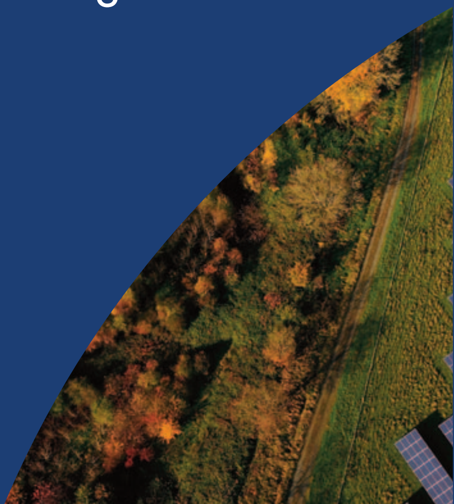
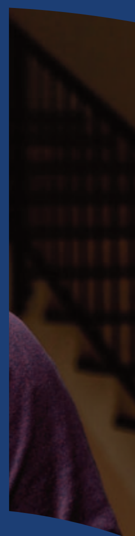
Marketing material

Schroder BSC Social Impact Trust plc

Half Year Report and Accounts for the six months ended 31 December 2022

A unique investment opportunity to address social challenges





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Key Performance Indicators

Total returns[1]

	Six months ended 31 December 2022	Since inception on 22 December 2020 to 31 December 2022
Net Asset Value ("NAV") total return per share	+1.7%	+9.6%
Share price total return	-12.0%	-5.8%[2]

[1]Total returns represent the combined effect of any dividends paid, together with the rise or fall in the share price or NAV per share.

[2]Change relative to subscription price at IPO.

Other Financial Information

	31 December 2022	30 June 2022	% Change
Shareholders' funds (£'000)	**90,301**	89,916	+0.4
Shares in issue	**85,316,586**	85,316,586	–
NAV per share (pence)	**105.84**	105.39	+0.4
Share price (pence)	**92.50**	106.50	(13.1)
Share price (discount)/premium to NAV per share (%)	**(12.6)**	1.1	
Gearing/(net cash) (%)	**(1.5)**	(1.5)	

	6 months ended 31 December 2022	Year ended 30 June 2022
Net revenue return after taxation (£'000)	**741**	1,119
Revenue return per share (pence)	**0.87**	1.37
Dividend per share (pence)	**–**	1.30
Ongoing Charges (%)	**1.25**	1.22

Impact Highlights

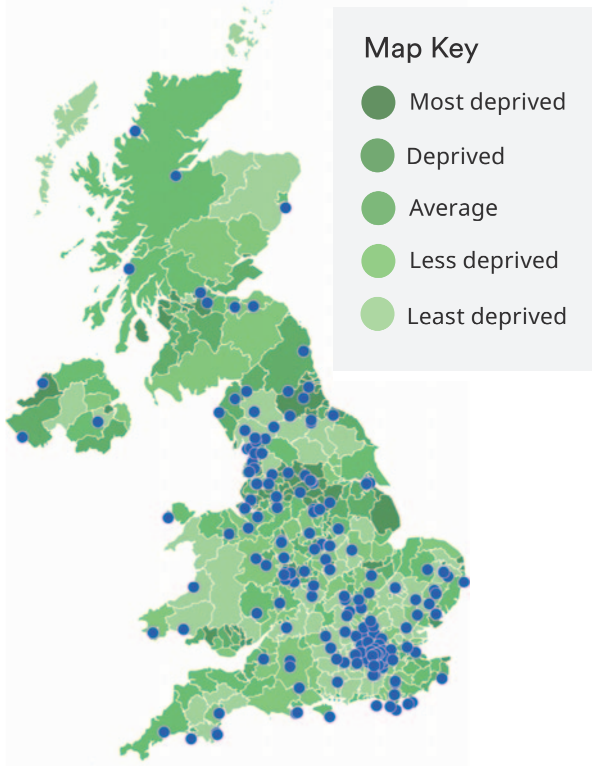
Portfolio headline results[3]

£85m committed

Financing
160 organisations

Benefitting more than
160,000 people

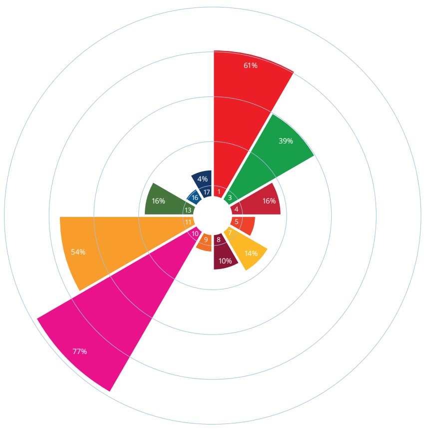
At least 90%
disadvantaged and
vulnerable



Delivering 10,000
affordable homes

£55.6m in near term value
as savings[4] and benefits
for households and
government

Individual investments align with multiple Sustainable Development Goals (SDGs), on average frontline investments align with three SDGs



[3] This report presents impact data for portfolio companies and does not attribute a share of impact results to the Company's investment. Data is taken from the latest available fund manager impact reports submitted to the Company. The report also draws on annual impact reports from frontline investee organisations where available.
[4] Near term savings include total savings generated and reported through Social Outcomes Contracts since inception, plus total annual savings on energy bills achieved by AgilityEco energy efficiency services, a portfolio company.

Our Approach and Impact Thesis

The Schroder BSC Social Impact Trust plc (the "Company") was launched in 2020 to connect capital to organisations tackling some of the UK's most important social challenges.

These challenges have become even more severe in the last two years as a result of the Covid-19 pandemic.

Since the start of the pandemic, more than 180,000 people have been tipped into homelessness[5], while more than a quarter of UK children live in poverty[6].

1.5 million older people do not receive the care and support they need for essential activities[7].

13.4% of households in England (3.26m households) were classed as fuel poor in 2022[8].

The investment required to address these problems is substantial.

Just tackling the shortage of housing for homeless people in the UK would require an estimated £16.9bn[9] per year over the next decade.

An extra £7.7bn is needed annually to meet the growing demand for care[10].

£65bn of investment is needed to insulate UK homes by 2035 to reduce fuel poverty and align with the UK's net zero carbon targets[11].

Local social organisations are often best-placed to tackle these challenges, by partnering with government and investors to develop innovative, cost-effective solutions that are tailored to disadvantaged groups. These models are at a point where they require significant capital to scale their impact.

After years of social impact investing, Big Society Capital Limited, the delegated Portfolio Manager of the Company, has identified proven high-impact enterprise models that offer good risk-adjusted returns, alongside low correlation to traditional quoted markets. The Company provides investors access to these opportunities, by drawing on deep knowledge and networks, and a diversified listed investment structure.

Impact as a driver of value

The investment selection process starts with the social issue, targeting sustainable models that can have a transformational impact on people's life chances.

Within each issue area, the Portfolio Manager looks for:

- fund managers that demonstrate good impact practice and an ability to structure investments to align financial and social value.
- enterprise models that can reach disadvantaged or vulnerable people, generating revenue by delivering significant positive impacts for people and savings for society and government.

Financial drivers and risk mitigation

- Historical **revenue stability** with a high weighting of government sources
- Targeting areas that deliver **significant saving** for government and society
- **Asset backing** on lower risk/return investments
- Majority weighting to investments with **inflation linkage or correlation**

Sweet spot

Impact return and risk mitigation

- **What**: Significant need such as housing and health and social care
- **Who:** Targeting more vulnerable and disadvantaged groups
- **How much:** High social impact that also delivers significant public savings
- **Contribution:** Significant improvement or additional benefit as a result of investment
- **Risk:** Mitigated through proven delivery track records alongside local knowledge

This strategy means our financial performance is driven by achieving deep, scalable and sustained impact.

[5] Shelter
[6] Child Poverty Action Group, quoting DWP statistics
[7] Age UK
[8] Department for Energy Security & Net Zero: Annual Fuel Poverty Statistics in England
[9] House of Commons Library, Tackling the under-supply of housing in England
[10] House of Commons: Health and Social Care Committee
[11] Green Finance Institute

An experienced partnership with deep impact investment expertise

The Company's objective is delivered by an experienced partnership in both sustainability and impact investing. Schroders Unit Trust Limited (Schroders) is the Company's Alternative Investment Fund Manager (AIFM) whilst Big Society Capital is the Company's delegated Portfolio Manager, responsible for investment sourcing, selection, and management.

Big Society Capital was established in 2012 by Sir Ronald Cohen, founder and former chairman of global private-equity firm Apax Partners, and is the leading financial institution dedicated to social impact investment in the UK. Since inception Big Society Capital has made over 100 investments in funds, managers and social banks reaching 2,000+ social enterprises and charities. The Company's dedicated portfolio management team is backed by a team of 30+ social impact investment professionals at Big Society Capital, with current assets under management of £695m.

Big Society Capital's broader activities further benefit the Company's performance with specialists in government policy driving engagement with relevant stakeholders and a dedicated social sector engagement team working to understand the enterprise models of the social enterprises and charities in which the Company invests.

Big Society Capital's dual role in growing the social impact investment market, by making investments and through engagement with investors and recipients of capital, makes them uniquely qualified to manage the Company's portfolio. This impact investment expertise is teamed with Schroders' experience in managing investment trusts. Along with administration and investor relations, Schroders has responsibility for marketing and communicating the activities of the Company to encourage a broad base of investors and support liquidity in the shares. The Company is governed by a highly experienced, independent Board of Directors from impact investment and other financial backgrounds.

Chair's Statement

I am pleased to present the half year report of the Schroder BSC Social Impact Trust plc ("the Company"), covering the period from 1 July to 31 December 2022.

The period under review was characterised by market volatility, with inflation reaching 40-year highs, and the rising cost of living, especially energy, placing millions of people at risk of fuel poverty. The cost spikes, in particular for essential items like food and energy, continued to disproportionately impact those who are already most vulnerable and at risk. The services offered to these groups by many of the Company's investments continue to be of critical importance in this difficult climate.

The environment of continued geopolitical tensions, high inflation and rising interest rates remained challenging for public markets, with further volatility introduced in the UK by the September 2022 "mini-budget". While the subsequent reversal of the proposals by the new Prime Minister and Chancellor helped to stabilise the market, concerns remain about pressures on public finances.

The Board believes the Company offers investors a valuable source of portfolio diversification, through access to a unique mix of private market investments, with the dual objectives of providing long term capital growth and income and serving as a source of permanent funding for organisations dedicated to positive social impact.

Financial performance

The Company has delivered resilient NAV total returns since inception on 22 December 2020, in a highly volatile market. Net asset value ("NAV") total return for the six-month period to 31 December 2022 was 1.7%, resulting in a NAV total return since inception of 9.6% (4.7% annualised).

Overall, the Company's NAV per share rose from 105.4p to 105.8p during the period, after fees and expenses and an interim dividend payment of 1.30p per share on 6 December 2022 (2021: 0.57p). The largest positive contribution to the NAV came from investment income (1.34p per share) and valuation gains (1.08p per share) reflecting strong operating performance in the Debt and Equity for Social Enterprises asset class, and uplifts from development completions in the High Impact Housing asset class.

The total share price return during the period was -12.0% as the Company's shares were not immune to negative investor sentiment towards equities which dominated the period. There has been a subsequent recovery in the Company's share price post-period end.

A more detailed analysis of performance and additional information on investments in the period under review are included in the Portfolio Manager's Report.

Social impact performance

The Company published its inaugural Impact Report on 8 June 2022.

As of the date of the Impact Report the Company had committed £85m, financing 160 organisations and reaching 160,000 people, of whom at least 90% were from disadvantaged and vulnerable backgrounds. The Company's investments helped fund over 10,000 affordable homes through the High Impact Housing asset class and generated over £55m of near-term value as savings for government and households. The report received an independent verification from BlueMark, an industry-leading, third-party assurance provider. The full report is available for download on the Company's website.

The Company's investments are also contributing to addressing the specific social challenges created by rising energy costs. For example Agility Eco (in the Bridges Evergreen portfolio) is a leading installer of energy efficiency improvements for low-income households. Man Community Housing Fund received planning permission for a development of 226 zero carbon, 100% affordable homes. Heart of England Community Energy (backed by Triodos UK and the Community Investment Fund) generates enough power for 4,500 homes as well as providing wider community benefits.

We are planning to publish our second Impact Report during the second quarter of 2023, showcasing the meaningful roles our investees have played in communities across the UK during the year, the engagement of our Portfolio Manager to support their success, and our impact management methodology. The Board is keen to help our investors meet their own developing needs in relation to impact reporting, and we will continue to evolve our approach to stay at the leading edge and in response to feedback.

Premium/discount management

During the six months ended 31 December 2022, the Company traded at an average discount to NAV of 3.32%. The Company's share price moved to a discount to NAV in October 2022, during a period of turbulence for UK equities, and as at 31 December 2022 was at a 12.6% discount.

At the 2022 annual general meeting shareholders approved the renewal of the Company's issuance and buy back authorities to enable the Company to issue up to 10% of its issued share capital on a non-pre-emptive basis and to buy back up to 14.99% of the issued share capital.

In January 2023, the Company began to buy back a limited number of shares with the aim of narrowing the discount at which the shares were trading to NAV. While the Board is conscious that buybacks shrink the size of the Company marginally in the short-term it remains our ambition to grow the Company through issuance in the long-term. Addressing the discount to NAV is critical to achieving this goal and the Board believes buybacks can be an effective tool in this regard. The Company has bought back a total of 263,331 to date, all of which are currently held in treasury.

Chair's Statement

Should the Company's shares reach a sufficient rating to its NAV, the Board will seek to issue shares to new and existing investors. Our Portfolio Manager sees an attractive pipeline of high impact investments. It is the Board's ambition to raise funds to take advantage of these opportunities for our shareholders and to deploy further capital to create more equal life chances and build resilient communities in the UK.

Move to quarterly valuations

I am pleased to announce that the Company intends to increase the frequency of its valuation points from bi-annual to quarterly. The Board are hopeful that this increased transparency will be beneficial to existing shareholders as well as making the Company's shares more attractive to potential new investors. The Company intends to publish its first quarterly NAV in June 2023 with a valuation point of 31 March 2023.

Recent events

Following the end of the reporting period, the Company realised a partial exit from one of its High Impact Housing Investments, the Resonance Real Lettings Property Fund ("RLPF1"), a transaction with an Internal Rate of Return (IRR) on the exited amount above the 6% fund target. The transaction was part of a fund extension and staged exit plan approved by the RLPF1 investors in February 2023. Our Portfolio Manager saw this as an attractive way to remain invested with one of the most experienced social housing managers in the UK, while also crystallising a gain and creating liquidity for further investment and/or buybacks.

In the Portfolio Manager's Report, we provide a summary of the issues experienced during the period by some Social Property REITs. The Board is pleased to report that the Portfolio Manager has monitored this closely and is not seeing any comparable issues in our High Impact Housing investments – with 100% of rent due by December 2022 collected and no negative regulatory judgements. For those readers wishing to understand this market better, we have included key findings from Big Society Capital's second edition of 'Mapping the market: UK social and affordable housing funds 2022' published in November 2022. This report aims to help others make informed investment decisions and underscores the importance of a commitment to impact management throughout the investment life cycle, with clearly defined impact goals, in order to source the best opportunities and reduce risk.

Outlook

In a climate of continuing instability, the Company's investment proposition, to deliver high quality risk adjusted investor returns alongside significant social impact, remains as relevant as ever.

The long-term effects of the pandemic, along with the economic and social impact of geopolitical instability, have exacerbated the social challenges that the Company's investments have been set up to alleviate. Demand for the services offered by these organisations has increased and we do not anticipate this to slow down. They deliver essential government-mandated services and derive a substantial proportion of their revenues from government-backed sources, which have been historically stable through economic cycles. Some of these government contracts are indexed to inflation, and the Company's portfolio includes some further inflation resilience through ownership of real assets such as housing and inflation-indexed leases.

The Board is confident that the Company's investment thesis of impact-driven value, together with strong execution by the Portfolio Manager, will continue to provide an attractive combination of significant social impact, high quality risk-adjusted returns and low correlation to traditional quoted markets.

Your Company plays an important role in helping to expand capital to social enterprises and other organisations across the UK that are purpose-driven and focused on creating a fairer, inclusive and thriving society through sustainable financial models. In pursuit of this, we are keen to share knowledge with retail and institutional investors about the potential to deliver both social impact and financial returns and welcome your engagement with us.

Webinar/investor event

I would like to invite you to attend a webinar to be given by the Portfolio Manager on 4 April 2023 at 10.00 a.m., providing an opportunity to learn more about social impact investment, the Company's strategy and outlook, and to ask questions. Shareholders are encouraged to sign up using this link: https://registration.duuzra.com/form/SBSIInterim

Susannah Nicklin
Chair

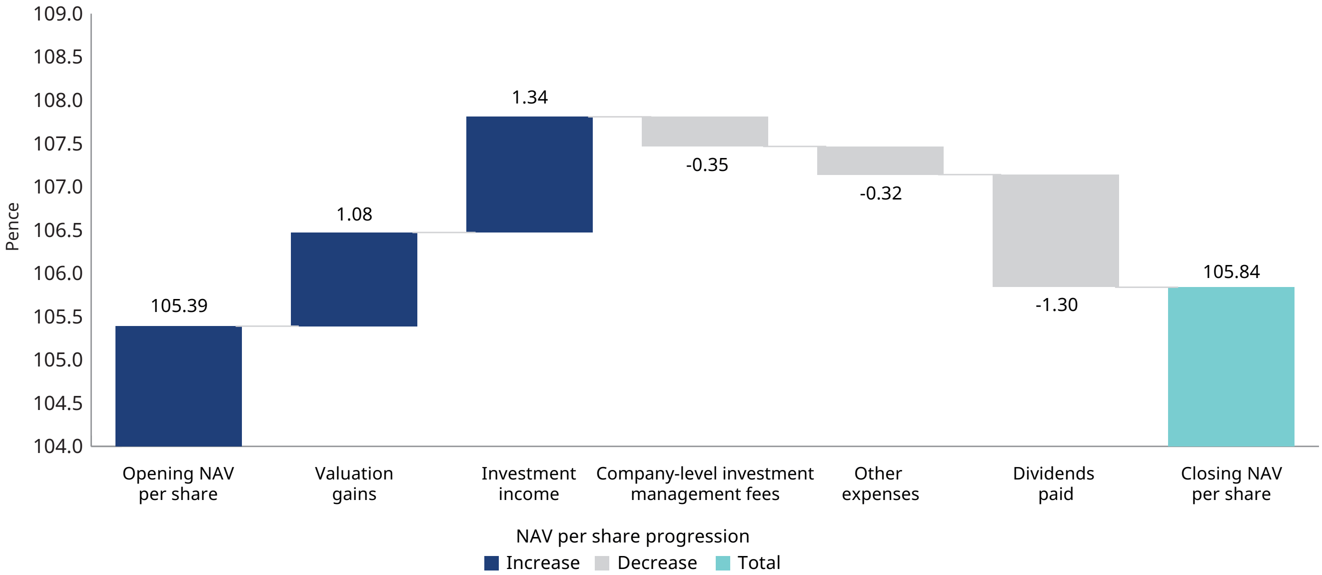
29 March 2023

Portfolio Manager's Report

Portfolio Performance

The Net Asset Value (NAV) total return for the six-month period to 31 December 2022 was 1.68%. This resulted in a NAV total return since the 22 December 2020 IPO of 9.59%, or 4.72% annualised. Overall, the Company's NAV per share rose from 105.39p to 105.84p following a dividend payment of 1.30p in the period based on the earnings of the company in the year to 30 June 2022, as set out in the NAV bridge below.

Net Asset Value Bridge progression 1 July – 31 December 2022



As shown in the following table, portfolio returns to date have been driven by the performance of more seasoned investments in their mature phase. Mature investments have contributed 1.57% to the NAV total return per share in the six months to 31 December 2022 and 12.16% since launch two years ago. Assets still in their investment phase are earlier in their life cycle and J-curves[12], and to date are producing returns in line with expectations. Once investments become fully deployed, they are re-classified as "Mature" in our portfolio. This was the case for the CBRE Affordable Housing Fund, which was fully deployed during the first quarter of our current financial year. This accounts for the increase in the proportion of "Mature" assets in our portfolio from 58.0% to 67.4%, based on capital committed. On the basis of capital drawn, Mature assets account for 65.8% of our portfolio as of 31 December 2022, compared to 53.6% on 30 June 2022.

Some of the Company's higher impact investments involve the staged deployment of capital over multiple years; we aim to mitigate any cash drag on returns through our Liquidity Assets allocation. This is invested in assets with financial risk and return characteristics similar to the core asset allocation, although they have lower direct social impact given the low availability of social impact-focused assets in publicly listed markets. Liquidity Assets contributed a positive 17bps to returns in the six months to 31 December 2022.

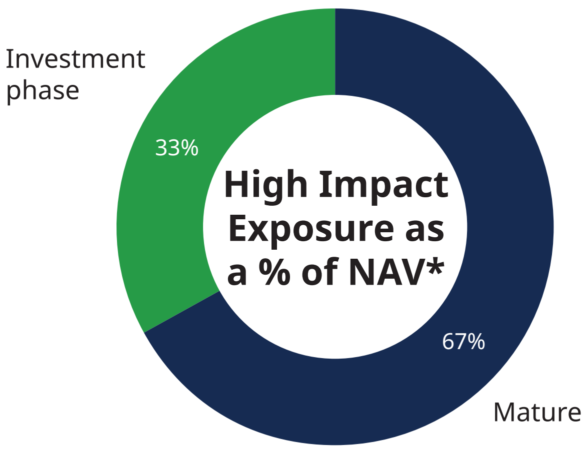
	31 Dec 2022 % NAV high impact exposure*	31 Dec 2022 % NAV invested	NAV total return contribution 6 months to 31 Dec 2022	NAV total return contribution since launch
Mature	67%	66%	1.57%	12.16%
Investment phase	33%	19%	0.59%	0.75%
Liquidity Assets		14%	0.16%	-0.57%
Cash, fees, expenses & other costs		1%	-0.64%	-2.75%
	100%	100%	1.68%	9.59%

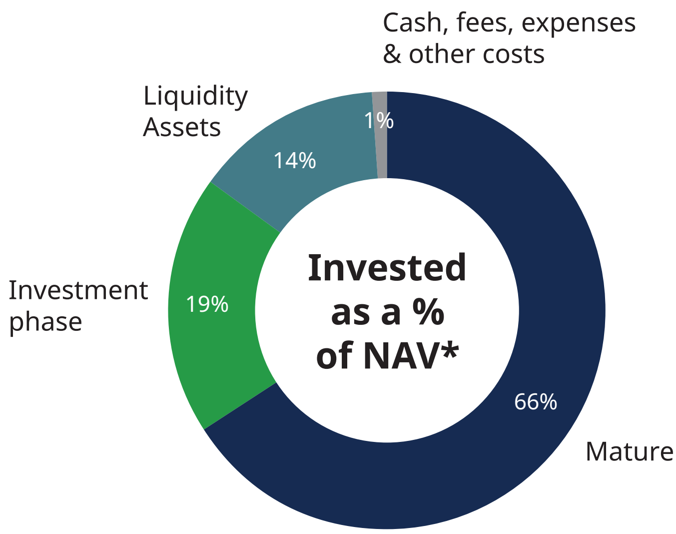
*NAV of £90.3m as at 31 December 2022

[12]The term J-curve is used to describe the typical return trajectory of certain types of investments, where low or negative returns in the early years of the investments are followed by a steep rise in returns as investments mature. In the case of the Company's investments, the J-curve effect is due to investing in property purchases and developments, where the early years are characterised by cost outlays, followed by an expected rise in returns as properties are occupied, and rental yield and property valuation uplifts start to be reflected in returns.

Portfolio Manager's Report

Portfolio allocation (31 Dec 2022)





*NAV of £90.3m as at 31 December 2022

The top three drivers of financial performance in the six-month period to 31 December 2022 were:

- Bridges Evergreen Fund contributed 0.57p to NAV per share growth with contributions from strong operating performance from investments in Agility Eco and New Reflexions.
- Man Community Housing Fund contributed 0.50p to NAV per share growth, due to uplifts in value as development sites progress towards practical completion. The fund is near-fully committed with the final 11th site closing imminently, significantly ahead of schedule (within 2 years since launch versus 5 year permitted investment period).
- The Charity Bond Portfolio contributed 0.37p to NAV per share growth from interest income.

The portfolio continues to deliver strong social impact performance benefiting more disadvantaged groups across areas such as housing, education, fuel poverty and health and social care. The Company's investments are supporting over 160 social organisations benefiting over 160,000 people of which over 90% are from vulnerable or disadvantaged backgrounds. We aim to work with organisations with deep experience in tackling social issues in the local context, as we believe this reduces risk. The average delivery track record of organisations in the portfolio is 27 years. These organisations have built strong relationships with local stakeholders, deep knowledge of the social issues they are addressing, and are trusted by their beneficiaries.

Social outcomes reported in the period include:

- Man Community Housing Fund received planning permission for its 10th site, the development of 226 zero carbon, 100% affordable homes at Old Malling Farm, Lewes. The project will be delivered in partnership with a modular housebuilder and is expected to deliver the homes within two and a half years starting in early 2023.
- The Bridges Social Outcomes Fund II achieved £50m of outcomes payments, reaching over 18,500 people from fund inception to December 2022, meaning that the projects funded resulted in measurable improvements to the lives of the people supported and reached specific milestones. In turn, this triggered contracted payments from the contract counterparties (typically involving local and central commissioning bodies); the fund is on track to achieving £100m+ of outcomes payments. These outcomes are estimated to generate over £1bn of value to society, consisting of fiscal, economic, and social value, according to data included in the "10 Years of Social Outcomes Contracts" report, published by BSC in June 2022, which estimates that over £10 of public value is created for each £1 spent by commissioners on social outcomes.
- Active Prospects, with investment from the Social and Sustainable Housing fund (SASH) and the Community Investment Fund (CIF), both in the Company's portfolio, created more much-needed new homes for people with learning disabilities, autistic people or those with mental health needs, including six new homes at a flagship new service in Horley. Active Prospects develops small clusters of self-contained homes with communal facilities. These make it possible for people with very high-level needs to move out of institutions. Active Prospects' high impact approach is to provide "ordinary homes in ordinary communities". In 2022, 100% of people supported by Active Prospects reported positive wellbeing outcomes.

Portfolio Manager's Report

We will be publishing a full review of the Company's social impact performance in our second Impact Report in the second quarter of 2023.

Portfolio Cash Flows and Balance Sheet

In the period £3.9m was drawn down into existing investments – with the majority of that (£3.2m) going towards delivering new affordable homes in the **High Impact Housing** allocation. In **Debt and Equity for Social Enterprises** there have been further investments into the secured co-investments with Charity Bank, to Abbeyfield York who started the development of 25 purpose-built quality homes for older people who require supported housing. Within **Social Outcomes Contracts**, further investment was made into projects supporting young people at risk of homelessness, improving the quality of life of people living with long term health conditions via social prescribing[13], and improving the process of refugee integration.

The Company's investment policy permits an allocation of up to 20% of net assets into **Liquidity Assets** to mitigate cash drag during the investment period of private funds. Following the Investment Policy changes approved by investors at the AGM in December 2022, this allocation can be increased to 30% of net assets immediately after a fundraise, as funds raised are committed to new high impact investments.

Liquidity Assets investments sit within a broader set of tools to manage Company cash and commitment levels, with the central objective of contributing to the Company's target returns and impact goals by minimising the amount of unproductive cash held prior to deployment. In the current environment of heightened inflation, we believe this allocation is particularly important to reduce cash drag impact on the performance of the Company. This allocation can be invested in bond funds, real estate investment trusts, infrastructure trusts and other liquid investments that align with the Company's liquidity requirements, meet high ESG requirements and are compliant with the Company's investment policy.

During the six months to December 2022, we reduced our Liquidity Assets holdings by £4.0m, to fund drawdowns in the High Impact Portfolio, as well as ongoing share buybacks.

As of 31 December 2022, the Company's Liquidity Assets holdings had a value of £12.8m (14% of NAV) and were invested in six funds: during the period we exited our position in the Edentree Ethical and Sustainable Bond Fund and reduced our position in the Vontobel TwentyFour Sustainable Short Term Bond Income Fund by £2m – as we rebalanced the portfolio to reduce duration and exposure to fixed rates in a rising inflation and interest rate environment.

At 31 December 2022, 69% of our Liquidity Assets portfolio is invested in instruments with returns that are floating rate and/or benefit from rising inflation. Liquidity Assets had a positive 17bps contribution to performance in the half.

Portfolio allocation (31 Dec 2022)

[13] NHS definition: Social prescribing is a key component of Universal Personalised Care. It is an approach that connects people to activities, groups, and services in their community to meet the practical, social and emotional needs that affect their health and wellbeing.

Portfolio Manager's Report

Recent Events

In January 2023, the Board commenced a share buyback programme, with the intention of closing the trading discount in the shares. A total of 263,331 shares were purchased from the start of the year until 29 March 2023 and are held in treasury.

To increase flexibility around buybacks the Portfolio Manager has redirected £1.6m of formerly committed but uninvested capital in the Charity Bond portfolio.

In our High Impact Housing portfolio, the Company delivered a partial exit (15% of the Company's investment) from the RLPF1 – as new institutional investment came in alongside an extension of the fund. The exit was delivered at an updated fund NAV, determined via an independent valuation by JLL as at 15 February, at a 3.5% increase to the 30 June 2022 NAV. RLPF1 remains an investment that is highly aligned with the Company's investment strategy, from both an impact and a returns perspective.

As part of the fund extension, RLPF1 entered into 15-year leases with Notting Hill Genesis (NHG) and Capital Letters for over 50% of its property portfolio; St. Mungo's continues to manage the remainder of the portfolio, with the intention to transfer this to those partners over the course of this year.

Having had a decade long partnership with St Mungo's, Resonance, the manager, has in the last two years expanded out to having over 20 partners across the country. Resonance looks for partners with strong culture, practice and commercial strength; in selecting its counterparties, the organisation looks for:

- Local focus and relationship
- Longevity and track record
- Strong balance sheet
- Strong governance and leadership

RLPF1's two new leasing counterparties (NHG and Capital Letters) rate highly on the criteria above.

NHG is a charitable community benefit society, created in 2018 from two well-established housing associations and is now one of the largest housing associations in London and the southeast. NHG's parent group own and manage more than 66,000 properties and employ around 2,000 staff. The group's main activities relate to the management of social housing, including care and support, as well as the development of new homes. The group's roots reach back to the 1960s when its legacy organisations were established by local people who shared a similar vision: to house West London's working poor, providing them a home from which they can build themselves and their families a secure future. The group have a strong balance sheet, an A credit rating from S&P and Fitch, and the strongest governance rating (G1) from the Regulator of Social Housing published in August 2022.

NHG's dedicated Temporary Housing team operate 3,000 homes owned by 2,000 landlords across London boroughs. In February 2023, Resonance entered into a partnership with NHG that will see the housing association take over the management of 590 properties across the Resonance housing funds, starting with over 100 tenanted properties from the RLPF1 portfolio. This partnership arrangement is the largest ever carried out by NHG's temporary housing business and Resonance funds will become the largest landlord for NHG.

Capital Letters was established in December 2018 by 13 London Boroughs (expanded to 21 members by July 2022) to increase the supply of rented accommodation for homeless households across London, reduce competition for the limited pool of properties and drive down costs. The company enables the members to collaborate and work in partnership to procure accommodation to tackle homelessness, rather than competing with each other for a scarce resource across London. By pooling resources and sharing expertise, Capital Letters provides a better service to both private sector landlords and tenants. Capital Letters is a not-for-profit company limited by guarantee and owned by their members. Their work has been made possible by £38m of Flexible Homelessness Support Grant from the Department for Levelling Up, Housing and Communities[14] (DLUHC) which will last until 2024. In light of this, and as outlined in their most recent corporate strategy, Capital Letters has been working on developing independent sources of income to ensure that it can be financially viable without recourse to government funding. Crucially, this will also ensure that the services it provides for homeless families will continue when the grant ceases over the long-term. Since inception, Capital Letters, have helped around 4,000 homeless families find homes in the private rented sector.

High Impact Housing – Sector Spotlight

We note some of the challenges being experienced by listed Social Property REITs – often linked to the short operating history and limited delivery experience of property counterparties. We are not seeing any comparable issues in our High Impact Housing investments – with 100% of rent due by December 2022 collected and no negative regulatory judgements. As outlined in our Impact Report last year, we target organisations with proven track records of delivering impact in their local context – with an average social organisation track record of 27 years.

[14]Formerly the Ministry of Housing, Communities and Local Government (MHCLG).

Portfolio Manager's Report

Counterparty indicators on a portfolio weighted average basis for funds/entities[15]	
Age (proxy for experience)	27 years
Number of staff (proxy for ability to provide sufficient support)	887
Net assets (proxy for financial resilience)	£49.8m
Net assets as a % of overall fund valuation (proxy for liability coverage)	>200%

[15]Based on the 30 counterparties across the four High Impact Housing investments within the Company's portfolio.

It is estimated that £16.9 billion is needed every year for the next ten years to adequately respond to the chronic shortage of social and affordable housing in the UK. Over the past decade, the amount of private capital investing to respond to this need has steadily increased, most notably from social and affordable housing funds.

To help investors navigate this evolving fund market, in November 2022 Big Society Capital launched the second edition of "Mapping the market: UK social and affordable housing funds 2022". Sharing experience and key practical lessons, it aims to help others make informed investment decisions that include a robust assessment of managers' impact practices.

In the last eleven years of investing in this area, Big Society Capital has learnt the importance of a commitment to impact management throughout the investment life cycle and having clearly defined impact goals. Effective consideration of impact guides sourcing of the best opportunities and the visibility of impact delivered helps reduce risk.

Importantly the report highlights the risks that Big Society Capital believes are most material to social and affordable housing investments and the qualities we look for in managers to mitigate these risks. These qualities are seen in all the High Impact Housing managers the Company invests in.

Risk factor	Return implications	How Big Society Capital considers this risk & assesses managers
Counterparty risk – quality of the counterparty that is leasing the property from the fund and its ability to service the agreement.	Security of yield to investors Capital growth	**Look for** high quality, financially resilient counterparties with strong operational capabilities and governance, and assess their ability to manage leases and underlying tenancies. Ensure the fund manager establishes fair lease agreements that support long-term sustainability of counterparty, including appropriate lease length of indexation. **Avoid thinly capitalised counterparties or those with limited track record or inappropriately long lease lengths**
Void risk – underlying properties owned by the fund are not let, impacting the revenues of the counterparty and returns to the fund.	Security of yield to investors	**Look for** strong partnership between manager and local authority, to ensure housing delivered meets local needs. Work with experienced registered providers (RP) of social housing that support residents during times of financial difficulty or distress. **Avoid inexperienced registered providers that lack experience working with local authorities and support service providers**
Policy risk – withdrawal of Government housing benefit or changes in rent levels.	Security of yield to investors	**Look for** funds that are long term in nature (> ten years) where short term volatility is expected to normalise over its lifetime, with fair rent reviews and risk sharing mechanisms in place to protect RP's long term sustainability.
Development risk – where funds take on development risk as part of their strategy, delays in construction and rising costs may impact fund returns.	Duration to income Capital growth	**Look for** evidence of manager's development track record, ability to account for potential risk in costs, and relationships with strong development counterparties. **Avoid managers with lack of experience working with local authorities and landowners**
Resale risk – ability for the fund to sell housing assets in the future to provide liquidity to investors.	Capital growth Liquidity	**Look for** funds that work with high-quality counterparties, ensuring proper maintenance and repairs are included in lease agreements and delivery of housing in desirable areas with transport links, school access to ensure property valuation rises in-line with the market.

Portfolio Manager's Report

Outlook

The government published a Spring Budget on 15 March 2023, after the period end, with a focus on reducing inflation, growing the economy, and reducing debt. The government's stated focus is to ensure sustainable long-term growth and reduce inflation to 2.9% by the end of 2023. A more positive macroeconomic backdrop has allowed the government to shift the focus from "stability" to "growth" – in an effort to counteract concerns of an impending UK recession in 2023.

There were a number of Budget measures with relevance for the Company:

- We are particularly encouraged by the government's recognition of the crucial role of charities and social enterprises in reaching "*people in need that central or local government cannot*"[16]. To support their work, the Spring Budget allocated over £100m of funding for charities and community organisations. This will be allocated over the next two years to frontline organisations most impacted by increased demand for their services from vulnerable people and increased delivery costs, and measures to increase the energy efficiency and sustainability of voluntary, community and social enterprise (VCSE) organisations.
- One of the key pillars for the government's growth agenda is education, and the Spring Budget introduces additional funding of £63m to support "*Returnerships*", skills programmes aimed at the over-50s. Alongside the government's continued commitment to post-18 education, the measures offer a positive backdrop for the activities of organisations such as Skills Training in the Bridges Evergreen portfolio.
- Measures to reduce inflation include the extension of support for households to reduce the cost of living, including the extension of the Energy Price Guarantee (EPG) of £2,500 for a further three months until June 2023. After this time, energy prices are expected to fall below the guarantee threshold, reflecting a steep fall in wholesale energy prices since the start of the year. To support more vulnerable households, the government will also align charges for comparable direct debit and Pre-Payment Meter (PPMs) customers, ensuring that those on PPMs no longer pay a premium for their energy costs, a move that has been campaigned for among others by Fair by Design, a program established by Big Society Capital.

Despite the measures announced, it is estimated that UK households are still facing the largest fall in living standards since records began in the 1950s – and they will not return to their pre-pandemic level until at least 2028, reflecting the impact of the trade shock suffered by the UK since the energy crisis began, on top of structural weaknesses in the economy[17]. As we have highlighted previously, this fall in living standards disproportionately affects those who are already most vulnerable in society, increasing the already high percentage of the population living in poverty, estimated at 20% in 2020/2021[18]. In this environment the scaling of proven solutions tackling social issues – such as the organisations the Company supports – is needed more than ever.

Also, in early 2023, further issues have emerged in the banking sector, with knock-on effects on credit markets. As of the time of writing, there are no material impacts expected on the Company's investments. The underlying revenue sources of the portfolio are primarily from UK government backed sources (over 80% as of December 2022) and have been historically stable through economic cycles. We anticipate that stability will continue through the current turbulence and fiscal pressures, supported by the savings government and society make with the impact of our investments.

In this challenging environment the goals of the Company remain the same: to deliver for shareholders high quality returns with a low correlation to traditional quoted markets alongside significant social impact for more disadvantaged groups across the UK.

Jeremy Rogers, Hermina Popa
Big Society Capital

29 March 2023

[16]Jeremy Hunt, via Civil Society, 15 March 2023.
[17]Institute for Government, 2023
[18]Joseph Rowntree Foundation, 2023

Portfolio Manager's Report

Portfolio Overview (31 December 2022)

Name	Asset type	Invested	Invested as % of NAV	Exposure[19]	Exposure as % of NAV	Investment focus	Example revenue sources	Example social outcomes
Resonance Real Lettings Property Fund	High Impact Housing	£6.5m	7%	£6.5m	7%	Leasing "move-on accommodation" to charities	Housing Benefit	Transition from homelessness to independent living
UK Affordable Housing Fund	High Impact Housing	£9.8m	11%	£9.8m	11%	Delivering sustainable and affordable housing in areas of need	Key worker rental payments	Increased supply of, and access to, affordable homes
Social and Sustainable Housing (SASH)	High Impact Housing	£7.2m	8%	£9.9m	11%	Housing for vulnerable people	Supported Housing payments	Housing for survivors of domestic abuse
Man Group Community Housing Fund	High Impact Housing	£6.5m	7%	£10.2m	11%	Delivering additional affordable housing	Housing Benefit	Increased supply of, and access to, affordable homes
Charity Bank Co-Investment Facility	Debt and Equity for Social Enterprises	£5.1m	6%	£6.5m	7%	Senior secured loans to charities	NHS payments, trading income	Improved quality of life for long term conditions
Charity Bond Portfolio	Debt for Social Enterprises	£14.9m	17%	£16.5m	18%	Bonds issued by charities	Gov't social care contracts	Physical and mental health
Bridges Evergreen Capital	Debt and Equity for Social Enterprises	£14.9m	17%	£14.9m	17%	Long-term capital for social enterprises	Gov't social care contracts	Access to quality care services
Triodos Bank UK Bond Issue	Debt and Equity for Social Enterprises	£2.5m	3%	£2.5m	3%	Private bond issued by Triodos bank	Trading income	Social housing, healthcare, education, renewable energy, arts & culture, and community projects
Bridges Social Outcomes Fund	Social Outcomes Contracts	£4.2m	5%	£8.3m	9%	Outcomes contracts across themes	Gov't outcome payments	Supporting children to remain with their families
Community Investment Fund	Debt and Equity for Social Enterprises	£5.5m	6%	£5.5m	6%	Fund to invest in locally led neighbourhood-based organisations	Feed in Tariff Renewable energy revenues	Community benefit generated by renewable energy projects, used to address fuel poverty and climate action
Liquidity Assets								
TwentyFour Sustainable Enchanced Income ABS Fund	Liquidity Assets	£3.9m	4%					
Vontobel Fund TwentyFour Sustainable Short Term Bond Income Fund	Liquidity Assets	£1.4m	2%					
Bluefield Solar Income Fund	Liquidity Assets	£2.7m	3%					
Greencoat UK Wind Plc	Liquidity Assets	£2.3m	3%					
Rathbone Ethical Bond Fund	Liquidity Assets	£1.7m	2%					
EdenTree Responsible and Sustainable Sterling Bond Fund	Liquidity Assets	£0.0m	0%					
CT UK Social Bond Fund	Liquidity Assets	£0.8m	1%					

[19]Exposure is NAV plus undrawn commitments.

Case studies

Debt and Equity for Social Enterprise: Heart of England Community Energy (portfolio exposure through Triodos Bank UK and the Community Investment Fund)

Providing community owned energy and investing in environmental and social projects in local area

Challenge

The cost-of-living crisis and volatile energy prices have added a significant risk of fuel poverty across the UK. With 13.4% of UK households currently falling into that bracket, there is an ongoing policy focus on energy security and a need to support people who are having to cut back in the face of rising costs, which is exacerbated in certain communities. Climate change is also a challenge, with the UK aiming to reach Net Zero by 2050, meaning energy generation needs to come from renewable sources as soon as possible.

Investable Solution

Impact	Heart of England Community Energy generates enough energy to power 4,500 homes and provides community benefit funding to support deprived communities in the Midlands near Stratford-Upon-Avon. Profits from the solar farms are distributed as grants to support the local food bank and low carbon projects such as Harbury e-Wheels, which provides electric car transport to those in need, and Act On Energy, which helps families facing fuel poverty.
Financial model	Two loans from Social and Sustainable Capital's (SASC) Community Investment Fund (CIF) and senior loan funding from Triodos helped Heart of England to purchase their solar farm sites. Two of the sites are Feed in Tariffs (FIT) accredited and the third is accredited by Renewables Obligation Certificates (ROC) meaning a minimum price to sell energy. The loan is secured against the sites with a higher nominal value and will be repaid within the lifetime of the FIT scheme.

IMP Impact Dimensions:

WHAT	WHO	HOW MUCH	CONTRIBUTION	RISK
Improved access to affordable energy and energy saving; and additional support for vulnerable households in a deprived area	Individuals and families faced with fuel poverty in the local community	Renewable energy for c.4,500 homes. Profits from solar farm support projects such as Harbury e-Wheels and Act On Energy, which help families facing fuel poverty	New funding for community initiatives and support for green energy	Mitigated by local community governance targeting fuel poverty grants

Case studies

High Impact Housing: Real Lettings Property Fund (RLPF1 – Resonance)

New partnership with leading London Housing Association (Notting Hill Genesis)

Challenge

More than a quarter of a million people, half of them children, are homeless and living in temporary accommodation. Local authorities have a statutory obligation to provide this accommodation, but the standards can vary significantly. One in six homeless households are placed in emergency B&Bs and hostels which can both be high cost and lead to poor outcomes.

Investable Solution

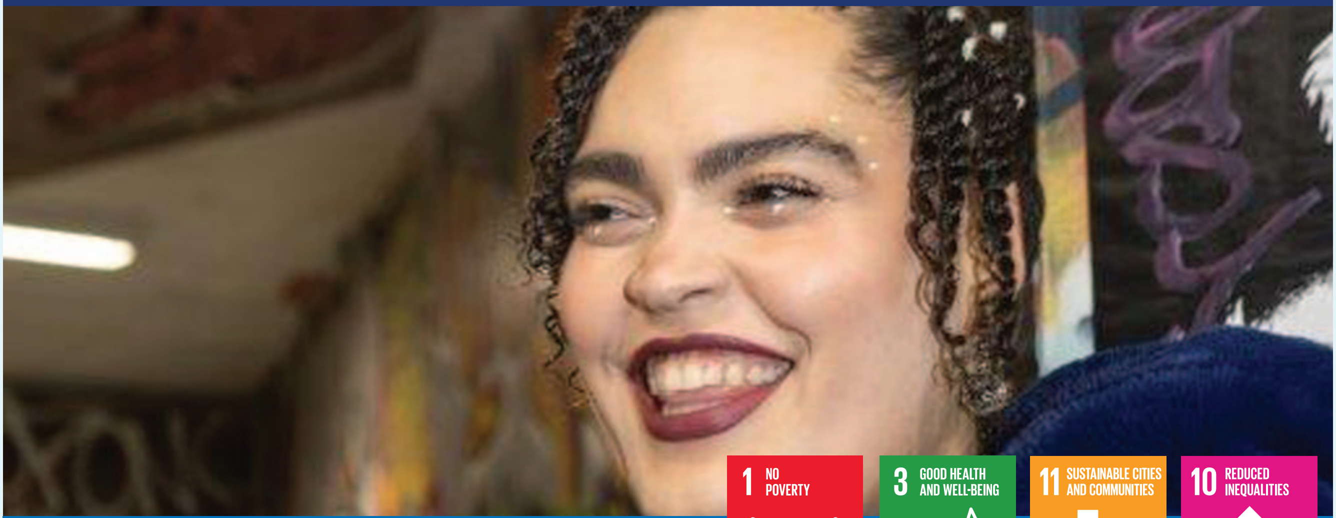
Impact	Provision of housing and other support to help individuals and families to get their lives back on track – for example, through targeting employment and health outcomes.
Financial model	Notting Hill Genesis, one of the largest housing associations in the country, leases property from the fund. The fund aims to generate returns for investors from statutory government rental income and capital appreciation of properties purchased.

IMP Impact Dimensions:

WHAT	WHO	HOW MUCH	CONTRIBUTION	RISK
Provide transitional accommodation for the formerly homeless	Individuals and families at risk of homelessness	259 homes in RLPF1 portfolio (of which 128 will be managed by Notting Hill Genesis, 13 by Capital Letters, and the remaining 118 will continue to be managed by St Mungo's)	By taking a holistic approach to homelessness, the fund aims to achieve long-term changes in people's lives	Mitigated by Notting Hill Genesis's 60+ year track record and experience of the multi-dimensional issues faced by individuals

Case studies

Social Outcomes Contracts: Single Homelessness Prevention Service (SHPS) (Bridges Social Outcomes Fund II LP)



Providing housing support and wraparound services to help those not eligible for established homelessness provision.

1 NO POVERTY
3 GOOD HEALTH AND WELL-BEING
11 SUSTAINABLE CITIES AND COMMUNITIES
10 REDUCED INEQUALITIES

Challenge

Rising living costs and shortages of affordable housing have led to increasing homelessness levels across the UK, including in the South of England. Homelessness not only includes rough sleeping or problems strictly related to housing, but has an impact on other areas including relationships, mental health and substance abuse. Single people are often prevented from accessing conventional homelessness services as priority is given to families and other groups with specific needs.

Investable Solution

Impact	SHPS provides a variety of services to support single people at risk of homelessness in London and Norfolk. With a combination of advice on benefits, legal issues and tenancy applications, 4,846 participants have been supported and 2,619 of those have been helped into housing.
Financial model	Revenues are contracted with local authorities, who have a statutory requirement to address homelessness cases within 56 days. Homelessness in London rose by 24% July – September 2022[20] meaning more need for support services. The contract has achieved £8.2 million of outcomes.

IMP Impact Dimensions:

WHAT	WHO	HOW MUCH	CONTRIBUTION	RISK
Support in securing and sustaining stable accommodation	Single people in London and Norfolk	As of February 2023, 7,423 people supported	Individuals are prevented from experiencing worse outcomes, including rough sleeping	Mitigated through collaboration with delivery partners and a forum for front line staff

[20]Crisis, 2022
Photo credit: "Centre for Homelessness – Challenging perceptions of homelessness"

Investment Portfolio at 31 December 2022

Holding	Nature of Interest	Listed/ unlisted	Country of incorporation	Industry Sector	Carrying value[1] £'000	Share-holders' funds %
UK Affordable Housing Fund	Equity Shares	Unlisted	United Kingdom	Investor in Affordable and Social Housing	9,818	10.9
Social and Sustainable Housing LP	Limited Partnership Interest	Unlisted	United Kingdom	Investor in Affordable and Social Housing	7,172	7.9
Resonance Real Lettings Property Fund LP	Limited Partnership Interest	Unlisted	United Kingdom	Investor in Affordable and Social Housing	6,527	7.2
Man GPM RI Community Housing 1 LP	Limited Partnership Interest	Unlisted	United Kingdom	Investor in Affordable and Social Housing	6,456	7.1
High Impact Property					**29,973**	**33.1**
Bridges Evergreen Capital LP	Limited Partnership Interest	Unlisted	United Kingdom	Investor in Profit-With-Purpose Organisations	14,934	16.5
Community Investment Fund	Limited Partnership Interest	Unlisted	United Kingdom	Investor in Communities Supporting Social Inclusion and Change	5,533	6.2
Triodos Bank UK Limited 2020 Bond 4% 23/12/2030	Fixed Income Security	Unlisted	United Kingdom	Ethical Banking	2,500	2.8
Rathbones Bond Portfolio: Hightown Housing Association 4% 31/10/2029	Fixed Income Security	Listed	United Kingdom	Charity (Affordable and Social Housing)	2,483	2.7
Charity Bank Co-Invest Portfolio: Sue Ryder FRN 04/12/2043	Fixed Income Security	Unlisted	United Kingdom	Charity (Medical)	2,470	2.7
Rathbones Bond Portfolio: Dolphin Square Charitable Foundation 4.25% 06/07/2028	Fixed Income Security	Listed	United Kingdom	Charity (Affordable and Social Housing)	2,450	2.7
Rathbones Bond Portfolio: Greensleeves Homes Trust 4.25% 30/03/2026	Fixed Income Security	Listed	United Kingdom	Charity (Care Services)	2,357	2.6
Rathbones Bond Portfolio: RCB Bonds PLC 3.5% 08/12/2033	Fixed Income Security	Listed	United Kingdom	Ethical Banking	2,223	2.5
Charity Bank Co-Invest Portfolio: Uxbridge United Welfare Trust 2.85% 20/12/2033	Fixed Income Security	Unlisted	United Kingdom	Charity (Community and Social Housing)	1,801	2.0
Rathbones Bond Portfolio: Thera Trust 5.5% 31/03/2024	Fixed Income Security	Unlisted	United Kingdom	Charity (Care Services)	1,650	1.8
Rathbones Bond Portfolio: Alnwick Garden Trust 5% 27/03/2030	Fixed Income Security	Listed	United Kingdom	Charity (Public Gardens)	1,500	1.7
Rathbones Bond Portfolio: Golden Lane Housing 3.9% 23/11/2029	Fixed Income Security	Listed	United Kingdom	Charity (Affordable and Social Housing)	952	1.1
Rathbones Bond Portfolio: B4RN (Broadband for Rural North Limited) 4.5% 30/04/2026	Fixed Income Security	Unlisted	United Kingdom	Communications for Rural Communities	865	1.0
Charity Bank Co-Invest Portfolio: Abbeyfield York 3.6% 12/05/2049	Fixed Income Security	Unlisted	United Kingdom	Charity (Care Services)	566	0.6
Charity Bank Co-Invest Portfolio: Abbeyfield Southdowns 3.35% 26/7/2044	Fixed Income Security	Unlisted	United Kingdom	Charity (Care Services)	240	0.3
Rathbones Bond Portfolio: Coigach Community CIC 5.248% 31/03/2030	Fixed Income Security	Unlisted	United Kingdom	Renewable Energy	233	0.3
Debt and Equity for Social Enterprises					**42,757**	**47.5**
Bridges Social Outcomes Fund II LP	Limited Partnership Interest	Unlisted	United Kingdom	Social Outcomes Contracts	4,213	4.7
Social Outcomes Contracts					**4,213**	**4.7**
TwentyFour Sustainable Enhanced Income ABS Fund	Equity Shares	Listed	Luxembourg	Diversified	3,918	4.3
Bluefield Solar Income Fund	Equity Shares	Listed	Guernsey	Diversified	2,668	3.0
Greencoat UK Wind Plc Fund	Equity Shares	Listed	United Kingdom	Diversified	2,280	2.5
Rathbone Ethical Bond Fund	Equity Shares	Listed	United Kingdom	Diversified	1,729	1.9
Vontobel Fund TwentyFour Sustainable Short Term Bond Income Fund	Equity Shares	Listed	Luxembourg	Diversified	1,388	1.5
CT UK Social Bond Fund	Equity Shares	Listed	United Kingdom	Diversified	797	0.9
Liquidity Assets					**12,780**	**14.1**
Total investments[2]					**89,723**	**99.4**
Cash at bank and in hand					1,361	1.5
Other net liabilities					(783)	(0.9)
Total Shareholder's funds					**90,301**	**100.0**

[1]Fixed income securities amounting to £22,290,000 are included at amortised cost. These include investments amounting to £11,965,000 which are listed, but traded in inactive markets.

[2]Total investments comprise:

	£'000	%
Unquoted	64,978	72.4
Listed in the UK	16,771	18.7
Listed on a recognised stock exchange overseas	7,974	8.9
Total	**89,723**	**100.0**

Half Year Report

Principal Risks and Uncertainties

The Board has determined that the key risks for the Company are strategic risk, investment management risk, liquidity risk, valuation risk and cyber security risk. Additionally, the Board also discussed and monitored a number of risks that could potentially impact the Company's ability to meet its strategic objectives. These were political risk, climate change risk, COVID-19 related risks, inflation risk and UK political risk. The Board has determined they are not currently material for the Company. These risks are set out on pages 45 and 46 of the Report and Accounts for the year ended 30 June 2022.

In addition, the Board is mindful of the continuing impact of the war in Ukraine, inflation and increasing interest rates. The Board considers that these are risks that could have further implications for financial markets. In all other respects, the Company's principal risks and uncertainties, and their mitigation, have not changed materially since the publication, on 21 October 2022, of the Annual Report, and are not expected to change materially for the remaining six months of the Company's financial year.

Going concern

The Board has considered the Company's principal risks and uncertainties (including whether there are any emerging risks); has scrutinised the detailed cash flow forecast; and has considered their assessment of the likelihood and quantum of funds which could be raised from sales of investments. As a result, the Board is comfortable that the Company will have sufficient liquid funds to pay operating expenses.

On this basis, the Board considers it appropriate to adopt the going concern basis of accounting in preparing the Company's accounts.

Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 31 December 2022.

Directors' responsibility statement

The Directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, in particular with Financial Reporting Standard 104 "Interim Financial Reporting" and with the Statement of Recommended Practice, "Financial Statements of Investment Companies and Venture Capital Trusts" issued in July 2022 and that this Interim Management Report includes a fair review of the information required by 4.2.7 R and 4.2.8 R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Income Statement
For the six months ended 31 December 2022 (unaudited)

	(Unaudited) For the six months ended 31 December 2022 Revenue £'000	Capital £'000	Total £'000	(Unaudited) For the six months ended 31 December 2021 Revenue £'000	Capital £'000	Total £'000	(Audited) For the year ended 30 June 2022 Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	921	921	–	583	583	–	632	632
Income from investments	1,119	–	1,119	676	–	676	1,817	–	1,817
Other interest receivable and similar income	28	–	28	19	–	19	40	–	40
Gross return	1,147	921	2,068	695	583	1,278	1,857	632	2,489
Investment management fee	(168)	(168)	(336)	(129)	(129)	(258)	(286)	(286)	(572)
Administrative expenses	(238)	–	(238)	(186)	–	(186)	(452)	–	(452)
Transaction costs	–	–	–	–	(13)	(13)	–	(22)	(22)
Net return before finance costs and taxation	741	753	1,494	380	441	821	1,119	324	1,443
Finance costs	–	–	–	–	–	–	–	–	–
Net return before taxation	741	753	1,494	380	441	821	1,119	324	1,443
Taxation (note 3)	–	–	–	–	–	–	–	–	–
Net return after taxation	741	753	1,494	380	441	821	1,119	324	1,443
Return per share (note 4)	0.87p	0.88p	1.75p	0.49p	0.57p	1.06p	1.37p	0.40p	1.77p

The "Total" column of this statement is the profit and loss account of the Company. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no other items of other comprehensive income, and therefore the net return after taxation is also the total comprehensive income for the period.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

Statement of Changes in Equity

For the six months ended 31 December 2022 (unaudited)

	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 June 2022	**853**	**10,571**	**72,993**	**4,373**	**1,126**	**89,916**
Dividend paid (note 5)	**–**	**–**	**–**	**–**	**(1,109)**	**(1,109)**
Net return after taxation	**–**	**–**	**–**	**753**	**741**	**1,494**
At 31 December 2022	**853**	**10,571**	**72,993**	**5,126**	**758**	**90,301**

For the six months ended 31 December 2021 (unaudited)

	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 June 2021	750	–	72,993	4,049	435	78,227
Issue of Ordinary Shares	103	10,621	–	–	–	10,724
Share issue costs	–	(50)	–	–	–	(50)
Dividend paid (note 5)	–	–	–	–	(428)	(428)
Net return after taxation	–	–	–	441	380	821
At 31 December 2021	853	10,571	72,993	4,490	387	89,294

For the year ended 30 June 2022 (audited)

	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 June 2021	750	–	72,993	4,049	435	78,227
Issue of Ordinary Shares	103	10,729	–	–	–	10,832
Share issue costs	–	(158)	–	–	–	(158)
Dividend paid (note 5)	–	–	–	–	(428)	(428)
Net return after taxation	–	–	–	324	1,119	1,443
At 30 June 2022	853	10,571	72,993	4,373	1,126	89,916

Statement of Financial Position at 31 December 2022 (unaudited)

	(Unaudited) 31 December 2022 £'000	(Unaudited) 31 December 2021 £'000	(Audited) 30 June 2022 £'000
Fixed assets			
Investments held at fair value through profit or loss	**67,433**	51,281	67,000
Investments held at amortised cost	**22,290**	21,803	21,832
	89,723	73,084	88,832
Current assets			
Debtors	**292**	324	206
Cash at bank and in hand	**1,361**	16,451	1,310
	1,653	16,775	1,516
Current liabilities			
Creditors: amounts falling due within one year	**(1,075)**	(565)	(432)
Net current assets	**578**	16,210	1,084
Total assets less current liabilities	**90,301**	89,294	89,916
Net assets	**90,301**	89,294	89,916
Capital and reserves			
Called-up share capital (note 6)	**853**	853	853
Share premium	**10,571**	10,571	10,571
Special reserve	**72,993**	72,993	72,993
Capital reserves	**5,126**	4,490	4,373
Revenue reserve	**758**	387	1,126
Total equity shareholders' funds	**90,301**	89,294	89,916
Net asset value per share (note 7)	**105.84p**	104.66p	105.39p

Registered in England and Wales as a public company limited by shares.

Company registration number: 12902443

Cash Flow Statement
For the six months ended 31 December 2022 (unaudited)

	(Unaudited) For the six months ended 31 December 2022 £'000	(Unaudited) For the six months ended 31 December 2021 £'000	(Audited) For the period ended 30 June 2022 £'000
Net cash inflow from operating activities	**598**	340	873
Investing activities			
Purchases of investments	**(3,938)**	(13,883)	(31,411)
Sales of investments	**4,500**	2,662	4,516
Net cash inflow/(outflow) from investing activities	**562**	(11,221)	(26,895)
Net cash inflow/(outflow) before financing	**1,160**	(10,881)	(26,022)
Financing activities			
Dividend paid	**(1,109)**	(428)	(428)
Issue of Ordinary Shares	**–**	10,724	10,832
Share issue costs	**–**	(50)	(158)
Net cash (outflow)/inflow from financing activities	**(1,109)**	10,246	10,246
Net cash inflow/(outflow) in the period	**51**	(635)	(15,776)
Cash at bank and in hand at the beginning of the period	**1,310**	17,086	17,086
Net cash inflow/(outflow) in the period	**51**	(635)	(15,776)
Cash at bank and in hand at the end of the period	**1,361**	16,451	1,310

Notes to the Accounts

1. Financial Statements

The information contained within the accounts in this half year report has not been audited or reviewed by the Company's independent auditor.

The figures and financial information for the year ended 30 June 2022 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

Basis of accounting

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, in particular with Financial Reporting Standard 104 "Interim Financial Reporting" and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies in July 2022.

All of the Company's operations are of a continuing nature.

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 June 2022.

3. Taxation

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income. The Company intends to continue meeting the conditions required to retain its status as an Investment Trust Company, and therefore no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

4. Return per share

	(Unaudited) For the six months ended 31 December 2022 £'000	(Unaudited) For the six months ended 31 December 2021 £'000	(Audited) For the year ended 30 June 2022 £'000
Revenue return	**741**	380	1,119
Capital return	**753**	441	324
Total return	**1,494**	821	1,443
Weighted average number of shares in issue during the period	**85,316,586**	77,523,078	81,387,804
Revenue return per share	**0.87p**	0.49p	1.37p
Capital return per share	**0.88p**	0.57p	0.40p
Total return per share	**1.75p**	1.06p	1.77p

Notes to the Accounts

5. Dividend paid

	(Unaudited) For the six months ended 31 December 2022 £'000	(Unaudited) For the six months ended 31 December 2021 £'000	(Audited) For the year ended 30 June 2022 £'000
2022 dividend paid of 1.30p (period ended 30 June 2021: 0.57p)	**1,109**	428	428

No dividend has been declared in respect of the six months ended 31 December 2022.

6. Called-up share capital

Changes in called-up share capital during the period were as follows:

	(Unaudited) For the six months ended 31 December 2022 £'000	(Unaudited) For the six months ended 31 December 2021 £'000	(Audited) For the year ended 30 June 2022 £'000
Opening balance	**853**	750	750
Placing of shares	**–**	103	103
Closing balance	**853**	853	853

Changes in the number of shares in issue during the period were as follows:

	(Unaudited) Six months ended 31 December 2022	(Unaudited) Six months ended 31 December 2021	(Audited) Year ended 30 June 2022
Ordinary Shares of 1p each	**85,316,586**	75,000,000	75,000,000
Placing of shares	**–**	10,316,586	10,316,586
Closing balance of shares in issue	**85,316,586**	85,316,586	85,316,586

7. Net asset value per share

	(Unaudited) 31 December 2022	(Unaudited) 31 December 2021	(Audited) 30 June 2022
Net assets attributable to shareholders (£'000)	**90,301**	89,294	89,916
Shares in issue at the period end	**85,316,586**	85,316,586	85,316,586
Net asset value per share	**105.84p**	104.66p	105.39p

8. Financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise certain investments held in its investment portfolio.

FRS 102 requires that financial instruments held at fair value are categorised into a hierarchy consisting of the three levels below. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement.

Level 1 – valued using unadjusted quoted prices in active markets for identical assets.

Level 2 – valued using observable inputs other than quoted prices included within Level 1.

Level 3 – valued using inputs that are unobservable.

At 31 December 2022, the Company's investment held at fair value, were categorised as follows:

	31 December 2022 £'000	31 December 2021 £'000	30 June 2022 £'000
Level 1	**12,780**	13,512	16,847
Level 3	**54,653**	37,769	50,153
Total	**67,433**	51,281	67,000

There have been no transfers between Levels 1, 2 or 3 during the period (period ended 31 December 2021 and year ended 30 June 2022: nil).

9. Uncalled capital commitments

At 31 December 2022, the Company had uncalled capital commitments amounting to £13,573,000 (31 December 2021: £17,917,000 and 30 June 2022: £17,392,000) in respect of follow-on commitments, which may be drawn down or called by investee entities, subject to agreed notice periods.

10. Events after the interim period that have not been reflected in the financial statements for the interim period

The Directors have evaluated the period since the interim date and have not noted any events which have not been reflected in the financial statements.

Shareholder information

www.schroders.com/sbsi

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Mike Balfour
James B. Broderick
Alice Chapple

Advisers

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*Calls to this number are free of charge from UK landlines.

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment, should be directed to Equiniti Limited at the above address and telephone number above.

Shareholder enquiries

General enquiries about the Company should be addressed to the Company Secretary at the Company's Registered Office.

Dealing Codes

ISIN:	GB00BF781319
SEDOL:	BF78131
Ticker:	SBSI

Global Intermediary Identification Number (GIIN)

PXF89P.99999.SL.826

Legal Entity Identifier (LEI)

549300PG5MF2NY4ZRM86

The Company's privacy notice is available on its webpages.

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