

5 March 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 February 2024.

Summary

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

- As announced on 15 February 2024, 119 properties exchanged for sale at auction for a total of £5.7m with completion expected during March.
- Repayment of £13.7m of debt to the Company's lender in February comprising a cash repayment of £11.7m and net break gains of £2.0m applied to loan principal. Total borrowings reduced to £149.1m.
- The Company continues to make encouraging progress on re-financing, as part of the strategy for the long-term financial stability of the Company.
- An additional 82 internal property inspections have been completed in February taking the total to 1,904 as at 29 February 2024. The inspection programme is due to continue throughout March.
- The Company intends to bring legal proceedings against those parties it considers are responsible for wrongdoing. The Company announced on 13 February 2024 the commencement of a Financial Conduct Authority ("FCA") investigation into the Company and the Company will cooperate fully with the FCA in its work.

Stabilisation Period Update

The Company entered a stabilisation period in August 2023, following the approval of a revised investment policy. AEW is now approximately six months into the stabilisation period and a very significant amount of effort has been undertaken to provide a firmer platform for the future of the Company. The AEW team, along with the Board, continues to stabilise the financial position of the Company in line with the Investment Policy. Since August 2023, the Company has completed disposals totalling £74.6m (394 properties), reduced bank debt from £220.0m to £149.1m, increased unrestricted cash and has initiated a re-financing process that is progressing well.

Substantial tenant engagement has occurred during this time, with lease surrenders agreed in respect of 315 properties and specific strategies in place with each tenant to drive a future improvement in rental collection, including via re-tenanting. In addition, 77% of the property portfolio has been subject to internal inspection. On the corporate side, updated draft valuation reports have been produced by Jones Lang LaSalle Limited ("JLL") as part of the process to produce the financial results for past periods and achieve a restoration of trading of the Company's shares. Overall, AEW has looked to establish firm foundations from which to move forward and believe the Company is able to take the next step forward in terms of implementation of the stabilisation strategy with re-tenanting. AEW has several initiatives ongoing and expects to make further positive announcements in the near future.

Portfolio and Financial Highlights

Financial Position (Unaudited)	As at 31 August 2023	As at 29 February 2024
Valuation:		
Draft August 2023 Valuation	£412.9m	£339.2m ¹
Number of properties	2,473	2,079
Cash and Borrowings:		
Unrestricted Cash	£0.8m	£7.4m
Total Cash	£13.5m	£12.5m
Borrowings	£220.0m	£149.1m
Income:		
Annual Contracted Rent	£53.9m	£38.6m
Tenants ^{2 3}	29	26
Properties under lease to tenants	2,358	1,901
Properties under separate management agreement	115	119
Properties under property management agreements - Direct Let (PRS)	-	59
	To date 1 September 2023 to 29 February 2024	Month 1 February 2024 to 29 February 2024
Investment Activity:		
Proceeds from properties sold in the period	£74.6m	£7.8m
Number of properties sold in period	394	28
Price for properties exchanged and not completed at period end	£15.1m	£5.7m
Number of properties exchanged and not completed at period end	253	119
Rent collection:		
Rent collection ⁴ %	11%	11%
Rent collection total	£2.5m	£0.4m
Inspections:		

inspections:		
Completed	1,904	82
Occupancy: (at date of inspection on 1,463 Vibrant inspections)		
Occupancy (at least one bed occupied)		78%
Vacant (whole building)		22%

¹ Proforma value at 29 February 2024 being the draft JLL August 2023 valuation (as announced on 20 December 2023) less disposals as valued in the draft JLL August 2023 valuation.

² Excluding properties under separate management agreements

³ Excluding properties under property management agreements with HOME having direct AST leases with occupiers

⁴ Rent collection - rent collected including arrears /rent invoiced for the period

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

Portfolio assessment

- AEW continues to undertake its comprehensive review and data collection exercise of the property portfolio. Analysis of the underlying condition of the properties is paramount to determine suitability, capital expenditure requirements and income and capital return prospects for each asset as AEW works to rationalise the portfolio as part of the stabilisation strategy.
- The inspection programme continues to require significant co-ordination with multiple parties and is due to continue throughout March. Vibrant and AEW continue to prioritise completion of the inspection programme with 77% of the portfolio inspected as at 29 February 2024.
- As AEW continues to obtain increased visibility on underlying occupancy from tenants, the majority of the portfolio has currently been identified as private rented sector ("PRS") rather than homeless accommodation backed by exempt rents from local authorities. However, PRS occupiers could meet the criteria of broader Social Use, as defined in the current Investment Policy, based on the location of the properties and the type of accommodation they provide, but this remains to be determined over the stabilisation period.

Investment Activity

- As announced on 15 February 2024, 119 properties exchanged for sale at auction for a total of £5.7m being £1.0m (15.5%) below the draft JLL August 2023 values. The majority of the properties exchanged were below the portfolio average lot size which may cause a greater percentage variation when comparing sale price to the August draft valuation. Overall, the value of properties exchanged at auction since August 2023, has been £0.3m (0.3%) below the draft JLL August 2023 valuations.
- Following announcements of exchanges at auction in previous months, 28 properties completed during February for a total of £7.8m and 253 properties remain exchanged for sale for a total of £15.1m with completion expected in March.
- The overall sales programme continues with total completed sales of £74.6m (394 properties) since August 2023, £0.9m (1.2%) above the draft JLL August 2023 valuations.

Rent Collection and tenant engagement

- AEW continues to focus on obtaining control of the portfolio with legal action being taken against non-performing tenants. The Company is progressing negotiations with a number of tenants to facilitate restructuring of leases and rationalisation of the portfolio, further announcements will be made in due course.
- Rent collected on operating leases including arrears represents 11% of the rent invoiced for the month of February. AEW continues to work with selected tenants on payment plans. It is anticipated that rent collection will vary month on month in the near term as AEW continues to work on stabilising the portfolio and pursues legal action.
- The Company is pleased to report that AEW is in active dialogue with a number of providers who have significant demand for properties for Supported Living and other forms of Social Use accommodation.
- AEW is currently undertaking a comprehensive onboarding process for these new providers which involves qualitative and quantitative assessments including desktop and physical assessments of their operations and existing stock.
- Further announcements on re-tenanting will be made in due course.

Financial position and related matters

- Although AEW continues to implement strategies to increase rental income, further sales are expected in the near term as part of the strategy to stabilise the financial position of the Company.
- The Company had £12.5m cash balance as at 29 February 2024 of which £7.4m is unrestricted.
- 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 repaid £13.7m of debt to the Company's lender in February comprising a cash repayment of £11.7m and a net break gain of £2.0m also being applied in repayment of the debt. A total of £70.9m of debt has been repaid since the Company entered the stabilisation period during August 2023.
- As at 29 February 2024, the Company has total borrowings of £149.1m, comprising a £58.8m interest-only term loan, repayable in 2032, with a fixed rate of 2.07% per annum, and a £90.3m interest-only term loan, repayable on 2036, with a fixed rate of 2.53% 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 is making encouraging progress on re-financing, as part of the strategy for the long-term financial stability of the Company.
- The Company has incurred "exceptional" expenses of c. £16m since January 2023. The exceptional costs of £16m include £5m in relation to property legal and disposal costs, £4m for strategic advisers, £3m for legal advisers and the Alvarez & Marsal report, £2m for valuation work and inspections, and £1m for accounting advisers' fees in relation to outstanding annual accounts. The Board continues to review all third-party appointments and manage costs.

Valuation, Publication of the annual and interim reports

- JLL, as external valuer, is undertaking valuations of the properties as at 29 February 2024 on the basis of fair value. Relevant announcements on the portfolio valuation will be made in due course.
- The audit process remains on-going with AEW dedicating very substantial resource to complete this key workstream. The completion of the audit is primarily subject to the continuing internal inspection programme, the associated finalisation of the valuation for the relevant financial periods and the application of revised accounting policies back to inception. Access constraints remain a significant challenge for the completion of the internal inspections.
- The Board and AEW are committed to continuing to work at pace with BDO to publish the audited results for both 31 August 2022 and 31 August 2023, during the second quarter of 2024.
- 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

- As announced on the 29 February 2024, the Annual General Meeting of the Company (AGM) was held and the resolution to re-elect Michael O'Donnell as Director was approved with 99.3% in favour.
- AEW and the Board continues engagement with the Company's shareholders. AEW's third quarterly online presentation open to all retail shareholders is expected to be held in late April 2024. Further details will be provided in the next monthly report.
- The next monthly update is expected to be announced on Thursday 4 April 2024.

FCA Investigation and Potential Litigation

- The Company announced on 13 February 2024 the commencement of a Financial Conduct Authority ("FCA") investigation into the Company and the Company will cooperate fully with the FCA in its work.
- The Company intends to bring legal proceedings against those parties it considers are responsible for wrongdoing. The Company cannot comment any further at this stage as to do so may prejudice the Company's position in any potential proceedings. Any relevant announcements in this regard will be made at the appropriate time.

Board succession

- Good progress is being made in identifying new independent Non-Executive Directors including a new Chair of the Audit Committee with the process being overseen by Michael O'Donnell. The Company remains well placed to conclude this process in advance of the restoration of the listing of its shares.

Geographic Region As at 29 February 2024	Number of Properties	Number of Properties (%)
North East	756	36.4%
North West	383	18.4%
Yorkshire and the Humber	259	12.5%
East Midlands	198	9.5%
West Midlands	184	8.9%
South West	110	5.3%
London	75	3.6%
South East	68	3.3%
East of England	23	1.1%
Wales	23	1.0%
Total	2,079	100.0%

Top 10 Tenants As at 29 February 2024	Number of Properties	% of portfolio annual contracted rent
Big Help Project Ltd	352 ¹	16.2%
One (Housing & Support) CIC	213	16.0%
CG Community Council	54	7.4%
Dovecot & Princess Drive Community Association	52	6.7%
Bloom Social Housing CIC	77	6.7%
Noble Tree Foundation Limited	143	6.6%
LTG Vision CIC	180	5.3%
Mears Ltd	177	5.0%
Ashwood Housing Solutions CIC	186	3.9%
Gen Liv UK CIC ²	46	3.8%
Total	1,480	77.6%

¹ 1 property shown as Big Help Project Ltd (in previous updates) is under lease to another tenant

² In liquidation

Tenants in liquidation (GEN LIV UK CIC, Supportive Homes CIC, Marigold Housing and Eden Safe Homes CIC account for 8.2% of the annual contracted rent as at 29 February 2024).

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