

5 June 2024

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

Monthly Update

The Board of HOME and AEW UK Investment Management LLP ("AEW" or the "Investment Manager") provide their monthly update in respect of May 2024.

Summary

- As announced on 10 May 2024, 76 properties exchanged for sale at auction for a total of £14.6m with completion expected during June.
- Repayment of £8.3m of debt to the Company's lender in May comprising a cash repayment of £7.1m and net break gains of £1.2m applied to loan principal. Total borrowings reduced to £131.8m from £220.0m in the last nine months.
- Negotiations continue on a refinancing as part of the strategy for the long-term financial stability of the Company.
- An additional 47 internal property inspections have been completed in May, taking the total to 2,124 in the last nine months.
- As announced on 29 May, the Company surrendered leases from tenants on over 30% of the Company's portfolio by number of properties. The tenancies have now transferred to Home REIT, enabling the Company to directly collect the underlying income from these properties, increasing rent collection and facilitating asset management opportunities.
- The Company is progressing legal action against selected non-performing tenants.
- As previously announced, the Company intends to bring legal proceedings against those parties it considers are responsible for wrongdoing and has now issued a pre-action letter of claim to its former investment adviser, Alvarium Home REIT Advisors Limited (in liquidation).

Portfolio and Financial Highlights

| Financial Position (Unaudited) | As at 31 August 2023 | As at 31 May 2024 |
|--|--|--|
| Valuation: | | |
| Draft August 2023 Valuation | £412.9m | £315.2m ¹ |
| Number of properties | 2,473 | 1,772 |
| Cash and Borrowings: | | |
| Unrestricted Cash | £0.8m | £7.5m |
| Total Cash | £13.5m | £12.9m |
| Borrowings | £220.0m | £131.8m |
| Net debt | £206.5m | £118.9m |
| Income: | | |
| Annual Contracted Rent | £53.9m | £21.6m |
| Tenants ^{2 3} | 29 | 20 |
| Properties under lease to tenants | 2,358 | 1,005 |
| Properties under separate management agreement | 115 | 115 ⁴ |
| Properties under property management agreements - Direct Let (PRS) | - | 652 |
| | | |
| | To date 1 September 2023 to 31 May 2024 | Month 1 May 2024 to 31 May 2024 |
| Investment Activity: | | |
| Properties sold in the period | £97.5m | £13.8m |
| Number of properties sold in period | 701 | 149 |
| Properties exchanged in period/not yet completed | £28.2m | £12.9m |
| Number of properties exchanged not yet completed at period end | 145 | 75 |
| Rent collection: | | |
| Rent collection ⁵ % | 11% | 7% |
| Rent collection total | £3.1m | £0.2m |
| Inspections: | | |
| Completed ⁶ | 2,124 | 47 |
| Occupancy: (at date of inspection on 1,563 Vibrant inspections) | | |
| Occupancy (at least one bed occupied) | | 79% |
| Vacant (whole building) | | 21% |

¹ Proforma value at 31 May 2024 being draft (as announced on 20 December 2023) less disposals in period at 31 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 12 properties have been sold since last month's reporting

⁵ Rent collection - rent collected including arrears /rent invoiced for the period

⁶ Inspections - these are of the portfolio held as at 31 August 2023.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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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 returns 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 June. Vibrant and AEW continue to prioritise completion of the inspection programme with 86% of the portfolio inspected as at 31 May 2024.

Investment Activity

- Following announcements of exchanges at auction in previous months, 149 properties completed during May for a total of £13.8m.
- As announced on 10 May 2024, 76 properties exchanged for sale at auction for a total of £14.6m. One of these properties also completed in May for £1.7m.
- Since August 2023, the Company has completed on the sale of 701 properties and exchanged on a further 145 properties. The gross proceeds from properties sold and exchanged totals £125.7m, which in aggregate is in line with the August 2023 draft valuation.
- Sale proceeds continue to be used to reduce borrowings and provide working capital.

Rent Collection and Tenant Engagement

- AEW continues to focus on obtaining control of the portfolio and 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 collection on operating leases from 1 September 2023 to 31 May 2024 is 11% of the rent invoiced for the period. 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 continue to work on stabilising the portfolio and pursues legal action.
- On 29 May 2024, the Company announced that it has reached an agreement with a number of tenants for the surrender of leases on over 600 properties, equating to circa. 30% of the Company's portfolio by number of properties. The Company and AEW have diligently analysed the properties and their various tenancies to ensure there is a comprehensive handover with minimal disruption to occupiers. The tenancies have now transferred to Home, enabling the Company to directly collect the underlying income from these properties, increasing rent collection and facilitating asset management opportunities.
- AEW is in active dialogue with a number of prospective providers who have significant demand for properties for Supported Living and other forms of Social Use accommodation.
- AEW continues to make good progress with the stabilisation strategy and further announcements on re-tenanting will be made in due course.

Financial Position and Related Matters

- The Company had a cash balance of £12.9m as at 31 May 2024 of which £7.5m is unrestricted.
- The Company repaid £8.3m of debt to the Company's lender in May comprising a cash repayment of £7.1m and a net break gain of £1.2m also being applied in repayment of the debt. A total of £88.2m of debt has been repaid since the Company entered the stabilisation period during August 2023.
- As at 31 May 2024, the Company has total borrowings of £131.8m, comprising a £41.5m 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 on full repayment of the loans.
- 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.
- As previously announced the Company's lender has advised that their objective is for repayment of the loan balance in the short term.
- On 5 February 2024, the Company announced that it had commenced a refinancing process to consider alternative finance options. Work on the refinancing strategy continues.

Valuation, Publication of the Annual and Interim Reports

- 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 with BDO to publish the audited results for 31 August 2022 during the second quarter of 2024, with 31 August 2023 to follow soon after.
- 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 Wednesday 3 July 2024.

Potential Litigation

Potential Litigation

- Further to the announcement on 18 April 2024, the Company has now issued a pre-action letter of claim to its former investment adviser, Alvarium Home REIT Advisors Limited (in liquidation). Shortly before issuance of the pre-action letter of claim the Company was made aware that Alvarium Home REIT Advisors Limited had appointed joint liquidators for the purpose of winding up the company. Notwithstanding this event, it remains important that all means of potential financial recovery are fully considered and that any wrongdoing is thoroughly investigated. 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 continues to be made in identifying 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 and further announcements will be made in due course.

Portfolio and tenant breakdown

| Geographic Region As at 31 May 2024 | Number of Properties | Number of Properties (%) |
|--|-------------------------|-----------------------------|
| North East | 520 | 29.3% |
| North West | 369 | 20.8% |
| Yorkshire and the Humber | 234 | 13.2% |
| East Midlands | 186 | 10.5% |
| West Midlands | 171 | 9.7% |
| South West | 109 | 6.2% |
| London | 74 | 4.2% |
| South East | 67 | 3.8% |
| Wales | 23 | 1.3% |
| East of England | 19 | 1.1% |
| Total | 1,772 | 100% |

| Top 10 Tenants As at 31 May 2024 | Number of Properties | % of portfolio annual contracted rent |
|--|-------------------------|---|
| One (Housing & Support) CIC | 161 | 24.7% |
| Bloom Social Housing CIC | 78 | 11.9% |
| Noble Tree Foundation Limited ² | 143 | 11.8% |
| LTG Vision CIC | 172 | 9.2% |
| Mears Ltd | 177 | 9.0% |
| Gen Liv UK C.I.C. ¹ | 45 | 6.6% |
| Community Restore CIC | 54 | 5.2% |
| Supportive Home's CIC ¹ | 37 | 4.6% |
| Mansit Housing CIC | 68 | 3.7% |
| Lifeline (NW) CIC | 10 | 2.7% |
| Total | 945 | 89.4% |

¹ In liquidation

Tenants in liquidation (Gen Liv UK CIC, Supportive Homes CIC and Marigold Housing) account for 13.10% of the annual contracted rent as at 31 May 2024.

² As announced on 4 June 2024, Noble Tree Foundation Limited has entered into administration

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