

8 January 2024

**Home REIT plc
("HOME" or the "Company")**

Monthly Update

The Board and AEW UK Investment Management LLP ("AEW" or the "Investment Manager") provide their monthly update in respect of December 2023.

Summary

The Company and AEW highlight the following updates, with further detail on these items also provided below.

- Rent collection including arrears representing 12% of rent invoiced during the month.
- AEW continues to make progress in obtaining control of Home REIT's assets in respect of non-performing tenants. AEW is pursuing all strategies available to the Company including taking legal action on selected tenants that are not engaging constructively and continue to withhold payment of rent.
- The Company had £15.8m cash balances as at 31 December 2023 of which £5.4m is unrestricted.
- As announced on 20 December 2023, auction sales have continued. A further 81 properties exchanged for £16.4m in December with completion expected in January. Further receipts are expected in respect of the properties which exchanged for sale in September, November and December that have not yet completed.
- Repayment of £25.6m of debt to the Company's lender in December comprising a cash repayment of £23.1m and net break gains of £2.5m applied to loan principal. Total borrowings reduced to £172.7m (from £198.3m the prior month).
- An additional 287 internal property inspections have been completed in December taking the total to 1,515 as at 31 December 2023. The inspection programme is due to continue during January and February.
- On 20 December 2023, the Company announced an updated valuation of the Company's property portfolio based on draft valuation reports from JLL. The unaudited fair market value of the 2,473 properties held at 31 August 2023 was £412.9m.

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For more information, please visit the Company's website: www.homereituk.com

Portfolio assessment and tenant engagement

- As part of the stabilisation strategy AEW continues to undertake a comprehensive review and data collection exercise of the property portfolio. Analysis of the underlying property condition is paramount as part of an exercise to determine suitability, capital expenditure requirements and income and capital returns prospects as AEW works to rationalise the portfolio.
- Of the 1,093 property inspections undertaken by Vibrant, occupancy (at least one bed occupied) is 75% as at the date of the property inspections with 25% being vacant (whole building).
- The inspection programme requires significant co-ordination with multiple parties and is due to continue throughout January and February.
- As previously announced on 20 December 2023, at a series of public auctions held in December, the Company exchanged on the sale of 80 properties. A further property exchanged post auction taking the total anticipated sales proceeds to £16.4m with completion expected in January. Sale proceeds will be used to provide working capital and reduce borrowings.
- AEW continues to focus on obtaining control of the portfolio with legal action being taken against non-performing tenants. The Company also continues to work constructively with many tenants to facilitate restructuring of leases and rationalisation of the portfolio.

Rent Collection, Financial position and related matters

- Rent collected including arrears represents 12% of the rent invoiced in the month of December. It is anticipated that rent collection will vary month on month in the near term as AEW continue to work on stabilising the portfolio. AEW is pursuing all strategies available to the Company including taking legal action on selected tenants that are not engaging constructively and continue to withhold payment of rent.
- Following previous announcements of exchanges at auction, 98 properties completed during December for a total of £26.5m and 162 properties remain exchanged for sale at total of £25.7m and are expected to complete in January.
- The Board and AEW continue to engage proactively and constructively with the Company's lender through regular meetings and continue to service interest payments in full as they fall due.
- The Company has repaid £25.6m of debt to the Company's lender in December comprising a cash repayment of £23.1m and a net break gain of £2.5m also being applied in repayment of the debt. Due to reductions in future interest swap rates the potential value of the net break gains has reduced significantly.
- As at 31 December 2023, the Company has total borrowings of £172.7m, comprising a £82.4m interest-only term loan, repayable in 2032, with a fixed rate of 2.07 per cent. per annum, and a £90.3m interest-only term loan, repayable on 2036, with a fixed rate of 2.53 per cent. per annum. An additional fee of 5.00% per annum is charged on the aggregate outstanding loan balances, with the fee accruing on a daily basis from 30 November 2023. The additional fee is payable at the earlier of 28 June 2024 or full repayment of the loans.
- The Company had £15.8m cash balances as at 31 December 2023 of which £5.4m is unrestricted.

- Further sales are expected in the near term as part of the strategy to stabilise the financial position of the Company.

Valuation, Publication of the annual and interim reports

- On 20 December 2023, the Company announced an updated property valuation following the issuance by JLL, as external valuer, of draft valuation reports, as at 31 August 2022, 28 February 2023 and 31 August 2023 on the bases of market value and market value on the special assumption of vacant possession
- JLL has externally inspected 2,391 properties comprising 97 per cent. Of the Company's portfolio, in addition to 195 internal inspections as at 20 December 2023.
- The valuations for the periods referred to above were prepared in accordance with the current Royal Institution of Chartered Surveyors' Valuation - Global Standards, effective from January 2022, incorporating the IVS, and the RICS Valuation - Global Standards 2017 UK national supplement (the "RICS Red Book"). JLL expects to report values in the region of those set out in the table below. They may be subject to further amendment due to the ongoing inspection programme and subject to completion of the formal valuation process. These valuations are unaudited.

	31 August 2023	28 February 2023	31 August 2022
Number of properties	2,473	2,473	2,239
Portfolio valuation	£412.9m	£422.9m	£414.4m

- The draft valuation of the Company's property portfolio as at 31 August 2023 represents 42.3% of the unaudited historical acquisition costs of £977.0m (excluding purchase costs). The reduction in the property valuation is principally a result of a re-assessment of the quality of the assets through the on-going inspection programme, and of the covenant strength of the tenants, several of which entered liquidation in 2023.
- The issuance of the valuation reports is a key step in the process for the audit and publication of the Company's annual results for the periods ending 31 August 2022 and 31 August 2023. However, the audit process remains on-going and is subject, amongst other things, to the completion of the valuation process, the continuing internal inspection programme (which requires significant co-ordination with multiple parties), and the application of revised accounting policies back to inception. Accordingly, the Company is not in a position to publish an estimated net asset value at this time. The Board and AEW are committed to continuing to work at pace with BDO to publish the audited results in a timely manner.
- The Board and AEW remain committed to the restoration of trading in the Company's ordinary shares and fulfilling Home REIT's mission of providing accommodation to vulnerable people as soon as is practically possible.

Shareholder engagement

- AEW continues engagement with the Company's shareholders.
- The next monthly update is expected to be announced on 5 February 2024.
- The second quarterly online presentation open to all retail shareholders is expected to be held on 26 January 2024. Further details will be provided in due course.

Board succession

- Further to the Company's previous announcements, the Company has made good progress in identifying a new independent Non-Executive Chair. Following a comprehensive search and process, a preferred candidate has been selected and the individual is currently completing their own due diligence. The Company remains well placed to make this proposed appointment in advance of the restoration of the listing of its shares. It is expected that the whole Board will transition entirely within 12 months as announced on 4 September 2023.

Portfolio Metrics

Set out below are certain unaudited key portfolio metrics at 31 December 2023.

As at:	31 August 2023	31 December 2023
Number of properties	2,473	2,209
Number of beds	11,861	10,416
Number of tenants ^{1 2}	29	27
Annual rent roll ^{1 2 3}	£53.9m	£42.1m
In period:	1 June 2023 to 30 November 2023	1 December 2023 to 31 December 2023
Properties sold	165	98
Properties exchanged for sale	179 ⁴	81
Number of assets with asset management initiatives completed	284	-
Rent collected in period ^{1 2}	£2.3m	£0.4m
Rent collection % ^{1 2 5}	9%	12%

¹ Excluding 157 properties under separate management agreements (184 properties as at 30 November 2023)

² Excluding 38 properties under property management agreements with HOME having direct AST leases with occupiers

³ Contracted rent as at period end

⁴ 2 properties previously exchanged for sale have fallen through

⁵ Rent collection - rent collected including arrears /rent invoiced

Geographic Region As at 31 December 2023	Number of Beds	Number of Properties	Number of Properties (%)
North East	2,475	775	35.1%
North West	1,912	402	18.2%
Yorkshire and the Humber	1,555	289	13.1%
East Midlands	1,162	226	10.2%
West Midlands	1,083	190	8.6%
South West	757	125	5.7%
London	566	76	3.4%
East of England	286	35	1.6%
South East	494	68	3.1%

Wales	126	23	1.0%
Total	10,416	2,209	100.0%

Top 10 Tenants As at 31 December 2023	Number of Beds	Number of Properties	% of portfolio annual contracted rent
One (Housing & Support) CIC	1,200	234	15.7%
Big Help Project Ltd	1,303	353	14.7%
Bloom Social Housing CIC	645	94	7.3%
CG Community Council	386	54	6.7%
Dovecot & Princess Drive Community Association	396	52	6.2%
Noble Tree Foundation Limited	527	143	6.0%
Supportive Homes CIC*	436	85	5.7%
Gen Liv UK CIC*	351	66	5.1%
LTG Vision CIC	598	187	5.0%
Mears Ltd	747	177	4.6%
Total	6,589	1,445	77.0%

* In liquidation

Tenants in liquidation (Supportive Homes CIC, GEN LIV UK C.I.C. and Serenity Support CIC, Marigold Housing account for 12.2% of the annual contracted rent as at 31 December 2023).

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