HABITARE HOMES

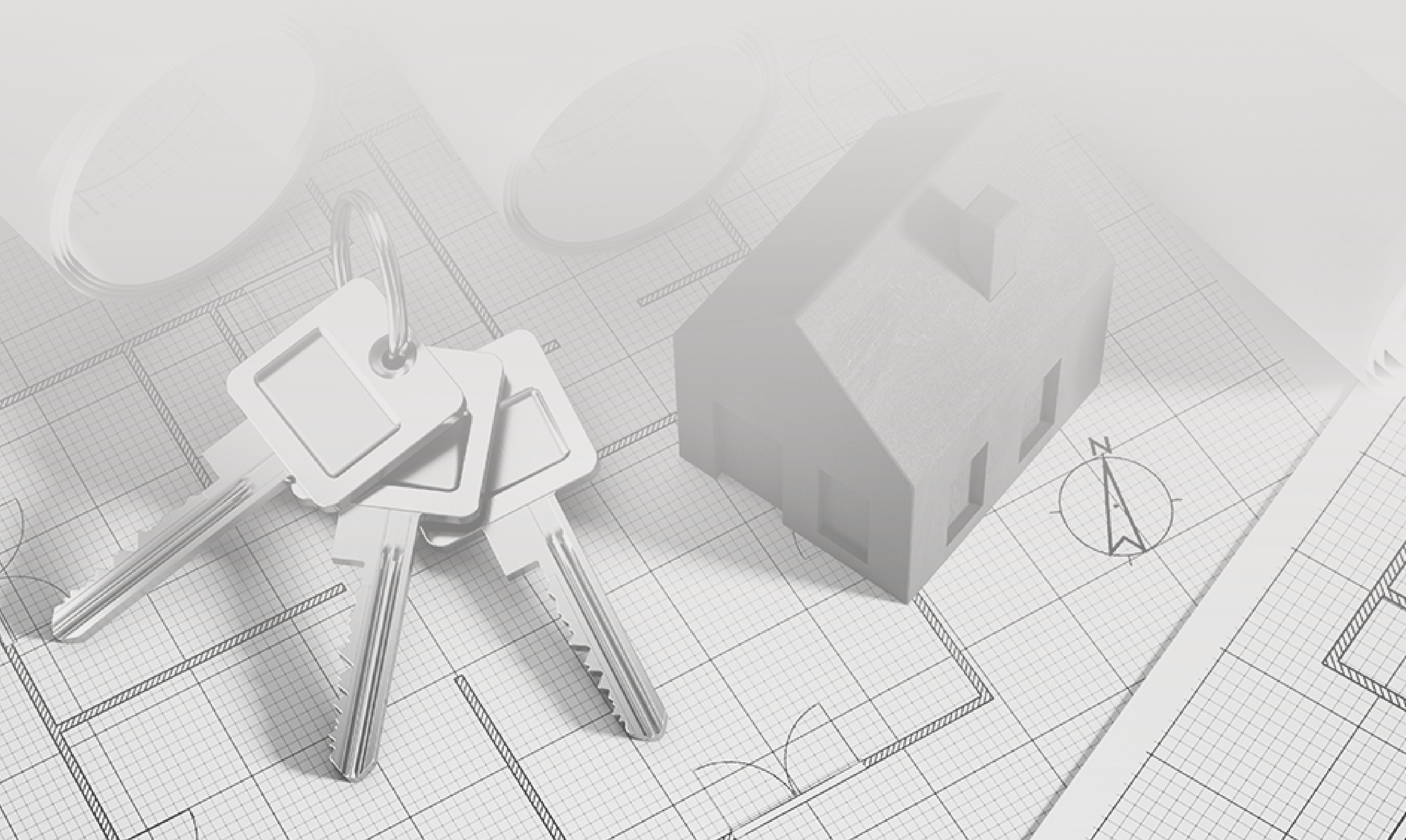
HABITARE HOMES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

REGISTERED PROVIDER NO: 5128
REGISTERED COMPANY NO: 12029015

Habitare Homes invests social impact capital to deliver good quality, sustainable and affordable homes in communities where housing is no longer affordable.



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Directors, Officers and Advisors

Board of Directors

Non-executive Directors

K A Laud (Chair)

G M Berring (appointed 7 June 2021)

D K Gannicott

N J Singh (appointed 26 January 2021)

Executive Directors

E Burl (appointed 7 June 2021)

Company Secretary

T&H Secretarial Services Limited

Registered office

3 Bunhill Row
London
England
EC1Y 8YZ

Registered Provider Number

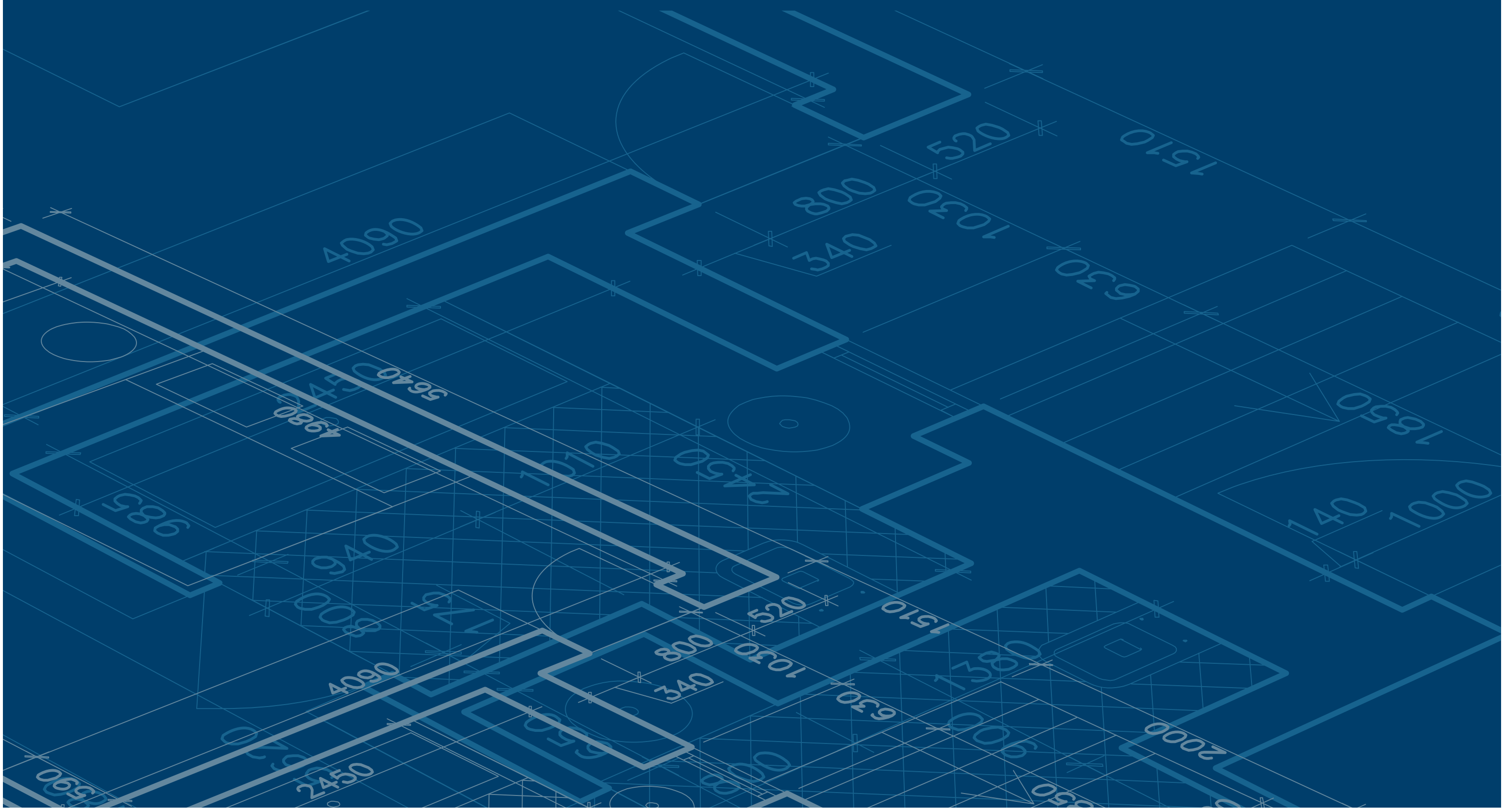
5128

Registered Company Number

12029015

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY



Chair's Statement

Habitare Homes Limited ('Habitare Homes') began to deliver its strategy in 2021 – addressing the urgent need for affordable housing solutions, including low cost rented and shared ownership, as part of broader mixed tenure communities. We know that the housing market no longer works for the average household in large parts of the UK and there is a supply side crisis. Habitare Homes invests social impact capital to deliver good quality, sustainable and affordable homes in communities where housing is no longer affordable. Our approach offers additionality via land led development, or the forward funding of housing that would not have otherwise been affordable.

As we are in the nascent stages of growth, our Board's attention in 2021 has been on establishing the foundations and conditions for Habitare Homes' success. We focused on ensuring robust governance, risk and compliance systems; appraisal of development opportunities; the management models for delivering good quality services through selected partner housing associations; and ensuring we remain financially viable. We have considered how we will gain a line of sight into the lived experience of our customers. Habitare Homes will be an accountable organisation and we will ensure our customers are effectively informed, engaged and involved.

In April 2021, we secured registration with the Regulator of Social Housing as a For Profit Registered Provider, a key milestone. Further milestones include the near completion of our first scheme of 39 shared ownership homes in Lewes (unfortunately delayed due to the pandemic lockdowns, labour and material shortages); accessing grant via Homes England and the Cambridgeshire and Peterborough Combined Authority; exploring debt finance at a prudent level to leverage the equity invested in Habitare Homes; and making the strategic decision to expand our activity into affordable rent. As at 31 December 2021, the Company contracted on 6 developments with plans underway to deliver 322 properties.

I would like to thank colleagues, Tania Cruickshank and Mark Jones who left the Board in June 2021, and David Gannicott who remains a director, for their significant expertise, support and commitment. We were delighted to recruit to the Board Gabrielle Berring, Eric Burl and Natalie Singh who each offer highly relevant skills and experience.

Looking forward, Habitare Homes is well positioned to play a larger role in delivering affordable housing, across both affordable rent and shared ownership tenures. Our future development pipeline is strong, with opportunities for 1,546 homes in areas where the affordability challenge is high. We will seek to exploit the opportunities that arise from our unique model, investment backing, and responsive business culture.

KatrinaALaud

K A Laud
Chair

Date: 22 June 2022

Board of Directors

Katrina Laud (Independent Chair)

Katrina is an accomplished senior executive and housing professional having worked for over twenty years in the social housing sector. She acts as a Director in Savills Housing Consultancy team where she advises a wide range of housing associations from the largest in England to community-based organisations. Other clients include landed estates and trusts. Katrina supports boards and executive teams in effective governance, regulatory compliance, business strategy, growth, and development partnerships. She is the joint author of publications on governance; housing association viability and vitality; and the National Housing Federation Code for Merger, Group Structure and Partnerships.

Gabrielle Berring (Independent Non-Executive Director)

Gabrielle is an experienced Real Estate Banker with a strong track record in the banking industry, with experience as a non-executive director for a number of housing-led organisations as well as Sheffield Hallam University. Skilled in Leadership, Strategy, as well as Credit Analysis and Structuring, Gabrielle's last full-time role was as Director of Loans at Homes England where she was Senior Responsible Officer for the Home Building Fund. Gabrielle's banking experience includes social and affordable housing, local authority off balance sheet structures, project finance/PFI, as well as the wider real estate sector.

Eric Burl (Executive Director)

Eric is the Global Co-Head of Sales & Marketing and the Head of Man Global Private Markets ('Man GPM') at Man Group. He is also a member of the Man Group Senior Executive Committee. Eric was previously Head of Managed Accounts at Man Group's multi-manager business (which merged with Man FRM in 2012), where he led the teams responsible for business development, product management and structuring of Man Group's proprietary managed account platform. Before joining Man Group in 2004, Eric spent time at UBS in London.

David Gannicott (Independent Non-Executive Director)

David was most recently Group Business Development Director at Hyde Group, a large housing association with over 50,000 homes in London, where he transformed their development programme. He has a strong track record of success across the housing sector and has worked with both the public and private sectors in furthering the delivery of new affordable homes.

Natalie Singh (Independent Non-Executive Director)

Natalie is a Partner and Head of the Banking Team at Anthony Collins Solicitors, a leading law firm advising the social housing sector. Natalie is a qualified solicitor with over 20 years' experience. She completed her training and 10 years post qualification with Gowling WLG advising large listed and unlisted companies in relation to corporate matters (including public offers, disposals, strategic reviews, merger and acquisitions and joint ventures). Natalie joined Anthony Collins in 2012 and is a recognised leader in social housing finance advising on complex funding and finance related projects for registered providers and not-for-profit businesses (including bonds and private placements as well as advising on large scale debt restructurings).

Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2021.

Habitare Homes Limited (the "Company" or "Habitare Homes") was formed in June 2019. The Company is a registered provider of social housing ("Registered Provider") with its principal activities being the provision of affordable housing to people who are in housing need, either via sales under shared ownership arrangement, or rentals under affordable rent agreements. Our activity is solely in England and Wales.

Habitare Homes has in place a strong board of directors (the "Board"), collectively bringing a wide range of relevant expertise and experience to oversee the Company's activity. The Board's role is to provide strategic direction for the Company, as well as oversight of finance, performance, and regulatory compliance, providing both challenge and support to those tasked with operational delivery. The Board has ultimate responsibility for ensuring the Company maintains a system of internal control that is appropriate to the various risks it may face given the nature of the business and operating environment.

Statement of Internal Control

The current risk management framework involves an internal monitoring group established to identify current risks and emerging risks to the Company with a regular assessment as part of the Company's Risk Map review. The framework for review includes the identification, evaluation and subsequent rating, and ongoing monitoring of risks with controls and control owners defined. The Risk Map is presented to the Board on a quarterly basis for review and challenge with ad hoc updates as required.

A range of policies and procedures that address the risks inherent with operating in the sector have been implemented to ensure a governance framework exists to manage the risks from operating as a Registered Provider including key policies such as a Whistleblowing Policy and Fraud Policy.

As Habitare Homes is in the early stages of its growth, the Board have focused on developing a robust risk management framework so that the Board can establish a strong control and governance environment. Going forward, the following key features will apply to the internal risk control framework:

- **Audit and Risk Committee (ARCOM)** – a formal delegated committee of the Board, the role of the Habitare Homes ARCOM is to ensure that appropriate systems of internal control, assurance and risk management are in place and that legal, statutory and regulatory requirements are properly audited where necessary and reviewed. Minutes from ARCOM meetings will be circulated to the Board to ensure that it has oversight of the nature and content of the ARCOM discussion, recommendations for the Board's consideration and actions to be taken.
- **Internal Audit** – a third party auditor with a team that specialises in the Registered Provider sector will be engaged to provide independent assurance. The Company will ensure that the internal auditor has direct access to the Company's Board Chair and ARCOM Chair as required and the internal auditor will submit a report to the ARCOM and Board.
- **Policies** – the Board will continue to update and design new policies as the Company's business plan and the operating environment evolves. In particular, with the extension of Habitare Homes' strategy to include an affordable rental model, the Board have also introduced a number of new policies.
- **Reporting** – the internal risk monitoring group will submit risk reporting to the ARCOM for review which will then be presented to the Board. Reporting is designed to cover breaches of any Habitare Homes policy in relation to the Registered Provider's activities, a summary of key risks with enhanced monitoring in place, any new risks, changes to risk ratings and any relevant commentary pertaining to risk monitoring.

Value for Money

Habitare Homes has been established to deliver additional, high-quality affordable housing in areas of the country where affordability is stretched. Delivering on value for money ("VfM") is integral to the Company's ability to achieve its strategic objectives and there are a number of measures to ensure the VfM considerations are embedded in its business. These include risk management, business planning, and a strong governance framework to enable the directors to make well-informed decisions.

As at 31 December 2021, the Company had no properties that were occupied by households. Over the course of 2020 and 2021, the Company contracted on 6 developments with plans underway to deliver 322 properties. Given the lack of occupied homes in the portfolio, not all aspects of a VfM assessment are applicable. As the organisation grows, we will be able to perform a more meaningful performance benchmarking exercise with sector peers.

Value for Money Metrics

Metric	Description	2021 Actual	2021 Target	2022 Target
Required Metrics				
1	**Reinvestment %**	0%	0%	50%
2	**New supply delivered %**	0%	0%	50%
3	**Gearing %**	N/A	N/A	60%*
4	**EBITDA MRI**	N/A	N/A	125%
5	**Headline social housing cost per unit**	N/A	N/A	400
6	**Operating Margin %** **a) Social housing lettings** **b) Overall**	N/A	N/A	**a) 4.5%** **b) 4.5%**
7	**Return on capital employed (ROCE) %**	0%	0%	1%
Additional Metrics				
8	**% of new supply which is above the local plan or extant planning s106 target**	50%	50%	50%
9	**Average level of subsidy per unit (if any)**	N/A	N/A	50,000

*The higher leverage ratio reflects the greater development activity in the Company where development finance is provided at 65% LTC. For stabilised assets we expect the leverage to reduce to 35%.

Strategic Report (continued)

Metric 1

Reinvestment %

This metric looks at the fixed asset investment in properties as a percentage of the value of total properties held. For the year ended 31 December 2021, the Company had invested in £209m of gross assets under development. However, the denominator is zero and so we have calculated and reported this as 0%.

Metric 2

New supply delivered %

This metric considers the number of new housing units developed in the year as a proportion of total units owned at the end of the year. We started and finished the year with no homes – our focus is on delivering our first units of social housing in H1 2022. However, the denominator is zero and so we have calculated and reported this as 0%.

Metric 3

Gearing %

At the end of 2021, the Company did not use any leverage on its investments. The Company intends to establish a loan facility in H2 2022 to increase its capacity to deliver more homes. Gearing will be measured as a blend of :

i. loans secured against development assets and

ii. loans secured against stabilised homes.

Metric 4

EBITDA MRI

This metric measures the level of surplus compared to interest payable. For the year ended 31 December 2021, there was no debt in place and therefore no interest payable.

Metric 5

Headline social housing cost per unit

This metric assesses the cost per unit. The Company is still in the early stages of delivery and as such given no properties were completed in 2021, this metric is not applicable for this financial year. We expect to be in a position to report on this metric in the following year's submission and review our position alongside our peers. Given that the Company intends to lease property to housing associations, the costs associated with management and maintenance are embedded in the lease and the responsibility of our housing association ("HA") lessee. As such the costs will not be directly comparable with the sector.

Metric 6

Operating Margin %

This metric demonstrates the profitability of operating assets, with 6a. representing margin on social housing only and 6b. accounting for the entire Company portfolio. As the Company is still in the early stages of delivery and no properties were completed in 2021, this metric is not applicable this year.

Metric 7

Return on capital employed (ROCE)

This metric compares the operating surplus to total assets less current liabilities and is a measure to assess the efficient use of capital. The ROCE for Habitare Homes was 0% given that no income was produced. Given that the Company is in growth mode, we expect the ROCE to be below the benchmark average for a considerable period of time.

Metric 8

% of new supply which is above the local plan or extant planning s106 target

This metric demonstrates the additionality of the Company's housing stock in addressing the affordable housing challenge. We aim to deliver 50% more affordable homes than set out in the local plan or in extant s106 agreements.

Metric 9

Average level of subsidy per unit (if any)

This metric ensures that we are delivering social housing as cost effectively as possible. As the Company is still in the early stages of delivery and no properties were completed in 2021 this metric is not applicable this year.

Strategic Report (continued)

Environmental, social and governance (ESG) impact

Positive environmental and social outcomes are central to the Company's strategy. The Company invests in developments that have, where possible, the following ESG characteristics: a focus on placemaking, an improvement in the carbon footprint, mixed tenure communities and a demonstrable improvement in housing affordability. In delivering tenant and asset management services, the Company works with housing associations that are rooted in their communities and have a focus on delivering for customers and community stakeholders.

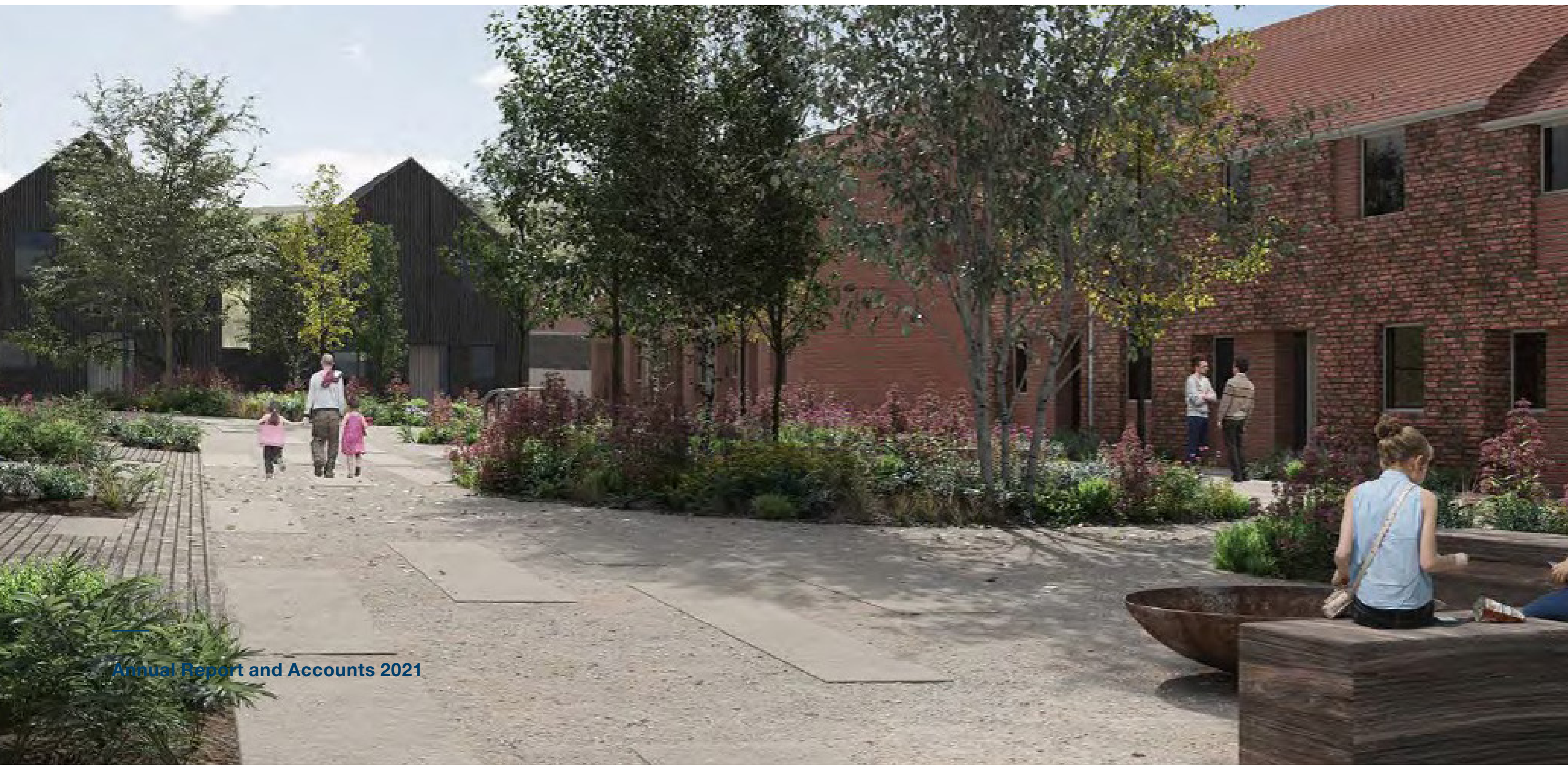
When the Board selects development schemes for investment, it sets clear ESG targets that should positively affect the lived experience of the future residents. In order to ensure that the Board's commitment to environmental and social outcomes translates into practice, the Board underwrites projects in line with an Impact Underwriting Framework and then audits our projects annually using an Impact Audit Framework. These tools have been developed together with New Philanthropy Capital ("NPC") and Sheffield Hallam University's Centre for Regional Economic and Social Research ("CRESR").

The Impact Underwriting Framework includes an assessment of the Board's partners' intentions on impact, additionality, financial sustainability, environmental sustainability and housing quality. Further dimensions include our ability to oversee and control intended outcomes through contractual terms and governance structures.

The Impact Audit Framework assesses how the Company is performing against the Company's strategic objectives each year. The Company will have its environmental and social outcomes audited independently by the CRESR team. The output and outcome indicators for the audit report are structured around three key areas: housing affordability, residential stability and housing quality (when lived in). Output indicators will be a quantitative assessment that sets out what the Board accomplished versus its targets. Outcome data will primarily be captured by CRESR through short surveys and focus groups as we focus on the lived tenant experience, and the resulting data will be analysed for inclusion in the annual Impact Audit.

The Board is acutely aware of the pressures on residents due to the cost of living crisis in the UK; we strive to help alleviate the issues faced by different communities across the country due to challenges in affordability through the Company's range of affordable, energy efficient and sustainable housing.

The Board will work with partner housing associations, to demonstrate accountability to our residents, and to the Regulator of Social Housing in line with the emerging consumer regulations. At its core, this focuses on the quality of homes and landlord services, and builds trust between residents and landlords through professional and customer-friendly interaction.



Strategic Report (continued)

Principal risks and uncertainties

In meeting its long-term objectives, the Company has considered the principal risks and uncertainties that could impact Habitare Homes.

As we strive to deliver affordable housing, we consider the ability to secure new housing investments that meet the Company's financial, social and environmental objectives as well as the ability to secure financing and grant funding in order to deliver a greater number of social housing units, as two key uncertainties.

Central government policy is a factor that influences the operating environment for Habitare Homes and could make it more difficult to meet our strategic objectives.

Any central government updates to the affordable housing grant programme are considered carefully to assess the impact on the viability of our projects, with a review of our operating structure a key component of our risk assessment to ensure it is flexible and can change where required.

In addition, we undertake 'demand risk' research for different policy scenarios and consider factors such as the impact by region and different product tenures.

For assurance, where necessary we seek expert guidance on changes to the operating environment and consult the Board on strategic 'away days' to consider the external operating environment.

The current macroeconomic environment also presents principal risks related to labour market and supply chain disruption.

The UK's withdrawal from the European Union and the impact of the COVID-19 pandemic have contributed and may continue to contribute to extended lead times for supply of materials and a shortage of skilled labour which impacts project delivery times. The war in Ukraine has added to the pressure on the supply of materials required for construction, for instance given Ukraine's role as a steel manufacturer.

We have also observed cost inflation pressures impacting labour and materials which may persist and put greater financial pressure on contractors and delivery partners leading to delays in delivery or, in the worst case, default of our contracting partners.

To a large extent, Habitare Homes must tolerate inflationary pressures and supply chain disruptions however the use of prudent modelling assumptions combined with tight management and control of costs will help manage this risk.

We continue to monitor our economic position to be able to take early action in the event of any changes and the Board monitors the financial plan and management accounts of the Company to ensure costs are being managed appropriately. Where costs are escalating the Board will consider whether activity can reduce, cease or be deferred, or consider different procurement approaches.

Finally and importantly, the Company is focused on the risks that exist around health and safety, specifically, ensuring that protocols meet all statutory obligations, particularly in relation to the new regulatory regime introduced by the Fire Safety Act 2021. We employ an outsourced management provider model to manage the homes that we own and establish either management agreements, lease contracts or service-level agreements to ensure that there are contractual terms and a governance structure in place – including policies and procedures – to effectively manage risks around health and safety. The Board will receive assurance on health and safety compliance through KPI performance reporting and effective contract management.

More broadly, the Company has a risk management framework in place that focuses on the identification, assessment, and ongoing monitoring of risks as well as the assignment of controls and owners to ensure each underlying risk is managed effectively. The Board is formally updated on the Habitare Homes Risk Map as part of quarterly governance meetings with any key risks or changes to risks that require more timely discussion raised to the Board on an ad hoc basis.

Strategic Report (continued)

Corporate Governance

During 2021, and since its registration as a Registered Provider in April 2021, the Company adopted the NHF Code of Governance 2015. For the financial year ended 31 December 2021, the Board reviewed the Company's self-assessment against the NHF Code of Governance and concluded that the Company was compliant with the principles of the Code of Governance where applicable.

Regulatory Compliance

We are fully committed to delivering homes within the regulatory standards set by the Regulator of Social Housing and to operating within a robust governance framework.

As a Registered Provider of Social Housing, the Company is required to comply with the Economic and Consumer Standards set out by the Regulator of Social Housing and to formally certify compliance with the Governance and Financial Viability Standard and the accompanying code of practice.

The Company has also undertaken an annual review of compliance with the Governance and Financial Viability Standard and its accompanying code of practice and the Board is assured that the Company is compliant with the Regulator of Social Housing's regulatory expectations in respect of this Standard.

Events after the reporting period

Subsequent to the year end, the Company issued a further £19,971,884 of called up share capital to GPM CH REIT Limited, the Company's immediate parent. This will further enable the Company to pay its liabilities and further its trading operations. Further share capital will be issued to GPM CH REIT Limited as and when it is required to support the investment objective of the Company.

In addition to the above, including commitments entered into subsequent to the year end, the Company's ultimate parent has total committed capital of £220.15 million to be utilised within the group's investment strategy, including in support of the Company's investment objective.

Further information on the events after the reporting period can be found in note 21.

By order of the Board

E Burl
Director

Date: 22 June 2022

Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2021.

Principal activities

The Company is a registered provider of social housing ("Registered Provider") with its principal activities being the provision of affordable housing to people who are in housing need, either via sales under shared ownership arrangements, or rentals under affordable rental agreements with activity solely in England and Wales.

Habitare Homes has in place a strong board of directors (the "Board"), with the directors collectively bringing a wide range of relevant expertise and experience to oversee the Company's activity. The Board's role is to provide strategic direction for the Company, as well as oversight of finance, and performance and regulatory compliance, providing both challenge and support to those tasked with operational delivery. The Board has ultimate responsibility for the Registered Provider.

Directors

The directors who served during the year and up to the date of approval of this report were:

T I M Cruickshank (*resigned 7 June 2021*)
G M Berring (*appointed 7 June 2021*)
E Burl (*appointed 7 June 2021*)
D K Gannicott
K A Laud (*Chair*)
N J Singh (*appointed 26 January 2021*)
M D Jones (*resigned 7 June 2021*)

Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting practice (United Kingdom Accounting Standards and applicable law).

Under Company law, the Directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 the financial statements comply with the Companies Act 2006, the Accounting Direction for Registered Providers and the Housing and Regeneration Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Ernst & Young LLP have expressed their willingness to continue to act in their capacity as external auditors. A resolution for re-appointment of Ernst & Young LLP as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

Going concern

In preparing the Company's financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company to cease operations, or has no realistic alternative but to do so. Having performed this analysis, the directors believe that the Company will require additional capital to be able to meet its obligations as and when they fall due for the foreseeable future.

In light of the issued share capital subsequent to the year end, and the capital commitment available to the Companies Ultimate parent as noted above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its obligations for a period of twelve months from the date of approval of the financial statements. Thus, the Company continue to adopt the going concern basis of accounting in preparing the financial statements.

Small companies

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

By order of the Board

E Burl
Director

Date: 22 June 2022

Independent Auditor's Report to the members of Habitare Homes Limited

Opinion

We have audited the financial statements of Habitare Homes Limited (the "company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("UK GAAP").

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the period then ended; and
- have been properly prepared in accordance with UK GAAP; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, and the Housing SORP 2019: Statement of Recommended Practices for Registered Social Housing Providers, issued September 2018

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 below. We are independent of the 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, 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 going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 themselves. 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.

Independent Auditor's Report to the members of Habitare Homes Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant is FRS 102.

Independent Auditor's Report to the members of Habitare Homes Limited (continued)
Auditor's responsibilities for the audit of the financial statements (continued)

- We understood how the company is complying with those frameworks by enquiries of management and those charged with governance to understand how the directors maintains and communicates its policies and procedures in these areas and corroborated this by reviewing minutes of board meetings for the period and review of the documented policies and procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through discussions with management to understand where they considered there was susceptibility to fraud and from our knowledge of the business.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries with management and those charged with governance and detailed testing in respect of journal entries within the financial records.

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.

Use of our report

This report is made solely to the company's directors, as a body, in accordance with our engagement letter dated 10 June 2022. Our audit work has been undertaken so that we might state to the Company's directors 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 company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Denise Davidson
Senior Statutory Auditor
For and on behalf of Ernst & Young LLP
Statutory Auditor
London
United Kingdom

Date: 23 June 2022

Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	–	–
Operating costs	4	**(160,134)**	(110,284)
Other operating income		–	148
Operating profit/(loss)	4	**(160,134)**	(110,136)
Taxation	9	**28**	(1,582)
Total comprehensive loss for the financial year		**(160,106)**	(111,718)

Results wholly relate to continuing activities.
There was no other comprehensive income in the year.
The financial statements were approved by the Board and authorised for issue on 22 June 2022.

E Burl
Director

The notes on pages 22 to 33 form part of these financial statements.

Statement of Financial Position

As at 31 December 2021
Company number: 12029015

	Note	2021 £	2021 £	As restated 2020 £	As restated 2020 £
Fixed assets					
Investment properties	9	**5,572,679**		1,257,848	
			5,572,679		1,257,848
Current assets					
Inventories	10	**3,715,119**		838,565	
Debtors: due within one year	12	**34,068**		153,345	
Cash at bank and in hand	11	**21,383,717**		93,890	
		25,132,904		1,085,800	
Creditors: amounts falling due within one year	13	**(20,834,798)**		(224,961)	
Net current assets			**4,298,106**		860,839
Total assets less current liabilities			**9,870,785**		2,118,687
Net assets			**9,870,785**		2,118,687
Capital and reserves					
Share capital	16		**10,149,936**		2,237,732
Income and expenditure reserve	17		**(279,151)**		(119,045)
Total equity			**9,870,785**		2,118,687

The financial statements were approved by the Board and authorised for issue on 22 June 2022.

E Burl
Director

For details of the restatement please refer to note 2.2 of these financial statements.
The notes on pages 22 to 33 form part of these financial statements.

Statement of Changes in Reserves

	Share capital £	Income and expenditure reserve £	Total reserves £
As at 1 January 2020	100	(7,327)	(7,227)
Loss for the year	–	(111,718)	(111,718)
Issue of share capital	2,237,632	–	2,237,632
As at 31 December 2020	**2,237,732**	**(119,045)**	**2,118,687**
Loss for the year	–	(160,106)	(160,106)
Issue of share capital	7,912,204	–	7,912,204
As at 31 December 2021	**10,149,936**	**(279,151)**	**9 ,870,785**

The notes on pages 22 to 33 form part of these financial statements.

Statement of Cash Flows

	Note	2021 £	2020 £
Cash flows from operating activities			
Loss for the financial year		**(160,106)**	(111,718)
Adjustments for:			
Increase in inventory		**(2,876,554)**	(838,565)
Decrease/(increase) in other debtors		**119,305**	(153,245)
(Decrease)/increase in other creditors		**(14,549)**	216,080
Tax (credit)/charge		**(28)**	1,582
Net cash generated/(used) in operating activities		**(2,931,932)**	(885,894)
Investing activities			
Purchase costs of investment properties		**(4,314,831)**	(1,257,848)
Government grants received		**652,500**	–
Net cash generated/(used) in investing activities		**(3,662,331)**	(1,257,848)
Financing activities			
Issue of share capital		**7,912,204**	2,237,632
Cash received in advance of issuance of shares		**19,971,886**	–
Net cash generated in financing activities		**27,884,090**	2,237,632
Net increase in cash and cash equivalents		**21,289,827**	93,890
Cash and cash equivalents at the beginning of the year	12	**93,890**	–
Cash and cash equivalents at the end of the year	12	**21,383,717**	93,890

As the company holds no debt in the current or previous financial year a net debt note has not been prepared. The notes on pages 22 to 33 form part of these financial statements.

Notes to the financial statements

1 Legal status

Habitare Homes Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The registered office is given on page 1 of these financial statements and the principal activities are given in the Directors' Report.

In April 2021, the Company registered as a for profit registered social housing provider with The Regulator of Social Housing.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice), FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019 and in accordance with the Companies Act 2006.

The Company has also taken advantage of the small companies exemptions in section 415A of the Companies Act 2006 in respect of their Directors' Report only.

The accounts are prepared under the historical cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Board to exercise judgement in applying the Company's accounting policies (see note 3).

The functional and presentational currency of the financial statements is Sterling (£) and all amounts are rounded to the nearest £1.

The following principal accounting policies have been applied:

2.2 First year adoption of Housing SORP 2018

The Company has adopted the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 for the first time in these financial statements. Under the transition rules as set out in Section 19 of the SORP the Company has amended its allocation of Fixed assets relating to shared ownership properties for the year ended 31 December 2020 to split it between Fixed assets and inventories as required by section 8 of the SORP.

The impact of this adjustment on the prior year comparatives presented within these financial statements is a reduction in fixed assets of £838,565 and an increase in inventories of £838,565.

Net current assets have increased from £22,274 to £860,839. There is no impact on the brought forward reserves, overall net assets or the statement of comprehensive income.

2.3 Going concern

As discussed in the Directors Report, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its obligations for a period of twelve months from the date of approval of the financial statements. Thus, the Company continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Investment properties

As set out in note 3 property will be classified as Investment Property or Inventory.

Investment property will initially be recognised at cost and then at fair value at subsequent reporting periods. Management is adopting quarterly reporting (and therefore valuation) periods in line with their management reporting. Investment property will be held at fair value as management consider that they can determine fair value of Investment Property reliably on a continuing basis, including Investment Property under construction. Changes in the fair value are recognised in the statement of comprehensive income in the year in which they arise.

The Company has appointed CBRE Limited to act as an external valuer to provide an independent professional opinion of the value of the subject properties as at the valuation date. The valuation has been prepared in accordance with the latest version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book"). The valuation of the properties is on the basis that the gross development value is subject

Notes to the financial statements
2.4 Investment properties (continued)

to the restrictions of title and fair value is in accordance with FRS102. The gross development value assumes the units are built as at the valuation date, however a risk margin is deducted for properties under development based on the percentage of remaining costs. Once completed, assets are held at fair value which is based on the Existing Use Value for Social Housing (EUV-SH). The Independent Pricing Committee were provided with the CBRE Limited valuation report and determined the fair value to apply to the properties in the Net Asset Value of the Company.

2.5 Inventory

Assets held for sale in the ordinary course of business do not meet the Investment Property definition in FRS102 or IAS 40. They are stock and will be accounted for as inventory. Inventory will be recognised and measured in accordance with the Housing SORP 2018.

Shared ownership costs relating to the estimated first tranche sale proportion will therefore be held as inventory until the unit is sold. Costs comprise materials, direct labour and direct development overheads.

Costs will be allocated between the estimated first tranche sale proportion and the element to be retained as investment property. The allocation will take into account market conditions, scheme appraisals, and valuation assumptions to arrive at the likely percentage to be sold and retained.

In accordance with the Housing SORP 2018, section 8.42, assets held as inventory will be held at the lower of costs and Net Realisable Value (NRV).

On the sale of the first tranche, the Company will recognise turnover, cost of sales and a gain/loss on sale of the first tranche of the shared ownership unit.

2.6 Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised cost model.

Debtors

Short term debtors are measured at transaction price, less any impairment. Where deferral of payment terms has been agreed and the impact of discounting is material, the balance is shown at the present value, discounted at a market rate.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors
Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.7 Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at the undiscounted value of amounts expected to be received. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

2.8 Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2.9 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

2.10 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses form a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax relating to investment property that is measured at fair value using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in income and expenditure, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set current tax assets against current tax liabilities, and

- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.11 Reserves

The Company only holds unrestricted funds.

2.12 Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

2.13 Government Grants

Grants received in relation to construction of the investment properties under development are accounted for using the performance model set out in FRS 102 and the Housing SORP 2018. Income is initially recognised as deferred income within creditors until the performance obligations have been met. This being the point when the construction of the properties is complete. Once the obligations have been met the grant is recognised in full within income.

3 Judgements in applying accounting policies and key sources of estimation and uncertainty

In preparing these financial instruments, key judgements have been made in respect of the following:

Other key sources of estimation uncertainty:

- **Allocation of costs for shared ownership**

  Under shared ownership arrangements, the Company disposes of a long lease on shared ownership housing units for a share of the property ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed after the first tranche sales portion. Sales of subsequent tranches after the first tranche, are treated as a part disposal of investment property and included in operating surplus.

  The first tranche sales portion has been estimated to be 40% of the cost of the shared ownership housing units. This is a judgement made by the Directors and is based upon the expectation set through experience of committed sales to date and in consideration of industry research.

  When shared ownership properties are sold, the cost of the shared ownership is allocated in line with the proportion of the property sold. This is deemed a fair method of cost allocation.

  Any difference between the estimated first tranche sale percentage and the actual amount purchased by the homeowner upon exchange of the shared ownership housing unit will be a transfer between investment property and inventory with the movement being reflected through the Statement of Comprehensive Income.

- **Classification as investment properties versus property, plant and equipment**

  Classification of social housing properties depends on the intended use of the property and to what extent it can be attributable to providing a social benefit to the wider community versus other motives, most notably profit.

  - Habitare Homes is a for-profit registered provider;
  - Its ultimate parent is GPM RI Community Housing Fund 1 LP;
  - It holds property to earn profitable rentals and capital appreciation, in order to provide a return on investment;
  - It does not hold social housing assets purely for social benefit;
  - Therefore, in accordance with Section 16 FRS102, properties are classified as Investment Property and will be accounted for at fair value. As set out in note 2.4;
  - IAS 40 provides further guidance for costs related to property that is being constructed or developed for future use as investment property to be classified as Investment property.

Notes to the financial statements
3. Judgements in applying accounting policies and key sources of estimation and uncertainty (continued)

Accordingly, the following properties are classified as Investment Property:

- Rental completed units
- Rental units under construction
- Retained equity of completed Shared ownership units
- Estimated retained equity of Shared ownership under construction;

Property that will be disposed of in the ordinary course of business, including costs related to first tranche sales of shared ownership properties, are classified as inventory, in accordance with Chapter 8 of SORP 2018.

- **Impairment**

  Determining whether there are indicators of impairment of the Company's inventory requires judgement. Management considers potential indicators of impairment and carries out reviews as required. A review of current year inventory has shown no indicators of impairment and no provision is required.

- **Valuation of investment properties**

  Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instrument or asset. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from actual prices.

  Fair value measurements were applied to investment properties in the year see note 9 for details.

Notes to the financial statements (continued)

4 Particulars of turnover, operating costs, cost of sales and operating surplus

	Turnover 2021 £	Cost of sales 2021 £	Operating cost 2021 £	Operating loss 2021 £
Shared ownership properties under construction	**–**	**–**	**(160,134)**	**(160,134)**

	Turnover 2020 £	Cost of sales 2020 £	Operating cost 2020 £	Operating loss 2020 £
Shared ownership properties under construction	148	–	(110,284)	(110,136)

At the reporting date the company holds no occupied or completed homes.

5 Auditors remuneration

	2021 £	2020 £
Auditor's remuneration (excluding VAT) • fees payable to the auditor for the audit of the financial statements	**11,000**	11,158

6 Employees

As at the reporting date, the Company had no full-time property management or corporate employees.

Habitare Homes Limited has entered into service level agreements with external third party providers, to provide property management and corporate functions to the Company. The Company is charged an annual fee per unit for these services. This arrangement is expected to be in place until such time as the homes under management within the Company constitute a sufficient number to make employing their own in-house property management and corporate functions financially efficient.

7 Directors' remuneration

The Directors' received remuneration and benefits from the company of £35,667 (£10,262), of these £35,667 (2020 – £Nil) were payable at the year end and are included within accruals.

The Company does not operate a pension scheme.

The Board of Management is represented by the executive and non-executive directors. The Board were reimbursed for expenses of £Nil (2020 – £Nil).

8 Taxation

	2021 £	2020 £
Corporation tax		
Current tax on losses for the year	**–**	28
Adjustments in respect of prior year	**(28)**	–
Total current tax (credit)/charge	**(28)**	28
Deferred tax		
Adjustments in respect of prior periods	–	1,554
Total deferred tax	**–**	1,554
Taxation on (profit)/loss	**(28)**	1,582

	2021 £	2020 £
Loss before tax	**(160,134)**	(110,136)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	**(30,425)**	(20,926)
Expenses not deductible for tax purposes	**2,672**	14,459
Adjustments to tax charge in respect of prior periods – deferred tax	**(28)**	1,554
Movement in deferred tax not recognised	**27,753**	6,405
Taxation on loss	**(28)**	1,582

Factors that may affect future tax charges

During the year ending 31 December 2022 it is expected that the immediate parent company GPM CH REIT limited will register under the Real Estate Investment Trust (REIT) regime. Therefore, no future taxable profits will arise for the Company against which any previously carried forward tax losses in respect of pre-trading expenses can unwind. All deferred tax assets have been unwound and there is will be no further deferred tax assets recognised in the future.

Upon the immediate parent company's REIT registration, the Company's income and gains arising from its property rental and shared ownership property business will be exempt from UK tax. Corporation tax will be payable on future profits and gains from any other activities.

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021.

Notes to the financial statements (continued)

9 Investment properties

	2021 £	2020 £
Valuation		
At 1 January 2021	**1,257,848**	–
Additions at cost	**4,314,831**	2,096,413
Gain on revaluation of investment properties	**–**	–
Transfer of first tranche sales	**–**	(838,565)
At 31 December 2021	**5,572,679**	1,257,848

Completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH), including notional directly attributable acquisition costs. As at 31 December 2021, the group's housing properties have been valued by CBRE Limited, professional external valuers.

10 Inventory

	2021 £	2020 £
Shared ownership properties:		
Proportion of shared ownership properties allocated as first tranche sales	**3,715,119**	838,565

11 Debtors: amounts falling due in one year

	2021 £	2020 £
Amounts owed by group undertakings	**100**	100
VAT recoverable	**33,940**	153,245
Corporation tax recoverable	**28**	–
	34,068	153,345

Amounts owed by group undertakings relate to amounts owed by GPM CH REIT Limited in relation to the original issuance of share capital. All amounts are interest free and repayable on demand.

Notes to the financial statements (continued)

12 Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	**21,383,717**	93,890

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	**–**	33,462
Corporation tax	**–**	28
Amounts owed to group undertakings	**73,285**	150,258
Cash in advance of issuance of shares	**19,971,886**	–
Deferred capital grant (see note 14)	**652,500**	–
Accruals	**137,127**	41,213
	20,834,798	224,961

Cash in advance of issuance of shares relate to cash received in advance for share subscriptions. A financial liability is recognised equal to the amount received in cash as the cash is able to be called back. The shares were issued within 12 months post year end therefore the 'subscriptions in advance' is recognised as current liability as at 31 December 2021.

14 Deferred capital grant

	2021 £	2020 £
At 1 January 2021	**–**	–
Grant received in the year	**652,500**	–
At 31 December 2021	**652,5800**	–

Grants will be utilised against capital expenditure and recognised as income in the statement of comprehensive income in full on completion of the properties.

Notes to the financial statements (continued)

15 Financial instruments

	2021 £	2020 £
Financial assets measured at amortised cost	**21,383,817**	93,990
Financial liabilities measured at amortised cost	**210,412**	224,933

Financial assets measured at amortised cost include cash at bank and in hand and amounts owed by group undertakings.

The Company considers the below to be the main financial risks:

Market risk
The Company's financial assets and liabilities do not create any material exposure to price, foreign exchange or counterparty risk.

Liquidity risk
As the company does not hold any debt the Company currently has little exposure to liquidity risk.

The Company's operations are financed through a mixture of investment injections, generated cash flows and government grants for development activities.

It is considered that the Company, via the Group, has sufficient financial resources to meet its financial obligations, and therefore the risk is considered to be low.

Credit risk
As the Company is still under the development stage and does not currently operate affordable housing, the Company is not yet exposed to credit risk in relation to its future tenants.

Future consideration in relation to affordable housing following the introduction of Welfare Reform and Universal credit changes, specifically the government's decision to transfer benefit payments directly to some tenants will be considered by the Board upon the transfer of the affordable housing to the Company.

Detailed scenario planning will be used to estimate the impact of any government policy changes on future tenancies. The business plan takes account of these changes in setting future levels of tenant indebtedness. The risk is mitigated with the mechanisms established to support and sustain tenancies and focus on affordability as part of the tenancy allocation processes.

Notes to the financial statements (continued)

16 Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
10,149,937 (2020 – 2,237,732) Ordinary shares of £1 each	**10,149,937**	2,237,732

The company has one class of ordinary shares which entitle holders to voting rights and carry no rights to fixed income.

On 25 May 2021, the company issued 755,981 £1 ordinary shares at par to its immediate parent undertaking. On 2 August 2021, the company issued a further 7,156,224 £1 ordinary shares at par to its immediate parent undertaking.

17 Reserves

The income and expenditure reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

Cash received in advance of issuance of shares is equal to the amount received in cash for the future issuance of shares. The shares were issued within 12 months post year end and will be recognised in share capital at the date of issuance.

18 Capital commitments

	2021 £	2020 £
Capital expenditure:		
Expenditure contracted for but not provided in the accounts	**53,800,743**	15,710,128
Expenditure authorised by the board, but not contracted	**40,651,947**	–

Notes to the financial statements (continued)

19 Related party transactions

Man Group Operations Limited paid for certain operating fees and expenses, including organisational costs, on behalf of the Company, which are then recharged back to the Company. For the year ended 31 December 2021 these amounted to £73,285 (2020 – £150,258) of which £73,285 (2020 – £150,285) remains outstanding at the year end.

At the year end £100 was owed by GPM CH REIT Limited, the immediate parent company in relation to the original issuance of share capital (2020 – £100).

Cash was received in advance of issuance of shares to the value of £19,971,886. The shares were issued within 12 months post year end to the immediate parent.

Both of the above companies are registered under the Companies Act 2006 and are unregistered bodies.

20 Controlling party

The immediate parent of the company is GPM CH REIT Limited, a company registered in Guernsey.

The intermediate parent is Man GPM RI Community Housing 1 LP, a private fund limited partnership registered in Guernsey.

The ultimate parent of the company is Conyers Trust Company (Bermuda) Ltd, a company registered in Bermuda.

The smallest and largest group of undertaking which the results of the company are consolidated is Man GPM RI Community Housing 1 LP. The consolidated accounts are not publicly available and the entity's registered office is PO Box 286 Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

21 Events after the reporting period

In Place Dysart Limited, is a wholly owned subsidiary of the Company's immediate parent, and subsequent to the reporting period is intending to sell the freehold for the 139 affordable rent homes held by In Place Dysart Limited, in Dysart Road, Grantham, to the Company, subsequent to which In Place Dysart Limited will no longer hold any investment in Dysart Road, Grantham.

On 3 May 2022 the first 9 of these units were sold to Habitare for a cost of £1,009,666.

On the 12 May 2022, 16 section 106 restricted affordable rental units originally contracted to In Place (Coombe) Limited, a wholly owned subsidiary of the immediate parent, were sold to the Company for £2,008,841.

Also on the 12 May 2022, 79 affordable rental units originally contracted to In Place (CW) Limited, another wholly owned subsidiary of the immediate parent, were sold to the Company for £13,591,066.

The Company issued a further £52,071,791 of called up share capital issued to the immediate parent, subsequent to the year end.

The Tattenhoe, Milton Keynes purchase and building agreements were signed by Habitare Homes Limited on 23 February 2022, another wholly owned subsidiary of the immediate parent. As part of these agreements, the Group purchased the first of the land plots for the Tattenhoe development site subsequent to the year end.

The Wellingborough development contracts were signed on 17 May 2022 to contract In Place (Genvale) ltd to develop 146 shared ownership and rental properties in Glenvale Park, Wellingborough. These units will be transferred to the Company at golden brick.

The first two phases of the Lewes development are all fully reserved and up to the date of issue of these financial statements 12 units have completed.