
"I didn't want to have to live in an institutional setting or to have to live with old people because I'm not old, I just have a disability! Here, we are part of a community not just segregated or put away or living out of sight. I don't have to share a bathroom, it's not a medical place. It's a real-life working home and it's ours.

"I like to give homely, feminine touches to everything, so coming here and being able to choose my own furniture and decorate it how I wanted was something I really relished because it was like the first step to adulthood.

"I love the colour purple so it's a big thing in my home. I love unicorns and butterflies and soft furnishings, so being able to do something like choose my own sofa to match my style was really important to me. I also grow tomatoes at the back of my home on the patio, so I'm quite green-fingered and I really enjoy watching the things I plant grow."

Rachel, who has enjoyed learning media studies as a course, added:

"So this is where you can put down roots, it's where you can feel safe. It's where you can feel loved. It's where you can feel protected. It's where you can live with dignity because you have your own home and all the support you need here too."



"I can do things I want to do and when I want to do them"

LEE

When resident Lee moved in, it changed everything. His Grandma Marjorie had always wanted to see him in a place of his own and thankfully she got to see Lee move in to the newly-built Cornmill House before she passed away.

So Cornmill House means everything to Lee in more ways than one. He explains: "I could finally do things on my own terms. Before, I would have to get up or go to bed when the carers came in, even if I didn't want to. That was just life and how it had to be then because of my disability.

"Now though, I can do things I want to do and when I want to do them, even things like being able to do my own washing up because it's an adapted kitchen and it's lower down. That's something I wouldn't have been able to do before when I was at home with my mum."

Now Cornmill House is Lee's home base, where he heads out from in his power-assisted wheelchair to watch Leeds United play as a season ticket holder and to play football himself as part of the Leeds Powerchair FC team.

Lee's life journey into Specialised Supporting Housing has been well documented in his own words, having penned a poem when he moved in, entitled "Moving On". It captures his fears about the huge life change ahead while recognising the move to independence as a dream come true.

STEVEN

Resident Steven values his independence and has explored it more and more since moving in to Cornmill House shortly after Lee.

"It's opened my eyes wide since I've been here to know there's more out there in life than I was used to, and I can do it, if that's what I want to do.

It's my choice to do it, not to be told I can't do it because of the way I am and my disability. Now it's all about what's ahead. It's about my home and the life I lead in it and from it.

I have my privacy here as well. While it's a complex as such, I have my own front door and my own personal space and if someone had said to me 10 years ago I would be here, I would have said no way, it will never happen! But it really has."

"The things I do now I would never have been able to do at home when I lived with my parents and brother. Living here, I push myself all the time to do things that I never thought possible before."

Strategic Report

CHAIRMAN'S STATEMENT

Chris Phillips, Chairman

"We launched the Company because we saw an opportunity to do well by doing good. We realised that Specialised Supported Housing was a sector which could be transformed by the careful investment of private capital into high-quality, adapted, community-based homes around the UK."

I am pleased to write to you with the results of our second full financial year. This year we have delivered another strong set of results – both financially and in terms of social impact.

Our IFRS NAV per share rose by 1.66% to 105.37 pence, reflecting our secure income and portfolio strength. As expected, our existing portfolio has performed solidly, and we have continued to deploy funds into high-quality properties leased to Approved Providers which continue to strengthen as a result of ongoing regulatory engagement.

Over the last 12 months, we successfully deployed the proceeds of both our October 2018 equity raise and our December 2018 revolving credit facility. In October 2019, we extended the revolving credit facility by another £60 million to meet the strong demand for new Specialised Supported Housing properties. From each and every acquisition in this evolving market, we learn and improve our due diligence process, ensuring that, now and in the future, we always invest in the best properties we can. We now have 388 properties in 149 different local authorities in England, Scotland and Wales which are leased (or pre-let) to 16 different counterparties, ensuring strong diversification.

As always, in 2019 we made sure that the impact of our investments was more than simply financial. We launched the Company because we saw an opportunity to do well by doing good. We realised that Specialised Supported Housing was a sector which could be transformed by the careful investment of private capital into high-quality, adapted, community-based homes around the UK. In doing so, we could achieve a steady, long-term income stream for our investors through rental income. But, as importantly, we could also provide housing that simultaneously improves the health of the people who live in it and saves the Government money compared to housing people with long-term health needs in institutional settings like care homes and hospitals. Research suggests that someone in our housing saves the Government about £200 per week when compared to care home accommodation. This figure increases to about £2,000 a week compared to having someone with long-term health needs in hospital[2]. For these reasons, the call for new Specialised Supported Housing by Commissioners across the country continued throughout 2019. In fact, at the last review in 2015, the shortfall of supported housing was expected to be 46,771 units by 2024/2025[3]. We hope our investments continue to address this shortfall and benefit society into 2020 and beyond.

2 Mencap, Funding supported housing for all (2018)
3 National Housing Federation, Supported housing: Understanding need and supply (2015)

In previous reports we have discussed the evolution of regulation in the Supported Housing market. The impact of this regulatory engagement has remained an important part of the market throughout 2019 – and is likely to remain so in 2020 and beyond as historical issues are resolved. We discuss all this in detail in the Investment Manager's Report (see pages 43 to 45), but it is worth saying now that, despite some short-term delays caused by regulatory engagement, we strongly welcome greater regulation of a sector that is rapidly evolving and maturing. For all the improvements already made by Registered Providers[4], we remain committed to taking into account the views of all relevant stakeholders to evolve the model and ensure that the risks that the Regulator of Social Housing set out in its April 2019 report[5] and its non-compliant ratings for individual Registered Providers are mitigated[6]. This is discussed in more detail in the Investment Manager's Report (see pages 43 to 45). This will ensure the sector is sustainable and provides long-term solutions to local government, care providers and individuals with specific care needs. We believe that private capital continues to play an important role, recognised by the Regulator, in addressing the chronic undersupply and in delivering high-quality new housing[7].

Throughout 2019 we continued to build on the quality of our portfolio. In April, for example, we acquired our first site in Scotland, West Bowling Green, a flagship forward funding development in the centre of Edinburgh which will be leased to Inclusion Housing and which is being developed in conjunction with Edinburgh City Council. In September we acquired Park View Apartments, a self-contained 18-unit purpose built property in Wolverhampton, that is leased to Bespoke Supported Tenancies. Finally, in December we acquired Delph Crescent which is leased to Care Housing Association and that was developed in full collaboration with Bradford Metropolitan District Council. Investing in high-quality housing helps provide the best health outcomes for residents and the long-term sustainability of the properties for the benefit of Approved Providers, care providers, local authorities and our investors. We will continue to evolve our due diligence criteria in 2020 to ensure we always buy the best properties that we possibly can. When acquisition opportunities are presented, our Investment Manager's deep sector knowledge and well-established due diligence process allows them to conduct an initial appraisal, at which point schemes are often rejected. To date, we have

West Bowling Green

Park View Apartments

Delph Crescent

4 See Investment Manager's report.
5 Regulator of Social Housing, Lease-based providers of specialised supported housing (2019)
6 Regulator of Social Housing, Regulatory Notice: Bespoke Supportive Tenancies Limited (2019)
Regulator of Social Housing, Regulatory Notice: Encircle Housing Limited (2019)
Regulator of Social Housing, Current regulatory judgement: Inclusion Housing Community Interest Company (2019)
7 Regulator of Social Housing, Lease-based providers of specialised supported housing (2019), para. 2.6.

CHAIRMAN'S STATEMENT (Continued)

388
Assets acquired to date

£29.8m
Committed to Forward Funding projects in 2019

2,728
Total units to date

rejected in excess of £500 million of potential deals as a result of property or counterparty quality.

Forward Funding

As part of our aim to buy the highest quality housing possible and deliver the greatest social and financial impact, this year saw us commit a significant level of capital to forward fund the development of new properties amounting to £29.8 million on nine projects. As at 31 December 2019, we have committed £56.2 million to 22 forward funded projects, with 11 projects now having completed and the remaining 11 expected to complete in 2020.

The ability to forward fund remains a key differentiator from our competition and ensures that we are deploying funds into the highest quality new-build projects available. Forward funding allows the Group to enjoy valuation uplifts on new-build properties, benefit from the high occupancy such custom-built properties achieve, provide higher quality accommodation for residents, as well as bring new housing stock to market to the benefit of wider society. As ever, we need to balance how much forward funding we have at any one time since these projects do not generate income during construction. However, given the significant benefits for residents and other stakeholders, we forward fund, wherever possible, new development projects.

Deployment

During the twelve months of 2019 we bought 116 new properties, which provide accommodation for 843 residents, for a total investment cost of £130.5 million[8]. All our properties are based in communities and have specialist adaptations for the needs of residents agreed by the care provider, Commissioner and Approved Provider. Beyond these completed properties, as at 31 December 2019 we had outstanding commitments of £24.3 million relating to four properties on which we had exchanged, and 11 forward funded properties on which we had yet to complete construction. With our second investment into Scotland in October 2019, our diversification continues to grow. Following our investments in 2019, our overall portfolio has grown to 388 properties as at 31 December 2019 (31 December 2018: 272). These properties provide accommodation for 2,728 residents (31 December 2018: 1,893). A map showing where our properties are can be found on page 50.

During 2019, we began working with 26 new care providers and 40 new local authorities. Overall, we now have leases in place with 16 Approved Providers – the same number as at the end of 2018 – and own properties into which 88 care providers operate (31 December 2018: 62) and located in 149 different local authorities (31 December 2018: 109). At the end of 2019, our portfolio's weighted average unexpired lease term (including put/call options and reversionary leases) was 25.7 years, compared to 27.2 years in the previous period. This reflects the greater diversification of our portfolio from the properties initially acquired on IPO and a maturing of the market.

Deployment in 2019 was slower than 2018. This was the result of the Group being further through its deployment cycle and greater regulatory engagement causing Registered Providers to focus on consolidation rather than growth. Regulatory engagement is discussed in detail in the Investment Manager's Report below (see pages 43 to 45), and while it has slowed down the deployment of new Specialised Supported Housing it has improved governance, financial strength and operations which will benefit Approved Providers and the wider sector in the long-term.

Share Price

The Company's share price came under pressure following the publication of a report from the Regulator in April 2019 about lease-based providers of Specialised Supported

8 Including acquisition costs

105.37p
IFRS NAV

£471.6m
IFRS Valuation

5.27%
Valuation NIY

Housing. This had the effect of reducing the Company's market capitalisation. As well as acknowledging the benefits of private capital investing in this sector, the report set out a number of risks for Registered Providers. It is true that a minority of Registered Providers operating in this growing sector have been deemed non-compliant by the Regulator. However, the fundamentals remain strong and it is important to remember that the majority of Registered Providers continue to perform well. In addition, there is persistent demand for this type of housing, which provides better outcomes for residents while saving the Government money. We continue to engage with shareholders and other stakeholders to explain the strength of the model generally and our operational performance specifically.

Share Buybacks

During 2019, the Company bought back 450,000 Ordinary Shares at a share price of between 83 and 83.3 pence per share. These shares are now held in treasury. The Board decided to undertake share buybacks because the Company's share price was trading at a significant discount to net asset value following the publication in April of the Regulator's report as mentioned above. The Board took the view that share buybacks should be considered alongside the acquisition of new properties, since share buybacks for investment purposes are particularly attractive when the discount to net asset value is wide, providing net asset value accretion for ongoing shareholders.

The Company will continue to seek shareholder approval at its annual general meeting, as a matter of course, to undertake share buybacks at a discount to net asset value for up to 10% of the Company's issued share capital. The Directors will consider share buybacks if they believe them to be in the interests of shareholders as a whole, taking into account the impact on secondary market liquidity, the Company's ongoing charges ratio, the terms of the Group's debt facilities, and general market conditions including the availability of income-generating investment opportunities.

Equity and Debt Raising

During 2019 we completed deployment of both the £108.2 million of equity raised in October 2018 and the £70 million of debt raised in December 2018. In October 2019, we extended that debt facility by £60 million. As at 12 March 2020, £29.4 million of debt was uncommitted and available to be deployed to meet the demand for more Specialised Supported Housing and help us achieve full dividend cover towards the end of 2020. On a Group consolidated basis the current LTV is 31.1%.

Financial Results

As at 31 December 2019, our portfolio was independently valued at £471.6 million on an IFRS basis. This reflects a valuation uplift of £32.7 million, or 7.45%, over our total investment cost (i.e. including transaction costs). The valuation reflects a blended valuation net initial yield of 5.27%, which is better than the portfolio's blended average net initial yield at purchase of 5.91%. This equates to a yield compression of 64 basis points, reflecting our ability to buy good properties at off-market prices.

As at 31 December 2019, our portfolio was valued at £503.8 million on a portfolio valuation basis (i.e. assuming a single sale of the property-holding SPVs to a third-party on an arm's length basis with purchaser's costs of 2.30%). The portfolio valuation reflects a portfolio premium of £32.2 million against the IFRS valuation.

IFRS earnings per share in the year was 6.75 pence and EPRA earnings per share was 3.39 pence. The audited IFRS NAV per share and the EPRA NAV per share were both 105.37 pence, an increase since 31 December 2018 of 1.66%.

CHAIRMAN'S STATEMENT (Continued)

Dividends

The Company has paid three interim dividends of 1.27 pence per share each for the year to 31 December 2019. On 5 March 2020, we declared a further interim dividend of 1.285 pence per share for the period 1 October to 31 December 2019, payable on or around 27 March 2020 to shareholders on the register on 13 March 2020, bringing the total dividends paid or declared in respect of the year to 31 December 2019 to 5.095 pence per share. This met our dividend target for the whole year, representing an increase of 1.9% over 2018's aggregate dividend, in line with inflation and reflecting the CPI-based rent reviews typically contained in the leases over our properties.

The Company is targeting an increase in the aggregate dividend, underpinned by the anticipated growth in income. The 2020 dividend target will be determined in line with February 2020 Consumer Price Index once this data is made available. It remains a priority of ours to achieve a fully covered dividend. As at 31 December 2019, EPRA earnings covered 66.6% of dividends. Full dividend cover by EPRA earnings is expected in Q3 2020 once debt funds are fully deployed. The delay in full dividend cover has resulted from the slower than expected deployment of funds as Approved Providers have focused on improving governance and operations, as required by the Regulator, rather than growing their portfolios. However, on an annualised basis, if all completed properties were income-generating for the full period, the dividend cover would be 76%; if income on all exchanged and forward funded properties were included, dividend cover would be 90%.

Outlook

We look forward to 2020 with optimism. This follows another successful year in 2019 which has set us up well for the next 12 months. During 2019, we deployed the proceeds of two fund-raises into more high-quality properties. We extended our debt facility based on continuing demand from local Commissioners and are approaching the optimal target level of gearing. We met our dividend target and are making progress towards fully covering the dividend. Rent continues to be paid and on time. In 2020 we will continue to focus on property quality and due diligence, and our principal challenge will be to help the sector meet growing regulatory requests and increase the Company's share price to reflect our continuing operational success. However, building on our success this year and in previous years, we believe we are well equipped to meet these challenges and more as we move forward into 2020.

Our success owes much to the strength of the Investment Manager's network and due diligence processes. Through its hard work, we have been able to continue buying best-in-class properties around the country at attractive and sustainable yields.

I would like to take this opportunity to thank shareholders for your continued support, and our Investment Manager and my fellow Board members for their support and commitment throughout the year.

Chris Phillips
Chairman
12 March 2020

"I can do things I want to do and when I want to do them, even things like being able to do my own washing up because it's an adapted kitchen and it's lower down."

STRATEGY AND BUSINESS MODEL

The Board is responsible for the Group's Investment Objective and Investment Policy and has overall responsibility for ensuring the Group's activities are in line with such overall strategy. The Group's Investment Policy and Investment Objective are published below.

Investment Objective

The Group's investment objective is to provide shareholders with stable, long-term, inflation-linked income from a portfolio of social housing assets in the United Kingdom with a focus on Supported Housing assets. The portfolio comprises investments in operating assets and the forward funding of pre-let development assets, the Company seeks to optimise the mix of these assets to enable it to pay a covered dividend increasing in line with inflation and so generate an attractive risk-adjusted total return.

Investment Policy

To achieve its investment objective, the Group invests in a diversified portfolio of freehold or long leasehold social housing assets in the UK. Supported Housing assets account for at least 80% of the Group's gross asset value. The Group acquires portfolios of social housing assets and single social housing assets, either directly or via SPVs. Each asset is subject to a lease or occupancy agreement with an Approved Provider for terms primarily ranging from 20 years to 30 years, with the rent payable thereunder subject to adjustment in line with inflation (generally CPI). Title to the assets remains with the Group under the terms of the relevant lease. The Group is not responsible for any management or maintenance obligations under the terms of the lease or occupancy agreement, all of which are serviced by the Approved Provider lessee. The Group is not responsible for the provision of care to residents of Supported Housing assets.

The social housing assets are sourced in the market by the Investment Manager.

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

The Group may forward fund the development of new social housing assets when the Investment Manager believes that to do so would enhance returns for shareholders and/or secure an asset for the Group's portfolio at an attractive yield. Forward funding will only be provided in circumstances in which:

(a) there is an agreement to lease the relevant property upon completion in place with an Approved Provider;

(b) planning permission has been granted in respect of the site; and

(c) the Group receives a return on its investment (at least equivalent to the projected income return for the completed asset) during the construction phase and before the start of the lease.

For the avoidance of doubt, the Group will not acquire land for speculative development of social housing assets.

In addition, the Group may engage third party contractors to renovate or customise existing social housing assets as necessary.

Gearing

The Group uses gearing to enhance equity returns. The Directors will employ a level of borrowing that they consider prudent for the asset class and will seek to achieve a low cost of funds while maintaining flexibility in the underlying security requirements and the structure of both the Company's portfolio and the Group.

The Directors intend that the Group will target a level of aggregate borrowings over the medium-term equal to approximately 40% of the Group's gross asset value. The aggregate borrowings will always be subject to an absolute maximum, calculated at the time of drawdown, of 50% of the Group's gross asset value.

Debt will typically be secured at the asset level, whether over a particular property or a holding entity for a particular property (or series of properties), without recourse to the Company and having consideration for key metrics including lender diversity, cost of debt, debt type and maturity profiles.

Use of Derivatives

The Group may use derivatives for efficient portfolio management. In particular, the Group may engage in full or partial interest rate hedging or otherwise seek to mitigate the risk of interest rate increases on borrowings incurred in accordance with the Investment Policy as part of the Group's portfolio management. The Group will not enter into derivative transactions for speculative purposes.

Investment Restrictions

The following investment restrictions apply:

- the Group will only invest in social housing assets located in the United Kingdom;
- the Group will only invest in social housing assets where the counterparty to the lease or occupancy agreement is an Approved Provider. Notwithstanding that, the Group may acquire a portfolio consisting predominantly of social housing assets where a small minority of such assets are leased to third parties who are not Approved Providers. The acquisition of such a portfolio will remain within the Investment Policy provided that at least 90% (by value) of the assets are leased to Approved Providers and, in aggregate, all such assets within the Group's total portfolio represent less than 5% of the Group's gross asset value at the time of acquisition;
- at least 80% of the Group's gross asset value will be invested in Supported Housing assets;
- the unexpired term of any lease or occupancy agreement entered into (or in the case of an acquisition of a portfolio of assets, the average unexpired term of such leases or occupancy agreements) shall not be less than 15 years, unless the Investment Manager reasonably expects the term of such shorter lease or occupancy agreement (or in the case of an acquisition of a portfolio of assets, the average term of such leases or occupancy agreements) to be extended to at least 15 years;
- the maximum exposure to any one asset (which, for the avoidance of doubt, will include houses and/or apartment blocks located on a contiguous basis) will not exceed 20% of the Group's gross asset value;
- the maximum exposure to any one Approved Provider will not exceed 30% of the Group's gross asset value, other than in exceptional circumstances for a period not to exceed three months;
- the Group may forward fund social housing units in circumstances where there is an agreement to lease in place and where the Group receives a coupon (or equivalent reduction in the purchase price) on its investment (generally slightly above or equal to the projected income return for the completed asset) during the construction phase and before entry into the lease. Forward funding equity commitments will be restricted to an aggregate value of not more than 20% of the Group's net asset value, calculated at the time of entering into any new forward funding arrangement;
- the Group will not invest in other alternative investment funds or closed-ended investment companies (which, for the avoidance of doubt, does not prohibit the acquisition of SPVs which own individual, or portfolios of, social housing assets);
- the Group will not set itself up as an Approved Provider; and
- the Group will not engage in short selling.

The investment limits detailed above apply at the time of the acquisition of the relevant asset in the portfolio. The Group will not be required to dispose of any investment or to rebalance its portfolio as a result of a change in the respective valuations of its assets or a merger of Approved Providers.

Investment Strategy

The Group specialises in investing in UK social housing, with a focus on Supported Housing. The strategy is underpinned by strong local authority demand for more social housing, which is reflected in the focus on acquiring recently developed and refurbished properties across the United Kingdom. The assets within the portfolio have typically been developed for pre-identified residents and in response to demand specified by local authorities or NHS commissioners. On acquisition, the properties are subject to inflation-adjusted, long-term (typically from 20 years to 30 years), fully repairing and insuring leases with specialist Approved Providers in receipt of direct payment from local government (usually Registered Providers regulated by the Regulator of Social Housing). The portfolio comprises investments made into properties already subject to a fully repairing and insuring lease as well as forward funding of pre-let developments. The portfolio will not include any direct development or speculative development investments.

STRATEGY AND BUSINESS MODEL (Continued)

Business Model

The Group owns and manages social housing properties that are leased to experienced housing managers (typically Registered Providers, which are often referred to as housing associations) through long-term, inflation-linked, fully repairing and insuring leases. The vast majority of the portfolio and future deal pipeline is made up of Supported Housing homes which are residential properties that have been adapted or built such that care and support can easily be provided to vulnerable residents who may have mental health issues, learning difficulties or physical disabilities. We are focused on acquiring specially or recently developed properties in order to help local authorities meet increasing demand for suitable accommodation for vulnerable residents (the drivers of this demand are discussed in the Investment Manager's report on pages 42 to 45). Local authorities are responsible for housing these residents and for the provision of all care and support services that are required.

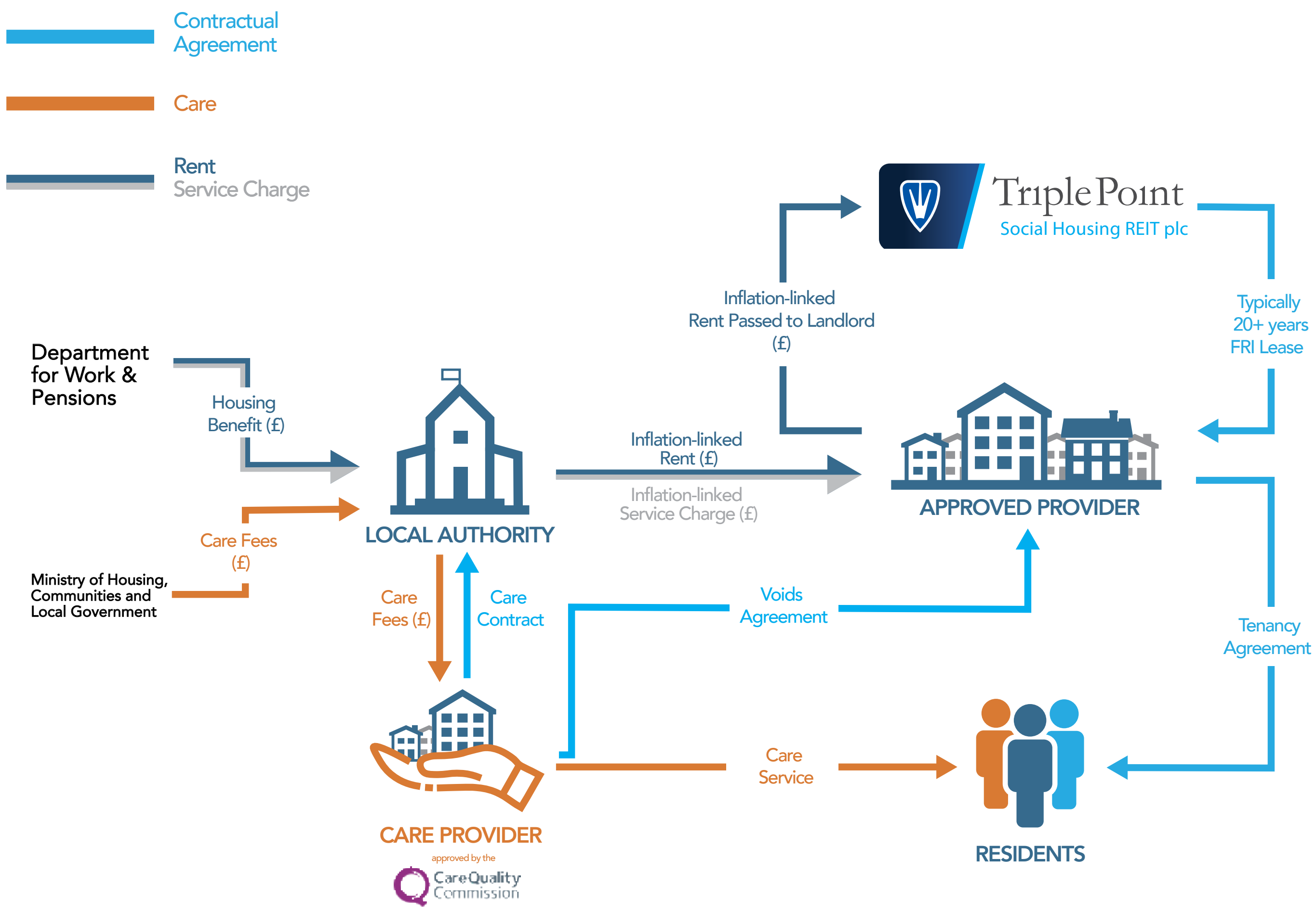
The Supported Housing properties owned by the Group are leased to Approved Providers which are usually not-for-profit organisations focused on developing, tenanting and maintaining housing assets in the public (and private) sectors. Approved Providers are approved and regulated by the Government through the Regulator of Social Housing (or in rare instances, where the Group contracts with care providers, the Care Quality Commission). All the Group's leases with Approved Providers are linked to inflation, have a duration of 20 years or longer, and are fully repairing and insuring – meaning that the obligations for management, repair and maintenance of the property are passed to the Approved Provider. The Approved Provider is also responsible for tenanting the properties. Typically, the Government funds both the rent of the individuals housed in Supported Housing and the maintenance costs associated with managing the property. In addition, because of the vulnerable nature of the residents, the rent and maintenance costs are paid directly from the local authority to the Approved Provider. The rent received from the local authority by the Approved Provider is then paid to the Group via the lease. Ultimate funding for the rent and maintenance comes from the Department for Work and Pensions in the form of housing benefit.

The majority of residents housed in Supported Housing properties require support and/or care. This is typically provided by a separate care provider regulated by the Care Quality Commission. The agreement for the provision of care for the residents is between the local authority and the care provider. The care provider is paid directly by the local authority. Usually the Group has no direct financial or legal relationship with the care provider and the Group never has any responsibility for the provision of care to the residents in properties the Group owns. The care provider will often be responsible for nominating residents into the properties and, as a result, will normally provide some voids cover to the Approved Provider should they not be able to fill the asset (i.e. if occupancy is not 100% it is often the care provider rather than the Approved Provider that will cover the cost). The Group receives full rent regardless of underlying occupancy, but monitors occupancy levels and the payment of voids cover by care providers, to ensure that Approved Providers are appropriately protected.

Many assets that the Investment Manager sources for the Group have been recently developed and are either specifically designed new build properties or renovated existing houses or apartment blocks that have been adapted for Supported Housing. The benefit of buying recently-developed stock is that it has been planned in response to local authority demand and is designed to meet the specific requirements of the intended residents. In addition, it enables the Group to work with a select stable of high-quality developers on pipelines of deals rather than being reliant on acquiring portfolios of already-built assets on the open market. This has two advantages: firstly, it enables the Group to source the majority of its deals off-market through trusted developer partners and, secondly, it ensures the Group has greater certainty over its pipeline with visibility over the long-term deal flow of the developers it works with and knows it will not have to compete with other funders.

As well as acquiring recently-developed properties, the Group can provide forward funding to developers of new Supported Housing properties. Being able to provide forward funding gives the Group a competitive advantage over other acquirers of Supported Housing assets as it enables the Group to offer developers a single funding partner for both construction and the acquisition of the completed property. This is often more appealing to developers than having to work with two separate funders during the build of a new property as it reduces practical and relationship complexity. As well as strengthening developer relationships, forward funding enables the Group to have a greater portion of new build properties in its portfolio which typically attract higher valuations, are modern and have been custom-built to meet the needs of the residents they house, helping to achieve higher occupancy levels. The Group benefits from the Investment Manager's long track record of successfully forward funding a range of property and infrastructure assets. The Group will only provide forward funding when the property has been pre-let to an Approved Provider and other protections, such as fixed-priced build contracts and deferred developer profits, have been put in place to mitigate construction risk.

Since the Company's IPO, the Group has set out to build a diversified portfolio that contains assets leased to a variety of Approved Providers, in a range of different counties, and serviced by a number of care providers. This has been possible due to the Investment Manager's 14-year track record of asset-backed investments, its active investment in the Supported Housing sector since 2014, and the strong relationships it has enjoyed with local authorities for over a decade. These relationships have enabled the Group, in a relatively short space of time, to work with numerous Approved Providers, care providers and local authorities to help deliver new Supported Housing assets that provide homes to some of the most vulnerable members of society.



KEY PERFORMANCE INDICATORS

In order to track the Group's progress the following key performance indicators are monitored:

1. Dividend

KPI and Definition	Relevance to Strategy	Performance	Comment
Dividends paid to shareholders and declared during the period.	The dividend reflects the Company's ability to deliver a low risk but growing income stream from the portfolio.	Total dividends of 5.095 pence per share were paid or declared in respect of the period 1 January 2019 to 31 December 2019. (2018: 5.00p)	The Company has declared a dividend of 1.285 pence per Ordinary share in respect of the period 1 October 2019 to 31 December 2019, which will be paid on 27 March 2020. Total dividends paid and declared for the period are in line with the Company's target.

2. IFRS NAV per Share

KPI and Definition	Relevance to Strategy	Performance	Comment
The value of our assets (based on an independent valuation) less the book value of our liabilities, attributable to shareholders.	The IFRS NAV reflects our ability to grow the portfolio and to add value to it throughout the life cycle of our assets.	105.37 pence at 31 December 2019 (2018: 103.65p)	The IFRS NAV per share at IPO was 98.0 pence. This is an increase of 7.52% since IPO driven by growth in the underlying asset value of the investment properties.

3. Loan to GAV

KPI and Definition	Relevance to Strategy	Performance	Comment
A proportion of our investment portfolio is funded by borrowings. Our medium to long-term target Loan to GAV is 40% with a hard cap of 50%.	The Company uses gearing to enhance equity returns.	31.1% Loan to GAV at 31 December 2019. (2018: 15.5%)	As at 31 December 2019: £68.5 million private placement of loan notes with MetLife; and a £130 million secured revolving credit facility with Lloyds/NatWest of which £101 million was drawn at 31 December 2019.

4. Earnings per Share

KPI and Definition	Relevance to Strategy	Performance	Comment
The post-tax earnings generated that are attributable to shareholders.	The EPS reflects our ability to generate earnings from our portfolio including valuation increases.	6.75 pence per share for the year ended 31 December 2019, based on earnings including the fair value gain on properties, calculated on the weighted average number of shares in issue during the year. (2018: 8.37 pence)	EPS decreased by 19.35% during the year owing to the weighted average number of shares in the financial year being higher than the previous financial year. The outlook remains positive and we continue to invest to generate an attractive total return.

5. Weighted Average Unexpired Lease Term (WAULT)

KPI and Definition	Relevance to Strategy	Performance	Comment
The average unexpired lease term of the investment portfolio, weighted by annual passing rents. Our target is a WAULT of at least 15 years.	The WAULT is a key measure of the quality of our portfolio. Long lease terms underpin the security of our income stream.	25.7 years at 31 December 2019 (includes put and call options). (2018: 27.2 years)	As at 31 December 2019, the portfolio's WAULT stood at 25.7 years and remains well ahead of the Group's minimum term of 15 years.

6. Adjusted Portfolio Earnings Per Share

KPI and Definition	Relevance to Strategy	Performance	Comment
The post-tax earnings adjusted for the market portfolio valuation including portfolio premium.	The Adjusted Portfolio EPS reflects the application of using the portfolio value and reflects the potential increase in value the Group could realise if assets are sold on a portfolio basis.	15.92 pence per share for the year ended 31 December 2019, as shown on page 137 of the Financial Statements. (2018: 12.91 pence)	The Adjusted Portfolio EPS shows the value per share on a long-term basis.

7. Portfolio NAV

KPI and Definition	Relevance to Strategy	Performance	Comment
The IFRS NAV adjusted for the market portfolio valuation including portfolio premium.	The Portfolio NAV measure is to highlight the fair value of net assets on an ongoing, long-term basis and reflects the potential increase in value the Group could realise under the special assumption of a hypothetical sale of the underlying property investment portfolio in one single transaction.	The Portfolio NAV of £401.9 million equates to a Portfolio NAV of 114.53 pence per Ordinary Share, as shown on page 137 of the Financial Statements. (2018: Portfolio NAV £384.3 million equated to 109.40 pence per ordinary share)	The Portfolio NAV per share shows a good market growth in the underlying asset value of the investment properties.

8. Exposure to Largest Approved Provider

KPI and Definition	Relevance to Strategy	Performance	Comment
The percentage of the Group's gross assets that are leased to the single largest Approved Provider.	The exposure to the largest Approved Provider must be monitored to ensure that we are not overly exposed to one Approved Provider in the event of a default scenario.	20.6% (2018: 15.8%)	Our target is lower than 25%. We are substantially below our maximum exposure target with our largest Approved Provider, Inclusion Housing.

9. Total Return

KPI and Definition	Relevance to Strategy	Performance	Comment
IFRS NAV plus total dividends paid during the year.	The total return measure highlights the gross return to investors including dividends paid since the prior year.	IFRS NAV 105.37 pence at 31 December 2019. Total dividends paid during the year ended 31 December 2019 were 5.06 pence Total return was 6.5% for the year to 31 December 2019. (2018: 7.5%)	The IFRS NAV per share at 31 December 2019 was 105.37 pence. Adding back dividends paid during the year of 5.06 pence per Ordinary Share to the IFRS NAV at 31 December 2019 results in an increase of 6.5%.

EPRA PERFORMANCE MEASURES

The table below shows additional performance measures, calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA). We provide these measures to aid comparison with other European real estate businesses.

Full reconciliations of EPRA Earning and NAV are included in Notes 36 and 37 of the consolidated financial statements respectively. A full reconciliation of the other EPRA performance measures are included in the Unaudited Performance Measures section.

1. EPRA Earnings per share

KPI and Definition	Purpose	Performance
EPRA Earnings per share excludes gains from fair value adjustment on investment property that are included in the IFRS calculation for Earnings per share.	A measure of a Group's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	**3.39 pence per share for the year to 31 December 2019.** (2018: 2.27 pence). 3.39 pence per share for the year ended 31 December 2019. The Group is currently in ramp up phase and undertaking forward funding developments resulting in a lag in the Company's ability to fully cover dividends. Our priority remains to achieve a fully covered dividend from operations. We expect this to be achieved by Q3 2020.

2. EPRA NAV per share

KPI and Definition	Purpose	Performance
EPRA NAV makes certain adjustments to IFRS NAV to exclude items not expected to crystalise in a long-term investment property business model. As at 31 December 2019 both the EPRA NAV and the IFRS NAV are equivalent.	Provides stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.	**£369.7m/105.37 pence per share as at 31 December 2019.** £364.2m/103.65 pence per share as at 31 December 2018.

3. EPRA NNNAV per share

KPI and Definition	Purpose	Performance
EPRA NAV adjusted to include the fair values of: 1. financial instruments; 2. debt; and 3. deferred taxes.	Makes adjustment to EPRA NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company.	**£364.7m/103.93 pence per share as at 31 December 2019.** £364.0m/103.60 pence per share as at 31 December 2018.

4. EPRA Net Initial Yield (NIY)

KPI and Definition	Purpose	Performance
Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge for themselves how the valuation of a portfolio compares with others.	**5.29% at 31 December 2019.** 5.13% at 31 December 2018.

5. EPRA "Topped-Up" NIY

KPI and Definition	Purpose	Performance
This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	The topped-up net initial yield is useful in that it allows investors to see the yield based on the full rent that is contracted at 31 December 2019.	**5.29% as at 31 December 2019.** 5.21% as at 31 December 2018.

6. EPRA Vacancy Rate

KPI and Definition	Purpose	Performance
Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" percentage measure of investment property space that is vacant, based on ERV.	**0.00% as at 31 December 2019.** 0.00% as at 31 December 2018.

7. EPRA Cost Ratio

KPI and Definition	Purpose	Performance
Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a Group's operating costs.	**28.35% as at 31 December 2019.** 39.02% as at 31 December 2018.

THE INVESTMENT MANAGER

Pictured above: Max Shenkman, James Cranmer, Ben Beaton, Freddie Cowper-Coles, Ralph Weichelt, Isobel Gunn-Brown and Justin Hubble

Ben Beaton, Managing Partner

Ben joined the Investment Manager in 2007 to lead the sourcing and execution of a broad spectrum of investments including renewable energy, long leased infrastructure and property bridge lending. He has spent his career building innovative products for investors and offering attractive and flexible funding solutions to a range of businesses, both in the public and private sector. Ben has a BSc (Hons) in Biological Sciences from the University of Edinburgh. He became co-Managing Partner in 2016.

James Cranmer, Managing Partner

James joined the Investment Manager in 2006 to establish its flagship leasing business, Triple Point Lease Partners, which has grown to be one of the UK's most active providers of operating lease finance into local authorities and NHS Trust Hospitals. James has over 20 years' experience in structured, asset and vendor finance, and has been responsible for in excess of £1 billion of funding into UK local authorities, NHS Hospital Trusts, FTSE 100 and small and medium-sized companies. James is a graduate of St. Andrews University. He became co-Managing Partner in 2016.

Max Shenkman, Partner & Head of Investment

Max joined the Investment Manager in 2011 and has led investments across the product range. He has arranged both debt and equity funding for a number of property backed transactions in the social housing, infrastructure and agricultural sectors. Max has led over £400 million of investment into Supporting Housing assets for the Group. Prior to joining the Investment Manager, Max was an Associate in the Debt Capital Markets team at Lazard where he advised private equity clients on both the buy and sell side. Max graduated from the University of Edinburgh.

Isobel Gunn-Brown, Partner & REIT CFO

Isobel joined the Investment Manager in 2010 and acts as Finance Director to the Group leading the financial reporting responsibilities of the Group in conjunction with the AIFM. At the Investment Manager, Isobel is head of the Property Fund Management department. Isobel is ACCA qualified with over 30 years' experience in the financial services sector. Her experience is wide-ranging and includes managing the financial reporting for eight listed venture capital trusts, managing the Investment Manager's FCA regulation and reporting requirements and monitoring investee company compliance with HMRC regulation.

Justin Hubble, Partner & General Counsel

Justin joined the Investment Manager in 2017 as General Counsel. He began his legal career as a barrister in New Zealand before moving to the UK where he worked as a private practice lawyer at City firm Ashurst during the dot-com era. On leaving private practice he pursued in-house roles as the General Counsel of several high growth, disruptive tech businesses from start-up to float. Justin is qualified as a barrister & solicitor in New Zealand and as a solicitor in the UK. He is a graduate of Otago University, New Zealand and holds a Master of Laws degree from University College London.

Ralph Weichelt, Investment Director

Ralph joined the Investment Manager in 2017 as a member of the Investment Team. Prior to joining the Investment Manager, Ralph was a partner in Chalkhill Partners LLP, a debt advisory firm focusing on commercial real estate debt origination via institutions and debt capital markets. Prior to this, he held a number of positions in pan-European real estate entities spanning fund management, transactional work (sourcing/underwriting/execution) and advisory. His experience of over 20 years spans across all investment strategies, ranging from core, value added to opportunistic. Ralph is also a qualified Chartered Surveyor.

Freddie Cowper-Coles, Investment Manager

Freddie joined the Investment Manager in 2015. He is an Investment Manager in the Investment Team working exclusively for the Group, with a range of responsibilities related to origination and execution. He began his career as a solicitor, qualifying at Mishcon de Reya where he worked in the property department. Since joining Triple Point, Freddie has worked on a number of investments, including the firm's first investment into a construction company, and he has overseen the investment of over £150 million into social housing properties. Freddie has degrees in history from the University of Edinburgh and King's College, London, and holds the Investment Management Certificate and the Corporate Finance Certificate.

INVESTMENT MANAGER'S REPORT

Max Shenkman, Head of Investment
Triple Point Investment Management LLP

"High-quality properties mean safer housing, better outcomes for residents, greater demand from local Commissioners and lower maintenance costs for Registered Providers."

Review of the Group's Portfolio

Looking back over the Group's second full financial year, there is much to be happy about. The Group's portfolio is performing well. During the year, the Group bought 116 new properties – many of them off-market – providing accommodation for 843 new residents. The Group's portfolio now comprises 388 properties with accommodation for 2,728 residents. It is diversified across 16 Approved Providers, 88 Care Providers and 149 local authorities. The Group's WAULT remains high at 25.7 years. To date all of the Group's rent has been received in full. The Group's portfolio was independently valued at £471.6 million, an uplift of 7.45% against total funds invested of £439 million.

In achieving all this, the Group spent the proceeds of the equity and debt raises secured at the end of 2018, before successfully securing a £60 million extension to the same debt facility based on the strength of the sector's fundamentals and our investment processes. Indeed, our due diligence evolves with every transaction, and many deals are rejected despite falling within our strict investment criteria. As you would expect, on each and every transaction we analyse a wide and growing range of matters such as legal title, property condition, Commissioner support, rent support, and our counterparties' covenant strength. Central to our due diligence is the physical quality of our properties. High-quality properties mean safer housing, better outcomes for residents, greater demand from local Commissioners and lower maintenance costs for Registered Providers.

Ensuring that our investments have a positive social impact has always been fundamental to our processes. However, we have recently formalised the assessment of impact into our due diligence documentation. This will allow us to measure and track impact as well as we can, ensuring our investments always benefit society as much as our shareholders. All future transactions will be formally assessed against impact measures in both our upfront due diligence questionnaire and our detailed due diligence tracker. Our investment Committee will only allow investments to proceed to completion if they demonstrate a clear social impact, primarily through delivering more housing, saving the Government money, and improving health outcomes for residents.

As part of our aim to make the Company one of the UK's leading social impact REITs, we are comissioning a market-leading provider of commercial due diligence in healthcare to conduct the largest exercise in gathering primary data that the Specialised Supported Housing sector has yet seen. The report will gather as much data as is currently available on the size of the market, current demand, future demand, the cost implications of this type of housing, and the health outcomes it provides. This data will be gathered through Freedom of Information requests, telephone interviews with Commissioners and local authorities, reviews of Housing Strategy papers, and analysis of portfolios from Registered Providers and/or care providers operating in the sector. In collecting all this data, the report should provide the most comprehensive and up-to-date picture yet of the size, demand, and costs and benefits of Specialised Supported Housing. We hope to have the report completed in mid-2020 and look forward to sharing it with all stakeholders.

The publication of the Regulator's risk report in April 2019 focused on the risks that Registered Providers should consider when operating the long-lease model. However, improvements continue to be made by Registered Providers and operating performance remains strong, as reflected in the positive momentum of the Company's share price towards the end of 2019. Indeed, the reasons why the Group was launched in the first place are still readily apparent on the ground. Across the country there is still enormous demand – from Commissioners, care providers and Approved Providers – for this housing because it saves the Government money at the same time as improving the lives of people living in it. It is exactly these societal benefits which underpin the Group's rental income for its investors. Without the Group's investment, its residents could still be living in inappropriate settings to the detriment of themselves, their families and the taxpayer.

Market Review

The rapid growth of the Supported Housing sector that characterised 2016, 2017 and early 2018 has now matured into a period of steadier growth and greater regulatory scrutiny during 2019. The sector, which traditionally had little regulatory involvement, has been the subject of increasing engagement with the Regulator of Social Housing. This engagement resulted in a series of regulatory notices and judgements. In February, at the end of a routine In-Depth Assessment, the Regulator published a Regulatory Judgement on Inclusion Housing C.I.C., deeming it non-compliant in terms of financial viability (V3) and governance (G3)[9]. Inclusion's non-compliant judgement focused on the general risks of leasing rather than owning properties.

Encircle Housing and Bespoke Supportive Tenancies Limited both received non-compliant ratings in April and May respectively[10]. Neither was given a formal rating because they had fewer than 1,000 units under management at the time the Regulator conducted its investigations. Their judgements focused on specific issues relating to risk management and indeed on 12 August 2019 a further short notice was published about Bespoke Supportive Tenancies concerning shortcomings in its compliance checks at certain properties.

Finally, on 30 September 2019 the Regulator downgraded Westmoreland Supported Housing's original governance rating from G3 to G4 (with its viability remaining at V3)[11]. This followed a winding up petition submitted – but then withdrawn – by one of Westmoreland's landlords over disputed rent. The Regulator deemed that Westmoreland had a governance shortcoming as it had allowed this to happen. Westmoreland has now had three new board members appointed by the Regulator to improve its governance. All payments under the Group's leases with Westmoreland continue to be paid on time..

As at 31 December 2019, the Group had 90 properties leased to Inclusion (20.6% of the Group's GAV as at 31 December 2019), two properties leased to Encircle (0.6% of GAV), 41 leased to Bespoke Supportive Tenancies (6.1% of GAV), and 15 leased to Westmoreland (3.2% of GAV). As at 31 December 2019, all rents to the Group continued to be paid in full.

Beyond these specific regulatory judgements, the Regulator's April 2019 addendum to its 2018 Sector Risk Profile focused on the risks of providers of Specialised Supported Housing which predominantly lease, rather than own, properties owned by public or private funds. The report acknowledged the importance of private investment into this sector but focused on the risks that should be borne in mind by both Registered Providers and investors into the sector. After discussing these risks, the report stated that the Regulator intends to work with Registered Providers to help them mitigate these risks. This work presumably has had some success because the 2019 Sector Risk Profile suggests that, despite continuing concerns, these concerns relate to only some Registered Providers. Importantly, when these regulatory judgements and notices relate to properties owned by the Group they have not affected the valuation of the Group's investments.

9 Regulator of Social Housing, Current regulatory judgement: Inclusion Housing Community Interest Company (2019)
10 Regulator of Social Housing, Regulatory Notice: Encircle Housing Limited (2019)
Regulator of Social Housing, Regulatory Notice: Bespoke Supportive Tenancies Limited (2019)
11 Regulator of Social Housing, Current regulatory judgement: Westmoreland Supported Housing Limited (2019)

INVESTMENT MANAGER'S REPORT (Continued)

The independent account's valuer, JLL, have demonstrated strong evidence that, regardless of the regulatory activities, the appetite from investors for these assets remained unaffected and that similar assets leased to the affected Registered Providers continued to trade in the market without any discount. In the light of this JLL concluded not to risk-adjust the respective yields in relation to these assets in order to reflect lower market values.

In response to this regulatory engagement, Registered Providers in this sector have been working to improve their governance, their operations, and their financial positions. The 14 Registered Providers we lease properties to have appointed 46 board members since the start of 2018. These board members have backgrounds in housing, care, finance and law. Operationally, Registered Providers are recruiting more staff and are signing up to better software packages to improve reporting. Financially, Registered Providers are, as expected, using growing surpluses to diversify from leasing properties into buying freehold properties, giving them asset bases and more income. Over the last two financial years, the average net asset value of our 14 Registered Providers increased by 34%.

In our view, these are the right responses to the risks properly identified by the Regulator. As we said in our article in Social Housing magazine in November 2019, we are working with Registered Providers to ensure the standards of the Regulator are met. Even though we are not regulated by the Regulator, as a long-term stakeholder in this sector we are committed to ensuring the sector works as well as it can for the long-term. We regularly meet our Approved Providers to discuss financial reporting and governance and help them to address specific property-related issues. We continue to expand our property management team with a focus on property inspections as well relationships with Registered Providers and care providers.

In parallel, we continue to meet senior members of Government to explain the nature and benefits of our investment model, discussions which we hope will soon be informed by the data-gathering report referred to above. We are also discussing what adjustments we can make to the model that will uphold financial and governance standards while attracting further private investment. Already we have been rolling out a new force majeure clause that allows tenants to re-negotiate rents in the event of a change in Government rent policy. Likewise, we have been giving tenants call options allowing them to extend the length of their leases.

For all the Regulator's concerns about the performance of some Registered Providers in this sector, they have recognised the benefits of private investment[12]. The fundamentals of this sector remain as compelling as ever. The House of Commons Library's paper The Future of Supported Housing states that most supported housing is "exceptionally good value for money, providing significant cost savings for the wider public sector, while maximising quality of life for tenants"[13]. In the same way, Mencap's analysis has found that each person in Specialised Supported Housing saves the Government about £200 per week compared to being in a care home and about £2,000 per week compared to being in a hospital[14]. Multiplying these costs savings across the 2,728 units in the Group's portfolio (as at 31 December 2019) gives some indication of the scale of the cost-savings the Group alone delivers.

Given these benefits, there is a strong case to use private investment to fill the shortfall of Supported Housing that is expected to be 46,771 units by 2024/25[15]. Beyond the wider housing crisis in the UK, demand for Specialised Supported Housing specifically has grown for a number of reasons. As well as the general population growing, the proportion of people living to working age with health needs has increased as medical advances have extended lifespans[16]. In addition, the Government continues its policy – enshrined in the Care Act 2014 and the Transforming Care Programme of 2015 – of moving people from institutional settings into community-based settings[17]. It is perhaps no surprise that we regularly hear from Commissioners in all parts of the UK calling for more Specialised Supported Housing. As recently as February 2020, the CQC released a report stating that "too many people with a learning disability and autistic people are in hospital because of a lack of local, intensive community services"[18]. Our portfolio continues to diversify across the UK to meet this demand – with two investments into Scotland in 2019, for example. With demand for this type of housing as strong as ever, pricing in the market remains competitive.

Politically, the strong Conservative majority won on 13 December 2019 is likely to lead to a period of stable Government after three years of uncertainty and gridlock.

12 Regulator of Social Housing, Lease-based providers of specialised supported housing (2019), para. 2.6.
13 Department for Communities and Local Government & Department for Work and Pensions, Funding for Supported Living (2016)
14 Mencap, Funding supported housing for all (2018)
15 National Housing Federation, Supported housing: Understanding need and supply (2015)
16 Department for Communities and Local Government & Department for Work and Pensions, Supported accommodation review: The scale, scope and cost of the supported housing sector (2016)
17 Local Government Association, Adass, NHS (2015) Building the right support
18 Care Quality Commission, Monitoring the Mental Health Act in 2018/19, p.6

The Government's parliamentary majority will enable it to deal with Brexit transition negotiations as quickly and efficiently as possible to take the issue off the front pages. In any case, housing and social care – which are UK based – are relatively insulated from the impact of Brexit.

Indeed, as well as giving the Government the ability to resolve Brexit sooner, the Conservative majority will enable Government to address other policy areas including social care and housing. The Conservative manifesto promised another £74 million for care packages over three years, which will benefit the care providers on the Group's schemes. Likewise, the Government is targeting building another million new homes over the course of the parliament. A White Paper on social housing due to be published in 2020 is expected to empower tenants and support the continued supply of social homes[19]. Overall, the Group is well protected from the impact of Brexit and should benefit from the new Government's domestic policies.

Financial Review

As at 31 December 2019, the annualised rental income of the Group was £25.4 million (excluding forward funding transactions) (as at 31 December 2018, £17.4 million). The Group is a UK REIT for tax purposes and is exempt from corporation tax on its property rental business.

A fair value gain of £11.8 million was recognised during the year on the revaluation of the Group's properties.

Slower than expected deployment, resulting from the engagement of Registered Providers with the Regulator, has delayed when the Group will achieve full dividend cover. Our priority remains to achieve a fully covered dividend from operations, which we expect to be achieved in this financial year. Earnings per share and EPRA earnings per share are calculated on the weighted average number of shares in issue during the period.

The audited IFRS NAV per share was 105.37 pence, a continual increase from 103.65 pence as at 31 December 2018 as a result of profits generated from rental income and an uplift in fair value gain on investment property less dividends paid. The Group's EPRA NAV per share is the same as the IFRS NAV at 105.37 pence. The IFRS NAV adjusted for the portfolio valuation (including portfolio premium) was £401.9 million, which equates to a Portfolio NAV of 114.53 pence per share.

The ongoing charges ratio is calculated as a percentage of the average net asset value for the period under review. The ongoing charges ratio for the year was 1.63% compared to 1.58% in the year to 31 December 2018. This is due to the Investment Management fees for the year increasing in line with deployment as fees are not taken on cash.

At the year end, the portfolio was independently valued at £471.6 million on an IFRS basis, reflecting a valuation uplift of 7.45% against the portfolio's aggregate purchase price (including transaction costs). The valuation reflects a portfolio yield of 5.27%, against the portfolio's blended net initial yield of 5.91% at the point of acquisition. This equates to a yield compression of 64 basis points, reflecting the quality of the Group's property selection and off-market acquisition process.

The Group's properties were valued at £503.8 million on a portfolio valuation basis, reflecting a portfolio premium of 6.82% or a £32.2 million uplift against the IFRS valuation. The portfolio valuation assumes a single sale of the property holding SPVs to a third-party on an arm's length basis with purchaser's costs of 2.30%.

Debt Financing

In October 2019, the Group secured a £60 million extension to its existing £70 million Revolving Credit Facility ("RCF") previously provided exclusively by Lloyds Bank plc. As part of the extension, National Westminster Bank plc provided debt alongside Lloyds Bank plc on identical terms. The Group now has the ability to draw a total of up to £130 million under the RCF. The extension of the RCF widens the Group's lender pool while providing the Group with additional committed capital at an attractive margin, to help finance the acquisition of supported housing assets from its pipeline.

The RCF and its subsequent extension followed the long-dated, fixed-rate, interest-only private placement of loan notes signed with MetLife in July 2018 for £68.5 million which was fully deployed in 2018. During the year, the Group drew down £100.6 million of the RCF, equating to 77% of the debt available under the facility. The Group is planning to undertake further draws in the first half year of 2020 and aims to be fully drawn in Q3 2020.

Both the MetLife facility and the RCF have been secured and drawn at an initial loan-to-value ("LTV") of 40% against defined pool of assets which is in line with the Company's investment policy of a long-term level of aggregate borrowings equal to 40% of the Group's gross asset value. As at 31 December 2019, the LTV for MetLife was 37.8% and 40% for the RCF. On a Group consolidated basis the current LTV is 31.1%.

19 Sarah Williams, Conservatives gain majority, promising to deliver "the housing people need" (2019)

INVESTMENT MANAGER'S REPORT (Continued)

The MetLife facility is split into two tranches, Tranche-A in an amount of £41.5 million has a term of 10 years from utilisation expiring in 30 June 2028 and Tranche-B in an amount of £27 million has a term of 15 years from utilisation will expire in 30 June 2033. The RCF has an initial four-year term expiring on 20 December 2022 and, subject to lender approval, may be extended by a further two years to 20 December 2024.

The MetLife facility requires the Group to maintain an asset cover ratio of x2.25 and an interest cover ratio of x1.75. The RCF requires the Group to maintain on drawn funds a LTV ratio of lower than 50% and an interest cover ratio in excess of x2.75. At all times the Group has complied with debt covenants on both facilities. As at 31 December 2019, the RCF remained unhedged. The Board regularly reviews potential hedging arrangements which can be put in place at any time during the duration of the facility.

The Group will continue to monitor capital requirements to ensure we take advantage of developments in the market and achieve dividend cover.

Strategic Alignment and Property Selection

In 2019, the Group has continued to execute its investment strategy, delivering inflation-protected income underpinned by a careful selection of secure, long-let and index-linked properties. During the year, the Group bought 116 properties, which included nine new forward funding transactions, for a total investment cost of £130.5 million (including transaction costs).

	31 December 2019	31 December 2018	Change in 2019
# of Properties	388	272	+116
# of Leases	300	189	+111
# of Units	2,728	1,893	+835
# of APs	16	16	-
# of FFAs	22	13	+9
WAULT	25.7	27.2	-1.5

In addition, as at 31 December 2019 the Group had outstanding commitments of £24.3 million (including transaction costs), comprising £6.6 million for contracts exchanged on four properties at the period end and £17.6 million for outstanding forward funding commitments.

Committed Capital	Total Funds (£/million)
Total invested since IPO	439
Exchanges	6.6
Forward Funding Commitments	17.6
Total Invested and Committed Capital	**463.2**

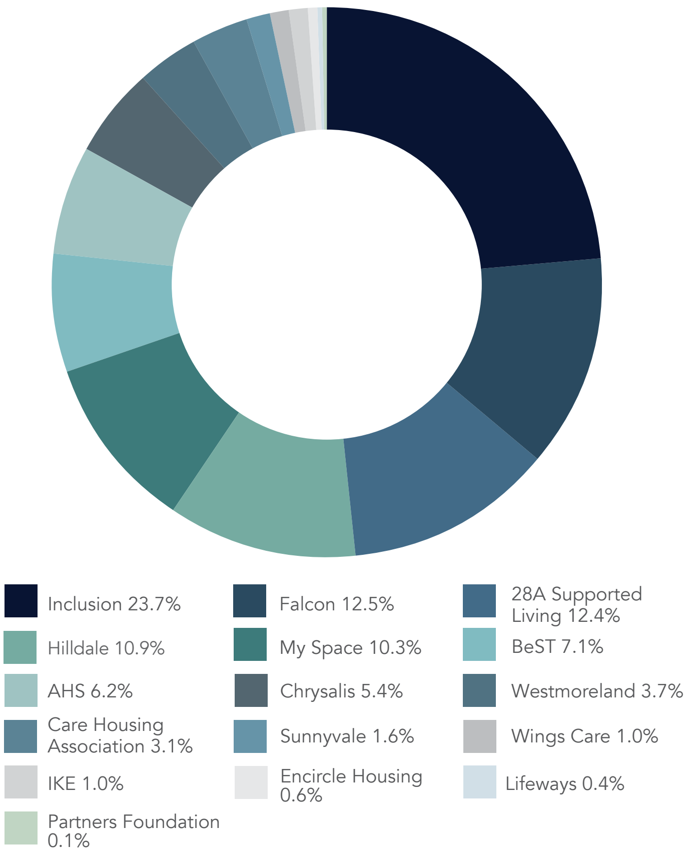
Property Portfolio and Asset Management

As at 31 December 2019, the property portfolio comprised 388 properties with 2,728 units and showed a broad geographic diversification across the UK. The four largest concentrated areas by market value were the North West (21.8%), West Midlands (15.9%), East Midlands (14.2%) and London (11.3%). The IFRS value of the property portfolio at 31 December 2019 was £471.6 million.

During 2019, the Group continued its forward funding programme which forms an integral part of the Group's investment strategy, creating significant value-add to the property portfolio. Through forward funding, the Group enjoys valuation uplifts on new-build properties and benefits from the high occupancy such custom-built properties achieve driven by strong Commissioner demand. As at 31 December 2019, the Group had entered into a total of 22 forward funding projects with 11 schemes having reached practical completion and 11 schemes still under construction.

Our asset management team aims to visit every property in the Group's portfolio each year, inspecting the quality of each asset and meeting the Care Provider to ensure properties are maintained in accordance with health and safety and the FRI leases; ultimately safeguarding tenant welfare. Our dedicated Relationship Manager is further strengthening our relations with Approved Providers and Care Providers. The Group's portfolio is actively asset managed with opportunities to improve environmental efficiencies factoring heavily in addition to other asset management initiatives.

Market Value by Approved Provider



Rental Income

As at 31 December 2019, the property portfolio was fully let (with all properties either let or pre-let on financial close), comprising 300 fully repairing and insuring leases which excludes the agreement for leases in relation to current forward funding transactions.

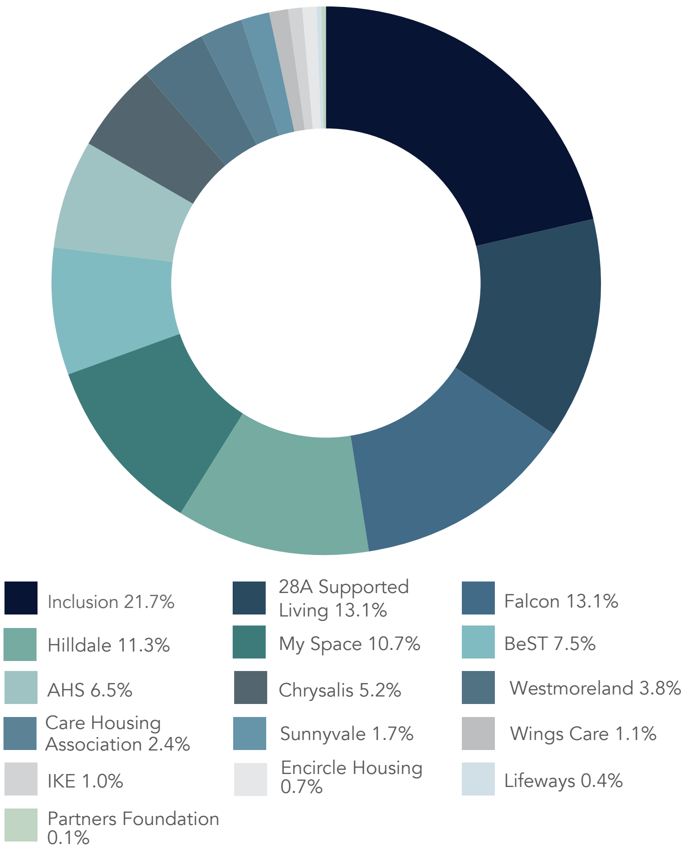
The total annualised rental income of £25.4 million is the aggregate rental income of the standing investments. All rents continued to be paid in full and on time.

In this reporting period, there were 178 leases which benefited from an annual rental uplift linked to CPI/RPI, equating to a total rental value increase of approximately £0.2 million more than the initially contracted rent. The annual rent uplifts typically happen every April or on the anniversary of the lease start date.

The Group has not expanded its tenant base of 16 Approved Providers in the period, yet it remains well diversified across the sector with some of the most specialist UK housing associations. Our three largest Approved Providers by rental income were Inclusion (21.7%), 28A Supported Living (13.1%) and Falcon (13.1%).

INVESTMENT MANAGER'S REPORT (Continued)

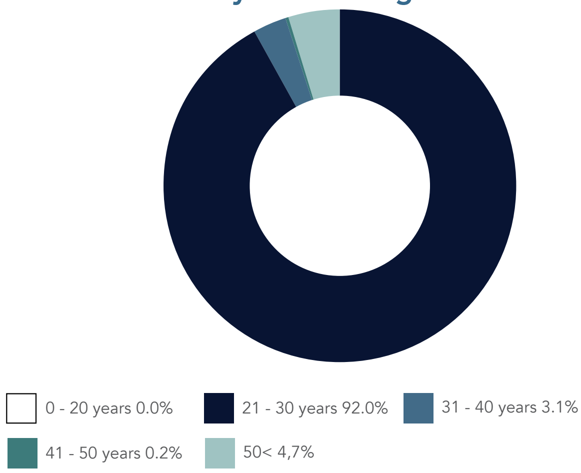
Rental Income by Approved Provider



Our three largest Approved Providers by units were Inclusion Housing (616), Falcon Housing Association (357) and Hilldale Housing Association (328).

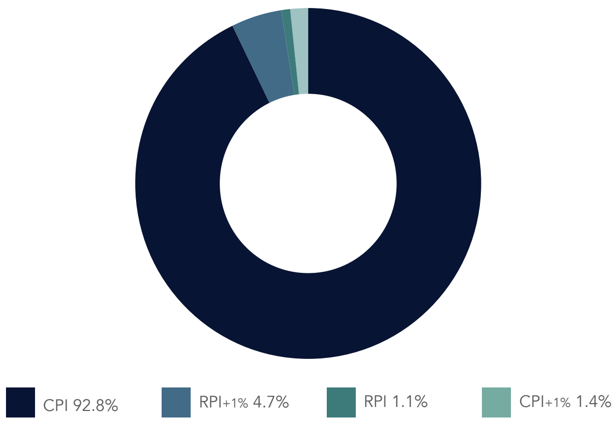
As at 31 December 2019, the property portfolio had a WAULT of 25.7 years (well in excess of the Group's minimum term of at least 15 years), with 92.0% of the portfolio's rental income showing an unexpired lease term of between 21-30 years. Compared with 30 June 2019, the WAULT has reduced by 1.5 years as most additions in the last six months have had a lease term of c.25 years (compared to some of our first investments which had lease terms of up to 60 years). The WAULT includes the initial lease term upon completion as well as any reversionary leases and put/call options available to the Group at expiry.

Rental Income by Lease Length



Rents under the leases are indexed against either CPI (94.2%) or RPI (5.8%), which provides investors with the security that the rental income will increase in line with inflation. Some leases have an index "premium" under which the standard rental increase is based upon CPI or RPI plus a further percentage point, reflecting top-ups by local authorities. These account for 6.1% of the Group's leases. For the purposes of the portfolio valuation, Jones Lang LaSalle assumed CPI and RPI to increase at 2.0% per annum and 2.5% per annum respectively over the term of the relevant leases.

Rental Income by Index



Pipeline and Outlook

Almost every day we hear that Commissioners around the country are requesting more new Supported Housing schemes. This is to meet the housing requirements of thousands who remain in inappropriate institutional and home settings. These calls are borne out in the statistics, with a shortfall of 46,771 Supported Housing units expected by 2024/25[20]. Our pipeline has historically reflected this demand in full, with nearly £400 million in our pipeline in the middle of 2019. However, given our capital constraints (our debt is drawn down in tranches), we have reduced our active pipeline to match the expected cash flow and to reduce possible abort costs. At the year-end we had an active pipeline of over £100 million. This pipeline remains diversified across the UK mainland with a range of new and existing counterparties and can scale up as and when we have further funds to deploy.

In early 2020 the Group invested the first tranche of the £60 million extension to the October 2019 revolving debt facility. Based on the Group's pipeline, we anticipate that the rest of the extension will be invested by Q3 2020. The Group will look to raise further capital as and when necessary (and subject to market conditions) to meet attractive investment opportunities, including, wherever possible, forward funding schemes.

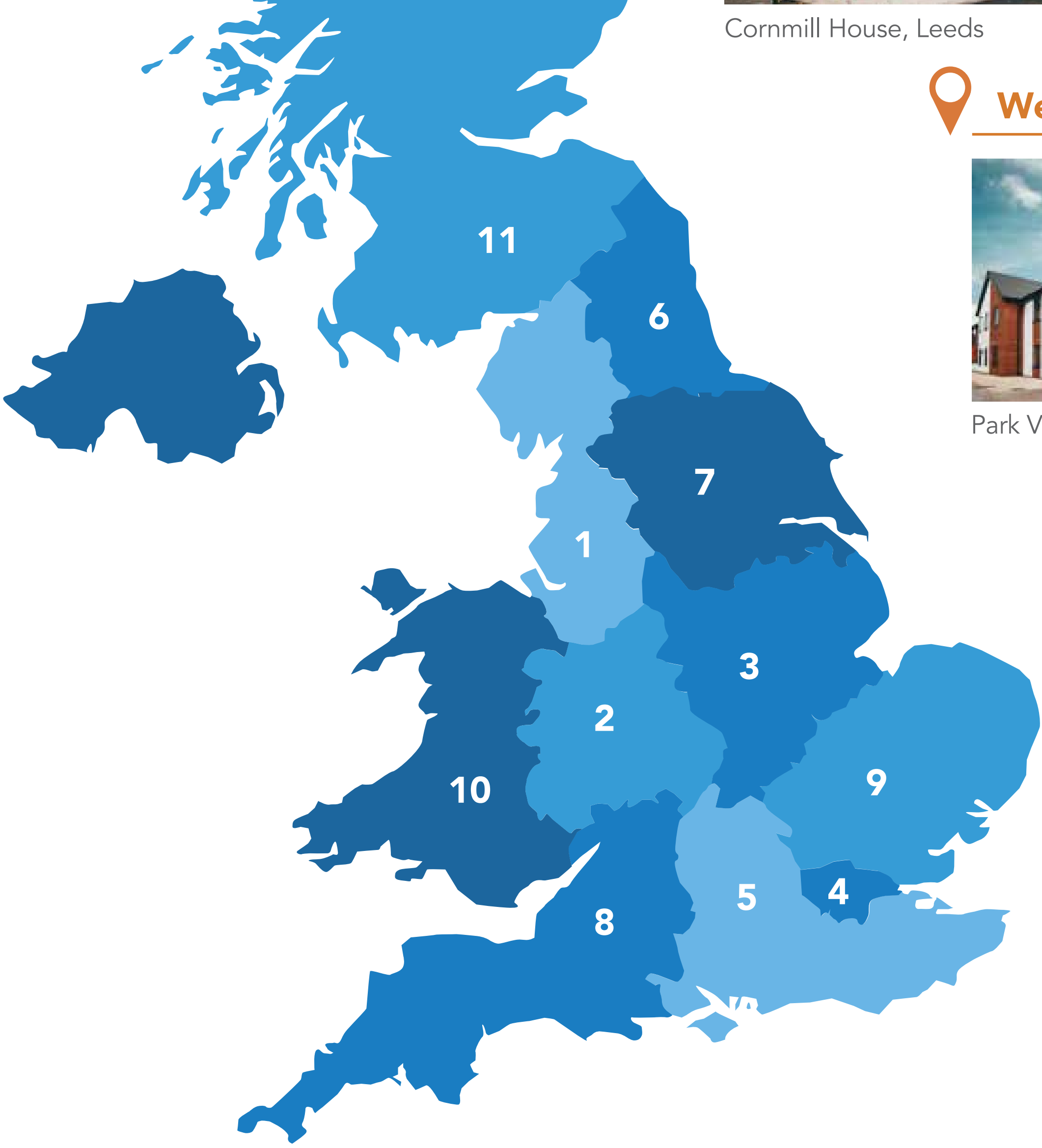
Looking ahead in 2020, we expect strong performance. Regulatory engagement of Registered Providers is likely to continue, but our view is that, in the long-term, the sector will benefit from this as it continues to mature. It is already clear that due diligence processes, financial positions, and governance across the sector have materially improved, and we will continue to support progress across all these fronts into 2020 and beyond. In the meantime, we will continue to help the Group invest in the best properties available across the UK for the benefit of taxpayers, our investors and, above all, our residents.

Max Shenkman
Head of Investment
12 March 2020

20 National Housing Federation, Supported housing: Understanding need and supply (2015)


Delph Crescent, Bradford

PORTFOLIO SUMMARY



North West


Cornmill House, Leeds


Felmonger Seacroft, Leeds

West Midlands


Park View Apartments, Wolverhampton

East Midlands


Bective House, Northampton

South Wales


Ty Coedwig, Newport


Eldon Lodge, Bradford


Coopers Court, Nottingham

PORTFOLIO SUMMARY BY LOCATION

Key	Region	Properties	% of Funds Invested[21]
1	North West	89	22.0
2	West Midlands	58	15.4
3	East Midlands	53	14.1
4	London	26	11.8
5	South East	49	10.3
6	North East	43	10.3
7	Yorkshire	28	7.1
8	South West	25	5.1
9	East	13	2.7
10	Wales	2	0.6
11	Scotland	2	0.6
Total		388	100.0

21 Funds invested include total funds committed to forward funding developments, including amounts not yet deployed, excluding purchase costs

CORPORATE SOCIAL RESPONSIBILITY REPORT

Sustainable Business

Acting in a sustainable and responsible manner is fundamental both to our ambition to be the leading UK Supported Housing investor and to the achievement of our long-term financial objectives. In this section we have outlined the key areas in which we consider the impact of our operations with the aim of having a positive societal impact.

Our properties provide multiple benefits to local communities. They provide residents with safe and secure accommodation, tailored to meet their individual care needs. They provide Approved Provider lessees with a way of growing sustainably, allowing them to expand the number of individual lives they support and improve and they provide employment for local carers, housing managers and builders. While development and refurbishment can cause some minor short-term disruption to an area, these activities help create employment and, at the same time, help alleviate the UK's housing crisis.

Our business model (pages 34 to 35) seeks to ensure not only that our properties are suitable for individuals with complex living needs, but that our portfolio continues to meet residents' evolving needs in the future. With ethical objectives in mind, we strive to provide value for investors and the wider community at the same time.

Environment

Offering residents resource-efficient and adapted living areas is critical to ensure our investments are fit-for-purpose and sustain their value over the long-term. As a landlord, we consider the opportunities we have to help reduce running costs for our lessees and occupiers, increase resident well-being and contribute to the prosperity of a location through supporting new building design and development. Ignoring these issues when considering property management and investments would risk the erosion of income and value as well as missing opportunities to enhance investment returns.

Policy presents new challenges and opportunities for the real estate industry and the social housing market, with potentially profound implications for both owners and occupiers. A good investment strategy must incorporate environmental and social issues alongside traditional economic considerations. Impact assessment is central to our investment process and is demonstrated through the environmental, social and governance assessments in our due diligence. For example, we require every property we acquire to have a minimum energy performance rating of at least a D on an Energy Performance Certificate ("EPC") and have set a target of at least a C rating, notwithstanding the legal requirement for any privately rented properties to have a minimum energy performance rating of E on an EPC.

When acquiring assets, we look closely at their environmental impact, and encourage a sustainable approach for new development as well as the maintenance and upgrading of existing properties. Through our rigorous due diligence process, the high standards we expect from developers and significant investment in the Supported Housing sector, we have been able to provide capital and expertise that has enabled parties in the industry to professionalise. This increased professionalisation in the industry will lead to further high-quality housing being made available, alleviate the issue of low supply and enable us and the Approved Providers to support vulnerable residents further.

Climate Change

The Board is cognisant of the impact of the Group's operations on emissions. Through construction, long-term use and eventual demolition, the built-up environment accounts for over a third of global energy consumption. In supporting the construction of new build properties, we hope to encourage best practice, in turn helping to reduce the industry's impact on emissions and the consumption of depleting resources.

The Board has considered the requirements to disclose the annual quantity of emissions in tonnes of carbon dioxide equivalent for activities for which the Group is responsible and believes that the Group has no reportable emissions for the year ended 31 December 2019, and therefore has not included the information or methodologies for the calculation of emissions, for the following reasons:

- emissions from the Group's properties were the lessees' responsibility rather than the Group's;
- emissions produced from either the registered office of the Company or from the offices of other service providers are deemed to fall under the responsibility of other parties; and
- the Group has not leased or owned any vehicles which fall inside the scope of the GHG Protocol Corporate Standard.

Business Relationships

As well as the critical day-to-day portfolio management, the Group has a set of corporate providers that ensure the smooth running of the Group's activities. The Group's key service providers are listed on page 140, and the Management Engagement Committee annually review the effectiveness and performance of these service providers, taking into account any feedback received. The Group also benefits from the commitment and flexibility of its corporate lenders for its debt facilities and works with a selection of high-quality trusted developer partners to source the majority of its deals off market and to who forward funding is provided. Each of these relationships is critical to the long-term success of the business. Therefore, the Group and the Investment Manager maintain high standards of business conduct by acting in a collaborative and responsible manner with all its business partners that protects the reputation of the Group as a whole.

Employees

The Group has no employees and accordingly no requirement to separately report on this area.

The Investment Manager is an equal opportunities employer who respects and seeks to empower each individual and the diverse cultures, perspectives, skills and experiences within its workforce. The Investment Manager places great importance on company culture and the wellbeing of its employees and considers various initiatives and events to ensure a positive working environment.

Health and Safety

The Group is committed to fostering the highest standards in health and safety. Before the Group acquires a property, we ensure it includes all installations necessary to minimise the risk to the vulnerable people who will live in it. Day-to-day responsibility for health and safety in our properties is then shared by the Approved Providers and Care Providers who manage the housing and provide care. Nonetheless, our Investment Manager still requests confirmation from Approved Providers that all properties remain compliant and visit properties to verify this. Every quarter the Board is provided with updates on the health and safety of our residents.

Diversity

We are an externally managed business and do not have any employees or office space. As such the Group does not operate a diversity policy with regards to any administrative, management and supervisory functions. A description of the Board's policy on diversity can be found on pages 85 to 86.

Human Rights

The Group is not within the scope of the Modern Slavery Act 2015 because it has not exceeded the turnover threshold and is therefore not obliged to make a slavery and human trafficking statement.

The Board are satisfied that, to the best of their knowledge, the Company's principal advisers, which are listed in the Shareholder Information section on page 140, comply with the provisions of the UK Modern Slavery Act 2015.

Our business is solely in the UK and therefore we consider there is a low risk of human rights abuses.

SECTION 172(1) STATEMENT

The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under s172 and forms the directors' statement required under section 414CZA of the Act.

Stakeholder Engagement

This section describes how the Board engages with its key stakeholders, and how it considers their interests when making its decisions. Further, it demonstrates how the Board takes into consideration the long-term impact of its decisions, and its desire to maintain a reputation for high standards of business conduct.

Stakeholder	Why is it important to engage?	How have the Investment Manager/ Directors engaged?
Shareholders	Investment from our shareholders plays an important role in the delivery of high-quality new housing into the Supported Housing market. Through the investment of private capital into an under-funded sector, we can achieve a positive social impact whilst ensuring our shareholders receive a long-term inflation-linked return.	The way in which we engage with our shareholders is set out on page 78 in our Corporate Governance Report.
Investment Manager	The Investment Manager is responsible for executing the Investment Objective within the Investment Policy of the Company.	The Board maintains regular and open dialogue with the Investment Manager at Board meetings and has regular contact on operational and investment matters outside of meetings.
Approved Providers	Our relationship with Approved Providers is integral to ensuring rent received from the Local Authority is paid to the Group and that properties are managed appropriately to safeguard tenants. All of the Group's leases with Approved Providers are fully repairing and insuring – meaning that Approved Providers are responsible for management, repair and maintenance, in addition to tenanting the properties.	The Investment Manager maintains strong relationships with Approved Providers, having meetings every six months and are in regular dialogue on a variety of matters. Quarterly key performance indicator reporting is also provided.
Care Providers	Our residents receive care from Care Providers. It is important to ensure that our vulnerable residents receive the best possible care. In addition, the Care Providers share the cost of voids with Approved Providers so we engage with Care Providers to ensure our Approved Providers are able to pay our rent in the event of empty units. Therefore, Care Providers play an essential role in the occupancy levels of our properties and strong engagement with the Group ensures the best possible care for our residents.	The Investment Manager engages with Care Providers as part of its due diligence process and regularly meets and engages with Care Provider representatives when inspecting the Group's portfolio and looking at occupancy figures every quarter.

What were the key topics of engagement?	What was the feedback obtained and the outcome of the engagement?
1. Financial and operational performance. 2. The Company's share price. 3. The regulatory environment of the Supported Housing sector. 4. Environmental, social and governance considerations.	1. Refer to shareholder engagement section on page 78. 2. Refer to pages 28 to 29 of the Chairman's Statement. 3. The Board and Investment Manager take into account shareholder concerns when speaking to Regulator and agreed to keep shareholders updated of any developments. We understand the importance of, and are committed to, working with Registered Providers to address the concerns of the Regulator. Refer to the Market Review in the Investment Manager's Report on pages 43 to 45. 4. The Investment Manager has further embedded environmental, social and governance considerations into its investment process. Refer to Investment Manager's Report on page 42.
In addition to all matters related to the execution of the Company's Investment Objective, the Board engaged with the Investment Manager on the structure of the Group, developments in the market and updates from the Regulator.	As a result of the engagement between the Board and the Investment Manager the Group has been able to execute its investment strategy and has considered what adjustments can be made to the Group's model that will uphold financial and governance standards while attracting further private investment long term. Additionally, the Investment Manager produces reports to the Board every quarter on various governance and operational matters at the Board's request. Capital allocation is also considered with regard to the views of the Board.
The Investment Manager discussed a number of topics with Approved Providers including ensuring that properties are managed in accordance with their leases; financial reporting and governance; and specific property-related issues such as occupancy, health and safety issues, rent levels, management accounts and governance.	Refer to the Investment Manager's Report on pages 43 to 45. In part, as a result of the engagement, Approved Providers saw new Board appointments, improvement to NAV and rising occupancy levels.
The Investment Manager engages with Care Providers on: the specific care and support requirements of residents including health and safety compliance (refer to Investment Manager's Report on page 47); property management by Approved Providers; financial and operational capacity for new schemes; occupancy levels; and financial performance.	The Investment Manager rejected deals where Care Providers did not meet the high-quality standards expected or where Care Providers were unable to demonstrate the financial strength to meet its obligations under a Service Level Agreement. Following engagement, scope of works were agreed with Care Providers to produce high quality, fit for purpose properties that meet the specific care needs of residents. To maintain the Group's reputation for high standards of business conduct, Care Providers were changed where the standard of care expected by the Group were not met or where engagement identified Care Providers in financial difficulties.

SECTION 172(1) STATEMENT (Continued)

Stakeholder	Why is it important to engage?	How have the Investment Manager/ Directors engaged?
Residents	We remain focused on providing homes to our residents which offer them greater independence than institutional accommodation, as well as meeting their specialist care needs.	The Investment Manager monitors resident welfare through engagement with Approved Providers. The Investment Manager receives quarterly reports from Approved Providers to ensure compliance with health and safety standards. Any concerns are raised to the Board. We do not generally engage with residents directly since they are vulnerable. Instead, day-to-day engagement is done by Care Providers and, to a lesser extent, Approved Providers.
The Regulator of Social Housing	The Regulator regulates Registered Providers of social housing to ensure providers are financially viable and properly governed. It is important to ensure that the Regulator does not object to the way the Group invests and the way Approved Providers operate.	The Investment Manager is in regular contact with the Regulator through telephone calls and regular meetings.
Lenders	The Group's investments in social housing assets are partly funded by debt. Prudent debt financing is critical to achieve the target return promised to shareholders and to meet full dividend cover once equity proceeds have been fully deployed. Further, engagement with debt funders is also a significant signal to the sector that they are aligned with shareholders' interests e.g. long-term support of the sector social housing.	The Investment Manager engages with the existing lenders mainly via the reporting of financial and information covenants under the existing loan agreements on a quarterly basis. In addition, there are regular ad-hoc engagements in relation to general topics relating to the social housing sector as well as specific topics arising from the financial and operational performance of the Group's activities and any other general matters affecting the relationship between the Group and the lenders.

Principal Decisions

Principal decisions have been defined has those that have a material impact to the Group and its key stakeholders. In taking these decisions, the directors considered their duties under section 172 of the Act.

Extension of Debt Facility

During the year the Group secured a £60 million extension to its existing £70 million revolving credit facility. In considering whether to approve the transaction the Board had regard to the interests of the Group's shareholders, lenders and the community.

The Board believed that the extension of the debt facility was in the best interest of shareholders as it would provide additional capital and would allow the Group to continue to execute its pipeline and achieve a fully covered dividend. The Group was able to secure the extension of the debt facility on identical terms to its existing facility. Further, the Group maintained an active dialogue for the lender to appraise the Group's business model and its portfolio. As described in the Corporate Social Responsibility section on page 52 the Board also considered that further funds available to be deployed into the supported housing sector would benefit the wider community.

Further details of the Group's debt financing are detailed on pages 45 to 46 of the Investment Manager's Report.

What were the key topics of engagement?	What was the feedback obtained and the outcome of the engagement?
We provide oversight of resident welfare by ensuring properties are safe and secure before residents move in by: monitoring compliance with health and safety standards; ensuring residents are looked after by competent counterparties; and requesting updates on any health and safety issues every quarter.	Resident issues raised as a result of engagement through Care Providers were addressed. Compliance issues have been remedied and any necessary works have been undertaken. The Group's investment decisions are informed by the long-term needs of our residents.
Discussions focused on understanding the risks that the Regulator set out in its April 2019 report and to discuss how standards of Registered Providers can be improved.	The Investment Manager is working with Registered Providers to ensure the standards of the Regulator are met. Refer to the Investment Manager's Report on pages 43 to 45 for more detail.
The Group engaged on the following topics: financial and information covenant reporting; active asset management activities undertaken by the Group e.g. altering leases and/or any other portfolio performance enhancing activity that requires lenders' consent. There was also frequent liaison with lenders' rates desks in order to monitor the movement of the 3M Libor forward curve as part of the Group's monitoring of interest rates for the unhedged Revolving Credit Facility.	The Group is fully compliant with its debt covenants. The Investment Manager's pro-active engagement with the Group's lenders is welcome by its lenders and to date no concerns in relation to the performance of its loans have been raised by the lenders. The Board continues to monitor compliance with debt covenants and keeps liquidity under constant review to make certain the Group will always have sufficient headroom in its debt facilities.

Share Buybacks

The Board agreed to undertake buybacks in the year, acquiring 200,000 Ordinary Shares at a price of 83 pence and 250,000 Ordinary Shares at a price of 83.3 pence per Ordinary Share for treasury.

The Board considered the views of shareholders and believed that share buybacks for investment purposes were particularly attractive when the discount to NAV at which the Company's shares trade is wide given the NAV accretion which it provides to ongoing shareholders. The Board continued to consider share buybacks for investment purposes alongside the acquisition of new Supported Housing properties when establishing how best to deploy capital taking account of the pipeline at the time. Further details of the share buybacks during the year is on page 29 of the Chairman's Statement.

Most supported housing is "exceptionally good value for money, providing significant cost savings for the wider public sector, while maximizing quality of life for tenants"

The House of Commons Library's paper, "The Future of Supported Housing"

Savoy Gardens, Nuneaton

RISK MANAGEMENT

The Board recognises that effective risk management is key to the Group's success and that a proactive approach is critical to ensuring the sustainable growth and resilience of the Group.

We operate in a low-risk environment, focusing on a single sub-sector of the UK real estate market to deliver an attractive, growing and secure income for shareholders. We have a specific Investment Policy, as outlined on page 32, which we adhere to and for which the Board has overall responsibility. As our risk appetite is low, we do not undertake speculative development. Furthermore, we have experienced lessees in our properties and we possess a portfolio of high-quality assets with a robust WAULT to them.

As an externally managed investment company, we outsource key services to the Investment Manager and other service providers and rely on their systems and controls. The Board undertakes a formal risk review, with the assistance of the audit committee, twice a year to assess and challenge the effectiveness of our risk management and internal control systems. The Board regularly review the control reports of the key service providers and the external auditors note any deficiencies in internal controls and processes have been identified during the course of the audit. A description of the key internal controls of the Group can be found on page 80.

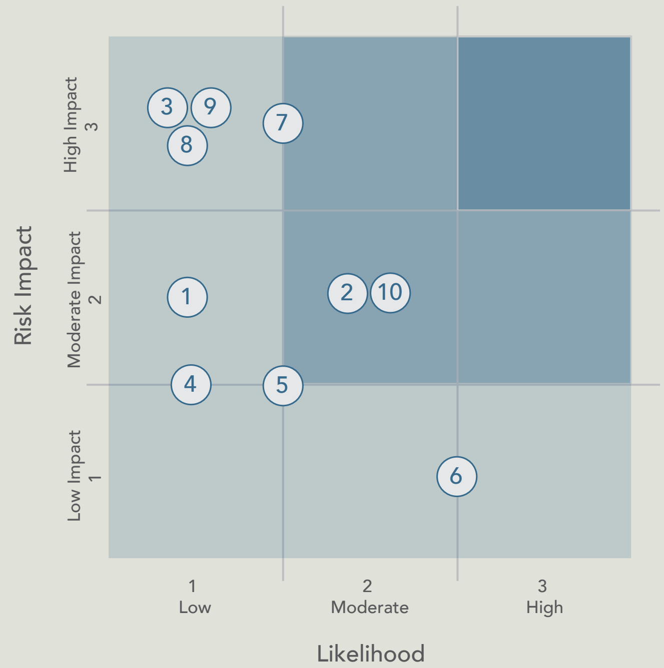
The AIFM, in conjunction with the Investment Manager, has responsibility for identifying potential risks at an early stage, escalating risks or changes to risk and relevant considerations and implementing appropriate mitigations which are recorded in the Group's risk register. Where relevant the financial model is stress tested to assess the potential impact of recorded risks against the likelihood of occurrence and graded suitably. The principal risks that have been subject to this methodology are noted in the Risk Heat Matrix below. The Board regularly reviews the risk register to ensure gradings and mitigating actions remain appropriate.

As part of this risk management evaluation the Board has identified and undertaken a robust assessment of the Group's emerging risks by assessing upcoming or potential changes in the market or regulatory environment. The Board considers the likelihood of the emerging risk materialising and its potential impact on the Group. Emerging risks are regularly monitored, and to the extent possible or practicable, mitigating actions are implemented.

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

The Board has not identified or been advised of any failings or weaknesses in our risk management and internal control systems.

Risk Heat Matrix



1. Expensive or lack of debt finance may limit our ability to grow and achieve a fully covered dividend
2. Floating rate debt exposes the business to underlying interest rate movements
3. Unable to operate within debt covenants
4. Default of one or more Approved Provider lessees
5. Forward funding properties involves a higher degree of risk than that associated with completed investments
6. Risk of an Approved Provider receiving a non-compliant financial viability or governance rating by the Regulator
7. Risk of changes to the social housing regulatory regime
8. Risk of not being qualified as REIT
9. Reliance on the Investment Manager
10. Property valuations may be subject to change over time

RISK MANAGEMENT (Continued)

Principal Risks and Uncertainties

The table below sets out what we believe to be the principal risks and uncertainties facing the Group. The table does not cover all of the risks that the Group may face. Additional risks and uncertainties not presently known to management or deemed to be less material at the date of this report may also have an adverse effect on the Group.

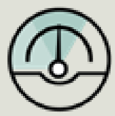
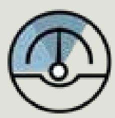
1. RISK CATEGORY - FINANCIAL

Expensive or lack of debt finance may limit our ability to grow and achieve a fully covered dividend

Risk Impact	Risk Mitigation	
Without sufficient debt funding at sustainable rates, we will be unable to pursue suitable investments in line with our Investment Policy. This would significantly impair our ability to pay dividends to shareholders at the targeted rate.	When raising debt finance the Investment Manager adopts a flexible approach involving speaking to multiple funders offering various rates, structures and tenors. Doing this allows the Investment Manager to maintain maximum competitive tension between funders. After proceeding with a funder the Investment Manager agrees heads of terms early in the process to ensure a streamlined, transparent fund-raising process. The Board also keeps liquidity under constant review and we will always aim to have headroom in our debt facilities ensuring that we have a level of protection in the event of adverse fund-raising conditions.	Impact  Likelihood  Change in Year: STABLE

2. RISK CATEGORY - FINANCIAL

Floating rate debt exposes the business to underlying interest rate movements

Risk Impact	Risk Mitigation	
The Group's Revolving Credit Facility is currently non-hedged and therefore interest is payable based on a margin over 3M Libor. Any adverse movements in the 3M Libor forward curve could significantly impair our profitability and ability to pay dividends.	The Group considers cash flow forecasts and ensures sufficient cash balances are held within the Group to meet future needs. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of financing through appropriate and adequate credit lines, and the ability of customers to settle obligations within normal terms of credit. The Group ensures, through forecasting of capital requirements, that adequate cash is available to fund the Group's operating activities. The Group's 10-year and 15-year MetLife tranches have a fixed rate coupon and the Board regularly reviews potential hedging arrangements which can be put in place at any time during the duration of the Revolving Credit Facility.	Impact  Likelihood  Change in Year: STABLE

3. RISK CATEGORY - FINANCIAL

Unable to operate within debt covenants

Risk Impact

The borrowings the Group currently has and which the Group uses in the future may contain loan to value and interest covenants ratios. If property valuations and rental income decrease, such covenants could be breached, and the impact of such an event could include: an increase in borrowing costs; a requirement for additional cash collateral; payment of a fee to the lender; a sale of an asset or assets or a forfeit of any asset to a lender.

This may result in the Group selling assets to repay drawn loan amounts resulting in a decrease on Group's Net Asset Value.

Risk Mitigation

The Investment Manager monitors loan to value and interest covenants ratios on an ongoing basis. In the unlikely event that an event of default occurs under these covenants the Group has a sufficient remedy period to cure the covenant breach by either injecting cash collateral or equity funded assets in order to restore covenant compliance.

Impact

Likelihood

Change in Year

STABLE

4. RISK CATEGORY - PROPERTY

Default of one or more Approved Provider lessees

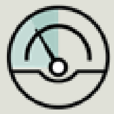
Risk Impact

The default of one or more of our lessees could impact the revenue gained from relevant assets. If the lessee cannot remedy the default or no support is offered to the lessee by the Regulator of Social Housing, we may have to terminate or negotiate the lease, meaning a sustained reduction in revenues while a replacement is found.

Risk Mitigation

Under the terms of our Investment Policy and restrictions, no more than 30% (although the Group has a target of 25%) of the Group's gross asset value may be exposed to one lessee, meaning the risk of significant rent loss is low. The lessees are predominantly regulated by the Regulator of Social Housing, meaning that, if a lessee was to suffer financial difficulty, it is likely that the Regulator of Social Housing would assist in making alternative arrangements to ensure continuity for residents who are vulnerable members of the community.

Impact



Likelihood

Change in Year

STABLE

5. RISK CATEGORY - PROPERTY

Forward funding properties involves a higher degree of risk than that associated with completed investments

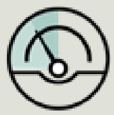
Risk Impact

Our forward funded developments are likely to involve a higher degree of risk than is associated with standing investments. This could include general construction risks, delays in the development or the development not being completed, cost overruns or developer/contractor default. If any of the risks associated with our forward funded developments materialised, this could reduce the value of these assets and our portfolio.

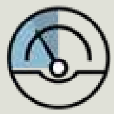
Risk Mitigation

Before entering into any forward funding arrangements, the Investment Manager undertakes substantial due diligence on developers and their main subcontractors, ensuring they have a strong track record. We enter into contracts on a fixed price basis and then, during the development work, we defer development profit until work has been completed and audited by a chartered surveyor. Further, less than 10% of our portfolio is forward-funded at present and we are limited by our Investment Policy which restricts us to forward funding a maximum of 20% of the Group's net asset value at any one time. Ultimately, with these mitigating factors in place, the flexibility to forward fund allows us to acquire assets and opportunities which will provide prime revenues in future years.

Impact



Likelihood



Change in Year

STABLE

RISK MANAGEMENT (Continued)

6. RISK CATEGORY - REGULATORY

Risk of an Approved Provider receiving a non-compliant financial viability or governance rating by the Regulator

Risk Impact

Should an Approved Provider with which the Group has one or more leases in place receive a non-compliant rating by the Regulator, in particular in relation to viability, depending on the further actions of the Regulator, it is possible that there may be a negative impact on the market value of the relevant properties which are the subject of such lease(s). Depending on the exposure of the Group to such Approved Provider, this in turn may have a material adverse effect on Group's Net Asset Value until such time as the matter is resolved through an improvement in the relevant Approved Provider's rating or a change in Approved Provider.

Risk Mitigation

As part of the Group's acquisition process, the Investment Manager conducts a thorough due diligence process on all Registered Providers with which the Company enters into lease agreements that takes account of their financial strength and governance procedures.

The Investment Manager has established relationships with the Approved Providers with whom it works. The Approved Providers keep the Investment Manager informed of developments surrounding the regulatory notices.

The Group has leases in place with four Approved Providers that have been deemed non-compliant by the Regulator. These assets did not suffer from an impairment in value as part of the Q4 valuation by the Group's independent Valuer.

More detail on this risk can be found on pages 43 to 45.

Impact

Likelihood

Change in Year
STABLE

7. RISK CATEGORY - REGULATORY

Risk of changes to the social housing regulatory regime

Risk Impact

Future governments may take a different approach to the social housing regulatory regime, resulting in changes to the law and other regulation or practices of the Government with regard to social housing.

Risk Mitigation

As demand for social housing remains high relative to supply, the Board and the Investment Manager is confident there will continue to be a viable market within which to operate, notwithstanding any future change of Government. Even if Government funding was to reduce, the nature of the rental agreements the Group has in place means that the Group will enjoy continued lessee rent commitment for the term of the agreed leases.

Impact

Likelihood

Change in Year
STABLE

8. RISK CATEGORY - REGULATORY

Risk of not being qualified as REIT

Risk Impact

If the Group fails to remain in compliance with the REIT conditions, the members of the Group will be subject to UK corporation tax on some or all of their property rental income and chargeable gains on the sale of properties which would reduce the funds available to distribute to investors.

Risk Mitigation

The Group intends to continue to operate as a REIT and work within its investment objective and policy. The Group will retain legal and regulatory advisers and consult with them on a regular basis to ensure it understands and complies with the requirements. In addition, the Board oversees adherence to the REIT regime, maintaining close dialogue with the Investment Manager to ensure we remain compliant with legislation.

Impact

Likelihood

Change in Year
STABLE

9. RISK CATEGORY - CORPORATE

Reliance on the Investment Manager

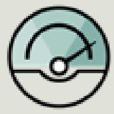
Risk Impact

We continue to rely on the Investment Manager's services and its reputation in the social housing market. As a result, our performance will, to a large extent, depend on the Investment Manager's abilities in the property market. Termination of the Investment Management Agreement would severely affect our ability to effectively manage our operations and may have a negative impact on the share price of the Company.

Risk Mitigation

Unless there is a default, either party may terminate the Investment Management Agreement by giving not less than 12 months' written notice. The Board regularly reviews and monitors the Investment Manager's performance. In addition, the Board meets regularly with the Manager to ensure that we maintain a positive working relationship.

Impact



Likelihood

Change in Year

STABLE

10. RISK CATEGORY - FINANCIAL

Property valuations may be subject to change over time

Risk Impact

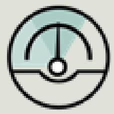
Property valuations are inherently subjective and uncertain. Market conditions, which may impact the creditworthiness of lessees, may adversely affect valuations. The portfolio is valued on a Market Value basis, which takes into account the expected rental income to be received under the leases in future. This valuation methodology provides a significantly higher valuation than the Vacant Possession value of a property. In the event of an unremedied default of an Approved Provider lessee, the value of the assets in the portfolio may be negatively affected.

Any changes could affect the Group's net asset value and the share price of the Group.

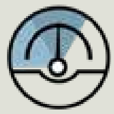
Risk Mitigation

All of the Group's property assets are independently valued quarterly by Jones Lang LaSalle, a specialist property valuation firm, who are provided with regular updates on portfolio activity by the Investment Manager. The Investment Manager meets with the external valuers to discuss the basis of their valuations and their quality control processes. Default risk of lessees is mitigated in accordance with the lessee default principal risk explanation provided above. In order to protect against loss in value, the Investment Manager's property management team seeks to visit each property in the portfolio once a year, and works closely with lease counterparties to ensure, to the extent reasonably possible, their financial strength and governance procedures remain robust through the duration of the relevant lease.

Impact



Likelihood



Change in Year

STABLE

Emerging Risks

The United Kingdom's Withdrawal from the European Union

The Board has continued to monitor the potential risks associated with Brexit. As discussions continue to develop with the UK's trading relationship with the EU, it still remains unclear as to the extent or precise nature of the impact of Brexit on the Company and its stakeholder base. Nevertheless, the strong Conservative majority achieved in December 2019 is likely to lead to a period of greater political stability, and with care, housing and social care, being UK based, the Group remains relatively insulated from the impact of Brexit.

The Board will continue to monitor the developing relationship between the UK and the EU and the wider potential impact of Brexit on the Group and its stakeholder base.

GOING CONCERN AND VIABILITY

Going Concern

The Strategic Report and financial statements have set out the current financial position of the Group and parent Company. The Board has regularly reviewed the position of the Company and its ability to continue as a going concern in Board meetings throughout the year. The Group has targeted high-quality properties in line with yield expectations and will continue to analyse investment opportunities to ensure that they are the right fit for the Group.

The Group has invested £439 million up to 31 December 2019, and £19.3 million since the year end. The cash balance of the Group at year end was £67.7 million, of which £30.4 million was readily available for use. This is the cash balance at 31 December 2019 less any funds that are committed for future deployment, retentions, or working capital requirements. As stated in the Strategic Report, the Investment Manager has identified a visible pipeline of over £100 million of attractive investment opportunities for acquisition over the next 12 months. The Board has evaluated the financial position of the Group and plans to raise both debt and equity capital, as necessary, in order to fund the Group's investments for the next 12 months. Income generated from the Group's portfolio of assets is expected to substantially facilitate the payment of dividends to shareholders at the targeted rate. Based on this, the Board believes that the Group is in a position to manage its financial risks for the foreseeable future.

The Board believes that there are currently no material uncertainties in relation to the Group's and Company's ability to continue for a period of at least 12 months from the date of the approval of the Group and parent Company's financial statements and, therefore, has adopted the going concern basis in the preparation of the financial statements.

Viability Statement

In accordance with Principle 21 of the AIC Code, the Board has assessed the prospects of the Group over a period longer than 12 months required by the relevant "Going Concern" provisions. The Board has considered the nature of the Group's assets and liabilities, and associated cash flows, and has determined that five years, up to 31 December 2024, is the maximum timescale over which the performance of the Group can be forecast with a material degree of accuracy and therefore is the appropriate period over which to consider the viability.

In determining this timescale the Board has considered the following:

- That the business model of the Group assumes the future growth in its investment portfolio through the acquisition of Supported Housing assets which are intended to be held for the duration of the viability period
- The length of the service level agreements between Approved Providers and Care Providers is typically five years
- The future growth of its investment portfolio of properties is achieved through long-term, inflation linked, fully repairing and insuring leases
- The Group's property portfolio has a WAULT of 25.7 years to expiry, representing a secure income stream for the period under consideration
- The Group's floating rate Revolving Credit Facility has an initial term of four years (of which three remain) which may be extended by a further two years.

In assessing the Company's viability, the Board has carried out a robust assessment of the emerging risks and principal risks facing the Group, including those that would threaten its business model, future performance, solvency, liquidity and dividend cover for a five year period.

The Directors' assessment has been made with reference to the principal risks and uncertainties and emerging risks summarised on pages 60 to 63 and how they could impact the prospects of the Group and Company both individually and in aggregate.

The business model was subject to a sensitivity analysis, which involved flexing a number of key assumptions underlying the forecasts. The sensitivities performed were designed to provide the Directors with an understanding of the Group's performance in the event of severe but plausible downturn scenario, taking full account of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks outlined below:

1. Approved Providers defaulting under a lease having a negative impact on rental income and valuations:
   - the viability model has been stressed by a 10% reduction in rental income. The 10% reduction in rent was chosen to represent either a mid-sized Approved Provider becoming insolvent or a major sectoral change that may affect the ability of an Approved Provider to pay full rents. It is

assumed that the loss in income has an impact on the valuation of the portfolio, 90% remains at full valuation and 10% at vacant possession value assumed to be approximately 47% of the full market value. Under the 12 month going concern model rents are reduced by 25% to represent a scenario whereby an Approved Provider, to which the Group had it reached its maximum target exposure, became insolvent. This assumes there could be a 12 month delay in finding a replacement tenant; whereas the viability model assumes a new tenant will be found and 10% reflects the average loss in rental income over the five year model.

2. Deterioration in economic outlook which could impact the fundamentals of the social housing sector, including a negative impact on valuations and rental uplifts:
   - the business model has been stressed to exclude all rental uplifts which has an impact on the valuation of the portfolio and the ability to pay covered dividends.
   - the business model has been stressed with an adverse impact on the yield which has an impact on covenant testing.

3. Lack of availability of debt financing or other capital:
   - in the normal course of business, financing is arranged in advance of expected requirements and the business model assumes that the Directors have reasonable confidence that the secured debt facilities will be fully drawn during 2020 to bring leverage up to the target of 40%. No further financing is assumed in the business model after 2020.

The outcome in the downturn scenario on the Group's covenant testing is that there are no breaches and the Group can maintain a covenant headroom on existing facilities.

In the downturn scenario mitigating actions to reduce variable costs would be required to enable the Group to meet its future liabilities.

The remaining principal risks and uncertainties, whilst having an impact on the Group's business, are not considered by the Directors to have a reasonable likelihood of impacting the Group's viability over the five year period.

Based on the results of this analysis, the Directors have a reasonable expectation that the Group and Company will be able to continue in operation and meet its liabilities as they fall due for the next five years.

Coopers Court, Nottingham

BOARD APPROVAL OF THE STRATEGIC REPORT

The Strategic Report has been approved by the Board of Directors and signed on its behalf by:

Chris Phillips
Chairman
12 March 2020

“Ensuring that our investments have a positive social impact has always been fundamental to our processes.”

Delph Court, Bradford

Governance

CHAIRMAN'S LETTER

Chris Phillips, Chairman

Since the Company's IPO the Board has placed an ever-increasing focus on ensuring that financial accountability and risk management underpin everything we do. As we continue to refine and evolve our investment due diligence processes, our processes for identifying risk and implementing appropriate mitigations develop in parallel.

As described in the Investment Manager's Report on pages 42 to 49, the Group works closely with Approved Providers who are seeking to meet housing demand in the Supported Housing sector. These Approved Providers are continuing to grow and, as they do so, they are diversifying their asset bases into freehold properties, appointing new directors, hiring more housing officers, and implementing better software packages. Our due diligence continues to focus on ensuring that these Approved Providers have adequately considered and mitigated the risks of expansion, and the Board continually monitors the performance of both Approved Providers and Care Providers to ensure their viability and proficiency.

The Group has leases in place with four Approved Providers that have been deemed non-compliant with the Regulator. The fundamentals of the Group's model remain strong and the majority of Registered Providers continue to perform well, but the Board nonetheless met with the Group's valuer, JLL, to discuss the valuation methodology of the Group's portfolio and examine the suitability of the value of assets leased to Registered Providers that had received non-complaint ratings. The Board were satisfied that the Group's valuation remained appropriate and the strength of our income stream remains robust. We welcome the fact that the Regulator is subjecting smaller Registered Providers to a higher degree of regulation and believe that this will bring transparency to the sector and instil higher operational and governance standards.

The Board spent significant time during the year reviewing the longer-term strategy of the Group. In particular we considered the opportunities and risks to the future success of the business and addressed what adjustments we can make to the model that will uphold governance standards while attracting further private investment. We believe that good governance provides the foundation for an open, informed and transparent environment which supports good decision-making and we will continue to engage openly with all our stakeholders to actively explain our business model and strategy.

In addition to the above areas of focus, we once again conducted our annual Board evaluation which I facilitated along with our Senior Independent Director, Ian Reeves, and the Company Secretary. As a Board, we strive to identify areas of development to ensure that we continue to operate in an open and transparent way and constructively challenge and support the Investment Manager. The Board's evaluation process is more fully described on pages 76 to 77.

The Board remains focused on building upon our high standards of governance in order to support the strategic direction of the Group and deliver sustainable long-term value for shareholders and stakeholders. In this section of the Annual Report, we report on our compliance with the principles of corporate governance and highlight the key governance events which have taken place in the year.

Chris Phillips
Chairman
12 March 2020

Statement of Compliance

The Board of Triple Point Social Housing REIT plc has considered the Principles and Provisions of the AIC Code of Corporate Governance (AIC Code). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to Triple Point Social Housing REIT plc.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code. The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

On behalf of the Board:

Chris Phillips
Chairman
12 March 2020

BOARD OF DIRECTORS

Left to right: Paul Oliver, Peter Coward, Tracey Fletcher-Ray, Chris Phillips and Ian Reeves CBE

Chris Phillips, Chairman (69)

Appointed	17 July 2017
Committee memberships	Management engagement committee (Chairman) Nomination committee
Skills and experience	Chris has extensive experience of real estate and listed companies. He was Managing Director of PB Securities, the UK subsidiary of Prudential Bache, for three years, before joining Lombard Odier as the Managing Director of its London broking business. He then joined Colliers International and after heading its residential consultancy business, became the first Managing Director of Colliers Capital UK Limited (Colliers commercial real estate property fund).
Principal external appointments	Places for People Group Limited (Chairman) London & Newcastle 2010 Holdings Limited (Chairman) NCL Technology Ventures Limited (Chairman) Apex Housing Group Limited (Chairman)

Ian Reeves CBE, Senior Independent Director (75)

Appointed	17 July 2017
Committee memberships	Audit committee Management engagement committee Nomination committee (Chairman)
Skills and experience	Ian is senior partner and co-founder of Synaps Partners LLP. He is visiting Professor of infrastructure investment and construction at The Alliance Manchester Business School, chairman of GCP Infrastructure Investments Limited and Chairman of The Estates and Infrastructure Exchange (EIX). Ian was founder and Chairman of High-Point Rendel Group a pioneering management and engineering consultancy company with a global network of offices. He has been president and CEO of Cleveland Bridge, Chairman of McGee Group, Chairman of Constructing Excellence and Chairman of the London regional council of the CBI. Ian was awarded his CBE in 2003 for services to business and charity.
Principal external appointments	GCP Infrastructure Investments Limited (Chairman) Synaps Partners LLP (Senior Partner and co-founder) The Estates and Infrastructure Exchange (Chairman)

Peter Coward, Non-executive Director (63)

Appointed	17 July 2017
Committee memberships	Audit committee (Chairman) Management engagement committee Nomination committee
Skills and experience	Peter is a chartered accountant with international commercial and corporate finance experience. He has over 25 years' experience as a Senior Tax Partner at PricewaterhouseCoopers specialising in property, and has worked with a wide range of firms to develop a knowledge and understanding of tax regimes worldwide and of organisational and project structuring to optimise the tax position.
Principal external appointments	Bradda Capital Ltd (Director) True Potential Group Limited (Director) Chancery Gate Limited (Director) Imaginatives Group Limited (Director)

Paul Oliver, Non-executive Director (64)

Appointed	17 July 2017
Committee memberships	Audit committee Management engagement committee Nomination committee
Skills and experience	Paul has over 40 years' experience in real estate development and investment management in both the UK and Europe. He has led commercial real estate development teams and has been at the forefront of the establishment of property funds since 1991. In 2002 he launched Teesland PLC on the LSE building funds under management to €6.5 billion before sale to Valad in June 2007.
Principal external appointments	Curlew Alternative Asset Management Limited (CEO)

Tracey Fletcher-Ray, Non-executive Director (55)

Appointed	1 November 2018
Committee memberships	Audit committee (appointed 24 January 2019) Management engagement committee (appointed 24 January 2019)
Skills and experience	Tracey has considerable expertise as an executive and non-executive director in the care and support sectors. Tracey is currently non-executive director to L&Q Group, one of the UK's largest Housing Associations and developers, and Managing Director of Caring Homes, a leading provider of care homes for the elderly. She spent nearly two years as Managing Director at Berendsen PLC developing the company's healthcare business, strategy and growth and eight years at Bupa UK, holding Managing Director roles in the Care Home business which involved contracting with and providing services on behalf of local authorities and the NHS, and Bupa Health Clinics.
Principal external appointments	L&Q Group (Non-executive Director) Caring Homes (Managing Director)

Changes to the Board

Tracey Fletcher-Ray was appointed to the audit committee and the management engagement committee on 24 January 2019, as disclosed in this section. There were no other changes to the Board during 2019 and up until the date of this annual report.

CORPORATE GOVERNANCE

Responsibilities

The Board is responsible for leading and controlling the Group and has oversight over the management and conduct of the Group's business, strategy and development. The Board determine the Group's Investment Objective and Investment Policy and has overall responsibility for the Group's activities, including a review of investment activity and performance.

The Board is also responsible for the control and supervision of the AIFM and the Investment Manager and compliance with the principles and recommendations of the AIC Code. The Board ensures the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and reviews the overall effectiveness of systems in place. They are responsible for approval of any changes to the capital, corporate and/or management structure of the Group.

The Board's main focus is to promote the sustainable long-term success of the Group, to deliver value for shareholders and contribute to wider society. The Board does not routinely involve itself in day-to-day business decisions but there is a formal schedule of matters that requires the Board's specific approval, as well as those which can be delegated to the Board committees, the AIFM or the Investment Manager. The Board retains responsibility for all such delegated matters.

The AIFM is responsible for portfolio management and risk management of the Group pursuant to AIFMD. The AIFM has delegated the portfolio management of the Group to the Investment Manager. The Investment Manager also provides certain property management services to the Group, including the preparation of budgets for the properties and co-ordinating with third parties providing services to the Group.

The key matters reserved to the Board are:

- Board membership and powers including the appointment and removal of Board members;
- establishing the overall control framework, Stock Exchange related matters, including the approval of communications to the Stock Exchange, and communications with shareholders, other than announcements of a routine nature;
- key commercial matters, including review of all investments and divestments, and any significant changes in lease terms;
- the appointment, termination, and regular assessment of the performance of the principal advisers, including the AIFM, the Investment Manager, Tax Advisers, Legal Advisers, Financial Adviser, Administrator and Company Secretary, Broker, Registrar, PR Adviser and Auditor;
- the approval of the budget and financial models;
- the approval of annual and half yearly financial reports, to 31 December and 30 June respectively, dividends, accounting policies and significant changes in accounting practices;
- the approval of the net asset value calculation prepared by the Administrator on a quarterly basis at 31 March, 30 June, 30 September and 31 December each year;
- the review of the adequacy of corporate governance procedures;
- the review of the risk inventory and the effectiveness of internal controls;
- the review of significant estimates and judgements of the Group;
- approval of changes to the Group's capital structure, dividend policy, treasury policy, borrowing facilities and any banking relationships, hedging strategy, cash management, the Group's business strategy, acquisitions and disposals and capital expenditure;
- approval of any related party transactions subject to further regulatory requirements; and oversight of the Group's operations ensuring compliance with statutory and regulatory obligations.

Board Membership and Meeting Attendance

During the year to 31 December 2019, the number of scheduled Board meetings attended by each Director was as follows:

Director	**Attendance**[22]
Chris Phillips (Chairman)	9/9
Ian Reeves CBE	9/9
Peter Coward	9/9
Paul Oliver	6/9
Tracey Fletcher-Ray	9/9

Composition

The Group has a non-executive Chairman and four other non-executive Directors, including a Senior Independent Director, all of whom were considered independent on and since their appointment. All of the Directors are independent of the Investment Manager and the AIFM.

Chris Phillips is the Chairman of the Board. The Chairman leads the Board and is responsible for the Board's overall effectiveness in directing the Group. The Chairman sets the agenda for the Board and, in conjunction with the Company Secretary, ensures that accurate, timely and clear information is circulated to the Directors, and sufficient time is given in meetings to review all agenda items thoroughly. He demonstrates an objective judgement and promotes a culture of openness and constructive debate to ensure the effective contribution of all Directors, and facilitates a supportive, co-operative and open environment between the Investment Manager and the Directors. He is also responsible for ensuring that the views of shareholders are communicated to the Board as a whole.

Ian Reeves is the Senior Independent Director and, if required, will act as a sounding board and intermediary for the other Directors and shareholders. In addition to the Chairman, he is available to talk to shareholders or Directors if they have any issues or concerns, or if there are any unresolved matters that shareholders or other Directors believe should be brought to his attention.

The Directors hold or have held senior positions in industry and commerce and contribute a wide range of skills, experience and objective perspective to the Board. Through this, they are encouraged to provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account. The Board committees allow the Directors to focus in greater detail and depth on key matters such as strategy, governance, internal controls and risk management.

The Directors' other principal commitments are listed on pages 72 to 73. During the year, the Board was satisfied that all Directors were able to commit sufficient time to discharge their responsibilities effectively having given due consideration to their other significant commitments. The Directors were advised on appointment of the expected time required to fulfil their roles and have confirmed that they remain able to make that commitment. All changes in any Director's commitments outside the Group are required to be, and have been, disclosed and approved prior to the acceptance of any such appointment. No external appointments accepted during the year were considered to be significant for the relevant directors, taking into account the expected time commitment and nature of these roles.

Board Committees

The Board has established a management engagement committee, an audit committee and a nomination committee. Given that the Company has no executive Directors or other employees; the Board does not consider it necessary to establish a separate remuneration committee. The functions and activities of each of the committees are described in their respective reports.

Board Meetings

The Board meets formally at least on a quarterly basis with additional meetings as they may decide are required from time to time. During 2019, the Board held four scheduled meetings and five further meetings, including two strategy meetings, attended by those Directors available at the time, to deal with transactional and specific events such as debt financing and discount control mechanisms.

The Chairman sets the agenda for the meetings, the papers for which are circulated by the Company Secretary prior to each meeting to ensure that the Directors receive accurate, clear and timely information to help them to discharge their duties. For this purpose,

[22] Number of scheduled meetings attended/maximum number of meetings that the Director could have attended

CORPORATE GOVERNANCE (Continued)

the Board receives periodic reports from the AIFM and the Investment Manager detailing the performance of the Group. The primary focus at the meetings are a review of portfolio performance and associated matters such as pipeline, gearing, asset management, occupancy, marketing/investor relations, peer group information and industry issues.

Discussions of the Board

During the year the Board considered the following matters:

- the terms of a further debt raise by way of a £60 million extension on the Group's existing £70 million Revolving Credit Facility in October 2019;
- share buybacks for investment purposes;
- the Group's longer-term strategy;
- the valuation methodology of the Group's portfolio;
- working capital and dividend cover models;
- the risks and related mitigations of the Group's lease counterparties;
- the standards of Registered Providers that had received a non-compliant rating by the Regulator;
- updates on regulatory developments within the social housing sector;
- the declaration of the Company's interim dividends;
- the Group's due diligence process;
- the risk profile of the Group and its counterparties;
- capital deployment, investment pipeline and review of rejected deals;
- the Group's compliance with the REIT regime;
- the Group's financial public relations and communication strategy;
- the Group's property insurance;
- the key performance indicators by which the Group measures success;
- review of quarterly management accounts;
- half yearly broker report regarding the Company's share price rating, performance and trading and NAV performance;
- analysis of the Company's shareholder register; and
- a quarterly review of corporate governance compliance, Group subsidiary activity and depositary report.

Performance Evaluation

The Directors recognise that the evaluation process is a significant opportunity to review the practices and performance of the Board, its committees and its individual Directors and to implement actions to improve the Board's effectiveness and contribute to the Group's success. The Board has established a formal process to evaluate its own performance each year.

Following the 2018 Board evaluation development points, the Board reviewed and determined the process for identifying suitable candidates to succeed Directors, scheduled an additional strategy meeting to assess the Group's strategy specifically on adjustments that can be made to the model to uphold governance standards of Approved Providers, and adopted further reporting on counterparty due diligence at the quarterly Board meetings.

During 2019, the Directors were asked to complete a questionnaire that considered, amongst other areas, the Board and committee's composition and diversity, leadership, efficiency of Board processes, how Directors work together to achieve objectives, the work of the Board and its committees during the year and its ongoing development. The Chairman held discussions with each Director to obtain open and constructive feedback on their view on the effectiveness of their own individual contribution and the Board, as a whole.

The Senior Independent Director was responsible for the annual performance appraisal of the Chairman and presented the feedback from this process and his recommendations to the nomination committee.

Having conducted its performance evaluation, the Board believe that it, and each of its committees, has been effective in carrying out their objectives and that each individual Director has been effective and demonstrated commitment to the role. The Board discussed the challenges and opportunities that were identified through the performance evaluation and agreed appropriate development points on which progress will be assessed in the next financial period.

Challenges and Opportunities	2020 Development Points
Strategic Review	To dedicate more time to considering and refreshing the Group's strategy, in particular taking into account developments in the external environment.
Stakeholder Engagement	To further enhance the reporting process to the Board of discussions with shareholders and key stakeholders.
Performance Reporting	To continue to expand the level of detail and analysis of performance of the Group's portfolio against KPIs.
Risk Management	To implement measures that allow for greater scrutiny of the risk management processes and procedures of key service providers.

A full performance evaluation of the Board, its committees and the individual Directors will continue to be conducted annually with an externally facilitated Board evaluation to be undertaken in the next financial year.

Conflicts of Interests

The Group operates a conflict of interest policy that has been approved by the Board and sets out the approach to be adopted and procedures to be followed where a Director, or such other persons to whom the Board has determined the policy applies, has an interest which conflicts, or potentially may conflict, with the interests of the Group. Under the policy and the Company's Articles of Association, the Board may authorise potential matters of conflict that may arise, subject to imposing limits or conditions when giving authorisation, if this is appropriate.

The Group reserves the right to withhold information relating, or relevant, to a conflict matter from the Director concerned and/or to exclude the Director from any Board information, discussions or decisions which may or will relate to that matters of conflict or where the Chairman considers that it would be inappropriate for such Director to take part in the discussion or decision or to receive such information. Procedures have been established to monitor actual and potential conflicts of interest on a regular basis and the Board is satisfied that these procedures are working effectively.

In order to avoid any potential conflicts of interest, due to his position as Chairman of Places for People, Chris Phillips does not, in his capacity as a Director of the Company, vote on, or participate in a quorum in connection with, any matter to be decided on by the Board which concerns an agreement or other arrangement between the Group and Places for People or any group company of Places for People. To date, no such situation has occurred. Furthermore, the Chairman does not have any relationships or material business relationships that the Board consider to impair independence or that may create a conflict of interest between the interest of the Chairman and the Company's shareholders.

The AIFM and Investment Manager maintain conflicts of interest policies to avoid and manage any conflicts of interest that may arise between themselves and the Group. The Investment Manager has established a clear and robust framework to ensure that any conflicts of interest are appropriately governed that includes:

- potential conflicts where the Investment Manager is party to the transaction;
- the Investment Manager's obligation to, as far as reasonably practical, exclusively offer all new investment opportunities to the Group; and
- other conflict matters, in particular regarding the value, quality or other terms relating to the acquisition or disposal of assets from or to the Group or provision of debt funding by the Investment Manager to the Group.

CORPORATE GOVERNANCE (Continued)

Professional Development

The Directors received a comprehensive induction programme on joining the Board that covered the Group's investment activities, the role and responsibilities of a Director and guidance on corporate governance and applicable regulatory and legislative landscape. The Directors' training and development was assessed as part of the annual effectiveness evaluation and, in any event, the Chairman regularly reviews and discusses the development needs with each Director. Each Director is fully aware that they should take responsibility for their own individual development needs and take the necessary steps to ensure they are wholly informed of regulatory and business developments.

During the year, the Directors received periodic guidance and training on regulatory and compliance changes, including undertaking risk training covering Anti-Bribery and Corruption, Health and Safety, Corporate Manslaughter, Criminal Finances Act 2017 and Tax.

Shareholder Engagement

The Group encourages active interest and contribution from both its institutional and private investors and responds promptly to all queries received by the Group. The Board recognises the importance of maintaining strong relationships with shareholders and the Directors place a great deal of importance on understanding shareholder sentiment.

The Investment Manager and the Group's Financial Adviser regularly meet to discuss, amongst other things, the views of the Company's shareholders. The Company's broker speaks to shareholders regularly and ensures shareholder views are clearly communicated to the Board. The Board take responsibility for, and have a direct involvement in, the content of communications regarding major corporate matters.

Shareholders are encouraged to attend and vote at the Company's shareholder meetings, so they can discuss governance and strategy with the Directors and the Board can enhance its understanding of shareholder views. The Board will make itself available at the Company's shareholder meetings to answer any shareholder questions. The Chairman makes himself available, as necessary, outside of these meetings to speak to shareholders, equally the Chairmen of the Board's committees make themselves available, as necessary, on significant matters related to their areas of responsibility when required. During the year the Chairman met with several of the Company's major shareholders to discuss a variety of topics including the regulatory environment of the Supported Housing sector, the Group's valuation methodology and the Company's share price.

The Board is committed to providing investors with regular announcements of events affecting the Group. The Group publish quarterly factsheets that are available to download, along with all other investor documentation, from the Group's website https://www.triplepointreit.com

AUDIT COMMITTEE REPORT

Peter Coward, Audit Committee Chairman

Responsibilities

The audit committee has the primary responsibility of reviewing the financial statements and the accounting principles and practices underlying them, liaising with the external auditors and reviewing the effectiveness of the Group's internal controls.

The main role of the audit committee is to:

- provide formal and transparent arrangements for considering how to apply the financial reporting and internal control principles set out in the AIC Code and to maintain an appropriate relationship with the external auditors;
- where requested, provide advice to the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained in them;
- review the Group's internal financial controls and the Group's internal control and risk management systems;
- make recommendations to the Board to put to the shareholders for their approval in general meeting in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken; and
- report to the Board on how it has discharged its responsibilities.

Committee Membership

The audit committee comprises all the Directors, with the exception of Chris Phillips, and is chaired by Peter Coward. Tracey Fletcher-Ray was appointed to the audit committee on 24 January 2019.

The Board is satisfied that at least one member of the audit committee has recent and relevant financial experience. Peter Coward is qualified as a Chartered Accountant and was, until the end of June 2016, a Senior Tax Partner at PwC specialising in property. The Board is also satisfied that the committee as a whole have competence relevant to the sector in which the Group operates.

Meeting Attendance

The audit committee met three times in the financial year and the meetings were attended by each member as follows:

Director	Attendance[23]
Peter Coward (Chairman)	3/3
Ian Reeves CBE	3/3
Paul Oliver	2/3
Tracey Fletcher-Ray	2/3

[23] Number of scheduled meetings attended/maximum number of meetings that the Director could have attended.

AUDIT COMMITTEE REPORT (Continued)

Activities

The audit committee meets at least twice a year to consider the annual report, interim report, any other formal financial performance announcements and any other matters as specified under the committee's terms of reference and reported to the Board on how it discharged its responsibilities. During the year, the audit committee discussed and considered the external audit performance, objectivity and independence, the external auditor re-appointment, accounting policies and alternative accounting treatments, significant accounting judgements and estimates, valuation of the property portfolio and revenue recognition. In addition, the Committee reviewed and agreed the Group's working capital and viability model and undertook a formal external audit tender process, reappointing BDO LLP.

Performance Evaluation

Refer to the above Corporate Governance section detailing how the review of the audit committee's performance has been conducted, and the results of such evaluation.

Internal Control and Risk Management

The Company has an ongoing process in place for identifying, evaluating and managing the principal and emerging risks faced by the Group.

During the year, the Board carried out a robust assessment of the Group's emerging and principal risks, further reviewed by the audit committee, and satisfied itself that the procedures for identifying the information needed to monitor and manage these risks were robust. The Group has in place the following key internal controls:

- a risk register identifying risks and controls to mitigate their potential impact and/or likelihood is maintained by the AIFM subject to the supervision and oversight of the committee;
- a procedure to ensure that the Group can continue to operate as a REIT;
- internal control reports of the Investment Manager, Administrator and Depositary are reviewed by the Board;
- the Investment Manager and Administrator prepare forecasts and management accounts which allow the Board to assess performance; and
- there is an agreed and defined Investment Policy, specified levels of authority and exposure limits in relation to investments, leverage and payments.

The Board also receives a quarterly depositary report prepared by Langham Hall UK Depositary LLP who are responsible for cash monitoring, asset verification and oversight of the Group and the Investment Manager in performing its function under the AIFMD. The Depositary reports its findings on a quarterly basis during which it monitors and verifies all new acquisitions, share issues, loan facilities, shareholder distributions and other key events. In addition, on an ongoing basis, the Depositary tests the quarterly management accounts, bank reconciliations and performs a quarterly review of the Group when discharging its duties.

Taking into account the review of the reports provided and its knowledge of the business, the audit committee has reviewed and approved any statements included in the annual report concerning internal controls and risk management and has determined that the effectiveness of the internal controls was satisfactory. The principal risks and uncertainties identified from the risk register and a description of the Group's risk management procedures can be found on pages 60 to 63.

Internal Audit

The Board has considered the appropriateness of establishing an internal audit function and, having regard to the structure and nature of the Group's activities, has concluded that the function is unnecessary. The audit committee will review on an annual basis the need for this function and make appropriate recommendations to the Board.

Significant Issues Considered by the Audit Committee

The audit committee considered the key accounting judgements underlying the preparation of the financial statements focusing specifically on:

Viability and going concern

The Board is required to consider and report on the longer-term viability of the business as well as assess the appropriateness of applying the going concern assumption.

The audit committee have taken account of the solvency and liquidity position of the Group from the financial statements and the information provided from the Investment Manager on the forecasted cash flow for the Group, expected pipeline and expected fund raising plans through a fund raise or debt finance over the period to December 2024. As a result, the audit committee consider that it is appropriate to adopt the going concern basis of preparation of the financial statements.

Valuation of property portfolio

The valuation of the Group's property portfolio is fundamental to the Group's statement of financial position and reported results.

The valuations of the properties at the end of the financial period were performed by Jones Lang LaSalle, whom the audit committee consider to have sufficient local and national knowledge of social housing and specialist Supported Housing and has the skills and knowledge to undertake the valuations competently. The audit committee met with the Group's Valuer to discuss the valuation methodology of the Group's portfolio and examine the suitability of the value of assets leased to Registered Providers that had received non-compliant ratings.

The external auditor met with the valuer separately from the audit committee and reported back to the audit committee. The audit committee considered the underlying assumptions of IFRS valuation basis and portfolio valuation and gains comfort from the valuer's methodology and other supporting market information. The audit committee have considered the subjectivity of the property valuations which could affect the NAV and share price of the Group and these were discussed with the Investment Manager and external auditor.

Revenue Recognition

The Group's revenue solely comprises of rental income from investment property assets, and therefore it is integral that the underlying assumptions for determining rental income are appropriate. Rental income is recognised on a straight-line basis over the lease term, thereby relying on the Investment Manager's determination of the lease term, based on whether they are reasonably certain the option to extend the lease term will be exercised. The audit committee gained comfort of these assumptions by reviewing the external auditor's analysis including a review of the lease documentation, investigation of differences to actual revenue recognised in the year compared to expectations, rental uplift against external market data, and how they challenged any significant assumptions made by the Investment Manager.

Accounting for forward funded assets

Investment properties under construction are financed by the Group where the Group enters into contracts for the development of a pre-let property under a forward funding agreement. Investment properties under construction are initially recognised in line with stage payments made to the developer. A coupon interest due on the funds paid in the range of 6.0-6.75% per annum is payable by the Developer. On completion, the aggregate amount of coupon interest accrued during the construction period is deducted from the gross development cost, reducing the outstanding balance payable to the developer on practical completion.

The audit committee considered the inherent risks of the contracts that are separate from those noted under the investment property valuation risk and discussed the disclosures made in the financial statements for forward funded assets with the Investment Manager and the external auditor.

AUDIT COMMITTEE REPORT (Continued)

External Auditors, Audit Fees and Non-Audit Services

BDO were appointed as the external auditors of the Group on 18 July 2017, with Edward Goodworth as the audit partner.

During 2019, the committee undertook a formal external audit tender process. As part of the tender process the committee agreed a shortlist of audit firms, including a participant of one other non-Big 4 firm and invited each to submit a proposal document in response to the request for proposal that was issued. Participating firms were provided information by the Company and met with the Investment Manager and Administrator to allow them to understand the audited entities businesses.

Having carefully and rigorously reviewed the proposal documents and undertaken appropriate reference checks on the audit engagement partners, firms were invited to present to the committee. Following a presentation day the committee submitted two potential audit firm options for the engagement to the Board and taking into account the importance of finding a firm with appropriate experience of Real Estate Investment Trusts and sufficient depth of knowledge within the team, the committee recommended the re-appointment of BDO LLP. The Board considered the deliberations and recommendation of the committee and recommended the re-appointment of BDO LLP as the Group and Company's external auditors at the 2020 Annual General Meeting.

It is the committee's responsibility to monitor the performance, objectivity and independence of the external auditors and this is assessed by the committee each year. In evaluating BDO's performance, the committee examine effectiveness of the audit process, independence and objectivity of the auditor, taking into consideration the length of tenure of the external auditors, the non-audit services undertaken during the year and relevant UK professional and regulatory requirements, and the quality of delivery of its services.

The auditors attend all audit committee meetings and the audit committee Chairman also has separate meetings with the auditors to discuss relevant matters. The auditors work with the management of the Investment Manager and discuss their findings and recommendations with the audit committee.

The audit committee has approved a non-audit services policy that determines the services that BDO can provide and the maximum fee that may be raised for non-audit services in comparison to the statutory audit fee, in line with the FRC Ethical Standards for Auditors.

In accordance with the policy, and to ensure that independence and objectivity is satisfactorily safeguarded, the approval of the audit committee must be obtained before the external auditor is engaged to provide any permitted non-audit services above a fee threshold of £5,000. The audit committee has also agreed that the role of reporting accountant, where necessary, would be undertaken by a firm other than BDO to ensure best practice compliance with the non-audit service policy.

BDO are prohibited from providing services to the Group that would be considered to jeopardise their independence, such as tax services, bookkeeping and preparation of accounting records, financial systems design and implementation, valuation services, internal audit outsourcing and services linked to the financing, capital structure and asset allocation. The policy is reviewed annually to ensure it continues to be in line with best practice.

The audit committee annually reviews the level of non-audit fees to ensure that the provision of non-audit services does not impair the auditor's independence or objectivity, taking into account the relevant regulations and the FRC's Ethical Standard. The policy provides that total fees for non-audit services provided by the auditor to the Group shall be limited to no more than 70% of the average of the statutory audit fee for the Group paid to the auditor in the last three consecutive financial years.

The total audit fee in relation to the year ended 31 December 2019 for audit of the Group and subsidiaries was £138,500. The total non-audit fees received in the year ended 31 December 2019 was £52,500. The ratio of non-audit services fees to audit fees in the year was 38%.

Peter Coward
Audit Committee Chairman

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

Chris Phillips, Management Engagement Committee Chairman

Responsibilities

The main function of the management engagement committee is to review and make recommendations on any proposed amendment to the Delegated Portfolio Management Agreement or the AIFM Agreement and keep under review the performance of the Investment Manager and the AIFM. The committee will regularly review the composition of the key executives performing the services on behalf of the AIFM and the Investment Manager and monitor and evaluate the performance of other key service providers to the Group.

Committee Membership

The management engagement committee comprises all of the Directors and is chaired by Chris Phillips. Tracey Fletcher-Ray was appointed to the management engagement committee on 24 January 2019.

Meeting Attendance

The management engagement committee met once in the financial year which was attended by each member as follows:

Director	Attendance[24]
Chris Phillips (Chairman)	1/1
Ian Reeves CBE	1/1
Peter Coward	1/1
Paul Oliver	0/1
Tracey Fletcher-Ray	1/1

Activities

During the year, the management engagement committee conducted a comprehensive review of the key agreements with its service providers, and a detailed review of the performance, composition, personnel, processes and internal control systems of the Investment Manager and AIFM, and a review of all of the Group's other corporate advisers and key service providers. The discussion included an assessment of performance and suitability of the services provided in the context of the fees paid to each provider. As a result of the review, the management engagement committee recommended that the role of Group's tax advisers be externally tendered. This process was led by the Audit Committee Chairman, in conjunction with the Investment Manager and Deloitte LLP were subsequently appointed on 10 September 2019.

The management engagement committee considered the terms of the Delegated Portfolio Management Agreement, to ensure it continues to reflect properly the commercial arrangements agreed between the Company and the Investment Manager and were satisfied that this was the case.

Performance Evaluation

Reference should be made to the above Corporate Governance section detailing how the review of the management engagement committee's performance has been conducted, and the results of such evaluation.

Management Arrangements

AIFM

The Company operates as an externally managed alternative investment fund for the purposes of the AIFMD. The AIFM is responsible for portfolio management and risk management of the Group pursuant to the AIFMD. However, the AIFM has delegated the portfolio management of the Group to the Investment Manager, Triple Point Investment Management LLP.

[24] Number of scheduled meetings attended/maximum number of meetings that the Director could have attended

MANAGEMENT ENGAGEMENT COMMITTEE REPORT (Continued)

The AIFM receives an annual fee which equates to 3.5 basis points on net assets of up to £300 million, and 3.0 basis points for net assets above £300 million. The annual fee paid to the AIFM for the year ended 31 December 2019 was £132,500 (exclusive of VAT). No performance fee is payable to the AIFM.

The AIFM Agreement is terminable by the AIFM on giving the Group not less than six months' written notice and using its reasonable endeavours to assist with the appointment of a successor alternative investment fund manager of the Company or the Company giving to the AIFM not less than twelve months' written notice. The AIFM Agreement may be terminated earlier by either party with immediate effect in certain circumstances, including, if an order or resolution for liquidation is passed for the other party or the other party has committed a breach of its obligations under the AIFM Agreement that is material in the context of the AIFM Agreement.

The Group has given certain market standard indemnities in favour of the AIFM in respect of the AIFM's potential losses in carrying on its responsibilities under the AIFM Agreement.

Investment Manager

The Investment Manager is entitled to receive an annual management fee which is calculated quarterly in arrear based upon a percentage of the NAV of the Group (not taking into account uncommitted cash balances excluding debt) as at 31 March, 30 June, 30 September and 31 December in each year on the following basis:

Company Basic NAV (excluding cash balances)	**Annual management fee** (percentage of Basic NAV)
Up to and including £250 million	1.0%
Above £250 million and up to and including £500 million	0.9%
Above £500 million and up to and including £1 billion	0.8%
Above £1 billion	0.7%

On a semi-annual basis, once the Group's half year or year end NAV has been announced, the Investment Manager shall procure that 25% of the management fee (net of any applicable tax) for the relevant six month period immediately preceding the date of that NAV shall be applied by subscribing for, or acquiring, Ordinary Shares ("Management Shares"). The Investment Manager subscribes for or acquires Management Shares on a semi-annual basis as anticipated under the Delegated Portfolio Management Agreement.

The Investment Manager is also entitled to be reimbursed for all disbursements, fees and costs payable to third parties properly incurred by the Investment Manager on behalf of the Group pursuant to provision of the services under the Delegated Portfolio Management Agreement.

There are no performance, acquisition, exit or property management fees.

The Delegated Portfolio Management Agreement had an initial term of three years to 8 August 2020. Following the initial term, the agreement may be terminated by the Investment Manager or the Group by not less than twelve months' written notice. In the event of termination, fees will be calculated to the date of expiry or termination payable pro rata on the day of such expiry or termination.

Continuing Appointment of the Investment Manager

The management engagement committee has reviewed the continuing appointment of the Investment Manager and based on the Group's strong investment performance, deep sector expertise and counterparty relationships, the committee are satisfied that their appointment remains in the best interests of shareholders as a whole.

Chris Phillips
Management Engagement Committee Chairman

NOMINATION COMMITTEE REPORT

Ian Reeves, Nomination Committee Chairman

Responsibilities

The nomination committee's main function is to lead the process for appointments, ensuring plans are in place for orderly succession to the Board, overseeing the development of a diverse pipeline for succession and any other matters as specified under the committee's terms of reference. This includes ensuring that any appointments and succession plans are based on merit and objective criteria, and, within this context, promotes diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

Committee Membership

The nomination committee comprises all of the Directors, with the exception of Tracey Fletcher-Ray, and is chaired by Ian Reeves.

Meeting Attendance

The nomination committee met once in the financial year which was attended by each member as follows:

Director	Attendance[25]
Ian Reeves CBE (Chairman)	1/1
Chris Phillips	0/1
Peter Coward	1/1
Paul Oliver	1/1

[25] Number of scheduled meetings attended/maximum number of meetings that the Director could have attended

Activities

The committee met during the year to review the balance of skills and experience, the size and structure of the Board, and policies on tenure and diversity. The Committee also focused on its long-term succession plan for all Directors and on the emergency succession planning for the Chairmen of the Board and of the Committees. The committee also reviewed the time and significant commitments of the Board and satisfied themselves that the Directors were able to commit sufficient time to discharge their responsibilities effectively having given due consideration of external appointments.

Performance Evaluation

The above Corporate Governance section sets out the details of the performance evaluation of the Board and its committees, including the results of such performance evaluation of the nomination committee.

Re-election of Directors

All Directors will submit themselves for election or re-election on an annual basis. Therefore, all Directors in office as at the date of this report are to be proposed for re-election at the 2020 AGM.

Tenure Policy

The Board considers that the length of time each Director, including the Chairman, serves on the Board should not be limited and has not set a finite tenure policy. Continuity, self-examination and ability to do the job are the relevant criteria on which the Board assesses a Director's independence. Length of service of current Directors and future succession planning will be reviewed each year as part of the Board evaluation process.

Diversity Policy

The Board's objective is to maintain effective decision-making, including the impact of succession planning. The Board recognises the benefits of all types of diversity, and supports the recommendations of the Hampton-Alexander Review. All Board appointments will be made on merit, and promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, ensuring that such appointment will develop and enhance the operation of the Board to best serve the Company's strategy.

NOMINATION COMMITTEE REPORT (Continued)

Whilst recognising the importance of diversity in the boardroom, the Board does not consider it to be in the interests of the Group and its shareholders to set prescriptive diversity criteria or targets. The Board will continue to monitor diversity, taking such steps as it considers appropriate to maintain its position as a meritocratic and diverse business.

External Search Consultancy

In identifying suitable candidates for an appointment to the Board, the nomination committee may use open advertising or the services of external advisers to facilitate the search. There were no appointments during the year and therefore an external search consultancy was not required during 2019.

Company's Succession Plans

The nomination committee has given full consideration to succession planning as part of the Board's formal annual evaluation to ensure progressive refreshing of the Board, taking into account the challenges and opportunities facing the Board and the balance of skills and expertise, factoring in the benefits of a diverse Board, that are required in the future.

Ian Reeves CBE
Nomination Committee Chairman

DIRECTORS' REMUNERATION REPORT

Annual Statement

Dear shareholder,

I am pleased to present the Directors' Remuneration Report on behalf of the Board for the year ended 31 December 2019. It is set out in two sections in line with legislative reporting regulations:

- Directors' Remuneration Policy – This sets out our Remuneration Policy for Directors of the Company that has been in place since 10 May 2018 following approval by shareholders.
- Annual Report on Directors' Remuneration – This sets out how the Directors were paid for the year ended 31 December 2019. There will be an advisory shareholder vote on this section of the report at our 2020 AGM.

Prior to our IPO in August 2017, the Group introduced a remuneration framework to ensure that remuneration was aligned with best market practice whilst attracting and securing the right non-executive Directors to deliver our investment objectives. The scale and structure of the Directors' remuneration was determined by the Company in consultation with the Financial Adviser having been benchmarked against companies of a similar size in the sector and having regard to the time commitment and expected contribution to the role.

The Group does not have any executive Directors or employees, and, as a result, operates a simple and transparent remuneration policy with no variable element, that reflects the non-executive Directors' duties, responsibilities and time spent.

Full details of how the Directors' Remuneration Policy (the "Policy"), as well as how Directors were paid in 2019, are set out on pages 88 to 92. There will be an advisory shareholder vote on this section of the Remuneration Report at our 2020 AGM.

We value engagement with our shareholders and for the constructive feedback we receive and look forward to your support at the forthcoming AGM.

Chris Phillips
Chairman

DIRECTORS' REMUNERATION POLICY

Approval of Remuneration Policy

Our Directors' Remuneration Policy was approved by shareholders at the Annual General Meeting of the Group held on 10 May 2018 and became effective from the conclusion of the Annual General Meeting. The provisions of the policy will apply until they are next put to shareholders for renewal of that approval, which must be at intervals of not more than three years, or if the Remuneration Policy is varied, in which event shareholder approval for the new Remuneration Policy will be sought. The policy applies to the non-executive Directors; the Company has no executive Directors or employees.

Remuneration Policy Overview

The Group's objective is to have a simple and transparent remuneration structure, aligned with the Group's strategy. The Group aims to provide remuneration packages with no variable element which will retain non-executive Directors with the skills and experience necessary to maximise shareholder value on a long-term basis. The remuneration packages for the recruitment of non-executive Directors will be set with reference to the remuneration packages of comparable businesses.

Policy Table

The Directors are entitled only to the fees as set out in the table below from the date of their appointment. No element of Directors' remuneration is subject to performance factors.

Component	Operation	Link to strategy
Annual Fee	Each Director receives a basic fee which is paid on a monthly basis. The total aggregate fees that can be paid to the Directors in any given financial year will be calculated in accordance with the Company's Articles of Association.	The level of the annual fee has been set to attract and retain high calibre Directors with the skills and experience necessary for the role. The fee has been benchmarked against companies of a similar size in the sector, having regard to the time commitment and expected contribution to the role.
Additional Fee	The Directors are each entitled to an additional fee of £7,500 in connection with the production of every prospectus by the Group.	The additional fee has been included in recognition of the additional time commitment and contribution required in the preparation of a prospectus by the Company.
Other benefits	Article 18.5 of the Company's Articles of Association permits for any Director to be repaid expenses incurred in attending or returning from meetings of the Board, committees of the Board or shareholder meetings or otherwise in connection with the performance of their duties as Directors of the Company. The Board has the power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.	In line with market practice, the Company will reimburse the Directors for expenses to ensure that they are able to carry out their duties effectively. The Directors do not currently receive any additional benefits; however the Board has included the power to offer the additional benefits as specified to create flexibility in the approach to retain or attract high calibre Board members.

Service Contracts

The Directors are engaged under letters of appointment and do not have service contracts with the Company.

Directors' Term of Office

Under the terms of the Directors' letters of appointment, each directorship is for an initial period of 12 months and thereafter terminable on three months' written notice by either the Director or the Company. Each Director will be subject to annual re-election by shareholders at the Company's Annual General Meeting in each financial year.

Policy on Payment for Loss of Office

The Directors are entitled to payment of the fees as specified above, notwithstanding termination of their appointment, for the initial period of 12 months from the date of their appointment. Thereafter, there is no compensation payable upon termination of office as a Director of the Company.

Consideration of Shareholder Views

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the Company will seek the reasons for any such vote and will detail any resulting actions in the Directors' Remuneration Report.

ANNUAL REPORT ON DIRECTORS' REMUNERATION

Consideration of Remuneration Matters

The Board does not consider it necessary to establish a separate remuneration committee as it has no executive Directors. The Board as a whole considers the remuneration of the Directors.

Single Total Figure (Audited table)

Non-executive Directors	Annual Fee	Other taxable benefits[26]	Total 2019	Total 2018
Chris Phillips	£75,000	–	£75,000	£90,000
Ian Reeves CBE	£50,000	–	£50,000	£65,000
Peter Coward	£50,000	–	£50,000	£65,000
Paul Oliver	£50,000	–	£50,000	£65,000
Tracey Fletcher-Ray	£50,000	–	£50,000	£8,333.34[27]

[26] The Company does not provide a pension, retirement or similar benefits.

[27] Fees paid was a pro-rated amount from 1 November to 31 December 2018 based on an annual fee of £50,000.

Directors' Fees

The Directors are each paid an annual fee of £50,000 other than the Chairman who is entitled to receive an annual fee of £75,000. In addition to the annual fee, each Director is entitled to an additional fee of £7,500 in connection with the production of every prospectus prepared with a fundraising by the Group in recognition of the additional time contribution and commitment required. The additional fees are treated as a cost of issue not included as an expense through the Statement of Comprehensive Income. Directors are further entitled to recover all reasonable expenses properly incurred in connection with performing his duties as a Director. There was no prospectus or Directors' expenses for the year to 31 December 2019 and no other remuneration was paid or payable during the year to any Director.

Statement of Directors' Shareholding and Share Interests (Audited table)

Outlined overpage are details of the Directors' shareholdings as at 31 December 2019; there has been no change in shareholding in the period between 31 December 2019 and the date of this report.

The Directors are not required to hold any shares of the Company by way of qualification. A Director who is not a shareholder of the Company shall nevertheless be entitled to attend and speak at shareholders' meetings.

Director	Number of shares held as at 31 December 2018	Number of shares held as at 31 December 2019	Percentage of issued share capital as at 31 December 2019
Chris Phillips	54,854*	54,854*	0.02%
Ian Reeves CBE	0	0	0.00%
Peter Coward	75,000**	76,179***	0.02%
Paul Oliver	77,967	77,967	0.02%
Tracey Fletcher-Ray	0	0	0.00%

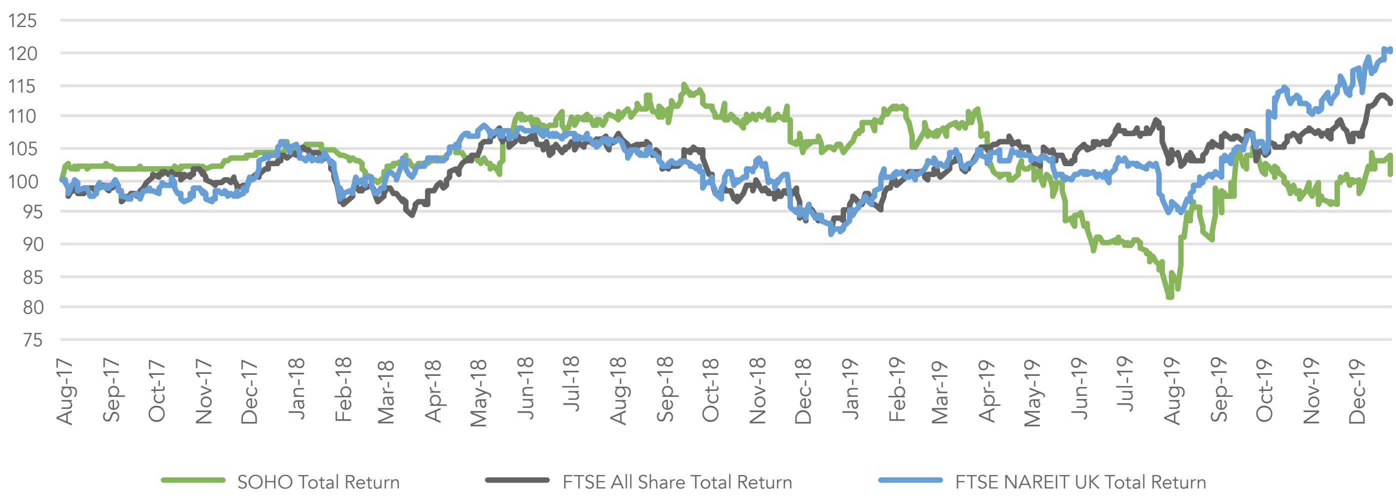
* 25,000 Ordinary Shares were subscribed through Chris Phillips' self-invested personal pension with the balance subscribed by Centaurea Investments Limited

** 50,000 Ordinary Shares were subscribed through Peter Coward's self-invested personal pension

*** 51,179 Ordinary Shares were subscribed through Peter Coward's self-invested personal pension

Total Shareholder Return

The graph below illustrates the total shareholder return of the Company's Ordinary Shares over the period relative to a return on a hypothetical holding over the same period in the FTSE All-Share Index and the FTSE EPRA/NAREIT UK Index. These indices have been chosen as they are considered to be the most appropriate benchmarks against which to assess the relative performance of the Company as the FTSE All Share represents companies of a similar capital size, and the constituents of the FTSE EPRA/NAREIT UK Index are UK based real estate companies.



ANNUAL REPORT ON DIRECTORS' REMUNERATION (Continued)

Relative Importance of Spend on Pay

The table below shows the total spend on remuneration compared to the distributions to shareholders by way of dividends, share buybacks and the management fees incurred by the Company. As the Group has no employees the total spend on remuneration comprises only the Directors' fees.

	2019	2018
Directors' fees	£275,000	£233,339
Dividends paid	£17,766,992	£10,079,403
Share buybacks	£378,000	£nil
Management fee	£3,869,442	£2,309,470

Consideration of Shareholder Views

During the year, the Company did not receive any communications from shareholders specifically regarding Directors' pay.

The resolutions to approve the Directors' Remuneration Policy and the Directors' Remuneration Report were passed at the Annual General Meeting on 28 May 2019.

On behalf of the Board:

Chris Phillips
Chairman
12 March 2020

DIRECTORS' REPORT

The Directors are pleased to present the annual report, including the Group's and Company's audited financial statements as at, and for the year ended 31 December 2019.

The information that fulfils the requirements of the Corporate Governance statement in accordance with rule 7.2 of the DTR can be found in this Directors' report and in the Governance section on pages 70 to 92 all of which is incorporated into this Directors' report by reference.

Principal Activity

The Company is a closed-ended investment company and is a Real Estate Investment Trust which was incorporated in England and Wales on 12 June 2017. The Company is a holding company of a number of subsidiaries. The Group invests in properties in accordance with the Investment Policy and Investment Objective.

Directors

The names of the Directors who served from 1 January 2019 to 31 December 2019 are set out in the Board of Directors section on pages 72 to 73, together with their biographical details and principal external appointments.

AIFM and Investment Manager

The names of the partners and employees of the Group's Investment Manager are set out on pages 72 to 73 and a summary of the principal contents of the AIFM agreement and the Delegated Portfolio Management Agreement are set out in the management engagement committee report on pages 83 to 84.

Financial Results and Dividends

The financial results for the year can be found in the Group Statement of Comprehensive Income which can be found on page 106. In line with the target for the financial year, the Company declared the following interim dividends in respect of the year to 31 December 2019, amounting to 5.095 pence per share.

Powers of the Directors

The powers given to the Directors are contained within the current articles of association of the Company (the "Articles"), are subject to relevant legislation and, in certain circumstances (including in relation to the issuing or buying back by the Company of its shares), are subject to the authority being given to the Directors by shareholders in general meetings.

The Articles govern the appointment and replacements of Directors.

Relevant period	Dividend per share (p)	Ex dividend date	Record date	Payment date
1 January to 31 March 2019	1.27	6 June 2019	7 June 2019	28 June 2019
1 April to 30 June 2019	1.27	5 September 2019	6 September 2019	27 September 2019
1 July to 30 September 2019	1.27	28 November 2019	29 November 2019	20 December 2019
1 October to 31 December 2019	1.285	12 March 2020	13 March 2020	27 March 2020

DIRECTORS' REPORT (Continued)

Directors' Indemnity

The Group has indemnified the Directors against certain liabilities which may be incurred in the course of their duties. This indemnity remains in force as at the date of this report and will also indemnify any new directors that join the Board. The Company maintains directors' and officers' liability insurance which gives appropriate cover for legal action brought against the Directors.

Financial Risk Management

The information relating to the Group's financial risk management and policies can be found in Note 33 of the financial statements.

Post-Balance Sheet Events

Important events that have occurred since the end of the financial year can be found in Note 34 of the notes to the financial statements.

Amendment to the Articles

The Articles may only be amended with shareholders' approval in accordance with relevant legislation.

Share Capital

The Company was admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange on 8 August 2017 migrated to trading on the premium segment of the Main Market on 27 March 2018.

As at 31 December 2019, the Company had 351,352,210 Ordinary Shares in issue, 450,000 of which were held in treasury, as can be found in Note 22 of the financial statements. The shares held in treasury do not carry any voting rights, and therefore the total number of voting rights in the Company is 350,902,210. There are no restrictions on voting rights of securities in the Company.

There are no restrictions on the transfer of securities in the Company other than certain restrictions which may be impaired by law, for example, Market Abuse Regulations, and the Group's Share Dealing Code.

The Company is not aware of any agreements between holders of securities that may result in restrictions on transferring securities in the Company. There are no securities of the Company carrying special rights with regards to the control of the Company in issue.

As a REIT, the Company's Ordinary Shares will be "excluded securities" under the FCA's rules on non-mainstream pooled investments. Accordingly, the promotion of the Ordinary Shares will not be subject to the FCA's restriction on the promotion of non-mainstream pooled investments.

Purchase of Own Ordinary Shares

At the Company's Annual General Meeting on 28 May 2019, the Company was granted authority to make market purchases up to a maximum of 52,667,696 Ordinary Shares.

As at the date of this report, 450,000 Ordinary Shares were purchased in the market and held in treasury. A resolution to renew the Company's authority to purchase shares in accordance with the Notice of AGM will be put to the shareholders at the Annual General Meeting on 14 May 2020.

Change of Control

Under the Group's financing facilities, any change of control at the borrower or immediate parent company level may trigger a repayment of the outstanding amounts to the lending banks. In certain facilities, the change of control provisions also include a change of control at the ultimate parent company level.

The Directors do not receive compensation for loss of office occurring due to a change of control.

Major Shareholdings

In accordance with DTR 5, the Company was advised of the following significant direct and indirect interests in the issued ordinary share capital of the Company as at 31 December 2019.

Shareholder	Interests in Ordinary Shares	% holding disclosed
CCLA Investment Management Limited	31,737,639	12.88%
BlackRock, Inc.	40,092,065	11.42%
East Riding of Yorkshire Council	32,879,797	9.36%
Investec Wealth & Management Limited	28,892,160	8.22%
Tilney Investment Management Services Limited	14,274,140	7.14%
Nottinghamshire County Council Pension Fund	19,417,475	5.53%
Standard Life Aberdeen plc	17,635,945	5.03%
Smith and Williamsons Holdings Limited	11,788,972	4.78%
Brewin Dolphin Limited	16,032,858	4.56%
South Yorkshire Pensions Authority	11,955,713	3.40%

Since the year end, the Company was notified on 27 January 2020 by Standard Life Aberdeen plc that their interest in the Company's Ordinary Shares was below 5% of the Company's issued share capital. The Company was also notified on 28 February 2020 by BlackRock, Inc. that they hold 40,292,510 Ordinary Shares indirectly or through financial instruments, representing 11.48% of the Company's issued share capital.

Information provided to the Company pursuant to DTR 5 is available via the Regulatory News section on the Group's website.

Contracts of Significance

There are no contracts of significance of the Company or a subsidiary in which a Director is or was materially interested or to which a controlling shareholder was a party.

Disclosure of Information to the Auditors

So far as the Directors are aware, there is no relevant audit information of which the auditor is unaware.

The Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Related Party Transactions

Related Party transactions for the period to 31 December 2019 can be found in Note 16 of the financial statements.

Research and Development

No expenditure on research and development was made during the year (2018: Nil).

Donations and Contributions

No political or charitable donations were made during the year (2018: Nil).

Branches Outside the UK

There are no branches of the business located outside the United Kingdom.

Annual General Meeting

The Annual General Meeting of the Company will be held on 14 May 2020 at 11.00am at the offices of Taylor Wessing LLP, 5 New Street Square, London, EC4A 3TW.

Continuation Vote

At the Annual General Meeting to be held in 2022, the Directors shall propose an ordinary resolution to members that the Company continues in existence. If the resolution is passed at such Annual General Meeting, then the Directors shall propose the same resolution at every fifth Annual General Meeting thereafter.

Information included in the Strategic Report

The information that fulfils the reporting requirements relating to the following matters can be found on the pages identified.

Subject matter	Page reference
Likely future developments	26 to 30
Greenhouse gas emissions	52
Employee engagement	53
Employment of disabled persons	53
Business relationships	52 to 53

On behalf of the Board:

Chris Phillips
Chairman
12 March 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU subject to any material departures disclosed and explained in the financial statements;
- for the Parent Company financial statements, state whether they have been prepared in accordance with Financial Reporting Standards 101 Reduced Disclosure Framework (FRS 101) subject to any material departures disclosed and explained in the Parent Company financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- prepare a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006 and, as regards to the Group financial statements, Article 4 of the IAS regulation. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website Publication

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

Directors' Responsibilities Pursuant to DTR4

The Directors confirm to the best of their knowledge:

• The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

• The annual report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that they face.

• The Annual Report including the Group and Company Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Approval

This Directors' responsibilities statement was approved by the Board of Directors and signed on its behalf by:

Chris Phillips
Chairman
12 March 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRIPLE POINT SOCIAL HOUSING REIT PLC

Opinion

We have audited the financial statements of Triple Point Social Housing REIT plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2019 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group and Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006. The financial reporting framework that has been applied in preparing the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the directors' confirmation set out on page 59 in the annual report that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;

- the directors' statement set out on page 64 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or

- the directors' explanation set out on pages 64 to 65 in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRIPLE POINT SOCIAL HOUSING REIT PLC (Continued)

Key audit matters

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

Key audit matter

Investment property valuations

Refer to notes 3 and 4 in relation to significant estimates and accounting policies.

Refer to note 14 in relation to investment property.

The Group's investment property portfolio includes:

- Standing assets: these are existing properties that are currently let. They are valued using the income capitalisation method. This method is applied to income producing assets and discounts the future value of rents by an appropriate capitalisation rate.
- Properties under construction: these are properties being built under forward funded agreements with developers and which have agreed pre lets with tenants. Such assets have a different risk and investment profile to the standing assets. They are valued using the residual method (ie by estimating the fair value of the completed project using the income capitalisation method less estimated costs to completion and an appropriate developer's margin).

The Directors use an independent valuer to assist them with the valuation of the property portfolio. The valuation of investment property requires significant judgement and estimates by the Directors and the independent valuer and is therefore considered a significant risk due to the subjective nature of certain assumptions inherent in each valuation.

Any input inaccuracies or unreasonable bases used in the valuation judgements (such as in respect of estimated rental value and yield profile applied) could result in a material misstatement of the income statement and balance sheet.

Additionally, properties under construction involve coupon interest receivable from the developer during the construction phase. Accounting for such assets is typically more complex than for standing assets.

There is also a risk that the Directors may influence the significant judgements and estimates in respect of property valuations in order to achieve property valuation and other performance targets to meet market expectations. This could be achieved through manipulation of information provided to the valuer.

How the scope of our audit addressed the key audit matter

Experience of valuer and relevance of its work

- We obtained the valuation report prepared the directors by the independent valuer and discussed the basis of the valuations with them. We checked that the basis of the valuations was in accordance with the requirements of accounting standards.
- We assessed and considered the external valuer's reports, their qualifications, independence and basis of valuation.
- We obtained a copy of the instructions provided to the independent valuer and reviewed for any limitations in scope or for evidence of Management bias.

Data provided to the valuer

- We checked the total population of underlying data provided to the valuer by Management. This data included inputs such as current rent and lease term, which we agreed to the executed lease agreements as part of our audit work.

Assumptions and estimates used by the valuer

- We developed yield expectations on all properties in the Group's portfolio using available independent industry data, reports and comparable transactions in the market around the year end.
- We discussed the assumptions used and the valuation movement in the year with both Management and the independent valuer. Where the valuation was outside of our expected range we discussed with the independent valuer specific assumptions and reasoning for the yields applied and corroborated their explanations where relevant. We also discussed with the valuer their views on the expected impact of Brexit on the valuation of these assets. Further, we discussed the appropriateness of the discount rates applied to the valuations with the valuer.
- For all properties under construction we assessed the project costs and progress of development and verified the forecast costs to complete included in the valuations to third party information.

Accounting for assets under construction

- We examined all forward funding agreements entered into during the year for assets under construction and confirmed that the accounting treatment of the asset recognition and the coupon interest was appropriate under accounting standards.

Key observation:

Our testing indicated that the estimates and assumptions used in the investment property valuations were appropriate in the context of the Group's property portfolio.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition *Refer to note 4 in relation to accounting policies.* *Refer to note 5 in relation to rental income.* The Group's revenue solely comprises of rental income from investment property assets. Rental income is recognised on a straight line bases over the lease term based upon the rental agreements that are in place. Management judgements are required to determine whether they are reasonably certain whether options to extend the lease term, as contained within a number of leases, will be exercised. This has an impact in determining the period over which the incentives should be recognised. There is a risk that lease incentives may not have been recognised over the expected lease term. The Group has multiple tenants and leases with different terms and as such there is a risk that revenue is either not supported by the underlying tenancy agreement or is inappropriately recognised. There is also a risk over the correct level of income being accrued or deferred depending on the period which the revenue relates to.	• We obtained a copy of all new leases entered into in the year and checked these for any lease incentives. We checked the calculation and recognition of rental income and agreed this back to the tenancy schedule prepared by Management. • For all leases that were in place at 31 December 2018, we set expectations for the rental income based on information previously extracted from the leases and compared this to the actual revenue recognised in the year. We investigated any differences above a set threshold. • We obtained a listing of all rent reviews in the year and tested a sample by checking the relevant Retail Price Index or Consumer Price Index uplift to external market data and checking the calculation of the rental uplift. • We checked the calculations for adjustments to spread the minimum contracted rental income over the expected lease term to confirm that the adjustment has been made in accordance with applicable accounting standards and challenged any significant assumptions that Management had made in determining the expected lease term. • We challenged Management over the expected lease term used for calculating the recognition of rent on a straight line basis. We checked that all assumptions had been applied consistently across all leases. • We agreed a sample of revenue received to bank to confirm existence and accuracy of revenue recognised. **Key observations** We did not identify any indicators to suggest that the revenue from rental income has been recognised inappropriately.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in the evaluation of the effect of misstatements on the audit and in forming our audit opinion. Materiality is assessed on both quantitative and qualitative grounds.

Group	Financial statement	Specific
Materiality	£5,440,000	£590,000
Performance materiality	£3,250,000	£350,000
Reporting threshold	£108,000	£11,000

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We determined materiality for the Group financial statements as a whole to be £5,440,000 (2018: £4,420,000), which was set at 1% of Group total assets (2018: 1%). This provides a basis for determining the nature and extent of our risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature and extent of further audit procedures.

We determined that total assets would be the most appropriate basis for determining overall materiality as we consider it to be one of the principal considerations for the users of the financial statements in assessing the financial performance of the Group.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRIPLE POINT SOCIAL HOUSING REIT PLC (Continued)

We determined that for other account balances, classes of transactions and disclosures not related to investment properties a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of users. We determined that specific materiality for these areas should be £590,000 (2018: £270,000). This was set at 5% of European Public Real Estate Association ("EPRA") earnings. EPRA earnings excludes the impact of the net surplus on revaluation of investment properties.

We determined that the same measures as the Group for financial statement materiality was appropriate for the Parent Company, and the materiality applied was £3,420,000 (2018: £3,280,000). The specific materiality for the Parent Company was capped at 80% of Group specific materiality being £472,000 (2018: £243,000).

Whilst materiality for the financial statements as a whole was as outlined above, each significant component of the Group was audited to a lower level of materiality which is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes used during the audit. Significant component materiality ranged from £312,000 to £2,620,000 (2018: range from £77,000 to £938,000).

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessment, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality for the Group should be 60% (2018: 50%) of materiality. This percentage increased from prior year, given that there were minimal adjustments raised in the prior year and minimal brought forward unadjusted audit differences. As such, performance financial statement materiality was set at £3,250,000 (2018: £2,210,000) and specific performance materiality was set at £350,000 (2018: £135,000).

We determined that the same measure as the Group was appropriate for the Parent Company, and the performance materiality and specific performance materiality applied were £2,050,000 and £283,000 (2018: £1,640,000 and £122,000) respectively.

Reporting threshold

An amount above which identified misstatements are reported to the Audit Committee.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences in excess of £108,000 (2018: £88,000) for items audited to financial statement materiality, and £11,000 (2018: £5,000) for items audited to specific materiality as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds.

We agreed that the reporting threshold for the Parent Company would be £68,000 (2018: £65,000) for items audited to financial statement materiality, and £9,000 (2018: £4,500) for items audited to specific materiality.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

An overview of the scope of our audit

Our audit of the Group was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, applicable legal and regulatory framework and the industry in which it operates, and assessing the risks of material misstatement at the Group and Parent Company level. This included consideration of the risk that the Group was acting contrary to applicable laws and regulations, including fraud.

The Group operates solely in the United Kingdom and operates through one segment, investment property, structured through a number of subsidiary special purpose vehicle ("SPV") companies. The Group audit team performed all the work necessary to issue the Group and Parent Company audit opinions. We identified two significant components, in addition to the Parent Company, being two of the Group's SPV's. Full scope audit procedures were performed on significant components. The audit approach included undertaking audit work on the key risks of material misstatement identified for the Group and auditing the three significant components to a lower threshold of materiality as outlined in the materiality section above. All audit work was carried out by the Group audit team. As a result of our audit approach above, we achieved coverage of 100% of rental income agreements and 100% of investment property valuations.

We undertook audit procedures to respond to the risk of non-compliance with laws and regulations, focussing on those that could give rise to a material misstatement in the Group and Parent Company financial statements, including, but not limited to, the Companies Act 2006, the UK Listing Rules, the REIT regime requirements and legislation relevant to the rental of properties. We made enquiries of management to obtain further understanding of risks of non-compliance. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We addressed the risk of management override of internal controls, by undertaking procedures to review journal entries processed during and subsequent to the year end and evaluate whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We consider that the audit procedures we planned and performed in accordance with ISAs (UK) have provided us with reasonable assurance that irregularities, including fraud, would have been detected to the extent that they could have resulted in material misstatements in the financial statements. Our audit was not designed to identify misstatements or other irregularities that would not be considered to be material to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable as set out on page 96 –** the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting as set out on pages 79 to 82 –** the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

- **Directors' statement of compliance with the UK Corporate Governance Code as set out on page 71 –** the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRIPLE POINT SOCIAL HOUSING REIT PLC (Continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement as set out on page 96, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were initially appointed by the Board of Directors on 18 July 2017 to audit the financial statements for the period ending 31 December 2017 and subsequent financial periods. Following a competitive re-tender in May 2019 we were reappointed to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 31 December 2017 to 31 December 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Edward Goodworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
12 March 2020

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

Financial Statements

FINANCIAL STATEMENTS
Group Statement of Comprehensive Income
for the year ended 31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Income			
Rental income	5	**21,112**	11,490
Total income		**21,112**	11,490
Expenses			
Directors' remuneration	6	**(307)**	(265)
General and administrative expenses	9	**(1,809)**	(1,909)
Management fees	8	**(3,869)**	(2,309)
Total expenses		**(5,985)**	(4,483)
Gain from fair value adjustment on investment property	14	**11,809**	14,497
Operating profit		**26,936**	21,504
Finance income	11	**229**	183
Finance costs	12	**(3,448)**	(1,790)
Profit for the year before tax		**23,717**	19,897
Taxation	13	**–**	–
Profit and total comprehensive income for the year		**23,717**	19,897
IFRS Earnings per share – basic and diluted	36	**6.75p**	8.37p
EPRA Earnings per share – basic and diluted	36	**3.39p**	2.27p

The accompanying notes on pages 110 to 129 form an integral part of these Group Financial Statements.

FINANCIAL STATEMENTS

Group Statement of Financial Position

as at 31 December 2019

	Note	**31 December 2019 £'000**	31 December 2018 £'000
Assets			
Non-current assets			
Investment properties	14	**472,349**	324,069
Total non-current assets		**472,349**	324,069
Current assets			
Trade and other receivables	15	**4,287**	3,392
Cash, cash equivalents and restricted cash	16	**67,711**	114,624
Total current assets		**71,998**	118,016
Total assets		**544,347**	442,085
Liabilities			
Current liabilities			
Trade and other payables	17	**8,145**	8,998
Total current liabilities		**8,145**	8,998
Non-current liabilities			
Other payables	18	**1,514**	1,565
Bank and other Borrowings	19	**164,955**	67,361
Total non-current liabilities		**166,469**	68,926
Total liabilities		**174,614**	77,924
Total net assets		**369,733**	364,161
Equity			
Share capital	22	**3,514**	3,514
Share premium reserve	23	**151,157**	151,157
Treasury shares reserve	24	**(378)**	–
Capital reduction reserve	25	**166,154**	183,921
Retained earnings	26	**49,286**	25,569
Total Equity		**369,733**	364,161
IFRS Net asset value per share – basic and diluted	37	**105.37p**	103.65p
EPRA Net asset value per share – basic and diluted	37	**105.37p**	103.65p

The Group Financial Statements were approved and authorised for issue by the Board on 12 March 2020 and signed on its behalf by:

Chris Phillips
Chairman
12 March 2020

The accompanying notes on pages 110 to 129 form an integral part of these Group Financial Statements.

FINANCIAL STATEMENTS
Group Statement of Changes in Equity
for the year ended 31 December 2019

Year ended 31 December 2019	**Note**	**Share capital £'000**	**Share premium reserve £'000**	**Treasury shares reserve £'000**	**Capital reduction reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 January 2019		**3,514**	**151,157**	**–**	**183,921**	**25,569**	**364,161**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**23,717**	**23,717**
Transactions with owners							
Own shares repurchased	24	**–**	**–**	**(378)**	**–**	**–**	**(378)**
Dividends paid	27	**–**	**–**	**–**	**(17,767)**	**–**	**(17,767)**
Balance at 31 December 2019		**3,514**	**151,157**	**(378)**	**166,154**	**49,286**	**369,733**

Year ended 31 December 2018	Note	Share capital £'000	Share premium reserve £'000	*Treasury shares reserve £'000*	Capital reduction reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018		2,000	–	–	194,000	5,672	201,672
Total comprehensive income for the year		–	–	–	–	19,897	19,897
Transactions with owners							
Ordinary Shares issued in the year at a premium	22,23	1,514	153,320	–	–	–	154,834
Share issue costs capitalised	23	–	(2,163)	–	–	–	(2,163)
Dividends paid	27	–	–	–	(10,079)	–	(10,079)
Balance at 31 December 2018		3,514	151,157	–	183,921	25,569	364,161

The accompanying notes on pages 110 to 129 form an integral part of these Group Financial Statements.

FINANCIAL STATEMENTS
Group Statement of Cash Flows
for the year ended 31 December 2019

	Note	**Year ended 31 December 2019 £'000**	Year ended 31 December 2018 £'000
Cash flows from operating activities			
Profit before income tax		**23,717**	19,897
Adjustments for:			
Gain from fair value adjustment on investment property		**(11,809)**	(14,497)
Finance income		**(229)**	(183)
Finance costs		**3,448**	1,790
Operating results before working capital changes		**15,127**	7,007
Increase in trade and other receivables		**(11)**	(2,074)
Increase in trade and other payables		**1,188**	473
Net cash flow generated from operating activities		**16,304**	5,406
Cash flows from investing activities			
Purchase of investment properties		**(137,724)**	(163,995)
Prepaid acquisition costs (paid)/refunded		**(884)**	6,655
Restricted cash – (paid)		**(8,375)**	(12,809)
Restricted cash – released		**11,348**	9,419
Interest received		**163**	150
Net cash flow used in investing activities		**(135,472)**	(160,580)
Cash flows from financing activities			
Proceeds from issue of Ordinary Shares at a premium		**–**	108,150
Ordinary Share issue costs capitalised		**–**	(2,150)
Proceeds from issue of C Shares at a premium	20	**–**	47,500
C Share issue costs capitalised	20	**–**	(950)
Own shares repurchased	24	**(378)**	–
Interest paid		**(2,898)**	(1,563)
Bank borrowings drawn	19	**100,592**	68,500
Restricted bank borrowings	19	**10,460**	(10,460)
Loan arrangement fees paid	19	**(3,455)**	(1,186)
Dividends paid	27	**(17,767)**	(10,079)
Net cash flow generated from financing activities		**86,554**	197,762
Net (decrease)/increase in Cash, cash equivalents and restricted cash		**(32,614)**	42,588
Cash and cash equivalents at the beginning of the year		**97,346**	54,758
Cash and cash equivalents at the end of the year	16	**64,732**	97,346

The accompanying notes on pages 110 to 129 form an integral part of these Group Financial Statements.

FINANCIAL STATEMENTS
Notes to the Group Financial Statements
for the year ended 31 December 2019

1. CORPORATE INFORMATION

Triple Point Social Housing REIT PLC (the "Company") is a Real Estate Investment Trust ("REIT") incorporated in England and Wales under the Companies Act 2006 as a public company limited by shares on 12 June 2017. The address of the registered office is 1 King William Street, United Kingdom, EC4N 7AF. The Company is registered as an investment company under section 833 of the Companies Act 2006 and is domiciled in the United Kingdom.

The principal activity of the Company is to act as the ultimate parent company of Triple Point Social Housing REIT PLC and its subsidiaries (the "Group") and to provide shareholders with an attractive level of income, together with the potential for capital growth from investing in a portfolio of social homes.

2. BASIS OF PREPARATION

The Group's Financial Statements have been prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union ("IFRS"), IFRIC interpretations, and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS. All accounting policies have been applied consistently.

The Group's Financial Statements have been prepared on a historical cost basis, as modified for the Group's investment properties, which have been measured at fair value. Gains or losses arising from changes in fair values are included in profit or loss.

The Group has applied the same accounting policies in these Group Financial Statements as in its 2018 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on or after 1 January 2019. The new standard impacting the Group is:

- IFRS 16 *Leases*

IFRS 16 replaced IAS 17 Leases and introduced a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Previously, the Group was required to classify all leases as either operating or finance leases.

The Group adopted IFRS 16 using the modified retrospective approach with recognition of any transitional adjustments being made on the date of application (1 January 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The Directors have given due consideration to the impact on the financial statements of IFRS 16 and have concluded that the adoption of the standard did not have a material impact on the financial statements in the period of initial application. This is because where the Group is a lessee i.e. leasehold properties, the Group already recognises these as finance leases on the statement of financial position. Further, no changes have been identified in respect of the leases where the Group also acts as a lessor.

The following are new standards, interpretations and amendments, which are not yet effective, and have not been early adopted in this financial information, that will or may have an effect on the Group's future financial statements:

- Definition of a Business (Amendments to IFRS 3) (effective 1 January 2020);
- Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2020);
- Amendments to references to the Conceptual Framework in IFRS Standards (effective 1 January 2020*); and
- Definitions of material amendments to IAS 1 and IAS 8 (effective 1 January 2020).

*standard not yet endorsed

The Directors are currently assessing the impact of these amendments and have given due consideration to the impact on the financial statements of the amendments to IFRS 3. Under the amendments of IFRS 3, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. An optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is a business has been added.

At present they do not anticipate that the adoption of the amendment and interpretation will have a material impact on the financial statements in the period of initial application. This is because the amendment narrows the definition of a business, however, subsidiaries acquired by the Group to date have all been treated as the acquisition of a group of assets rather than a business as there was not an integrated set of activities acquired in addition to the property. The Group does not intend to purchase any subsidiaries which incorporate anything other than an investment property.

2.1. Going concern

The Group benefits from a secure income stream from long leases which are not overly reliant on any one tenant and present a well-diversified risk. The directors have reviewed the Group's forecast which show the expected annualised rental income exceeds the expected operating costs of the Group. This is explained further within the Going Concern and Viability section included in the Strategic Report on pages 64 to 65.

As a result, the directors believe that the Group is well placed to manage its financing and other business risks and that the Group will remain viable, continuing to operate and meets its liabilities as they fall due.

The directors believe that there are currently no material uncertainties in relation to the Group's ability to continue in operation for the period of at least 12 months from the date of approval of the Group's Financial Statements. The Board is, therefore, of the opinion that the going concern basis adopted in the preparation of the financial statements is appropriate.

2.2 Currency

The Group financial information is presented in Sterling which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Estimates:

3.1. Investment properties (note 14)

The Group uses the valuation carried out by its independent valuers as the fair value of its property portfolio. The valuation is based upon assumptions including future rental income and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. Further information is provided in note 14.

The Group's properties have been independently valued by Jones Lang LaSalle Limited ("JLL" or the "Valuer") in accordance with the definitions published by the Royal Institute of Chartered Surveyors' ("RICS") Valuation – Professional Standards, July 2018, Global and UK Editions (commonly known as the "Red Book"). JLL is one of the most recognised professional firms within social housing valuation and has sufficient current local and national knowledge of both social housing generally and specialist supported housing ("SSH") and has the skills and understanding to undertake the valuations competently.

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

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

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

Level 3 – External inputs are "unobservable". Value is the Director's best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and a determination of which assumptions should be applied in valuing such assets and with particular focus on the specific attributes of the investments themselves. Given the bespoke nature of each of the Group's investments, all of the Group's investment properties are included in Level 3.

Judgements:

3.2. Asset acquisitions

The Group acquires subsidiaries that own investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The directors consider the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property.

Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or deferred tax arises.

All corporate acquisitions during the period have been treated as asset purchases rather than business combinations because no integrated set of activities were acquired.

3.3. The Group as lessor (note 28)

The Group has determined based on an evaluation of the terms and conditions of the arrangements that it retains all the significant risks and rewards of ownership of its properties and so accounts for the leases as operating leases. This evaluation involves judgement and

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the key factors considered include comparing the duration of the lease terms compared to the economic life of the underlying property asset, or in the case of sub-leased properties, the remaining life of the right-of-use asset arising from the headlease, the minimum lease payments discounted using an average cost of borrowing rate compared to the fair value of the asset at acquisition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below.

4.1. Basis of consolidation

The financial statements comprise the financial information of the Group as at the year-end date.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The financial information of the subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

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

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

4.2. Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. The Group recognises asset acquisitions on completion. After initial recognition, investment property is stated at its fair value at the Statement of Financial Position date. Gains and losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise in the Statement of Comprehensive Income. Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure.

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

Investment properties under construction are financed by the Group where the Group enters into contracts for the development of a pre-let property under a forward funding agreement. The Group does not expose itself to any speculative development risk as the proposed property is pre-let to a tenant under an agreement for lease and the Group enters into a fixed price development agreement with the Developer. Investment properties under construction are initially recognised in line with stage payments made to the developer. The properties are revalued at fair value at each reporting date in the form of a work-in-progress value. The work-in-progress value of investment properties under construction is estimated as fair value of the completed asset less any costs still payable in order to complete, which includes the Developer's margin.

During the period between initial investment and the lease commencement date (practical completion of the works) a coupon interest due on the funds paid in the range of 6-6.75% per annum is payable by the Developer. The accrued coupon interest is considered as a discount on the fixed contract price. It does not result in any cash flows during the development, but reduces the outstanding balance payable to the developer on practical completion. When practical completion is reached, the completed investment property is transferred to operational assets at the fair value on the date of completion.

Significant accounting judgements, estimates and assumptions made for the valuation of investment properties are discussed in note 3.

4.3. Leases

Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group has determined that it retains all the significant risks and rewards of ownership of the properties it has acquired to date and accounts for the contracts as operating leases as discussed in note 3.

Properties leased out under operating leases are included in investment property in the Statement of Financial Position. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant leases.

Lessee

As a lessee the Group recognises a right-of-use asset within investment properties and a lease liability for all leases, which is included within other payables (note 18). The lease liabilities are measured at the present value of the remaining lease payments, discounted using an appropriate discount rate. The discount rate applied by the Group is the incremental borrowing rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

As leasehold properties meet the definition of investment property, the right-of-use assets are presented within investment property (note 14), and after initial recognition are subsequently measured at fair value.

Sub-leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the underlying property asset to the lessee. Sub-leases of leasehold properties are classified with reference to the right of use asset arising from the head lease. All other leases are classified as operating leases.

4.4. Rent and other receivables

Rent and other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

Rent receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost, less provision for impairment.

Impairment provisions for current and non-current rent receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For rent receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the rent receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for all other receivables are recognised based on a forward looking expected credit loss model using the general approach. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

4.5. Cash, cash equivalents and restricted cash

Cash, cash equivalents and restricted cash include cash in hand, cash held by lawyers and liquidity funds with a term of no more than three months that are readily convertible to a known amount of cash, and which are subject to an insignificant risk of changes in value.

Cash held by lawyers is money held in escrow for expenses expected to be incurred in relation to investment properties pending completion. These funds are available immediately on demand.

Restricted Cash represents cash held in relation to retentions for repairs, maintenance and improvement works by the vendors that is committed on the acquisition of the properties; and restricted bank borrowings.

4.6. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation.

4.7. Trade and other payables

Trade and other payables are classified as current liabilities if payment is due within one year or less from the end of the current accounting period. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method until settled.

4.8. Bank and other borrowings

Bank borrowings and the Group's loan notes are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensure that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Group Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payment while the liability is outstanding.

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4.9. C shares financial liability
C shares were convertible non-voting preference shares issued during the prior year and met the definition of a financial liability. C shares were recognised on issue at fair value less directly attributable transaction costs. After initial recognition, C shares were subsequently measured at amortised cost using the effective interest rate method. Amortisation is credited to or charged to finance income or finance costs in the Consolidated Statement of Comprehensive Income. Transaction costs are deducted from proceeds at the time of issue. C shares converted into Ordinary shares on the conversion date on the basis of their respective NAV per share at the calculation date.

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

4.11. Dividends payable to shareholders
Dividends to the Company's shareholders are recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved. In the UK, interim dividends are recognised when paid.

4.12. Rental income
Rental income from investment property is recognised on a straight-line basis over the term of ongoing leases and is shown gross of any UK income tax. A rental adjustment is recognised from the rent review date in relation to unsettled rent reviews, where the directors are reasonably certain that the rental uplift will be agreed.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. These are recognised within trade and other receivables on the Statement of Financial Position.

When the Group enters into a forward funded transaction, the future tenant signs an agreement for lease. No rental income is recognised under the agreement for lease, but once the practical completion has taken place the formal lease is signed at which point rental income commences to be recognised in the Statement of Comprehensive Income.

4.13. Finance income and finance costs
Finance income is recognised as interest accrues on cash balances held by the Group. Finance costs consist of interest and other costs that the Group incurs in connection with bank and other borrowings. These costs are expensed in the period in which they occur. Borrowing costs that are separately identifiable and directly attributable to the acquisition or construction of forward funded assets that take a substantial period of time to complete are capitalised as part of the development cost in investment property (note 14).

4.14. Expenses
All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

4.15. Investment management fees
Investment advisory fees are recognised in the Statement of Comprehensive Income on an accruals basis.

4.16. Share issue costs
The costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a deduction from equity.

4.17. Treasury shares
Consideration paid or received for the purchase or sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve ("the treasury share reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

5. RENTAL INCOME

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Rental income – freehold assets	**19,205**	10,016
Rental income – leasehold assets	**1,907**	1,474
	21,112	11,490

The lease agreements between the Group and the Registered Providers are fully repairing and insuring leases. The Registered Providers are responsible for the settlement of all present and future rates, taxes, costs and other impositions payable in respect of the property. As a result, no direct property expenses were incurred.

All rental income arose within the United Kingdom.

6. DIRECTORS' REMUNERATION

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Directors' fees	**275**	234
Employer's National Insurance Contributions	**32**	31
	307	265

The Directors are remunerated for their services at such rate as the directors shall from time to time determine. The Chairman receives a director's fee of £75,000 per annum (2018: £75,000), and the other directors of the Board receive a fee of £50,000 per annum (2018: £50,000). The Directors are also entitled to an additional fee of £7,500 (2018: £7,500) in connection with the production of every prospectus by the Company (including the initial Issue). The additional fees are treated as a cost of issue not included as an expense through the Statement of Comprehensive Income.

A summary of the directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' Remuneration Report within the Corporate Governance Report on page 87. None of the directors received any advances or credits from any group entity during the year.

7. PARTICULARS OF EMPLOYEES

The Group had no employees during the year other than the directors (2018: none).

8. MANAGEMENT FEES

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Management fees	**3,869**	2,309
	3,869	2,309

On 20 July 2017 Triple Point Investment Management LLP was appointed as the delegated investment manager of the Company by entering into the property management services and delegated portfolio management agreement. Under this agreement the delegated investment manager will advise the Company and provide certain management services in respect of the property portfolio. A Deed of Variation was signed on 23 August 2018. This defined cash balances in the Net Asset Value calculation in respect of the management fee as "positive uncommitted cash balances after deducting any borrowings".

The management fee is an annual management fee which is calculated quarterly in arrears based upon a percentage of the last published Net Asset Value of the Group (not taking into account uncommitted cash balances after deducting borrowings as described above) as at 31 March, 30 June, 30 September and 31 December in each year on the following basis with effect from Admission:

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

(b) on that part of the Net Asset Value over £250 million and up to and including £500 million, an amount equal to 0.9% of such part of the Net Asset Value;

(c) on that part of the Net Asset Value over £500 million and up to and including £1 billion, an amount equal to 0.8% of such part of the Net Asset Value;

(d) on that part of the Net Asset Value over £1 billion, an amount equal to 0.7% of such part of the Net Asset Value.

Management fees of £3,869,000 (2018: £2,309,000) were chargeable by TPIM during the year. At the year-end £986,000 (2018: £811,000) was due to TPIM.

9. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Legal and professional fees	**735**	839
Audit fees	**167**	226
Administration fees	**353**	335
Other administrative expenses	**554**	509
	1,809	1,909

On 1 October 2018 Hanway Advisory Ltd, who are associated with Triple Point Investment Management LLP the delegated investment manager, were appointed to provide Administration and Company Secretarial Services to the Group. During the year Company Secretarial Services of £336,000 (2018: £31,200) were chargeable by Hanway Advisory Ltd.

The audit fees in the table above are inclusive of VAT, and therefore differ to the fees in note 10 which are reported net of VAT.

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10. AUDIT FEES

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Group audit fees - current year	**124**	118
Group audit fees - prior year	**–**	60
Subsidiary audit fees	**15**	10
	139	188

Non audit fees paid to BDO LLP included £45,000 (2018: £73,000) in relation to quarterly eNAV and the half year interim reviews, and £7,500 for its role as reporting accountant of the Company in relation to new share issues in 2018 (2018: £113,000). The fees relating to the share issuance were treated as share issue costs and offset against share premium arising on the issue of these shares.

The audit fee for the following subsidiaries has been borne by the Company:

> TP REIT Super Holdco Limited

> TP REIT Holdco 1 Limited

> TP REIT Holdco 2 Limited

> TP REIT Holdco 3 Limited

> Norland Estates Limited

> TP REIT Propco 2 Limited

> TP REIT Propco 3 Limited

> TP REIT Propco 4 Limited

> TP REIT Holdco 4 Limited

11. FINANCE INCOME

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Other interest income	**50**	33
Interest on liquidity funds	**179**	150
	229	183

12. FINANCE COSTS

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Interest payable on bank borrowings	**2,992**	949
Borrowing costs capitalised (note 14)	**(60)**	–
Amortisation of loan arrangement fees	**457**	47
C share amortisation expense	**–**	134
C share interest expense	**–**	613
Head lease interest expense	**50**	33
Bank charges	**9**	14
	3,448	1,790
Total finance cost for financial liabilities not at fair value through profit or loss	**3,439**	1,762

13. TAXATION

As a UK REIT, the Group is exempt from corporation tax on the profits and gains from its property investment business, provided it meets certain conditions as set out in the UK REIT regulations. For the current period, the Group did not have any non-qualifying profits and accordingly there is no tax charge in the period. If there were any non-qualifying profits and gains, these would be subject to corporation tax.

It is assumed that the Group will continue to be a group UK REIT for the foreseeable future, such that deferred tax has not been recognised on temporary differences relating to the property rental business.

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Current tax		
Corporation tax charge for the year	**–**	–
Total current income tax charge in the profit or loss	**–**	–

The tax charge for the period is less than the standard rate of corporation tax in the UK of 19% (2018:19%). The differences are explained below.

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Profit before tax	**23,717**	19,897
Tax at UK corporation tax standard rate of 19%	**4,506**	3,780
Change in value of investment properties	**(2,244)**	(2,754)
Exempt REIT income	**(2,673)**	(1,340)
Amounts not deductible for tax purposes	**34**	145
Unutilised residual current period tax losses	**377**	169
	–	–

UK REIT exempt income includes property rental income that is exempt from UK Corporation Tax in accordance with Part 12 of CTA 2010.

14. INVESTMENT PROPERTY

	Operational assets £'000	Properties under development £'000	Total £'000
As at 1 January 2019	316,117	7,952	324,069
Acquisitions and additions	114,835	21,428	136,263
Fair value adjustment	11,134	675	11,809
Changes to head lease right-of-use assets	148	–	148
Borrowing costs capitalised (note 12)	–	60	60
Transfer of completed properties	12,166	(12,166)	–
As at 31 December 2019	**454,400**	**17,949**	**472,349**

	Operational assets £'000	Properties under development £'000	Total £'000
As at 1 January 2018	138,512	–	138,512
Acquisitions and additions	154,127	16,708	170,835
Fair value adjustment	14,569	(72)	14,497
Changes to head lease right-of-use assets	225	–	225
Borrowing costs capitalised (note 12)	–	–	–
Transfer of completed properties	8,684	(8,684)	–
As at 31 December 2018	316,117	7,952	324,069

Reconciliation to independent valuation:

	31 December 2019 £'000	31 December 2018 £'000
Investment property valuation	**471,635**	323,469
Fair value adjustment – headlease ground rent	**1,453**	1,305
Fair value adjustment – lease incentive debtor	**(739)**	(705)
	472,349	324,069

Properties under development represent contracts for the development of a pre-let property under a forward funding agreement. Where the development period is expected to be a substantial period, the borrowing costs that can be directly attributed to getting the asset ready for use are capitalised as part of the investment property value.

The carrying value of leasehold properties at 31 December 2019 was £35.3 million (2018: £26.5 million).

In accordance with "IAS 40: Investment Property", the Group's investment properties have been independently valued at fair value by Jones Lang LaSalle Limited ("JLL"), an accredited external valuer with recognised and relevant professional qualifications. The independent valuers provide their fair value of the Group's investment property portfolio every three months.

JLL were appointed as external valuers by the Board on 11 December 2017. JLL has provided valuations services to the Group. The proportion of the total fees payable by the Company to JLL's total fee income is minimal. Additionally, JLL has a rotation policy in place whereby the signatories on the valuations rotate after 7 years.

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% Key Statistic
The metrics below are in relation to the total investment property portfolio held as at 31 December 2019.

Portfolio metrics	31 December 2019	31 December 2018
Capital Deployed (£'000)[1]	**424,266**	293,857
Number of Properties	**388**	272
Number of Tenancies[3]	**300**	189
Number of Registered Providers[3]	**16**	16
Number of Local Authorities[3]	**149**	109
Number of Care Providers[3]	**88**	62
Valuation NIY[2]	**5.27%**	5.25%

[1] calculated excluding acquisition costs

[2] calculated using IAS 40 valuations (excluding forward funding acquisitions)

[3]calculated excluding forward funding acquisitions

Regional exposure

Region	31 December 2019 [4]Cost £'000	31 December 2019 % of funds invested	31 December 2018 [4]Cost £'000	31 December 2018 % of funds invested
North West	**93,451**	**22.0**	73,757	25.1
West Midlands	**65,189**	**15.4**	41,327	14.1
East Midlands	**59,929**	**14.1**	47,412	16.1
London	**49,906**	**11.8**	25,921	8.9
South East	**43,697**	**10.3**	33,819	11.5
North East	**43,691**	**10.3**	39,432	13.4
Yorkshire	**30,245**	**7.1**	16,869	5.7
South West	**21,547**	**5.1**	11,549	3.9
East	**11,514**	**2.7**	2,889	1.0
South Wales	**2,660**	**0.6**	883	0.3
Scotland	**2,437**	**0.6**	–	–
Total	**424,266**	**100**	293,858	100.0

[4]excluding acquisition costs.

Fair value hierarchy

	Date of valuation	Total £'000	Quoted prices in active markets (Level 1) £'000	Significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000
Assets measured at fair value:					
Investment properties	31 December 2019	472,349	–	–	472,349
Investment properties	31December 2018	324,069	–	–	324,069

There have been no transfers between Level 1 and Level 2 during the year, nor have there been any transfers between Level 2 and Level 3 during the year.

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards (incorporating the International Valuation Standards) by JLL, one of the leading professional firms engaged in the social housing sector.

As noted previously, all of the Group's investment properties are reported as Level 3 in accordance with IFRS 13 where external inputs are "unobservable" and value is the Directors' best estimate, based upon advice from relevant knowledgeable experts.

In this instance, the determination of the fair value of investment property requires an examination of the specific merits of each property that are in turn considered pertinent to the valuation.

These include i) the regulated social housing sector and demand for the facilities offered by each Specialised Supported Housing ("SSH") property owned by the Group; ii) the particular structure of the Group's transactions where vendors, at their own expense, meet the majority of the refurbishment costs of each property and certain purchase costs; iii) detailed financial analysis with discount rates supporting the carrying value of each property; iv) underlying rents for each property being subject to independent benchmarking and adjustment where the Group considers them too high (resulting in a price reduction for the purchase or withdrawal from the transaction); and v) a full repairing and insuring lease with annual indexation based on CPI or CPI+1% and effectively 25 years outstanding, in most cases with a Housing Association itself regulated by the Homes and Communities Agency.

The valuer treats the fair value for forward funded assets as work-in-progress value whereby the Group forward funds a development by committing a total sum, the Gross Development Value ("GDV") over the development period in order to receive the completed development at practical completion. The work-in-progress value of the asset increases during the construction period accordingly as payments are made by the Group which leads, in turn, to a pro-rata increase in the valuation in each quarter valuation assuming there are no material events affecting the GDV adversely. Interest accrued during construction as well as an estimation of future interest accrual prior to lease commencement will be deducted from the balancing payment which is the final payment to be drawn by the developer prior to the Group receiving the completed building.

Descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining fair values are as follows:

Valuation techniques: Discounted cash flows

The discounted cash flows model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate and lease incentive costs such as rent-free periods. The expected net cash flows are then discounted using risk-adjusted discount rates.

There are three main unobservable inputs that determine the fair value of the Group's investment property:

1. The rate of inflation as measured by CPI; it should be noted that all leases benefit from either CPI or RPI indexation;
2. The discount rate applied to the rental flows; and
3. Underlying passing rents.

Key factors in determining the discount rates to assess the level of uncertainty applied include: the performance of the regulated social housing sector and demand for each specialist supported housing property owned by the Group; costs of acquisition and refurbishment of each property, the anticipated future underlying cash flows for each property; benchmarking of each underlying rent for each property (passing rent); and the fact that all of the Group's properties have the benefit of full repairing and insuring leases entered into by a Housing Association.

All of the properties within the Group's portfolio benefit from leases with annual indexation based upon CPI or RPI. The fair value measurement is based on the above items highest and best use, which does not differ from their actual use.

Sensitivities of measurement of significant unobservable inputs

As set out within the significant accounting estimates and judgements in Note 3, the Group's property portfolio valuation is open to judgements and is inherently subjective by nature.

As a result, the following sensitivity analysis has been prepared:

Average discount rate and range:

The average discount rate used in the Group's property portfolio valuation is 6.60% (2018: 6.66%).

The range of discount rates used in the Group's property portfolio valuation is from 6.3% to 7.1% (2018: 6.4% to 7.2%).

	-0.5% change in Discount Rate £'000	+0.5% change in Discount Rate £'000	+0.25% change in CPI £'000	-0.25% change in CPI £'000
Changes in the IFRS fair value of investment properties as at 31 December 2019	**28,803**	**(26,203)**	**14,911**	**(14,257)**
Changes as at 31 December 2018	20,362	(18,307)	10,447	(9,973)

15. TRADE AND OTHER RECEIVABLES

	31 December 2019 £'000	31 December 2018 £'000
Prepayments	**1,528**	1,755
Other receivables	**1,282**	766
Rent receivable	**1,477**	871
	4,287	3,392

Included in Prepayments are prepaid acquisition costs which include the cost of acquiring assets not completed at the year end.

The directors consider that the carrying value of trade and other receivables approximate their fair value. All amounts are due to be received within one year from the reporting date.

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

The expected loss rates are based on the Group's historical credit losses experienced since incorporation in 2017. The historical loss rates are then adjusted for the current and forward-looking information on macroeconomic factors affecting the Group's tenants. Both the expected credit loss provision and the incurred loss provision in the current and prior period are immaterial. The Group does not hold any collateral as security.

The Group applies the general approach to providing for expected credit losses under IFRS 9 for other receivables. Both the expected credit loss and the incurred loss provision in the current and prior year are immaterial.

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16. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

	31 December 2019 £'000	31 December 2018 £'000
Cash held by lawyers	**771**	14,352
Liquidity funds	**50,000**	75,000
Restricted cash	**2,979**	17,278
Cash at bank	**13,961**	7,994
	67,711	114,624

Liquidity funds refer to money placed in money market funds. These are highly liquid funds with accessibility within 24 hours and subject to insignificant risk of changes in value. Interest at market rate between 0.59% and 0.75% per annum is earned on these deposits.

Cash held by lawyers is money held in escrow for expenses expected to be incurred in relation to investment properties pending completion. These funds are available immediately on demand.

Restricted cash represents retention money in relation to repair, maintenance and improvement works by the vendors to bring the properties up to satisfactory standards for the Group and the tenants. The cash is committed on the acquisition of the properties. The restricted cash is either held with the solicitors or ring fenced by the Group. In the prior year restricted cash included £10.5 million of amounts held in a charged account as outlined further in note 19.

	31 December 2019 £'000	31 December 2018 £'000
Total Cash, cash equivalents and restricted cash	**67,711**	114,624
Restricted cash	**(2,979)**	(17,278)
Cash reported on Statement of Cash Flows	**64,732**	97,346

17. TRADE AND OTHER PAYABLES

Current liabilities	31 December 2019 £'000	31 December 2018 £'000
Other creditors	**5,521**	6,818
Accruals	**1,913**	1,471
Trade payables	**672**	589
Deferred consideration	**–**	84
Head lease ground rent (note 28)	**39**	36
	8,145	8,998

The Other Creditors balance consists of retentions due on completion of outstanding works. The directors consider that the carrying value of trade and other payables approximate their fair value. All amounts are due for payment within one year from the reporting date.

18. OTHER PAYABLES

Non-current liabilities	31 December 2019 £'000	31 December 2018 £'000
Head lease ground rent (note 28)	**1,414**	1,270
Deferred consideration	**–**	195
Rent deposit	**100**	100
	1,514	1,565

19. BANK AND OTHER BORROWINGS

	31 December 2019 £'000	31 December 2018 £'000
Bank and other borrowings drawn at year end	**169,092**	68,500
Less: loan issue costs incurred	**(4,594)**	(1,186)
Add: loan issue costs amortised	**457**	47
Unamortised costs at end of the year	**(4,137)**	(1,139)
Balance at year end	**164,955**	67,361

At 31 December 2019 there were undrawn bank borrowings of £29.4 million (2018: £70 million).

On 20 July 2018, the Group entered into a long dated, fixed rate, interest only financing arrangement in the form of a private placement of loan notes in an amount of £68.5 million with MetLife and affiliated funds. The Loan Notes are secured against a portfolio of specialist supported living assets throughout the UK, worth approximately £181 million. As at 31 December 2018 £58 million was utilised; the remaining amount of £10.5 million was in a charged account until it was released on 12 February 2019. The Loan Notes represent a loan-to-value of 40% of the value of the secured pool of assets and are split into two tranches: Tranche-A, is an amount of £41.5 million, has a term of 10 years from utilisation and is priced at an all-in coupon of 2.924% pa; and Tranche-B, is an amount of £27 million, has a term of 15 years from utilisation and is priced at an all-in coupon of 3.215% pa. On a blended basis, the weighted average term is 12 years carrying a weighted average fixed rate coupon of 3.039% pa.

On 21 December 2018 the Group signed a secured £70 million Revolving Credit Facility with Lloyds Bank. The floating rate Revolving Credit Facility has an initial term of four years expiring on 20 December 2022. This may be extended by a further two years to 20 December 2024 if requested but is at the sole discretion of Lloyds Bank. The interest rate for amounts drawn is 1.85% per annum over three month LIBOR. For undrawn loan amounts the Company pays a commitment fee in the amount of 40% of the margin. As at 31 December 2019, £62.3 million had been drawn under the revolving credit facility and, when fully drawn, the revolving credit facility will represent a loan-to-value of 40% secured against a defined portfolio of the Group's specialist supported housing assets.

On 29 October 2019 the Group secured a £60 million extension to the existing Revolving Credit Facility. As part of the extension, National Westminster Bank plc will provide debt alongside Lloyds Bank plc and on identical terms. The Group now has the ability to draw a total of up to £130 million under the RCF. The initial four-year term of the RCF remains unchanged and expires on 20 December 2022 and, subject to lender approval, may be extended by a further two years to 20 December 2024. The interest rate in respect of drawn amounts under the RCF is 1.85 per cent per annum over 3-month LIBOR. When fully drawn, the RCF will represent a loan-to-value of 40% secured against a defined portfolio of the Group's specialist supported housing assets located throughout the UK and held in a wholly-owned Group subsidiary.

All financing arrangements are on a non-recourse basis to the Group.

The Group has met all compliance with its financial covenants on the above loans throughout the year.

Undrawn committed bank facilities – maturity profile	**Total £'000**	**< 1 year £'000**	**1 to 2 years £'000**	**3 to 5 years £'000**	**> 5 years £'000**
At 31 December 2019	29,408	–	–	29,408	–
At 31 December 2018	70,000	–	–	70,000	–

20. C SHARES

On 23 March 2018 the Company announced the issue of 47,500,000 C shares, issued at 100 pence per share. The C shares were convertible preference shares. The shares were listed on the London Stock Exchange and dealing commenced on 27 March 2018.

On 29 June 2018 90% of the C share funds had been invested or committed and the C shares converted into Ordinary Shares on 30 August 2018 (conversion date). The conversion was on the basis of their respective NAV per share as at 29 June 2018 (calculation date), adjusted for dividends payable to both share classes and the fair value gain on assets acquired on which the Company had exchanged contracts but not completed until 13 July 2018. On 30 August 2018, 46,352,210 Ordinary Shares were issued on conversion of the C shares.

21. NOTES SUPPORTING STATEMENT OF CASH FLOWS

Reconciliation of liabilities to cash flows from financing activities:

	Bank borrowings £'000 (note 19)	**C Shares £'000 (note 20)**	**Head lease £'000 (note 17,18)**	**Total £'000**
At 1 January 2019	**67,361**	**–**	**1,306**	**68,667**
Cashflows:		**–**	**–**	
Bank borrowings drawn	**100,592**	**–**	**–**	**100,592**
Repayment of principal on head lease liabilities	**–**	**–**	**(39)**	**(39)**
Loan arrangement fees paid	**(3,455)**	**–**	**–**	**(3,455)**
Non-cash flows:				
– Amortisation of loan arrangement fees	**457**	**–**	**–**	**457**
– Head lease additions	**–**	**–**	**138**	**138**
– Accrued interest on head lease liabilities	**–**	**–**	**48**	**48**
At 31 December 2019	**164,955**	**–**	**1,453**	**166,408**

	Bank borrowings £'000 (Note 19)	C Shares £'000 (Note 20)	Head lease £'000 (Note 17,18)	Total £'000
At 1 January 2018	–	–	1,080	1,080
Cashflows	67,314	46,550	(35)	113,829
Non–cash flows:				
–Amortisation of loan arrangement fees	47	–	–	47
–Amortisation of C Share liability	–	134	–	134
–Conversion into ordinary shares	–	(46,684)	–	(46,684)
–Head lease additions	–	–	225	225
– Accrued interest on head lease liabilities	–	–	36	36
At 31 December 2018	67,361	–	1,306	68,667

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22. SHARE CAPITAL

	Issued and fully paid Number	Issued and fully paid £'000
At 1 January 2019 and 31 December 2019	**351,352,210**	**3,514**

	Issued and fully paid Number	Issued and fully paid £'000
At 1 January 2018	200,000,000	2,000
Issued on conversion of C shares on 30 August 2018	46,352,210	464
Issued on public offer on 22 October 2018	105,000,000	1,050
At 31 December 2018 and 31 December 2019	351,352,210	3,514

The Company achieved admission to the specialist fund segment of the main market of the London Stock Exchange on 8 August 2017, raising £200 million. As a result of the IPO, at 8 August 2017, 200,000,000 shares at one pence each were issued and fully paid. The Company was admitted to the premium segment of the Official List of the Financial Conduct Authority and migrated to trading on the premium segment of the Main Market on 27 March 2018.

On 30 August 2018 the Company converted 47,500,000 C shares in accordance with the terms for the C shares as set out in the Company's Articles of Association. For every one C share held, 0.975836 new Ordinary share was issued. This resulted in a further 46,352,210 Ordinary shares being issued and fully paid.

Following a third public offer on 22 October 2018, a further 105,000,000 Ordinary Shares of one pence each were issued and fully paid.

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.

The table above includes 450,000 treasury shares (note 24). Treasury shares do not hold any voting rights.

23. SHARE PREMIUM RESERVE

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

	31 December 2019 £'000	31 December 2018 £'000
Balance at beginning of year	**151,157**	–
Share premium arising on the conversion of C Shares into Ordinary Shares	**–**	46,220
Share premium arising on Ordinary Shares issue	**–**	107,100
Share issue costs capitalised	**–**	(2,163)
Balance at end of year	**151,157**	151,157

24. TREASURY SHARES RESERVE

	31 December 2019 £'000	31 December 2018 £'000
Balance at beginning of year	**–**	–
Own shares repurchased	**(378)**	–
Balance at end of year	**(378)**	–

The treasury shares reserve relates to the value of shares purchased by the Company in excess of nominal value. During the year ended 31 December 2019, the Company purchased 450,000 of its own 1p Ordinary Shares at a total gross cost of £377,706 (£374,668 cost of shares and £3,038 associated costs). As at 31 December 2019, 450,000 1p Ordinary Shares are held by the Company (31 December 2018 – nil).

25. CAPITAL REDUCTION RESERVE

	31 December 2019 £'000	31 December 2018 £'000
Balance at beginning of year	**183,921**	194,000
Dividends paid	**(17,767)**	(10,079)
Balance at end of year	**166,154**	183,921

The capital reduction reserve relates to the distributable reserve established on cancellation of the share premium reserve.

26. RETAINED EARNINGS

	31 December 2019 £'000	31 December 2018 £'000
Balance at beginning of year	**25,569**	5,672
Total comprehensive income for the year	**23,717**	19,897
Balance at end of year	**49,286**	25,569

27. DIVIDENDS

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
1p for the period 12 June to 31 December 2017 paid on 29 March 2018	**–**	2,000
1.25p for the 3 months to 31 March 2018 paid on 29 June 2018	**–**	2,500
1.25p for the 3 months to 30 June 2018 paid on 28 September 2018	**–**	2,500
1.25p for the 3 months to 30 September 2018 paid on 31 October 2018	**–**	3,079
1.25p for the 3 months to 31 December 2018 paid on 29 March 2019	**4,392**	–
1.27p for the 3 months to 31 March 2019 paid on 28 June 2019	**4,463**	–
1.27p for the 3 months to 30 June 2019 paid on 27 September 2019	**4,456**	–
1.27p for the 3 months to 30 September 2019 paid on 20 December 2019	**4,456**	–
	17,767	10,079

On 5 March 2020, the Company declared an interim dividend of 1.285 pence per Ordinary Share for the period 1 October 2019 to 31 December 2019. The total dividend of £4.51 million will be paid on 27 March 2020 to Ordinary shareholders on the register on 13 March 2020.

The Company intends to pay dividends to shareholders on a quarterly basis and in accordance with the REIT regime.

Dividends are not payable in respect of its Treasury shares held.

28. LEASES

A. Leases as lessee

The Group leases a number of properties that were previously held as finance leases. In the current year these have been reclassified to right-of-use assets under IFRS 16.

The future minimum lease payments under non-cancellable finance lease were payable by the Group as follows:

	< 1 year £'000	**2-5 years £'000**	**> 5 years £'000**	**Total £'000**
Minimum lease payments	**40**	**158**	**7,123**	**7,321**
Interest	**(1)**	**(11)**	**(5,856)**	**(5,868)**
Present value at 31 December 2019	**39**	**147**	**1,267**	**1,453**

	< 1 year £'000	2-5 years £'000	> 5 years £'000	Total £'000
Minimum lease payments	36	142	6,801	6,979
Interest	(1)	(10)	(5,663)	(5,674)
Present value at 31 December 2018	35	132	1,138	1,305

	31 December 2019 £'000	31 December 2018 £'000
Current liabilities (note 17)	**39**	35
Non-current liabilities (note 18)	**1,414**	1,270
Balance at end of year	**1,453**	1,305

The above is in respect of properties held by the Group under leasehold. There are 20 properties (2018: 19) held under leasehold with lease ranges from 125 years to 999 years.

B. Leases as lessor

The Group leases out its investment properties (see note 14).

The future minimum lease payments under non-cancellable operating leases receivable by the Group are as follows:

	< 1 year £'000	**2-5 years £'000**	**> 5 years £'000**	**Total £'000**
31 December 2019	**25,460**	**101,841**	**530,954**	**658,255**

	< 1 year £'000	2-5 years £'000	> 5 years £'000	Total £'000
31 December 2018	18,290	74,449	415,211	507,950

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Leases are direct-let agreements with Registered Providers for a term of at least 15 years and usually between 20 to 25 years with rent linked to CPI or RPI. All leases are full repairing and insuring (FRI) leases, the tenants are therefore obliged to repair, maintain and renew the properties back to the original conditions.

The lease payments were calculated using Weighted Average Unexpired Lease Term ("WAULT"). WAULT is the average unexpired lease term across the property investment portfolio, weighted by the contracted rental income. The WAULT includes all parts of the lease term, including additional leases which are triggered by landlords' put options, but not those triggered by Tenants' call options unless the options were mutual.

The following table gives details of the percentage of annual rental income per Registered Provider with more than a 10% share:

Registered Provider	**31 December 2019 % of total annual rent**	31 December 2018 % of total annual rent
Inclusion Housing CIC	**21**	20
Falcon Housing Association CIC	**13**	16
Parasol Homes (previously 28A Supported Living)	**13**	11
My Space	**11**	14
Hilldale	**11**	10

Other disclosures about leases are provided in notes 5, 12, 14, 17, 21 and 33.

29. CONTROLLING PARTIES

As at 31 December 2019 there is no ultimate controlling party of the Company.

30. SEGMENTAL INFORMATION

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal financial reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (which in the Group's case is delegated to the Delegated Investment Adviser TPIM).

The internal financial reports received by TPIM contain financial information at a Group level as a whole and there are no reconciling items between the results contained in these reports and the amounts reported in the financial statements.

The Group's property portfolio comprised 388 (2018: 272) Social Housing properties as at 31 December 2019 in England, Wales and Scotland. The directors consider that these properties represent a coherent and diversified portfolio with similar economic characteristics and, as a result, these individual properties have been aggregated into a single operating segment. In the view of the directors there is accordingly one reportable segment under the provisions of IFRS 8. All of the Group's properties are engaged in a single segment business with all revenue, assets and liabilities arising in the UK, therefore, no geographical segmental analysis is required by IFRS 8.

31. RELATED PARTY DISCLOSURE

Directors

Directors are remunerated for their services at such rate as the directors shall from time to time determine. The Chairman receives a director's fee of £75,000 per annum (2018: £75,000), and the other directors of the Board receive a fee of £50,000 per annum (2018: £50,000). The directors are also entitled to an additional fee of £7,500 in connection with the production of every prospectus by the Company (including the Issue).

Dividends of the following amounts were paid to the directors during the year:

Chris Phillips: £2,776 (2018: £2,375)
Peter Coward: £3,823 (2018: £3,563)
Paul Oliver: £3,945 (2018: £2,924)

No shares were held by Ian Reeves or Tracey Fletcher-Ray as at 31 December 2019 (31 December 2018: nil).

Acquisition

Following shareholder approval, the Group completed the purchase of the entire issued share capital of TP Social Housing Investments Limited, a special purpose company holding a portfolio of social housing assets wholly owned by Pantechnicon Capital for a total commitment of £22.3 million on 13 July 2018. Ben Beaton, James Cranmer and Claire Ainsworth are all directors of Pantechnicon Capital Limited and they are also all partners of TPIM, the delegated investment adviser.

The Board reviewed the transaction and concluded it was conducted on an arm's length basis.

32. CONSOLIDATED ENTITIES

The Group consists of a parent Company, Triple Point Social Housing REIT plc, incorporated in the UK and a number of subsidiaries held directly by the Company, which operate and are incorporated in the UK and Guernsey. The principal place of business of each subsidiary is the same as their place of incorporation.

The Group owns 100% of the equity shares of all subsidiaries listed below and has the power to appoint and remove the majority of the Board of those subsidiaries. The relevant activities of the below subsidiaries are determined by the Board based on simple majority votes. Therefore, the directors of the Company concluded that the Company has control over all these entities and all these entities have been consolidated within the financial statements. The principal activity of all the subsidiaries relates to property investment.

The subsidiaries listed below were held as at 31 December 2019:

Name of Entity	Registered Office	Country of Incorporation	Ownership %
TP REIT Super HoldCo Limited^	1 King William Street, London, EC4N 7AF	UK	100%
TP REIT Hold Co 1 Limited	1 King William Street, London, EC4N 7AF	UK	100%
TP REIT Hold Co 2 Limited	1 King William Street, London, EC4N 7AF	UK	100%
TP REIT Hold Co 3 Limited	1 King William Street, London, EC4N 7AF	UK	100%
TP REIT Hold Co 4 Limited	1 King William Street, London, EC4N 7AF	UK	100%
TP REIT Prop Co 2 Limited	1 King William Street, London, EC4N 7AF	UK	100%
TP REIT Prop Co 3 Limited	1 King William Street, London, EC4N 7AF	UK	100%
TP REIT Prop Co 4 Limited	1 King William Street, London, EC4N 7AF	UK	100%
Norland Estates Limited	1 King William Street, London, EC4N 7AF	UK	100%
SIPP Holding Limited^	Burleigh Manor, Peel Road, Douglas, Isle of Man IM1 5EP	Isle of Man	100%
FPI Co 152 Limited^	1 King William Street, London, EC4N 7AF	UK	100%
FPI Co 188 Limited^	1 King William Street, London, EC4N 7AF	UK	100%
PSCI Holdings Limited^	1 Le Truchot St Peter Port, GY1 1WD	Guernsey	100%
SL Heywood Limited	1 Le Truchot St Peter Port, GY1 1WD	Guernsey	100%
SL Bury Limited	1 Le Truchot St Peter Port, GY1 1WD	Guernsey	100%
FPI Co 244 Limited	1 King William Street, London, EC4N 7AF	UK	100%
Rosewood (Albert Rd) Limited	1 King William Street, London, EC4N 7AF	UK	100%
SL2 Cottingham Limited	1 King William Street, London, EC4N 7AF	UK	100%
Delph Crescent Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (95) Limited	1 King William Street, London, EC4N 7AF	UK	100%
Woodville Developments Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (75) Limited	1 King William Street, London, EC4N 7AF	UK	100%
Dolan Trading Limited	1 King William Street, London, EC4N 7AF	UK	100%
84 A Oakly Road Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (99) Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (91) Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (84) Limited	1 King William Street, London, EC4N 7AF	UK	100%
Allerton SPV12 Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI Co 353 Limited	1 King William Street, London, EC4N 7AF	UK	100%
73 Marsden Road Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (54) Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI Co 342 Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI Co 366 Limited	1 King William Street, London, EC4N 7AF	UK	100%

^ indicates entity is a direct subsidiary of Triple Point Social Housing REIT PLC

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The subsidiaries listed below were acquired in the year to 31 December 2019:

Name of Entity	Registered Office	Country of Incorporation	Ownership %
MSL (46) Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (84) Limited	1 King William Street, London, EC4N 7AF	UK	100%
Global Capital Darwin Avenue SPV Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (49) Limited	1 King William Street, London, EC4N 7AF	UK	100%
Rosewood (Albert Rd) Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (33) Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI CO 242 Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI CO 250 Limited	1 King William Street, London, EC4N 7AF	UK	100%
73 Marsden Road Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI CO 217 Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI CO 349 Limited	1 King William Street, London, EC4N 7AF	UK	100%
Allerton SPV12 Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI CO 353 Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (54) Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI CO 342 Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI CO 366 Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (95) Limited	1 King William Street, London, EC4N 7AF	UK	100%
SL2 Cottingham Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (91) Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (99) Limited	1 King William Street, London, EC4N 7AF	UK	100%
84A Oakly Road	1 King William Street, London, EC4N 7AF	UK	100%
Dolan Trading Ltd	1 King William Street, London, EC4N 7AF	UK	100%
MSL (75) Limited	1 King William Street, London, EC4N 7AF	UK	100%
Delph Crescent Limited	1 King William Street, London, EC4N 7AF	UK	100%
Woodville Developments Limited	1 King William Street, London, EC4N 7AF	UK	100%

The subsidiaries listed below have been struck off since 31 December 2019:

Name of Entity	Registered Office	Country of Incorporation	Ownership %
FPI CO 353 Limited	1 King William Street, London, EC4N 7AF	UK	100%
Allerton SPV12 Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI CO 366 Limited	1 King William Street, London, EC4N 7AF	UK	100%
FPI CO 342 Limited	1 King William Street, London, EC4N 7AF	UK	100%
MSL (54) Limited	1 King William Street, London, EC4N 7AF	UK	100%
73 Marsden Road Limited	1 King William Street, London, EC4N 7AF	UK	100%
SL Heywood Limited	1 Le Truchot St Peter Port, GY1 1WD	Guernsey	100%
SL Bury Limited	1 Le Truchot St Peter Port, GY1 1WD	Guernsey	100%

33. FINANCIAL RISK MANAGEMENT

The Group is exposed to market risk, interest rate risk, credit risk and liquidity risk in the current and future periods. The Board oversees the management of these risks. The Board's policies for managing each of these risks are summarised below.

33.1. Market risk

The Group's activities will expose it primarily to the market risks associated with changes in property values.

Risk relating to investment in property

Investment in property is subject to varying degrees of risk. Some factors that affect the value of the investment in property include:

> changes in the general economic climate;
> competition for available properties;
> obsolescence; and
> Government regulations, including planning, environmental and tax laws.

Variations in the above factors can affect the valuation of assets held by the Group and as a result can influence the financial performance of the Group.

33.2. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The £130 million Revolving Credit Facility with Lloyds Bank has been secured on a floating rate basis whereby the Group pays a margin of 1.85% per annum above three month LIBOR for drawn loan amounts throughout the loan term. The director's decision was not to put hedging arrangements in place from the date of signing as under the terms of the Revolving Credit Facility the Group has full flexibility, and at its sole discretion, to put hedging arrangements in place at any time during the loan term. Throughout the loan term the Group will closely monitor changes in interest rates and, if necessary, implement hedging at a later stage. The liquidity table in 33.4 below outlines the bank borrowings and interest payable on bank borrowings with a floating interest rate. An increase in interest rates of 1% per annum would decrease the profit before tax, and the net asset value, by £355,500 at 31 December 2019. The Board believes that a movement of 1% in the current economic climate is reasonably possible.

The fixed rate loan notes with MetLife do not have exposure to interest rate risk.

Exposure to interest rate risk on the liquidity funds is immaterial to the Group.

33.3. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and other institutions as detailed in notes 16 and 19.

Credit risk related to financial instruments and cash deposits

One of the principal credit risks facing the Group arises with the funds it holds with banks and other institutions. The Board believes that the credit risk on short-term deposits and current account cash balances is limited because the counterparties are banks and institutions with high credit ratings.

Credit risk related to leasing activities

In respect of property investments, in the event of a default by a tenant, the Group will suffer a rental shortfall and additional costs concerning re-letting the property to another Social Housing Registered Provider. Credit risk is primarily managed by testing the strength of covenant of a tenant prior to acquisition and on an ongoing basis. The Investment Manager also monitors the rent collection in order to anticipate and minimise the impact of defaults by occupational tenants. Outstanding rent receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

The Group has 79 leases with 2 Registered Providers that have received a non-compliant rating for governance and viability from the Regulator, and 43 leases with 2 Registered Providers that have been deemed non-compliant but have not been rated. We continue to conduct on-going due diligence on all Registered Providers and all rents payable under these leases have been paid. The Group's valuer has confirmed that there is no impact on the value of the Group's assets as a result of the non-compliant rating. We continue to monitor and maintain a dialogue with the Registered Providers as they work with advisers and the Regulator to implement a financial and governance improvement action plan in order to address the Regulator's concerns and obtain a compliant rating. The Board believes that the credit risk associated with the non-compliant rating is limited and all rents are received by the Registered Provider from local and central government.

33.4. Liquidity risk

The Group manages its liquidity and funding risks by considering cash flow forecasts and ensuring sufficient cash balances are held within the Group to meet future needs. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of financing through appropriate and adequate credit lines, and the ability of customers to settle obligations within normal terms of credit. The Group ensures, through forecasting of capital requirements, that adequate cash is available to fund the Group's operating activities.

The following table details the Group's liquidity analysis:

31 December 2019	£'000	< 3 months £'000	3-12 months £'000	1-5 years £'000	> 5 years £'000
Headleases (note 28)	**7,321**	**10**	**30**	**158**	**7,123**
Trade and other payables	**8,106**	**6,003**	**2,103**	**–**	**–**
Bank and other borrowings (note 19):					
– Fixed interest rate	**68,500**	**–**	**–**	**–**	**68,500**
Variable interest rate	**100,592**	**–**	**–**	**100,592**	**–**
Interest payable on bank and other borrowings:					
– Fixed interest rate	**22,033**	**520**	**1,561**	**8,326**	**11,626**
– Variable interest rate	**10,725**	**720**	**2,019**	**7,986**	**–**
	217,277	**7,253**	**5,713**	**117,062**	**87,249**

FINANCIAL STATEMENTS
Notes to the Group Financial Statements
for the year ended 31 December 2019

31 December 2018	£'000	< 3 months £'000	3-12 months £'000	1-5 years £'000	> 5 years £'000
Headleases (note 28)	6,979	9	27	142	6,801
Trade and other payables	8,878	7,808	1,040	30	–
Bank and other borrowings (note 19):					
– Fixed interest rate	68,500	–	–	–	68,500
Interest payable on bank and other borrowings:					
– Fixed interest rate	24,114	520	1,561	8,326	13,707
	108,471	**8,337**	**2,628**	**8,498**	**89,008**

33.5. Financial instruments

The Group's principal financial assets and liabilities, which are all held at amortised cost, are those that arise directly from its operation: trade and other receivables, trade and other payables, headleases, borrowings and cash held at bank.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are included in the financial statements:

	Book value 31 December 2019 £'000	**Fair value 31 December 2019 £'000**	Book value 31 December 2018 £'000	Fair value 31 December 2018 £'000
Financial assets:				
Trade and other receivables	**2,759**	**2,759**	1,637	1,637
Cash held at bank	**67,711**	**67,711**	114,624	114,624
Financial liabilities:				
Trade and other payables	**8,106**	**8,106**	8,878	8,878
Borrowings	**164,955**	**173,035**	67,361	67,508

34. POST BALANCE SHEET EVENTS

Property acquisitions

Since 31 December 2019, the Group has acquired portfolios of 7 supported Social Housing properties deploying £19.3 million (including acquisition costs).

35. CAPITAL COMMITMENTS

The Group had capital commitments of £24.3 million (2018: £21 million) in relation to the cost to complete its forward funded pre-let development assets and on properties exchanged but not completed at 31 December 2019.

36. EARNINGS PER SHARE

Earnings per share ("EPS") amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period. As there are no dilutive instruments outstanding, both basic and diluted earnings per share are the same.

The calculation of basic and diluted earnings per share is based on the following:

	Year ended 31 December 2019	Year ended 31 December 2018
Calculation of Basic Earnings per share		
Net profit attributable to Ordinary Shareholders (£'000)	**23,717**	19,897
Weighted average number of Ordinary Shares (excluding treasury shares)	**351,124,401**	237,610,066
IFRS Earnings per share – basic and diluted	**6.75p**	8.37p
Calculation of EPRA Earnings per share		
Net profit attributable to Ordinary Shareholders (£'000)	**23,717**	19,897
Changes in value of fair value of investment property (£'000)	**(11,809)**	(14,497)
EPRA earnings (£'000)	**11,908**	5,400
Non cash adjustments to include:		
Interest capitalised on forward funded developments	**(60)**	–
Amortisation of loan arrangement fees	**457**	47
Adjusted earnings (£'000)	**12,305**	5,447
Weighted average number of Ordinary Shares (excluding treasury shares)	**351,124,401**	237,610,066
EPRA earnings per share – basic and diluted	**3.39p**	2.27p
Adjusted earnings per share – basic and diluted	**3.50p**	2.29p

Adjusted earnings is a performance measure used by the Board to assess the Group's dividend payments. The metric adjusts EPRA earnings for interest paid to service debt that was capitalised, and the amortisation of loan arrangement fees. The Board sees these adjustments as a reflection of actual cashflows which are supportive of dividend payments. The Board compares the Adjusted earnings to the available distributable reserves when considering the level of dividend to pay. These adjustments have historically been insignificant.

37. NET ASSET VALUE PER SHARE

Basic Net Asset Value ("NAV") per share is calculated by dividing net assets in the Group Statement of Financial Position attributable to Ordinary Shareholders of the parent by the number of Ordinary Shares outstanding at the end of the period. Although there are no dilutive instruments outstanding, both basic and diluted NAV per share are disclosed below.

Net asset values have been calculated as follows:

	31 December 2019 £'000	31 December 2018 £'000
Net assets at the end of the year	**369,733**	364,161
Shares in issue at end of the year (excluding treasury shares)	**350,902,210**	351,352,210
Dilutive shares in issue	**–**	–
IFRS NAV per share – basic and dilutive	**105.37p**	103.65p
EPRA NAV per share	**105.37p**	103.65p

38. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to minimise the cost of capital.

The Group considers proceeds from share issuance, bank and other borrowings and retained earnings as capital.

Until the Group is fully invested and pending re-investment or distribution of cash receipts, the Group will invest in cash equivalents, near cash instruments and money market instruments.

The level of borrowing will be on a prudent basis for the asset class and will seek to achieve a low cost of funds, whilst maintaining the flexibility in the underlying security requirements and the structure of both the investment property portfolio and the Group.

The directors currently intend that the Group should target a level of aggregate borrowings over the medium term equal to approximately 40% of the Group's Gross Asset Value. The aggregate borrowings will always be subject to an absolute maximum, calculated at the time of drawdown, of 50% of the Gross Asset Value.

The fixed rate facility with MetLife requires an asset cover ratio of x2.25 and an interest cover ratio of x1.75. At 31 December 2019, the Group was fully compliant with both covenants with an asset cover ratio of x2.64 (2018: x2.57) and an interest cover ratio of x4.78 (2018: x3.95).

The RCF requires the Group to maintain a loan-to-value of less than 50%, and an interest cover ratio in excess of x2.75. At 31 December 2019, the Group was fully compliant with both covenants with a loan-to-value ratio of 40% and an interest cover ratio of x5.42.

FINANCIAL STATEMENTS
Company Statement of Financial Position
as at 31 December 2019

Company Registration Number: 10814022

	Note	31 December 2019 £'000	31 December 2018 £'000
Assets			
Non-current assets			
Investment in subsidiaries	4	**286,164**	24,961
Total non-current assets		**286,164**	24,961
Current assets			
Trade and other receivables	5	**2,091**	262,310
Cash, cash equivalents and restricted cash	6	**53,802**	97,121
Total current assets		**55,893**	359,431
Total assets		**342,057**	384,392
Liabilities			
Current liabilities			
Trade and other payables	7	**2,793**	58,531
Total current liabilities		**2,793**	58,531
Non-current liabilities			
Other payables	8	**–**	63
Total non-current liabilities		**–**	63
Total liabilities		**2,793**	58,594
Total net assets		**339,264**	325,798
Equity			
Share capital	9	**3,514**	3,514
Share premium reserve	10	**151,157**	151,157
Treasury shares reserve	11	**(378)**	–
Capital reduction reserve	12	**166,154**	183,921
Retained earnings/accumulated losses	14	**18,817**	(12,794)
Total Equity		**339,264**	325,798
Net asset value per share – basic and diluted	15	**96.68p**	92.73p

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit of the Company for the year was £31,611,000 (2018: loss of £11,804,000).

The Company Financial Statements were approved and authorised for issue by the Board on 12 March 2020 and signed on its behalf by:

Chris Phillips
Chairman
12 March 2020

The accompanying notes on pages 132 to 136 form an integral part of these Company Financial Statements.

FINANCIAL STATEMENTS

Company Statement of Changes in Equity

for the year ended 31 December 2019

	Note	Share capital £'000	Share premium reserve £'000	Treasury shares reserve £'000	Capital reduction reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019		**3,514**	**151,157**	**–**	**183,921**	**(12,794)**	**325,798**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**31,611**	**31,611**
Transaction with Owners							
Own shares repurchased	11	**–**	**–**	**(378)**	**–**	**–**	**(378)**
Dividends paid	13	**–**	**–**	**–**	**(17,767)**	**–**	**(17,767)**
Balance at 31 December 2019		**3,514**	**151,157**	**(378)**	**166,154**	**18,817**	**339,264**

	Note	Share capital £'000	Share premium reserve £'000	*Treasury shares reserve £'000*	Capital reduction reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018		2,000	–	–	194,000	(990)	195,010
Total comprehensive loss for the year		–	–	–	–	(11,804)	(11,804)
Transaction with Owners							
Ordinary Share capital issued in the year at a premium	9,10	1,514	153,320	–	–	–	154,834
Issue costs capitalised	10	–	(2,163)	–	–	–	(2,163)
Dividends paid	13	–	–	–	(10,079)		(10,079)
Balance at 31 December 2018		3,514	151,157	–	183,921	(12,794)	325,798

The accompanying notes on pages 132 to 136 form an integral part of these Company Financial Statements.

FINANCIAL STATEMENTS
Notes to the Company Accounts
for the year ended 31 December 2019

1. BASIS OF PREPARATION
The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

There are no new standards impacting the Company that have been adopted in the Financial Statements for the year ended 31 December 2019.

1.1. Disclosure exemptions adopted
In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- Certain disclosures regarding the Company's capital;
- A statement of cash flows;
- The effect of future accounting standards not yet adopted;
- The disclosure of the remuneration of key management personnel; and
- Disclosure of related party transactions with other wholly-owned members of the Group.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the Group Financial Statements. These financial statements do not include certain disclosures in respect of:

- Financial instruments; and
- Fair value measurement other than certain disclosures required as a result of recording financial instruments at fair value.

The principal accounting policies applied in the preparation of the financial statements are set out below.

2. PRINCIPAL ACCOUNTING POLICIES
2.1. Currency
The Company financial information is presented in Sterling which is also the Company's functional currency.

2.2. Investment in subsidiaries
Investment in subsidiaries is included in the Company's Statement of Financial Position at cost less provision for impairment. Investments are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. Where assets have been transferred within the Group, a capital reduction in the originating Company is performed, and a dividend is declared to the PLC. This results in an impairment to investments in subsidiaries.

2.3. Trade and other receivables
Trade and other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

Trade receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost, less provision for impairment.

Impairment provisions for amounts due from subsidiaries are recognised based on a forward looking expected credit loss model using the general approach. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

2.4. Cash, cash equivalents and restricted cash
Cash, cash equivalents and restricted cash include cash in hand, cash held by lawyers and liquidity funds with a term of no more than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash held by lawyers is money held in escrow for expenses expected to be incurred in relation to investment properties pending completion. These funds are available immediately on demand.

Restricted Cash represents cash held in relation to retentions for repairs, maintenance and improvement works by the vendors that is committed on the acquisition of the properties; and restricted bank borrowings.

2.5. Trade and other payables
Trade and other payables are classified as current liabilities if payment is due within one year or less from the end of the current accounting period. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method until settled.

2.6. Dividend payable to shareholders
Dividends to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved. In the UK, interim dividends are recognised when paid.

2.7. Finance income and finance costs
Finance income is recognised as interest accrues on cash balances held by the Company. Finance costs consist of interest and other costs that the Company incurs in connection with bank and other borrowings. These costs are expensed in the period in which they occur.

2.8. Expenses
All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

2.9. Investment management fees
Investment advisory fees are recognised in the Statement of Comprehensive Income on an accruals basis.

2.10. Share issue costs
The costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a deduction from equity.

2.11. Treasury shares
Consideration paid or received for the purchase or sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "treasury share reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
The preparation of the Company's Financial Statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The estimate and associated assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Investments
Investments held as fixed assets are stated at cost less any provision for impairment. The Directors' assess the recoverability of investments made and economic benefit of the investments based on market conditions, economic forecasts and cash flow estimates.

4. INVESTMENT IN SUBSIDIARIES

	31 December 2019 £'000	31 December 2018 £'000
Balance at beginning of year	**24,961**	82,187
Acquisitions	**398,665**	53,514
Impairments	**(137,462)**	(110,740)
Balance at end of year	**286,164**	24,961

Investment in subsidiaries are included in the Company's Statement of Financial Position at cost less provision for impairment.

The impairment represents a write down in the value of the Company's subsidiaries after a corporate restructure. The subsidiaries that formed part of the corporate restructure paid a dividend to the Company representing their full value less £1 which remained as equity. The subsidiaries have since been struck off or are in the process of being struck off.

A list of the Company's subsidiary undertakings as at 31 December 2019 is included in Note 32 of the Group Financial Statements.

5. TRADE AND OTHER RECEIVABLES

	31 December 2019 £'000	31 December 2018 £'000
Amounts due from subsidiaries	**1,461**	261,698
Prepayments	**87**	554
Other receivables	**543**	58
	2,091	262,310

Included in Prepayments are prepaid acquisition costs which include the cost of acquiring assets not completed at the year end.

The directors consider that the carrying value of trade and other receivables approximate their fair value. All amounts are due to be received within one year from the reporting date.

The Group applies the general approach to providing for expected credit losses under IFRS 9 for other receivables and amounts due from subsidiaries. Both the expected credit loss and the incurred loss provision in the current and prior year are immaterial.

FINANCIAL STATEMENTS
Notes to the Company Accounts
for the year ended 31 December 2019

6. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

	31 December 2019 £'000	31 December 2018 £'000
Cash held by lawyers	**1,086**	14,352
Liquidity funds	**50,000**	75,000
Restricted cash	**1**	414
Cash at Bank	**2,715**	7,355
	53,802	97,121

Liquidity funds refer to money placed in money market funds. These are highly liquid funds with accessibility within 24 hours and subject to insignificant risk of changes in value. Interest at a market rate between 0.59% and 0.75% per annum is earned on these deposits.

Cash held by lawyers is money held in escrow for expenses expected to be incurred in relation to investment properties pending completion. These funds are available immediately on demand.

Restricted cash represents retention money held by lawyers in relation to repair, maintenance and improvement works by the vendors to bring the properties up to satisfactory standards for the Group and the tenants.

7. TRADE AND OTHER PAYABLES

Current Liabilities

	31 December 2019 £'000	31 December 2018 £'000
Other creditors	**360**	414
Amounts due to subsidiaries	**151**	56,413
Accruals	**1,610**	1,083
Trade and other payables	**672**	589
Deferred consideration	**–**	32
	2,793	58,531

The directors consider that the carrying value of trade and other payables approximate their fair value. All amounts are due for payment within one year from the reporting date.

8. OTHER PAYABLES

Non-current liabilities

	31 December 2019 £'000	31 December 2018 £'000
Deferred consideration	**–**	63
	–	63

9. SHARE CAPITAL

	Issued and fully paid Number	**Issued and fully paid £'000**
At 1 January 2019 and 31 December 2019	**351,352,210**	**3,514**

	Issued and fully paid Number	Issued and fully paid £'000
At 1 January 2018	200,000,000	2,000
Issued on conversion of C shares on 30 August 2018	46,352,210	464
Issued on public offer on 22 October 2018	105,000,000	1,050
At 31 December 2018 and 31 December 2019	351,352,210	3,514

The Company achieved admission to the specialist fund segment of the main market of the London Stock Exchange on 8 August 2018, raising £200 million. As a result of the IPO, at 8 August 2018, 200,000,000 shares at one pence per share have been issued and fully paid. The Company was admitted to the premium segment of the Official List of the Financial Conduct Authority and migrated to trading on the premium segment of the Main Market on 27 March 2018.

On 30 August 2018 the Company converted 47,500,000 C shares in accordance with the terms for the C shares as set out in the Company's Articles of Association. For every one C share held, 0.975836 new Ordinary share was issued. This resulted in a further 46,352,210 Ordinary shares being issued and fully paid.

Following a third public offer, on 22 October 2018 a further 105,000,000 Ordinary shares of one pence each were issued and fully paid. The Company was admitted to the premium segment of the Official List of the Financial Conduct Authority and migrated to trading on the premium segment of the Main Market on 27 March 2018.

Treasury shares do not hold any voting rights.

10. SHARE PREMIUM RESERVE

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

	31 December 2019 £'000	31 December 2018 £'000
Balance at beginning of year	151,157	–
Share premium arising on the conversion of C Shares into Ordinary Shares	–	46,220
Share premium arising on new Ordinary Shares	–	107,100
Share issue costs capitalised	–	(2,163)
Balance at end of year	**151,157**	151,157

During the Board meeting on 3 August 2017 a resolution was passed authorising the cancellation of the share premium account. The amount standing to the credit of the share premium account of the Company following completion of the Issue (less any issue expenses set off against the share premium reserve) was, as a result, credited as a distributable reserve to be established in the Company's books of account which shall be capable of being applied in any manner in which the Company's profits available for distribution (as determined in accordance with the CA 2006) are able to be applied.

In order to cancel the share premium reserve the Company needed to obtain a court order, which was received on 15 November 2017. An SH19 form was filed at Companies House with a copy of the court order and the certificate of cancellation was issued by Companies House on 15 November 2017.

11. TREASURY SHARES RESERVE

	31 December 2019 £'000	31 December 2018 £'000
Balance at beginning of year	–	–
Own shares repurchased	378	–
Balance at end of year	**378**	–

The treasury shares reserve relates to the value of shares purchased by the Company in excess of nominal value. During the period ended 31 December 2019, the Company purchased 450,000 of its own 1p Ordinary Shares at a total gross cost of £377,706 (£374,668 cost of shares and £3,038 associated costs). As at 31 December 2019, 450,000 1p Ordinary Shares are held by the Company (31 December 2018 – nil).

12. CAPITAL REDUCTION RESERVE

	31 December 2019 £'000	31 December 2018 £'000
Balance at beginning of year	183,921	194,000
Dividends paid	(17,767)	(10,079)
Balance at end of year	**166,154**	183,921

The capital reduction reserve relates to the distributable reserve established on cancellation of the share premium reserve.

13. DIVIDENDS

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
1p for the period 12 June to 31 December 2017 paid on 29 March 2018	–	2,000
1.25p for the 3 months to 31 March 2018 paid on 29 June 2018	–	2,500
1.25p for the 3 months to 30 June 2018 paid on 28 September 2018	–	2,500
1.25p for the 3 months to 30 September 2018 paid on 31 October 2018	–	3,079
1.25p for the 3 months to 31 December 2018 paid on 29 March 2019	4,392	–
1.27p for the 3 months to 31 March 2019 paid on 28 June 2019	4,463	–
1.27p for the 3 months to 30 June 2019 paid on 27 September 2019	4,456	–
1.27p for the 3 months to 30 September 2019 paid on 20 December 2019	4,456	–
	17,767	10,079

On 5 March 2020, the Company declared an interim dividend of 1.285 pence per Ordinary share for the period 1 October 2019 to 31 December 2019. The total dividend of £4.51 million will be paid on 27 March 2020 to Ordinary shareholders on the register on 13 March 2020.

The Company intends to pay dividends to shareholders on a quarterly basis and in accordance with the REIT regime.

Dividends are not payable in respect of its Treasury shares held.

FINANCIAL STATEMENTS
Notes to the Company Accounts
for the year ended 31 December 2019

14. RETAINED EARNINGS

	31 December 2019 £'000	31 December 2018 £'000
Balance at beginning of year	**(12,794)**	(990)
Total comprehensive profit/(loss) for the year	**31,611**	(11,804)
Balance at end of year	**18,817**	(12,794)

15. NET ASSET VALUE PER SHARE

Net Asset Value per share is calculated by dividing net assets in the Company Statement of Financial Position attributable to ordinary equity holders of the parent by the number of Ordinary Shares outstanding at the end of the year. Although there are no dilutive instruments outstanding, both basic and diluted NAV per share are disclosed below.

Net asset values have been calculated as follows:

	31 December 2019 £'000	31 December 2018 £'000
Net assets at end of period	**339,264**	325,798
Shares in issue at end of period (excluding treasury shares)	**350,902,210**	351,352,210
Dilutive shares in issue	**–**	–
Basic and dilutive per share	**96.68p**	92.73p

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption not to disclose transactions with other members of the Group as the Company Financial Statements are presented together with the Group Financial Statements.

Note 31 of the Notes to the Group Financial Statements includes details of other related party transactions undertaken by the Company and its subsidiaries.

17. POST BALANCE SHEET EVENTS

There were no post balance sheet events subsequent to the end of the period.

OTHER INFORMATION

Unaudited Performance Measures

for the year ended 31 December 2019

1. PORTFOLIO NET ASSET VALUE

The objective of the Portfolio Net Asset Value "Portfolio NAV" measure is to highlight the fair value of the net assets on an ongoing, long-term basis, which aligns with the Group's business strategy as an ongoing REIT with a long-term investment outlook. This Portfolio NAV is made available on a quarterly basis on the Company's website and announced via RNS.

In order to arrive at Portfolio NAV, two adjustments are made to the IFRS Net Asset Value ("IFRS NAV") reported in the consolidated financial statements such that:

i. The hypothetical sale of properties will take place on the basis of a sale of a corporate vehicle rather than a sale of underlying property assets. This assumption reflects the basis upon which the Company's assets have been assembled within specific SPVs.

ii. The hypothetical sale will take place in the form of a single portfolio disposal.

	31 December 2019 £'000	31 December 2018 £'000
Net asset value per the consolidated financial statements	**369,733**	364,161
Value of Asset pools	**369,733**	364,161
Effects of the adoption to the assumed, hypothetical sale of properties as a portfolio and on the basis of sale of a corporate vehicle	**32,165**	20,181
Portfolio Net Asset Value	**401,898**	384,342

After reflecting these amendments, the movement in net assets is as follows:

	31 December 2019 £'000	31 December 2018 £'000
Opening reserves	**384,342**	211,072
Net issue proceeds	**–**	152,671
Share buybacks	**(378)**	–
Operating profits	**15,127**	7,008
Capital appreciation	**23,793**	25,278
Finance income	**229**	183
Finance costs	**(3,448)**	(1,791)
Dividends paid	**(17,767)**	(10,079)
Portfolio Net Assets	**401,898**	384,342
Number of shares in issue at the year end (excluding treasury shares)	**350,902,210**	351,352,210
Portfolio net asset value per share	**114.53p**	109.40p

2. ADJUSTED EARNINGS PER SHARE ON A PORTFOLIO NAV BASIS

Summary Consolidated Statement of Comprehensive Income	**31 December 2019 £'000**	31 December 2018 £'000
Net rental income	**21,112**	11,490
Expenses	**(5,985)**	(4,482)
Fair value gains on investment property	**43,974**	25,278
Finance income	**229**	183
Finance costs	**(3,448)**	(1,791)
Value of each pool	**55,882**	30,678
Weighted average number of shares (excluding treasury shares)	**351,124,401**	237,610,066
Adjusted earnings per share – basic	**15.92p**	12.91p

3. EPRA NNNAV

	31 December 2019 £'000	31 December 2018 £'000
EPRA net assets (£'000)	**369,733**	364,161
Include:		
Fair value of debt[1] (£'000)	**(5,030)**	(147)
EPRA NNNAV (£'000)	**364,703**	364,014
Shares in issue (excluding treasury shares)	**350,902,210**	351,352,210
EPRA NNNAV per share (pence)	**103.93**	103.60

[1] Difference between interest-bearing loans and borrowings included in balance sheet at amortised cost, and the fair value of interest-bearing loans and borrowings

OTHER INFORMATION

Unaudited Performance Measures

for the year ended 31 December 2019

4. EPRA NET INITIAL YIELD (NIY) AND EPRA "TOPPED UP" NIY

	31 December 2019 £'000	31 December 2018 £'000
Investment Property – wholly-owned (excluding head lease ground rents)	470,895	323,469
Less: development properties	(17,949)	(7,952)
Completed property portfolio	452,946	315,517
Allowance for estimated purchasers' costs	27,493	19,185
Gross up completed property portfolio valuation	480,439	334,702
Annualised passing rental income	25,431	17,187
Property outgoings	–	–
Annualised net rents	25,431	17,187
Contractual increases for lease incentives	–	242
Topped up annualised net rents	25,431	17,429
EPRA NIY	5.29%	5.13%
EPRA Topped Up NIY	5.29%	5.21%

5. ONGOING CHARGES RATIO

	31 December 2019 £'000	31 December 2018 £'000
Annualised ongoing charges	5,985	4,482
Average undiluted net assets	366,947	282,917
Ongoing charges	1.63%	1.58%

6. EPRA VACANY RATE

	31 December 2019 £'000	31 December 2018 £'000
Estimated Market Rental Value (ERV) of vacant spaces	–	–
Estimated Market Rental Value (ERV) of whole portfolio	25,460	18,290
EPRA Vacancy Rate	0%	0%

7. EPRA COST RATIO

	31 December 2019 £'000	31 December 2018 £'000
Total administrative and operating costs	5,985	4,483
Gross rental income	21,112	11,490
EPRA cost ratio	28.35%	39.02%

OTHER INFORMATION
Glossary and Definitions
for the year ended 31 December 2019

"the Act"	Companies Act 2006
"AIC Code"	AIC Code of Corporate Governance produced by the Association of Investment Companies;
"AIC Guide"	AIC Corporate Governance Guide for Investment Companies produced by the Association of Investment Companies;
"AIFM"	the alternative investment fund manager of the Company, Langham Hall Fund Management LLP;
"AIFMD"	the EU Alternative Investment Fund Managers Directive 2011/61/EU;
"Approved Provider"	a housing association, local authority or other regulated organisation in receipt of direct payment from local government including a care provider;
"Basic NAV"	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time to time;
"Board"	the Directors of the Company from time to time;
"Company"	Triple Point Social Housing REIT plc (company number 10814022);
"C Shares"	C non-voting preference shares of 1.25 pence each in the capital of the Company;
"DTR"	the Disclosure Guidance and Transparency Rules sourcebook containing the Disclosure Guidance, Transparency Rules, corporate governance rules and the rules relating to primary information providers;
"EPRA"	the European Public Real Estate Association;
"GAV"	the gross assets of the Company in accordance with applicable accounting rules from time to time;
"Group"	the Company and any subsidiary undertakings from time to time;
"Investment Manager"	Triple Point Investment Management LLP (partnership number OC321250);
"IPO"	the admission by the Company of 200 million Ordinary Shares to trading on the Specialist Fund Segment of the Main Market, which were the subject of the Company's initial public offering on 8 August 2017;
"NAV"	the net assets of the Company in accordance with applicable accounting rules from time to time;
"NIY"	net initial yield, being the annual rent generated under a lease in respect of a property divided by the combined total of that property's acquisition price and acquisition costs;
"Ordinary Shares"	ordinary shares of £0.01 each in the capital of the Company;
"Registered Provider"	a housing association or local authority;
"REIT"	means a qualifying real estate investment trust in accordance with the UK REIT Regime introduced by the UK Finance Act 2006 and subsequently re-written into Part 12 of the Corporation Tax Act 2010;
"Supported Housing"	accommodation that is suitable, or adapted, for residents with special needs, which may (but does not necessarily): (a) include some form of personal care provided by a supported housing care provider; and/or (b) that enable those tenants to live independently in the community; and
"WAULT"	the average unexpired lease term certain across the portfolio, weighted by contracted rental income. We have included all parts of the term certain, including additional leases which are triggered by landlords' put options, but not those triggered by lessees' call options unless the options were mutual.

OTHER INFORMATION
Shareholder Information
for the year ended 31 December 2019

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Ian Reeves CBE
Peter Coward
Paul Oliver
Tracey Fletcher-Ray

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