Heylo Housing Secured Bond Plc

Unaudited Half Year Financial Statements

6 Months' Period Ended

31 March 2025

Company Number 11222614

Heylo Housing Secured Bond Plc

Company Information

Directors	A W Géczy G P C Mackay J P Conway (resigned 15 April 2025)
Company secretary	Squire Patton Boggs Secretarial Services Limited
Registered number	11222614
Registered office	6 Wellington Place Fourth Floor Leeds England LS1 4AP
Banker	HSBC UK 69 Pall Mall London SW1Y 5EY
Solicitor	Pinsent Masons LLP 30 Crown Place London EC2A 4ES

Heylo Housing Secured Bond Plc

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Strategic Report
For the Half Year Ended 31 March 2025

Introduction

The Directors present their Strategic Report of Heylo Housing Secured Bond Plc ("the Company" or "HHSB") for the unaudited half year ended 31 March 2025.

Business review

The Company is wholly owned by Manifesto Technologies Limited, the ultimate parent company of Heylo Housing Group Limited (Heylo Group). Heylo Group is the parent of HHSB.

The parent oversees the activities of each Heylo Group company. HHSB is a property investment company that acquires residential properties that it leases to Heylo Housing Registered Provider Limited (“HHRP”), a fellow subsidiary, which in turn on leases those properties on a shared ownership basis to the Heylo Group’s customers. HHSB also leases directly to third party tenants under Your Home product.

HHSB was established in 2018 and was awarded Investment Partner status by Homes England to participate in the "Shared Ownership and Affordable Homes Programme 2016 to 2021" (“SOAHP”). As at 31 March 2025, the Company had acquired 120 new build properties from housebuilders, and 5 with its Your Home product, with associated grant received of £2.75 million (2024 - £2.75 million).

HHRP, is a registered provider of social housing with the Regulator of Social Housing (registration number 4668).

Key Performance indicators

	2025	2024
Collection rate (%)	**98**	**99**

Collection rates continue to be high, although slightly decreased from prior year as the number of people moving into and out of arrears or onto an off-repayment plan has increased along with the intensity of arrears management work. Based on its traditional, tried and tested approach to arrears collection, and given Government imposed limitations on legal action through possession and eviction, the Company has continued to mitigate the financial impacts of the costs of living upon some households through generous repayment plans and proactive dialogue with tenants who are in, or likely to face, distress; a form of forbearance that has so far delivered good performance outcomes for the business too.

Principal risks and uncertainties

The management of the business and the nature of the Company’s strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

The directors are of the opinion that the risk management processes adopted, which involve review, monitoring, and where possible, the mitigation of the risks identified below, are appropriate to the business.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The rental income from the property portfolio is due from many individual occupiers through HHRP. The Company reviews the creditworthiness of potential tenants prior to entering into contractual arrangements. Every occupier is assessed for affordability in accordance with the guidance from Homes England before entering into a lease.

Provision is made in full where recovery of financial assets is, in the opinion of the directors, significantly uncertain.

(b) Interest rate cash flow risk

Interest rate cash flow risk is the risk that the future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company has no direct exposure to interest rates as all amounts owed to external bondholders are linked to inflation rather than interest rates. The Company's rental income streams are linked to inflation and so should move proportionate to the payments due under the Company's financial instruments. Rental income is directly linked to RPI therefore the extent to which it moves is impacted by a rise or fall in RPI. The Company further manages this risk by monitoring cash flow projections on a regular basis to ensure that funds or appropriate facilities are available to be drawn upon as necessary.

(c) Capital risk management

The Company manages share capital, consisting of ordinary shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The capital structure will continue to be determined by ongoing funding requirements.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company has issued bonds and pays both interest and principal payments to its bondholders. The Company has granted security over its property portfolio in support of these bonds. The Company’s borrowings are repayable on the relevant maturity of the bonds and accordingly the Company manages any refinance risk at maturity. A significant reduction in the value of the property portfolio or in the rental collection could impact on the Company’s financial covenants. The Company aims to mitigate liquidity risk by operating with headroom to these covenants, by adhering to strict affordability criteria and through regular monitoring of its cash flow forecasts.

(e) House price inflation risk

Inflation may be higher or lower than expected. Investment cash flows are positively correlated to inflation and therefore increases/decreases to inflation (mainly House Price Index ("HPI") in the Company's case) compared to current projections would impact positively or negatively on the Company's future projected cash inflows. Furthermore, assumptions in relation to future HPI are central to the annual portfolio valuation and consequently significant increases or decreases in the rate of growth of HPI may materially impact the fair value of investment properties within the Company's portfolio. The Company provides sensitivities to its shareholders indicating the projected impact on the Company's Net Asset value ("NAV") of a number of alternative inflation scenarios. The Company uses a long-term view of inflation within its forecasts, benchmarked to independent analysis from valuation professionals.

(f) Contract risk

The performance of the Company's property investment portfolio is dependent upon each property's tenant meeting its contractual obligations. The Company is exposed to the risk that a number of its counterparties do not comply with the terms of the contract/leases and related obligations. The Company's mitigates this default risk by virtue of having a highly diversified portfolio in excess of 125 separately and independently tenanted properties - no single property or group of properties is material to the overall profitability of the Company or to its liquidity forecasts.

(g) External Economic Environment

Following the macroeconomic challenges of cost of living, rising inflation and war in Ukraine, the external economic environment became more challenging for the Company and its customers. The company and its customers are exposed to financial risk from economic volatility experienced such as mortgage costs increasing together with higher inflation, higher energy bills, increased prices for food and energy, impacts to cost of living and so on. The Company aims to mitigate these financial risks by operating with headroom to its covenants, by adhering to strict affordability criteria and through regular monitoring of its cash flow forecasts. The Company has continued to mitigate the financial risks of impairment of its customers through generous repayment plans and proactive dialogue with tenants who are in, or likely to face, distress; a form of forbearance that has so far delivered good performance outcomes for the business too.

(h) Climate change

We have identified the potential physical and transitional risks and opportunities presented by rising temperatures and climate change for our business and have also considered the scale of this risk to the Company. Climate change is not a principal risk for the Company for the half year ended 31 March 2025, but we have identified the climate transition as an emerging risk due to its intensifying importance to all stakeholders. The Company believes that its liquidity position, its business model, diversified portfolio and its focus on risk mitigation combined with operational cash and funding reserves, offer a significant degree of protection to the business.

(i) Regulatory Compliance

Non-compliance results in measures of intervention, loss of status and ultimately prohibits the Company to reinvest proceeds into acquiring the sites the business has in its pipeline to continues its journey. The Board and governance structure is in place and continuously being reviewed and improved so it is effective to managing this risk. There is ongoing compliance monitoring and independent advice and assurance are provided by external consultants and workforce of ResiManagement Limited (who provides management services to the Company) in areas such as risk management and governance.

(j) Asset Supply

It is recognised that the Company operates in a market where it acquires properties which are impacted by rising costs following labour and material shortages which as such affects both purchase prices and the customer selling prices. Also, the inability to meet targets set out in its business plan to acquire affordable housing units to help the company reinvest and continue to operate as a going concern can result in reputational damage and knock on impact of generating less income than expected. As such to mitigate this risk, management monitor activity through Investment Committee and its cash flow forecasts. Weekly meetings with housebuilders and Homes England allow the Company to be agile in its approach to reinvestment. To this end, the Company as well as ResiManagement Limited mitigates this risk through review of housebuilder contract assumptions with its solicitor and focuses on increasing strategic partnerships with new and existing housebuilders, Heylo Housing Registered Provider Limited (HHRP), councils and Homes England to meet the challenging external environment.

The Company believes that its liquidity position, its business model, diversified portfolio and its focus on risk mitigation combined with operational cash and funding reserves, offer a significant degree of protection to the business.

S172 statement: Directors duty to promote the success of the Company

Engagement with key stakeholders

Suppliers
The Company depends on the capability and performance of their suppliers, contractors, and other partners such as small businesses to help deliver the services needed to facilitate daily operations and to provide a professional service to our customers. The Company is focused on working with reputable suppliers that adopt the highest governances and employment practices in their organisations. The Company recognises the importance of complying with contractual terms and conditions in relation to payment terms and paying suppliers on time.

Customers
Communications

Heylo communicates with customers in the following ways:
- Direct staff contact via email, direct dial and a customer call centre to manage routine enquiries ranging from sales through to post sale lease and property enquiries.
- Welcome and induction materials for new customers.
- Website FAQs and info email addresses to route more complex enquiries to relevantly skilled team members.
- Customer feedback and satisfaction via an annual survey of all residents, Trust Pilot and a complaints and compensation policy overseen by the Regulator of Social Housing Ombudsman Service.
- Attendance at and support of estate based resident groups.
- Interventions to help customers manage or improve services from third party suppliers such as house builders and estate managing agents.

Heylo's customer communication strategy reflects its relatively light touch and remote relationship with customers who in the main:

- Are working households (and less likely to be benefit dependent or vulnerable) who are seeking a performance, focused on Value for Money and hence transactional rather than protective relationship with their landlord.
- Have been able to exercise a reasonable level of choice in the housing tenure and property offered to them.
- Have been able to exercise a reasonable level of choice in which housing provider has offered them shared ownership accommodation.
- Exercise a reasonable level of choice over who they buy key services from, given the HHRP and Heylo Housing Group model does not and does not seek to impose a direct estate and service charge management service, as is the case with traditional housing association providers. Where possible, HHRP and Heylo Housing Group Limited (Heylo) will support customers to exercise the Right-to-Manage or Right to Appoint a Manager, as permitted under Landlord and Tenant legislation and especially where shared owners are receiving poor service by agents and/or Freeholders which cannot or is unlikely to be rectified via First Tier Tribunal or complaints management.

Heylo aims to offer a fair, accountable and standardised form of service to all customers contracts via its written and published policies and procedures and through the use of a standard form lease which has been drafted to comply with regulatory and statutory requirements including the Landlord and Tenant Act 1985 and where applicable, the Homes England (HE)'s Capital Funding Guide. The sales process, leases and welcome letters provided by Heylo ensure customers are made aware at the outset of their relationship with the business of their rights and responsibilities and of the services and charges they can expect to pay. If and where any services are directly delivered by HHRP, shared owners will be provided with details on how to make contact to request those services. Heylo continues to be vigilant regarding the performance of third party managers in the delivery of health and safety and fire risks and has intervened to mitigate or remove the impact of recent cladding and other fire risk remediation works.

S172 statement: Directors duty to promote the success of the Company (continued)

The Environment
The Company invests predominantly in new build properties, which have a higher energy efficiency than the general stock of housing in the UK. The Company continues to focus on the sustainability of its portfolio.

Shareholders
The Company has only one Shareholder.

Employees
The Company has no employees.

Future developments
The Company continues strong performance on rental income collection over the past years despite the economic turmoil that has affected the market place in which it operates. There has been many opportunities for the business to continue this journey. To ensure that is prioritises appropriately, there are annual strategic reviews which look to in the next 5 years. This means that the business can work to manage its existing portfolio and future pipeline that is in place to ensure the company reinvests into high yielding residential properties provided on shared ownership basis. The plans are also reviewed to reflect the changes in performance, relationships, and the macroeconomic environment. Further, it is recognised that the Company operates in a market where it acquires properties which are impacted by rising costs following labour and material shortages which as such affects both purchase prices and the customer selling prices. To this end, the Company as well as ResiManagement Limited, continue to strive to improve existing relationships with housebuilders and create partnerships with new housebuilders and enter where appropriate long term agreements.

This report was approved by the board on and signed on its behalf.

A W Géczy
26 June 2025

Heylo Housing Secured Bond Plc

Directors' Report
For the Half Year Ended 31 March 2025

The directors present their report and the unaudited financial statements for the half year ended 31 March 2025. The address of the registered office is 6 Wellington Place, Fourth Floor, Leeds, England, LS1 4AP and the company's registered number is 11222614.

Results and dividends

The loss for the period, after taxation, amounted to £739k (31 March 2024 – loss of £927k). Directors do not recommend the payment of a dividend (31 March 2024 - No dividend).

Overview and principal activities

The Company is a property investment company that acquires residential properties that it leases to Heylo Housing Registered Provider Limited (HHRP), a fellow subsidiary, which in turn on leases those properties on a shared ownership basis to the Heylo Group's customers. HHSB also leases directly to third party tenants under Your Home product.

Details of the Company's objectives and policies for financial risk management and its exposure to credit risk, interest rate cash flow risk, liquidity risk are provided in the Principal risks and uncertainties section of the Strategic report.

Directors

The directors who served during the period were:

J P Conway
A W Géczy
G P C Mackay

Future developments

The business strategy of the Company is to invest in properties provided as shared ownership housing to generate future income through rent and future sales.

Corporate governance statement

The Board of HHSB appreciates in order for Heylo Group to achieve its Purpose, Mission, and Vision that good corporate governance is essential. A strong corporate governance framework allows HHSB to operate in an effective and entrepreneurial way for the benefit of its customers, investors and other stakeholders. Details of the Company's risk management and assurance are provided in the Internal controls and risk management section of the Director's Report.

Internal controls and risk management environment

The directors are satisfied that the Company as well as ResiManagement Limited (who provides management services to the Company) operate a robust internal control and risk management environment. In particular, there is an extensive set of policies and procedures supporting how the day-to-day business operates and is managed. These policies and procedures are reviewed regularly and updated as appropriate to reflect changes in the market as well as enhancements on how the Company delivers to its customers.

Within the reporting period, the directors carried out a robust assessment of the company's emerging and principal risks including the Company's risk management and internal control systems assuring itself of the controls in place to manage and mitigate the same. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the effectiveness of the system of internal control, including risk management, for the half year to 31st March 2025 and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which require disclosure in the financial statements.

Qualifying third party indemnity provisions

The group parent has put in place qualifying third party indemnity provisions for all of the directors of Heylo Group, and each of its group companies, which remain in force at the date of this report.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet its liabilities as and when they fall due for the foreseeable future. As at the balance sheet date, the Company has net current assets of £0.7m (31 March 2024: £0.4m) and net assets of £1.3m (31 March 2024: £1.1m).The Company has cash at bank and in hand of £1.7m (31 March 2024: £2.4m). The directors are satisfied that the Company has sufficient liquidity to meet its current liabilities and working capital requirements.

This report was approved by the board on and signed on its behalf.

A W Géczy
26 June 2025

Heylo Housing Secured Bond Plc

Statement of Comprehensive Income
For the Half Year Ended 31 March 2025

	Note	Six months ended 31 March 2025 £'000 (Unaudited)	Six months ended 31 March 2024 £'000 (Unaudited)	Year ended 30 September 2024 £'000 (Audited)
Revenue	4	**459**	471	798
Operating costs	5	**(167)**	(269)	(338)
Gross profit		**292**	201	460
Administrative expenses		**(80)**	(137)	(173)
Gain on disposal of investment properties	6	**124**	49	45
Gain/(loss) from changes in fair value of investment properties – net of grant		**(340)**	(67)	1,233
Operating profit		**(4)**	46	1,565
Finance income		**-**	-	-
Finance costs	8	**(735)**	(973)	(1,388)
Profit/(loss) before tax		**(739)**	(927)	177
Taxation	9	**-**	-	(200)
Profit/(loss) for the period		**(739)**	(927)	(23)
Total comprehensive income/(loss) for the period		**(739)**	(927)	(23)

All profit and total comprehensive income are attributable to the owners of the company.

The notes on pages 12 to 22 form part of these financial statements.

Heylo Housing Secured Bond Plc

Statement of Financial Position
As at 31 March 2025

	Note	31 March 2025 £'000 (Unaudited)	31 March 2024 £'000 (Unaudited)	30 September 2024 £'000 (Audited)
Non-current assets				
Investment property	10	**23,762**	22,871	24,105
		23,762	22,871	24,105
Current assets				
Inventory	11	**-**	181	181
Trade and other receivables	12	**642**	72	495
Cash and cash equivalents		**1,697**	2,401	1,738
		2,339	2,654	2,414
Current liabilities				
Trade and other payables	14	**(1,640)**	(2,235)	(1,880)
Net current assets		**699**	419	534
Total assets less current liabilities		**24,461**	23,290	24,639
Non-current liabilities				
Loans and other payables	15	**(21,251)**	(20,446)	(20,690)
Deferred tax liability	16	**(1,936)**	(1,736)	(1,936)
Net assets		**1,274**	1,109	2,013
Capital and reserves				
Called up share capital	17	**50**	50	50
Non-distributable reserves	18	**6,579**	5,720	6,859
Retained earnings	18	**(5,355)**	(4,662)	(4,896)
Total equity		**1,274**	1,109	2,013

The notes on pages 12 to 22 form part of these financial statements.

Heylo Housing Secured Bond Plc

Statement of Changes in Equity
For the Half Year Ended 31 March 2025

	Called up share capital £000	Non-distributable reserves £000	Retained earnings £000	Total equity £000
Balance at 1 October 2024	**50**	**6,859**	**(4,896)**	**2,013**
Loss for the period	-	-	(739)	(739)
Transfer between reserves	-	(280)	280	-
Balance at 31 March 2025	**50**	**6,579**	**(5,355)**	**1,274**
(Unaudited)				
Balance at 1 October 2023	**50**	**5,787**	**(3,801)**	**2,036**
Loss for the period	-	-	(927)	(927)
Transfer between reserves	-	(67)	67	-
Balance at 31 March 2024	**50**	**5,720**	**(4,661)**	**1,109**
(Unaudited)				
Balance at 1 October 2023	**50**	**5,787**	**(3,801)**	**2,036**
Loss for the year	-	-	(23)	(23)
Transfer between reserves	-	1,072	(1,072)	-
Balance at 30 September 2024	**50**	**6,859**	**(4,896)**	**2,013**
(Audited)				

The notes on pages 12 to 22 form part of these financial statements.

Heylo Housing Secured Bond Plc

Statement of Cash Flows
For the Half Year Ended 31 March 2025

	Six months ended 31 March 2025 £'000 (Unaudited)	Six months ended 31 March 2024 £'000 (Unaudited)	Year ended 30 September 2024 £'000 (Audited)
Cash flows from operating activities			
Profit/(loss) for the financial period/year	(739)	(927)	(23)
Adjustments for:			
(Gain)/loss on sale of investment property disposals	(124)	(49)	(45)
Finance expense	735	973	1,388
Taxation	-	-	200
(Gain)/loss on investment property disposals from first tranche sales	(35)	(21)	21
Deferred government grant	-	-	39
(Increase)/decrease in inventory	181	1	1
(Increase)/decrease in trade & other receivables	(147)	242	(301)
Increase/(decrease) in trade and other payables	240	94	(262)
(Gain)/loss from changes in fair value of investment Properties	280	67	(1,272)
Net cash (used in)/from operating activities	**(88)**	381	(254)
Cash flows from investing activities			
Acquisition of investment property	-	(633)	(385)
Receipt/(repayment) of government grants	-	(39)	(39)
Proceeds from sale of investment properties	222	456	348
Net cash generated/(used) in investing activities	**222**	(217)	(76)
Cash flows from financing activities			
Interest paid	(174)	(168)	(338)
Net cash (used)/generated in financing activities	**(174)**	(168)	(338)
Net (decrease)/increase in cash and cash equivalents	(41)	(5)	(668)
Cash and cash equivalents at beginning of period / year	1,738	2,406	2,406
Cash and cash equivalents at the end of period / year	**1,697**	2,401	1,738
Cash and cash equivalents at the end of period / year comprise:			
Cash at bank and in hand	**1,697**	2,401	1,738

The notes on pages 12 to 22 form part of these financial statements.

1. General information

Heylo Housing Secured Bond Plc ("the Company") is a public company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 6 Wellington Place, Fourth Floor, Leeds, England, LS1 4AP and the company's registered number is 11222614. The nature of the Company's operations and its principal activities are outlined in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with UK-adopted international accounting standards.

The presentation currency is pounds sterling. All amounts are rounded to the nearest thousand (£'000).

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Company's accounting policies.

In preparing the financial statements, the Directors have considered the impact of the physical and transition risks of climate change and identified this as a principal risk as set out on pages 1 to 3, but have concluded that it does not have a material impact on the carrying values of investments, and the recognition and measurement of the assets and liabilities in these financial statements as at 31 March 2025.

The following principal accounting policies have been applied:

2.2 Impact of new international reporting standards, amendments and interpretations

The unaudited Half Yearly Financial Statements have been prepared using accounting policies consistent with IFRS as adopted by the EU and in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, and using accounting policies and methods of computation consistent with those applied in the preparation of the Company's Accounts for the unaudited half year ended 31 March 2025.

Several amendments and interpretations apply for the first time in the current year, but do not have an impact on the financial statements of the Company. There are also a number of standards and other pronouncements in issue that are not yet effective and have not been adopted, none of which are expected to have a material impact on the financial statements, except for IFRS 18. IFRS 18 is a new accounting standard that focuses on improving the presentation and disclosure of financial statements. It aims to enhance transparency, comparability, and the overall usefulness of financial information for investors. The standard will replace IAS 1 and will become effective for reporting periods beginning on or after January 1 2027, with early adoption allowed. The Company is assessing guidance on the new accounting standard available for earlier adoption i.e. in September 2025 and 2026 financial years, as not effective until 1 January 2027.

2.3 Revenue

Revenue comprises rental income and first tranche sales of shared ownership properties.

Revenue is shown net of value added tax.

Rentals are recognised on a straight line basis over the lease term to match revenues with the periods in which they are earned, reflecting the lease agreements. Future changes in the level of lease receivable caused by inflation will be recognised as an adjustment to rental income. Property sales consist of one performance obligation – the transfer of property to the shared owner. The transaction price is fixed and specific in the sales contract. Revenue on first tranche sales is recognised at a point in time, when control of the property passes. Control is considered to pass on legal completion of the property sale. The structure of the Heylo Housing Registered Provider (HHRP) leases are such that HHRP is only required to pay onto the

Head Landlord (i.e. the Company) the rental income (and other income) it receives under the underlying shared ownership leases.

2.4 Operating costs

Operating costs comprise costs relating to the first tranche sale portion of newly acquired shared ownership properties. These costs include a share of expenditure incurred for acquisition of those properties in proportion to the first tranche percentage sold, direct overheads and other incidental costs incurred during the course of the sale of those properties.

Operating costs also include direct property expenses related to asset management and leasing activities.

2.5 Interest Income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated financial instrument.

2.7 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. 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 United Kingdom where the Company operates and generates income.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 Investment property

Investment properties are initially recognised at cost, including directly attributable transaction costs when title passes. Subsequently, Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. The fair value is determined to be at Level 3 of the fair value hierarchy outlined in IFRS 13 Fair Value Measurement. There have been no transfers between levels of the fair value hierarchy. No depreciation i provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.8 Investment property (continued)

The Company has assessed that the highest and best use of its properties does not differ from their current use.

Derecognition of the relevant portion of the property takes place through subsequent staircasing. The difference between the net disposal proceeds and the carrying value of the related proportion of the asset disposed is recognised in profit or loss in the period of recognition.

All of the investment property relates to the Company's share of the properties which they control and retain legal title.

Shared ownership

Shared ownership is where initially a long operating lease on a property is granted through the sale of an initial portion to the occupier, in return for an initial payment (the first Tranche). Initial sales are included within revenue and the related proportion of the cost of the asset recognised as cost of sales.

Shared owners have the right to acquire further tranches (staircasing) and any surplus or deficit on such subsequent sales are recognised in the Statement of Comprehensive Income as a part disposal of Investment properties.

2.9 Inventories

Inventories relate to the portion of the properties that will be sold as the initial sale enabling the Company to enter into a shared ownership agreement. In accordance with IAS 2 Inventories, they are held at the lower of cost and net realisable value.

2.10 Dividends

Final dividends are recognised when declared and approved by the shareholders at an annual general meeting and interim dividends are recognised when paid. The Company is restricted to make any other distributions from non-distributable reserves in line with the Note Programme. The government grant income received by the company is classified in the non-distributable reserves.

2.11 Financial instruments

Financial assets that do not have a significant financing component are measured for impairment purposes using a simplified lifetime expected loss approach for trade, other receivables and trade balances from group undertakings, and general approach for amounts owed by related parties.

Financial assets

Financial assets comprise basic trade and other receivables and cash.

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial liabilities

Financial liabilities primarily comprise indexed linked bond issues on the Main Market of the London Stock Exchange. They are carried at historic cost plus a bi-annual increase dictated by the original bond documentation which is calculated by reference to the LPI (Limited Price Indexation) index. The fair value is determined to be at Level 1 of the fair value hierarchy outlined in IFRS 13 Fair Value Measurement for indexed linked bond issues.

Trade payables

Short term payables are measured at the transaction price.

2.12 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Grants relating to the acquisition of shared ownership investment properties are recognised immediately as income to compensate for the reduction in fair value of the investment property. Accordingly, the grant income is adjusted from revaluation gains or loss reported in the Statement of Comprehensive Income. Prior to satisfying any performance obligations related to grant (which includes acquisition of investment property, application for government funding and compliance of capital funding guide), such grants are held as a liability (deferred income) on the Statement of Financial Position.

In some circumstances, typically when a Shared Owner staircases, there arises an obligation to repay the grant to the relevant government body. This is treated as a contingent liability until the conditions for repayment are expected to apply, in which case the amount repayable is recognised as a liability on the Statement of Financial Position and deducted from the measurement of any gain on the staircase transaction.

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

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and 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 discussed below.

For investment property valuations management engaged the services of third party independent valuers and worked with them to refine assumptions throughout the valuation exercise. Management also reviewed the principal iterations of the valuation models prior to agreeing the fair value of investment properties presented in the financial statements.

The Company estimates the proportion of shared ownership properties that will be sold as first tranche sales and therefore classified as inventory rather than investment property. The assumptions on which the proportion has been based include, but are not limited to, the affordability of the shared ownership properties, and the Company's general experience to date of first tranche shared ownership sales.

The Company is restricted to declare or pay dividend to a direct or indirect holder of its share capital, in cash or otherwise, or make any other distributions from it's distributable and non-distributable reserves in line with the Note Programme. The government grant income received by the company is classified in the non-distributable reserves.

As described in note 2, the Company assesses financial assets that do not have a significant financing component for impairment purposes using either a simplified lifetime or general expected credit loss (ECL) approach. The Company calculates ECL as an unbiased, probability-weighted amount, using reasonable and supportable information and exercises significant judgement in assessing information about past events, current conditions and forecasts of future economic conditions.

Financial asset	Default characteristics	ECL Approach
Trade receivables Other receivables	Customer balance owing and information obtained from the customer and other external factors indicate that the customer is unlikely to pay its creditors in full. The number of people moving into and out of arrears or onto an off repayment plan has increased along with the intensity of arrears management work. Balance owing is past due and/ or information obtained from the stakeholder and other external factors indicate that it is unlikely to pay its creditors in full.	Simplified approach – ECL being losses that arise from possible default events over the expected life of the financial instrument. ECLs are a probability weighted estimate of credit losses, measured as the present value of cash shortfalls, discounted at the effective interest rate of the financial asset. Lifetime ECLs are the ECLs from all possible default events over the expected life of the financial instrument and are based on quantitative and qualitative information, based on historical experience and forward-looking information. The Company uses a provision matrix based on the Company's historical credit loss experience to inform the level of ECL allowance and exercises significant judgement in assessing the factors that are specific to the customers and the general current and forecasted economic conditions that are used to adjust the ECL.
Other financial assets measured at amortized costs (trade amounts owed from group undertakings)	Trade balance owing is past due and/ or information obtained from the intercompany and other external factors indicate that it is unlikely to pay its creditors in full.	Simplified approach – ECL being losses that arise from possible default events over the expected life of the financial instrument. ECLs are a probability weighted estimate of credit losses, measured as the present value of cash shortfalls, discounted at the effective interest rate of the financial asset. Lifetime ECLs are the ECLs from all possible default events over the expected life of the financial instrument and are based on quantitative and qualitative information, based on historical experience and forward-looking information.

Amounts owed from Related Parties	The borrower falling significantly behind business plan.	General approach – ECL is calculated as the probability of default (likelihood the related party obligor will default over the next 12 months or lifetime of the loan) x Exposure at Default (typically the balance of the intercompany and related party loan at the point of default) x Loss given Default (amount of loss to the lender in the event of default, taking into account relevant recovery scenarios), discounted back at the effective interest rate. For on demand loans with no interest the discount rate is nil.

3. Segmental information

In determining the Company's operating segment, management has primarily considered the financial information in the internal reports that are reviewed and used by the Board of Directors (in aggregate the chief operating decision maker) in assessing performance and in determining the allocation of resources. The financial information in those internal reports in respect of revenue and expenses has led management to conclude that the Company has a single operating segment, i.e., generating rent income and capital returns from investment properties.

All revenue from continuing operations is attributable to, and all non-current assets are located in the country of domicile of the Company, the United Kingdom.

The Company acquires residential properties that it leases to HHRP, a fellow subsidiary, which in turn on leases those properties on a shared ownership basis to ultimate tenants. There is no individual customer/tenant of HHRP that contributes greater than 10% of total revenue.

4. Revenue

	Half year ended 31 March 2025 £000	Half year ended 31 March 2024 £000
Gross rental income	**327**	287
First tranche property sales	**131**	184
	458	471

5. Operating costs

	Half year ended 31 March 2025 £000	Half year ended 31 March 2024 £000
Property expenses	**72**	64
First tranche cost of sales	**95**	205
	167	269

6. Gain/(loss) on disposal of investment properties

	Half year Ended 31 March 2025 £000	Half year ended 31 March 2024 £000
Gain/(loss) on disposal of investment properties	**124**	49

7. Directors remuneration and staff costs

The Company has no employees. The directors did not receive any remuneration; however, they are considered as key management personnel within the Company. Any applicable remuneration including salary and employee benefits would only be through their employment by ResiManagement Limited. As detailed in the related parties note, the Company is in a long-term management agreement with ResiManagement Limited, a company with common shareholders and directors to the Company's parent, Heylo Housing Group Limited.

8. Interest payable and similar expenses

	Half year ended 31 March 2025 £000	Half year ended 31 March 2024 £000
Bond interest payable	**735**	973

Bond interest payable includes interest capitalised as part of principal amounts in accordance with the terms of the bonds. Bond interest indexation payable has been added to the bond principal amounts.

9. Taxation

	Half year ended 31 March 2025 £000	Half year ended 31 March 2024 £000
Total current tax	-	-
Deferred tax		
Deferred tax on revaluation of properties	-	-
Taxation charge	-	-

The UK corporation tax charge is based on a rate of 25% in these financial statements (31 March 2024 - 22%). Deferred tax balances have been calculated in full on temporary differences under the liability method using the rate expected to apply at the time of the reversal of the balance. The deferred tax assets and liabilities have been calculated using the 25% rate (31 March 2024 - 25%).

10. Investment property

The Company acquired properties for £15.5 million. Investment properties have been valued at £23.8 million under the Existing Use Value for Social Housing (EUV–SH) methodology. Fair valuation of investment properties is performed annually at the end of the financial year.

The Company's investment properties comprise of 120 new build and 5 second-hand homes primarily located in the North of England and East Anglia.

11. Inventory

	Half year ended 31 March 2025 £000	Half year ended 31 March 2024 £000
Shared ownership properties	-	181

An expense of £95k (31 March 2024: £205k) has been charged to the income statement in the period on first tranche cost of sales. There were no write-downs (31 March 2024: £Nil) or reversal of prior period inventory write-downs (31 March 2024: Nil). No inventories are carried at below cost or net realisable value.

12. Trade and other receivables: Amounts falling due within one year

	Half year ended 31 March 2025 £000	Half year ended 31 March 2024 £000
Trade and other receivables	**111**	29
Amounts owed by group undertakings	**531**	43
	642	72

13. Financial instruments

	Half year ended 31 March 2025 £000	Half year Ended 31 March 2024 £000
Financial assets		
Financial assets measured at amortised cost	**2,439**	2,473
Financial liabilities		
Financial liabilities measured at amortised cost	**22,992**	22,681

Financial assets that are debt instruments measured at amortised cost comprise cash and trade and other receivables

Financial liabilities measured at amortised cost comprise trade and other creditors, accruals and secured bonds. The total interest expense recognised in these financial statements measured at amortised cost is included in Note 8. The secured bonds have a maturity date of 30 September 2028.

14. Trade and other payables

	Half year ended 31 March 2025 £000	Half year ended 31 March 2024 £000
Amounts owed to group undertakings	**1,566**	2,141
Other payables	**72**	25
Accruals	**2**	69
	1,640	2,235

Amounts owed to group undertakings are interest free and repayable on demand.

15. Loans and other payables

	Half year ended 31 March 2025 £000	Half year ended 31 March 2024 £000
Secured 1.625% inflation linked 10-year Sterling Bond	**21,492**	20,754
Less: issue costs	**(239)**	(309)
	21,251	20,445

During the financial period ended 30 September 2019, the Company issued index linked bonds with repayment date of 29 September 2028 (the "Bonds"). The Company sold £15,424,400 of Bonds to investors and retains £4,575,600. The Bonds are listed on the Main Market of the London Stock Exchange and are indexed according to an LPI formula, calculated by reference to RPI with a base indexfigure from February 2018. The Bonds have asset cover and debt service cover covenants and these were in compliance at 31 March 2025 period end as well as at the time of release of the financial statements for the half year ended 31 March 2025. The Bonds are secured on the properties of the Company.

On each interest payment date (in March and September), the amount of the Bonds increases in accordance with the LPI Index and the 1.625% interest rate is payable on the indexed amount. During the period, increases in accordance with the LPI Index were £527k and the interest payable was £174k giving a total interest expense in the period of £701k, shown as interest costs in the Company's income statement.

16. Deferred taxation

The provision for deferred taxation is made up as follows:

	Half year ended 31 March 2025 £000	Half year ended 31 March 2024 £000
Capital gains	**1,936**	1,736

17. Share capital

	Half year ended 31 March 2025 £000	Half year ended 31 March 2024 £000
Allotted , called up and fully paid shares classified as equity		
12,500 (2021 - 12,500) Ordinary shares of £1.00 each	**13**	13
Allotted and called up shares classified as equity		
37,500 (2021 - 37,500) Ordinary shares of £1.00 each	**37**	37
	50	50

Authorised share capital: 50,000 Ordinary shares of £1.00 each.

The shares have attached to them full voting, dividends and capital distribution rights.

18. Reserves

Share capital
Called up share capital reserve represents the nominal value of the shares issued.

Retained earnings

Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments excluding non-distributable reserves.

Non-distributable reserves

Non-distributable reserves represent the profit or loss for the period which is not distributable. This relates to investment property revaluations, the associated deferred tax and the government grant income.

19. Contingent liabilities and commitments

The Company has received government grant funding of £2.75 million from Homes England to support the delivery of shared ownership homes. No government grant funding has been received in the current year and no government grant funding is receivable as well. All government grant funding received previously have been utilised to purchase properties.

In some circumstances, typically when a Shared Owner staircases, there arises an obligation to repay the grant to the relevant government body. This is treated as a contingent liability until the conditions for repayment are expected to apply, in which case the amount repayable is recognised as a liability on the Statement of Financial Position and deducted from the measurement of any gain on the staircase transaction. As at the period-end date, £68k of liabilities were recognised within other creditors in note 14.

20. Related party transactions

The Company has entered into a long-term management agreement with ResiManagement Limited, a company with common shareholders and directors to the Company's parent, Heylo Housing Group Limited. Under the management agreement the Company pays fees to ResiManagement Limited for the provision of asset sourcing and management services to the Company.

Heylo Housing Registered Provider Limited ("HHRP") is a related party of the Company. The Company owns the investment properties within its portfolio. It leases them to HHRP, another wholly owned subsidiary of Heylo Housing Group Limited, which will in turn onward lease the properties to customers. The agreements with HHRP stipulate that all rent and sales receipts from those properties will be directly attributable to the Company. HHRP is a registered provider regulated by the RSH (Regulator of Social Housing).

21. Controlling party

The Company is wholly owned by Manifesto Technologies Limited, the ultimate parent company of Heylo Housing Group Limited (Heylo Group). Heylo Group is the parent of HHSB. G P C Mackay is the ultimate controlling party.

The smallest group in which the Company is consolidated is that headed by Heylo Housing Group Limited, and the largest group in which the Company is consolidated is that headed by Manifesto Technologies Limited, with both companies incorporated and registered in the United Kingdom. The consolidated accounts of Manifesto Technologies Limited are available to the public from its registered office, Squire Patton Boggs (UK) LLP, Rutland House, 148 Edmund Street, Birmingham, England, B3 2JR.