HOME REIT PLC

Half Year Report — For the Period Ended 28 February 2021

Contributing to the alleviation of homelessness in the UK.

HOME REIT

Highlights

The Board of Home REIT plc (ticker: HOME) is pleased to report its maiden interim results for the period from incorporation on 19 August 2020 to 28 February 2021.

The Company seeks to contribute responsibly to the alleviation of homelessness in the UK, whilst targeting inflation-protected income and capital returns, by funding the acquisition and creation of a diversified portfolio of high-quality, well located accommodation assets across the UK.

The Company's portfolio delivers much needed accommodation for vulnerable, homeless people, providing critical and sustainable housing solutions for women fleeing from domestic abuse, those faced with homelessness due to poverty, people suffering from drug and alcohol abuse and mental health issues, prison leavers and ex-servicemen.

There is a critical need for further accommodation for the homeless in the UK, due to an increasing homeless population and a lack of available and affordable high-quality, fit-for-purpose stock to address the problem. Local housing authorities are under a statutory duty to secure accommodation for individuals who are unintentionally homeless and in priority need but current accommodation for the homeless is limited in quantum and often sub-standard and uneconomical.

The Company focuses on responsibly investing in and creating well-located properties that provide a sustainable low level of rent for the tenant and savings are expected to be made to local authorities and other providers of accommodation to the homeless via lower rents versus more expensive alternative accommodation.

Contents

Images of people throughout this report are sourced from iStockphoto and Unsplash.

Financial highlights

- In October 2020, Home REIT plc (the "Company") raised gross proceeds of £240 million in its initial public offering ("IPO"), the largest Investment Company IPO of the year. The Company is listed on the premium segment of the Official List of the Financial Conduct Authority and was admitted to trading on the main market for listed securities of the London Stock Exchange on 12 October 2020
- The net asset value ("NAV") and EPRA net tangible asset ("NTA") per ordinary share ("Share") has increased to 102.8 pence as at 28 February 2021, an increase of 4.9% from the 98.0 pence (after share issue expenses) at the time of the Company's IPO in October 2020, reflecting: the discount achieved on off market acquisitions; early mover advantage in this sector; and yield compression in the wider long-lease sector
- The Company and its subsidiaries (the "Group") acquired investment properties within the period, which were independently valued on 28 February 2021 at £243 million, representing an increase of approximately 4.32% above the aggregate acquisition price (including acquisition costs). The properties have been valued on an individual basis. No portfolio premium has been applied
- Profit before tax for the period of £11.4 million
- Long term 12-year debt facility of £120 million secured with Scottish Widows at an all-in fixed rate of 2.07% per annum for the term, that will translate to a maximum LTV of 35% at full equity and debt deployment, in line with the Company's target set at IPO. This provides a wide spread (376 basis points) between the current average net initial property purchase yield of 5.83% and the 2.07% per annum fixed rate of the debt

A household becomes homeless every four minutes in England.

Source: Shelter

Operational highlights

- Net IPO proceeds fully deployed within five months, ahead of the Company's stated target at launch
- Low and sustainable average weekly rents of £86 per bed
- 3,019 beds provided across 572 properties
- The average building size comprises 5 bed spaces and is either a house or small apartment block
- Assets are broadly diversified across different sub sectors within homeless accommodation ranging from drug and alcohol abuse, domestic abuse, prison leavers, general needs poverty and those with mental health issues
- Let to registered charities, housing associations, community interest companies and other regulated organisations, which have a proven operating track record in providing low-cost accommodation to the homeless. They also provide care, support, training and rehabilitation at the properties to provide vulnerable homeless people with the skills and confidence to reintegrate back into society
- As per the structure highlighted on the diagram on page 10, all of the rent payable by Home REIT's tenants is funded by support from local and central government
- The portfolio is 100% let and income producing
- The Company has not seen any impact to its own rent collection levels as a result of the Covid-19 pandemic and rates through the period were 100%
- Attractive average net initial property yield of 5.83% (including acquisition costs)
- Long weighted average unexpired lease term ("WAULT") of 25 years
- 100% of the income is index-linked
- Significant geographic diversification across 66 different local authorities in the UK

Post Balance Sheet Highlights

- A first interim dividend of 0.83 pence per Share was paid in March 2021. The Company is on track to pay a minimum total dividend of 2.5 pence per share for the financial period from IPO until 31 August 2021 and a minimum total dividend of 5.5 pence per share for the financial year ending 31 August 2022, in line with the Company's stated target at launch
- The Company looks forward to sharing a full impact report which will be carried out by the Good Economy Partnership later in the year and will be included in the Annual Report in relation to the financial year ending 31 August 2021
- Since 28 February 2021, the Company has acquired 21 new assets totalling £33.1 million (net of purchase costs) across various geographical locations in London and the North West, South West, East and West Midlands regions of England. These properties provide over 230 further beds for vulnerable homeless people whose circumstances cover a range of sectors, including drug and alcohol abuse, domestic abuse, general needs poverty and those with mental health issues.

Alternative performance measures

The Group uses alternative performance measures including the European Public Real Estate Association ("EPRA") best practice recommendations to supplement IFRS as the Board considers that these measures give users of the financial statements a better understanding of the underlying performance of the Group's property portfolio.

The EPRA measures are widely recognised and used by public real estate companies and investors and seek to improve transparency, comparability and relevance of published results in the sector.

Reconciliations between EPRA and other alternative performance measures and the IFRS financial statements can be found in Notes 20 and 21.

Definitions of alternative performance measures are given in the key performance indicators and EPRA performance measures sections.

Social impact highlights

3,019

Beds provided by the Company to accommodate homeless people

1/185

People estimated to be homeless Q4 2020, England[1]

60%

Average estimated saving to local authorities

£86 Average weekly rent per bed across Company's portfolios
Vs
£225 Average estimated weekly B&B rate per bed in England.

98,300

Households living in temporary accommodation as at Q2 2020, England[2]

11,483

People released from prison into homelessness in a year[2]

19,360

Households homeless as a result of domestic abuse in the last year Q2 2019 – Q2 2020[2]

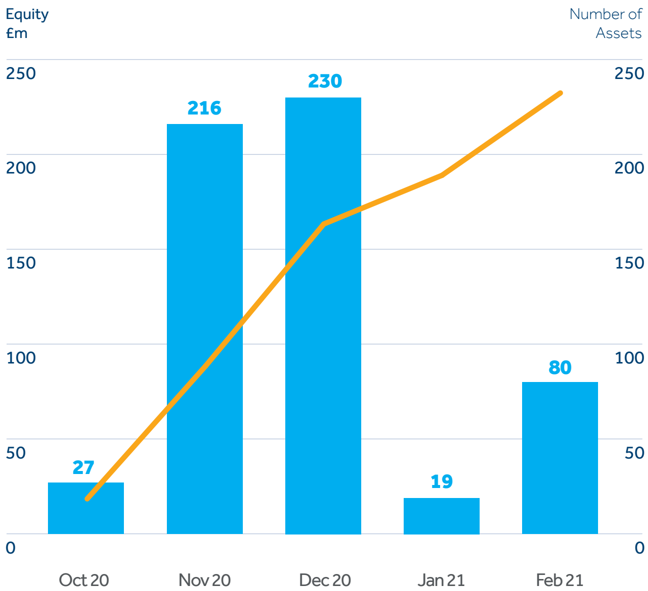
288,000

homeless households in England between Q2 2019 and Q2 2020[2]

90,000

people have called Shelter's free national helpline since the outbreak of the Covid-19 pandemic at the end of Q1 2020

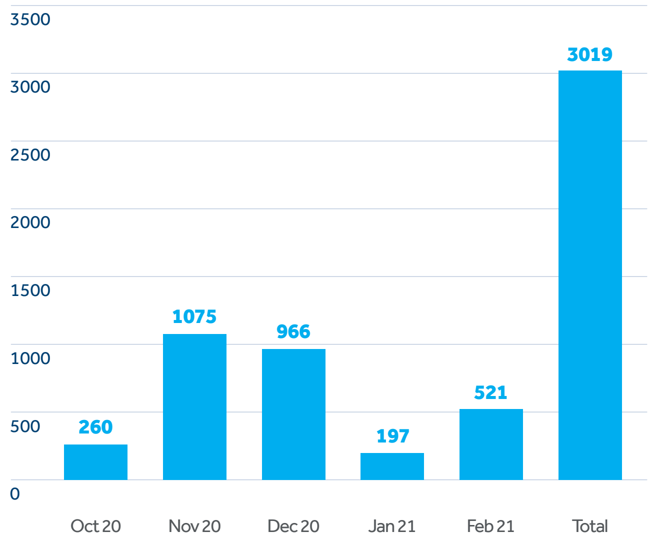
Deployment to 28 February 2021*



● Number of Assets
● Total Equity

*includes four assets exchanged pursuant to unconditional contracts

Acquisition of new beds to 28 February 2021*



*includes four assets exchanged pursuant to unconditional contracts

1 Source: Crisis
2 Source: Ministry of Housing, Communities & Local Government

Chairman's statement

Dear Shareholder

I am pleased to present the maiden interim results for the Group for the period from its incorporation to 28 February 2021 (the "Period"). Home REIT plc (the "Company" or "Home REIT") commenced business operations on 12 October 2020 when its ordinary shares ("Shares") were admitted to trading on the premium segment of the main market of the London Stock Exchange, with gross proceeds of £240 million having been raised in the Company's IPO from a broad range of investors.

Almost 70,000 households approached their local council in Q3 2020 and were found to be homeless or at risk of homelessness.

Source: Shelter

The Company has performed strongly since its launch despite COVID constraints, delivering on our stated objectives and meeting and in many areas exceeding our original expectations at IPO. The Company is advised by Alvarium Home REIT Advisors Limited (the "Investment Adviser"), whose principals have built a successful track record in this sector and they continue to draw on their excellent network of relationships, experience and market intelligence. This allows the Company to source attractive investments, and coupled with the Investment Adviser's robust capital discipline, create value for our shareholders whilst also achieving significant positive social impact for some of the most vulnerable members of society, through providing critically needed accommodation to those at risk of homelessness.

In accordance with the Company's investment policy, the net proceeds of the IPO have been carefully invested in a portfolio of high quality well located property assets let on very long, inflation-linked leases to a wide range of tenants across a diverse range of sub-sectors within homelessness.

Our high quality properties are let at a low and sustainable rental level, on new, long term, full repairing and insuring ("FRI") leases to specialist registered homeless charities, housing associations, community interest companies and other regulated organisations, which have a proven operating track record in providing low-cost accommodation to the homeless. They also provide care, support, training and rehabilitation at the properties to provide vulnerable homeless people with the skills and confidence to find long-term accommodation and enable them to reintegrate back into society. Providing long term security of tenure to Home REIT's tenants is crucial to rehabilitating vulnerable individuals and helping to break the cycle of homelessness seen in short term accommodation.

Lynne Fennah
Chair

All of the rent payable by Home REIT's tenants is funded by support from local and central government and the rents received under these leases are subject to annual upward-only rent reviews, index-linked to the Consumer Prices Index, subject to an annual collar and cap of one per cent. and four per cent., respectively.

As at 28 February 2021, the Group's portfolio consisted of 3,019 beds across 572 properties let to 15 charities and one housing association. Across the Group's assets, the average net initial purchase yield was 5.83%, the WAULT was 25 years and 100% of the income was index linked.

The portfolio is 100% let and income producing.

The Group's portfolio has been independently valued by Knight Frank LLP in accordance with the RICS Valuation – Professional Standards. As at 28 February 2021, the Group's portfolio had a market value of £243 million, representing an increase of approximately 4.4% above the aggregate acquisition price (including acquisition costs). The properties have been valued on an individual basis. No portfolio premium has been applied.

Financial Results

The NAV and EPRA NTA per share has increased to 102.8 pence as at 28 February 2021, an increase of 4.9% from the 98.0 pence (after share issue expenses) at the time of the Company's IPO in October 2020.

The asset value growth reflects: (i) the discount achieved on off market acquisitions, (ii) early mover advantage in this sector and (iii) yield compression in the wider long-lease sector.

The profit before tax of the Group for the Period was £11.4 million.

Dividends

The Company paid its first interim dividend of 0.83 pence per Share on 19 March 2021 and the Board is currently targeting an aggregate dividend of at least 2.5 pence per Share for the first full financial period to 31 August 2021 and a minimum total dividend of 5.5 pence per Share for the financial year ending 31 August 2022, in line with the Company's stated target at launch.

Social Impact

The Company's portfolio of 572 properties as at 28 February 2021 provides 3,019 beds for people who would otherwise be homeless, at rental levels that are low and sustainable for the Company's tenants. All of the Company's properties make a genuine impact to the people they house and for the communities in which they are located.

The Company's assets provide a safe and comfortable environment for vulnerable people whose circumstances cover a range of sectors, including drug and alcohol abuse, domestic abuse, prison leavers, general needs poverty and those with mental health issues. By offering stable housing and pastoral care to these vulnerable people, they have the opportunity to develop the necessary confidence and skills ultimately to reintegrate back into society.

The tragic reality of the knock-on economic effects caused by COVID-19, means there is expected to be a greater number of individuals who will become homeless (the Office for Budget Responsibility is currently forecasting an additional two million unemployed in the UK). As a result, the underlying demand, and indeed the need, within society for the Company and its properties will very likely only increase.

We look forward to sharing a full impact report which will be carried out by the Good Economy Partnership later in the year and will be included in the Annual Report in relation to the financial period ending 31 August 2021.

Financing

On 11 December 2020, the Group entered into a new, 12-year, interest only, £120 million (35% LTV) loan agreement with Scottish Widows at an all-in fixed rate of 2.07% per annum, expiring in December 2032. This provides a wide spread (376 basis points) between the current average net initial property yield of 5.83% and the 2.07% per annum fixed rate. The loan was fully drawn down on 26 February 2021.

Corporate Governance

The Group benefits from a strong board with substantial real estate, financial, commercial and sector experience and has established appropriate committees (including Audit Committee and Management Engagement Committee), which meet, or will meet, on a regular basis.

The Board is responsible for leading and controlling the Company and has overall authority for the management and conduct of the Company's business, strategy and development.

The AIFM and the Investment Adviser

Home REIT has appointed Alvarium Fund Managers (UK) Limited as its alternative investment fund manager (the "AIFM"). Home REIT and the AIFM have appointed the Investment Adviser to provide certain services in relation to Home REIT and its portfolio, including sourcing and advising on investments for acquisition by Home REIT and due diligence in relation to proposed investments.

The Investment Adviser has provided the Group with access to investment opportunities at attractive pricing through the Investment Adviser's long-established industry contacts and extensive knowledge of the sector. The Investment Adviser has achieved a prominent position in developing and acquiring long income properties and this expertise and network of contacts provides the Group with access to off-market transactions and specialised funding opportunities.

Post-balance sheet matters

Since 28 February 2021, the Company has acquired 21 new assets totalling £33.1m (net of purchase costs) across various geographical locations in London and the North West, South West, East and West Midlands regions of England.

Covid-19 Update

In these uncertain times, the Company's portfolio remains robust with secure long-dated inflation linked income underpinned by built property assets with a low spread to vacant possession value. This is a factor of low and sustainable starting rents set for the Company's housing provider tenants, often below rental levels for alternative uses, such as private rented sector or student accommodation, yielding low capital values on entry.

The Company's income stream is covered by statutory protected housing benefit that is paid by local authorities which have a legal obligation to house individuals that are homeless or vulnerable to homelessness and is ultimately funded from central UK Government.

Each of the Company's assets provides safe and high-quality accommodation to those most vulnerable in our society. The tragic reality of the resulting economic downturn the UK is likely to face means that a greater number of individuals will become homeless and, as a result, the underlying demand and indeed the need within society for the Company and its properties will increase. The Company is working hard on further pipeline assets to ensure this increased demand can be met.

The Investment Adviser is reassured that the UK Government has put supporting vulnerable people at the top of the political and financial agenda as it tackles the current disruption and impact on the nation's health.

This central response has been reflected at a community level and the Company has seen inspiring action and collaboration between its tenants, care providers and local authorities as they ensure that the people living in the Company's properties continue to receive responsible care and support with the minimum of disruption. This has required huge levels of personal commitment from care workers and housing managers for which the Company is extremely grateful.

Half of households found to be homeless by their local council in Q3 2020 were not helped to find a home – showing the impact of a lack of suitable social housing.

Source: Shelter

Rental Collection

The Investment Adviser notes that many of the Company's peer group in the long income space have made announcements or written to their investors regarding rent collection levels, reflecting the unprecedented impact that Covid-19 is having on many commercial tenants.

The Company has not seen any impact to its own rent collection levels and rates of recovery through the period were 100%.

Operations

The Company operates effectively within the confines of the UK Government's guidance. Its business continuity plan is working well and prioritises the health and safety of staff and colleagues as well as those of the Company's tenants and other counterparties.

The Company remains in regular contact with its tenants, all of which have a proven operating track record in providing low-cost accommodation to the homeless and focus on care, support, training and rehabilitation to provide vulnerable homeless people with the skills and confidence to reintegrate back into society. All such tenants have issued Covid-19 related guidance and are communicating regularly with the people at the Company's properties, explaining the importance of appropriate hygiene and social distancing to protect against the virus.

The management teams of the Company's tenants hold regular meetings to evaluate the effects of the virus and take positive steps to reduce any spread to either staff or people who are housed and supported at the Company's properties. They carry out frequent and intensive cleaning of communal areas at the Company's properties, including areas which are exposed to the touch of multiple people, such as door handles and light switches. The people who are housed and supported at the Company's properties, especially those living in self-contained units where there are no communal areas are provided with cleaning advice together with the necessary cleaning materials.

The steps to prevent the spread of the virus outlined above are in line with the UK Government's current advice. The health and general wellbeing of all staff and people who are housed and supported at the Company's properties are monitored on a regular basis and are of paramount importance to the Company and its housing provider tenants.

The Investment Adviser continues to monitor NHS and UK Government advice relating to the virus and has discussed the threats posed by the virus and the relevant safeguards in place with all of the Company's key service providers. The Investment Adviser has worked with the Company's key service providers to put in place proactive measures and stringent plans to mitigate the impact of Covid-19, which underpin the continuing operations of the Company. All have the ability for their entire office to work remotely and have implemented proactive measures to safeguard their business service provision as well as their staff's wellbeing.

Outlook

The Group has performed strongly since the Company's IPO in October 2020, effectively and responsibly executing on its stated objectives and in many areas exceeding its original expectations. The Group has acquired a high quality sustainable portfolio of assets, diversified by sub sector, strong tenants and geography, at attractive yields and in line with the Company's investment policy.

The Group is already delivering excellent returns to our shareholders together with significant 'on the ground' social impact through a secure, diversified and growing index-linked income stream as well as attractive capital appreciation from across our long-let portfolio, reflecting the Investment Adviser's disciplined and value-led approach to investments.

The Company is continuing to build responsibly on this sustainable growth momentum and expects its pipeline of attractive investment opportunities to further enhance its portfolio. We remain confident about delivering further value for our shareholders and wider stakeholders and achieving significant positive social impact in the final six months of the first full financial period to 31 August 2021 and beyond and fulfilling our longer-term ambitions.

Finally, I would like to thank shareholders, my fellow Directors, the Investment Adviser and the Company's other service providers for their support since the Company's launch.

Lynne Fennah
Chair

27 April 2021

13 bedrooms in Exeter

9 bedrooms in London

65%

Shelter's emergency helpline received 25,000 calls from people in England in Q4 2020 with a new person calling every minute during October and November. Since the outbreak of the Covid-19 pandemic at the end of Q1 2020, 90,000 people have called the charity's helpline with 65% of callers already experiencing homelessness or at risk of becoming homeless.

KV was in a very abusive relationship. She was scared and apprehensive about leaving the family home but did so with her 8-year-old son; they waited until her partner had gone to work and fled with just a car full of their belongings.

KV and her son were moved into a secure, clean and safe Home REIT property and provided with supplies such as food packs and new bedding. KV and her son settled in quickly.

Through the pastoral care and support provided at the property, KV secured herself work within the local community. Her son settled well into the local school and his grades have improved significantly.

KV's confidence levels are high and she feels back in control of her life. She enjoys contributing to her local community and feels able to support her family.

Lotus Sanctuary

Investment Adviser's report

Home REIT plc is a real estate investment trust targeting attractive inflation-protected income and capital returns by investing in a diversified portfolio of homeless accommodation assets, let or pre-let to registered charities, housing associations, community interest companies and other regulated organisations that receive housing benefit or comparable funding from local or central government, on very long-term and index-linked leases.

288,000 households were owed duty of care by local authorities to prevent homelessness.

Source: Ministry of Housing, Communities & Local Government

The Company is listed on the premium listing segment of the Official List of the Financial Conduct Authority and was admitted to trading on the main market for listed securities of the London Stock Exchange in October 2020.

The Group has effectively executed its investment strategy of delivering inflation-protected income and capital returns underpinned by a portfolio of secure, long-let and index-linked property assets, diversified by sub-sectors within homelessness, tenant and geography whilst achieving significant positive social impact.

As at 28 February 2021, the Group's portfolio consisted of 3,019 beds across 572 properties let to 15 charities and one housing association. Across the Group's assets, the average net initial purchase yield was 5.83%, the WAULT to first break was 25 years and 100% of the income was index linked. The portfolio is 100% let and income producing.

This has been a successful and active period for the Group, and we are well positioned to continue to deliver on the Company's investment strategy and target returns to the Company's investors through our robust long-established relationships and experience in the sector underpinned by our value-led approach to investments.

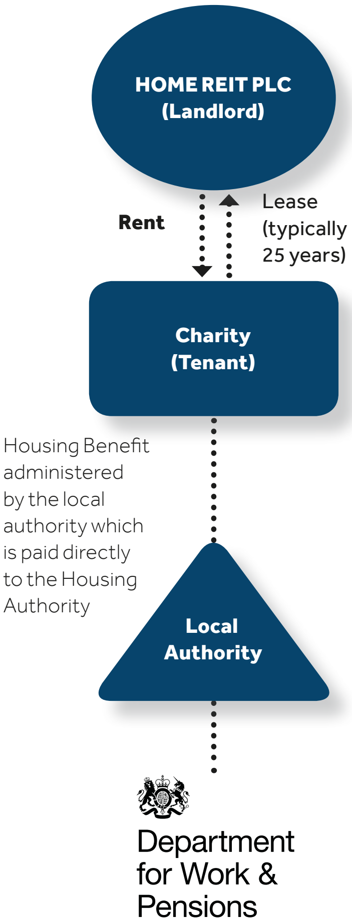
Demand drivers

The fundamentals driving the continued growth and performance of the Company are:

- the critical need for further accommodation for the homeless in the UK, due to an increasing homeless population and a lack of available and affordable high quality, fit for purpose, stock to address the problem;
- the statutory duty[1] placed on local housing authorities to secure accommodation for people who are unintentionally homeless and in priority need and provide meaningful help to any person who is homeless or at risk of becoming homeless irrespective of any priority need status; and
- the increasing unsustainable cost borne by local authorities in providing accommodation to the homeless. The severe shortage in fit for purpose housing stock means that local authorities often house individuals in bed and breakfast hotels and guesthouses which are significantly more expensive than housing an individual in one of the Company's properties.

The Company's pipeline has been developed principally through relationships with charities, local authorities, housing associations and high-quality developers of social housing assets. The Company will continue to identify the areas in the UK where the need for more homeless accommodation is most acute and work with its contacts to source and develop new high-quality assets in these areas.

1 Housing (Homeless Persons) Act 1977, Housing Act 1996; Homelessness Act 2002 and Homelessness Reduction Act 2017



Investment rationale and summary

Government funding for each individual user generally represents the full cost of care and housing benefit and is paid from the Department of Work and Pensions to the relevant local authority, which then passes funds directly to the Company's housing association tenants.

The Company is a passive landlord and does not undertake responsibility for the operations of the care for the individual user, which is provided by a professional care provider in this sector.

The income flow to the Company is funded through the provision of 'exempt' housing benefit paid directly to the tenants from the relevant local authority. Such exempt status prevents local authorities from restricting the level of rent recoverable by tenants via housing benefit and enables such tenants to recover the full costs of providing additional support and services to residents.

Rental levels are set at a sustainable level with significant headroom between property rent and housing benefit allowance received from the local authority. The headroom between core lease rent and housing benefit is represented by the management charge and the cost of intensive housing management/buildings upkeep associated with homelessness provision.

Across the Company's portfolio to date, the average rent payable by the charity is circa 45% of the total housing benefit received per property providing a robust 2.25x portfolio rent cover for our tenants.

In addition, rents are pre-agreed with local authorities and the leases provide for a cap (at 4% per annum) on the inflation linked annual rent reviews to ensure that rents grow in a sustainable manner.

Homelessness

The UK is in the grip of a housing emergency according to the housing and homelessness charity, Shelter.[2]

Recent figures published by the Ministry of Housing, Communities & Local Government show that local authorities in England owed a statutory duty to prevent or relieve homelessness to over 288,000 households in England between Q2 2019 and Q2 2020. These figures are 15% higher than the year before.[3] In Q4 2020, the homeless charity Crisis estimated that 1 in 185 people in England were living without a home.[4]

Shelter's emergency helpline received 25,000 calls from people in England in Q4 2020 with a new person calling every minute during October and November.[5] Since the outbreak of the Covid-19 pandemic at the end of Q1 2020, 90,000 people have called the charity's free national helpline with 65% of callers already experiencing homelessness or at risk of becoming homeless, 19% requiring urgent help to find temporary homeless accommodation and 18% seeking help to stay in their current home.

2 The Independent: We are in a housing emergency – from 'sex for rent' to evictions, the government needs to act by Polly Neate; 10 January 2021
3 Ministry of Housing, Communities & Local Government: Statutory Homelessness Annual Report 2019-2020, England; 1 October 2020
4 https://www.crisis.org.uk/about-us/media-centre/more-than-200-000-households-across-england-will-be-homeless-this-christmas/
5 https://england.shelter.org.uk/media/press_release/shelter_issues_winter_warning_as_someone_calls_its_emergency_helpline_every_minute_

The number of rough sleepers identified across England has increased by 52% since 2010, with an estimated 2,688 people sleeping on the streets on a single night in Q3 2020.[6] There is widespread debate as to the true accuracy of rough sleeping statistics; the Mayor of London published figures estimating that as many as 4,227 people were seen sleeping on the streets in London in Q2 2020, representing a 33% increase on the same period in 2019.[7]

Many people only associate homelessness with "rough" sleeping on the streets. The reality, however, is that sleeping rough is the most extreme form of homelessness. Most homeless people, although not sleeping rough, have no permanent home, stay with relatives and friends or reside in temporary accommodation, such as bed and breakfast hotels, hostels, night shelters and refuges. Crisis recently estimated that 95% of homeless households in England are hidden from view; trapped in insecure, temporary accommodation or moving from sofa to sofa.[8]

There is no national figure for how many people are homeless in the UK due to the devolved nations' differing recording methods. Many homeless people are not picked up by these recording methods and Crisis estimates that as many as 62% of single homeless people do not show up in official homeless statistics.[9]

Homelessness has a devastating impact on individuals' lives, significantly affecting their physical and mental health. Compared to the general population, homeless people are 17 times more likely to experience abuse and violence and nine times more likely to take their own life.[10]

The Office for National Statistics ("ONS") recently published figures revealing that homeless deaths in England and Wales increased by 7.2% between 2018 and 2019 with 778 homeless people dying on the streets or in temporary accommodation in 2019. This represents a 61.4% increase in deaths among homeless people since the ONS started recording in 2013.[11] The majority of deaths were attributed to drug-related poisoning, suicide and alcohol-specific causes. The average age at death was 46 years for men and 43 years for women. Separately, the Museum of Homelessness recently estimated that 976 homeless people died on the streets or in temporary accommodation in the UK in 2020, representing a 37% increase on the number of deaths noted in the same study carried out in 2019.[12]

For the last five years homelessness has been rising year on year in England. A household became homeless in England every four minutes between Q1 2018 and Q1 2019[13] and there was an 11% increase in the number of people sleeping rough or in temporary accommodation in England from Q2 2016 to Q1 2019.[14] At the end of Q2 2020, the number of households residing in temporary accommodation in England was 14% higher than the year before, totalling 98,300.[15] The number of families with dependent children placed in B&B-style accommodation increased from 630 at the end of March 2010 to 1,440 at the end of Q2 2020.[16]

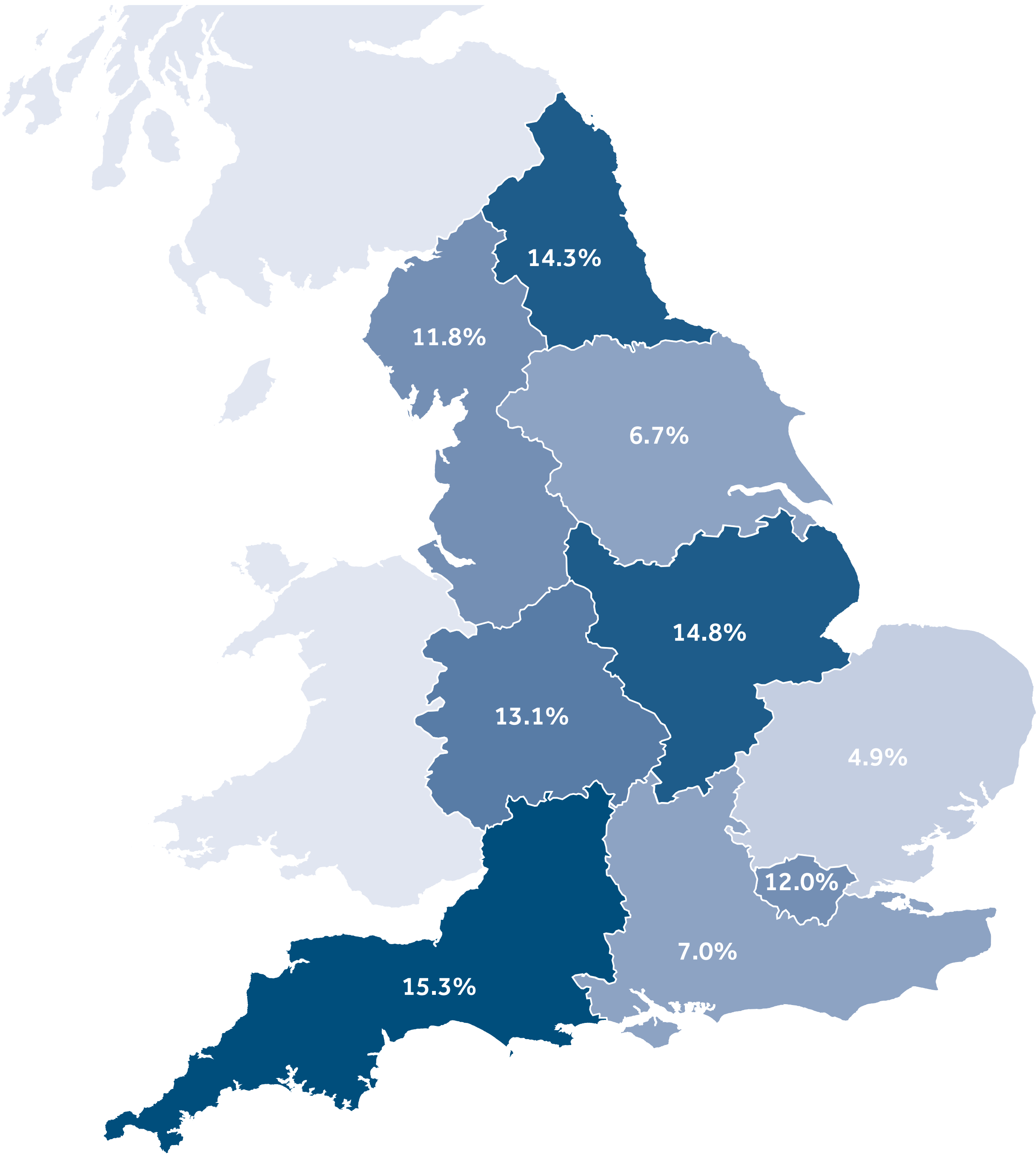
As shown below, the biggest regional increase in homelessness in England has been in the North West. In this region alone, the Company has provided over 388 beds at the reporting date, offering safe, clean, modern and suitable accommodation to otherwise homeless individuals. The Company aims to continue to significantly invest in areas where homelessness is a growing problem in order to increase the availability of high quality, fit for purpose housing stock.

Regional Trends	Homelessness in England at Q2 2019	% change since Q2 2016
South East	24,195	27%
South West	7,127	0%
East	16,696	18%
East Midlands	4,818	50%
West Midlands	23,715	64%
Yorks & Humber	2,654	16%
North East	1,061	4%
North West	9,038	117%
London	170,068	4%

Source: Shelter; This is England: A Picture of Homelessness; December 2019[17]

6 https://www.gov.uk/government/statistics/rough-sleeping-snapshot-in-england-autumn-2020/rough-sleeping-snapshot-in-england-autumn-2020 published 25th Feb 2021 & https://www.homeless.org.uk/facts/homelessness-in-numbers/rough-sleeping/rough-sleeping-our-analysis
7 https://www.london.gov.uk/press-releases/assembly/third-more-rough-sleepers-on-londons-streets#:~:text=Our%20data%20analysis%20found%3A,increase%20from%20two%20years%20ago.
8 https://www.crisis.org.uk/about-us/media-centre/more-than-200-000-households-across-england-will-be-homeless-this-christmas/
9 https://www.crisis.org.uk/media/236816/the_hidden_truth_about_homelessness_es.pdf
10 https://www.crisis.org.uk/ending-homelessness/about-homelessness/
11 Office for National Statistics: Deaths of Homeless People in England and Wales: 2019: 14 December 2020
12 https://www.bigissue.com/latest/britains-homelessness-shame-cold-hard-facts/
13 https://england.shelter.org.uk/media/press_releases/articles/a_household_became_homeless_every_4_minutes_in_england_in_the_last_year
14 Shelter; This is England: A Picture of Homelessness; December 2019
15 Ministry of Housing, Communities & Local Government: Statutory Homelessness Q2 2020 England; 29 October 2020
16 https://commonslibrary.parliament.uk/research-briefings/sn02110/
17 Source contains full details of Shelter's calculation methods

Asset location
by percentage weight by property value



Tackling Homelessness in the UK

Homelessness is caused by a complex interplay between a person's individual circumstances and adverse external factors. Examples of these factors are:

- a lack of affordable housing;
- mental health illnesses;
- alcohol and drug dependency;
- relationship breakdowns;
- domestic abuse (out of the domestic abuse victims supported by the charity Women's Aid between 2018-2019, 44% women sofa-surfed, 14% stayed in local authority emergency accommodation, 7% slept rough and 4% stayed in a B&B, hostel or hotel)[18];
- eviction by private landlords; and
- institutional backgrounds such as being in care, the armed forces, or prison.

A December 2020 report published by the Ministry of Housing, Communities and Local Government provides insights into the experiences of people sleeping rough. The findings are based on interviews with over 550 respondents, all of whom who had slept rough within the last year. The report found that 82% of those surveyed had a mental health vulnerability, 83% had a physical health need, and 60% had a substance misuse need. Before experiencing rough sleeping, 91% had stayed in a form of short-term homeless accommodation and 71% had sofa surfed.[19]

Between 2018 and 2019, 11,483 people were released from prison into homelessness and in Q2 2020, an estimated 13% of people released from prison did not have a home to go to.[20] In a 2019 paper, the Ministry of Justice estimated that the social and economic cost of re-offending is in excess of £18 billion a year.[21] 41% of single homeless people surveyed by Crisis had previously served a prison sentence[22] and data obtained by the Guardian Newspaper from the Ministry of Justice shows that 66.6% of prisoners who identify as homeless reoffend within a year of release.[23] The Institute for Policy Research has estimated that a 20% reduction in reoffending could be achieved via the provision of stable housing to a prison leaver.[24]

Local housing authorities are under a statutory duty to secure accommodation for families or individuals who are unintentionally homeless and in priority need. They also have a duty to provide meaningful help to any person who is homeless or at risk of becoming homeless irrespective of their priority need status.[25]

Current accommodation for the homeless is limited in quantum and often sub-standard and uneconomical. Poor quality privately rented housing stock or expensive bed and breakfast hotels are frequently being utilised by local authorities to manage increasing demands for accommodation. Between Q1 2011 and Q2 2018 the number of households placed in temporary accommodation in England increased by 65%[26] and between Q3 2019 and the end of Q2 2020, the total number of households accommodated in bed and breakfasts in England increased by 60%.[27]

The current lack of purpose-built accommodation for the homeless is felt acutely by local authorities. A research project commissioned by Crisis, reveals that the fastest-growing component of homelessness is households living in unsuitable temporary accommodation; the proportion of homeless situations attributable to such accommodation increased 260% between 2010 and 2018.[28] This reflects the growing pressure on local authorities as increased demand has faced a static or falling supply of accommodation.

18 https://www.womensaid.org.uk/women-escaping-domestic-abuse-left-at-risk-of-homelessness/
19 Ministry of Housing, Communities and Local Government: Understanding the Multiple Vulnerabilities, Support Needs and Experiences of People who Sleep Rough in England; December 2020
20 https://www.theguardian.com/uk-news/2020/jul/08/thousands-of-high-risk-offenders-in-uk-freed-into-homelessness and https://insidetime.org/2000-leave-prison-homeless-during-lockdown and https://insidetime.org/2000-leave-prison-homeless-during-lockdown
21 Alexander Newton, Xennor May, Steven Eames & Maryam Ahmad (Ministry of Justice); https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/814650/economic-social-costs-reoffending.pdf ; 2019
22 https://www.crisis.org.uk/ending-homelessness/law-and-rights/prison-leavers/
23 https://www.theguardian.com/society/2019/aug/12/two-thirds-of-homeless-ex-prisoners-reoffend-within-a-year
24 https://www.prisonstudies.org/sites/default/files/resources/downloads/reducing_report20pdf.pdf
25 Housing (Homeless Persons) Act 1977, Housing Act 1996; Homelessness Act 2002 and Homelessness Reduction Act 2017
26 Wendy Wilson and Cassie Barton; House of Commons Briefing Paper Number 02110: Households in temporary accommodation (England); 26 July 2018
27 https://commonslibrary.parliament.uk/research-briefings/sn02110
28 Suzanne Fitzpatrick, Hal Pawson, Glen Bramley, Jenny Wood, Beth Watts, Mark Stephens & Janice Blenkinsopp. Institute for Social Policy, Housing and Equalities Research (I-SPHERE), and The Urban Institute, Heriot-Watt University; City Futures Research Centre, University of New South Wales: Crisis' Homeless Monitor 2019: May 2019

Analysis published by Shelter reveals that local authorities across England spent over £1bn on temporary accommodation (such as hostels, bed and breakfast hotels and private rentals) in 2018-19, with spending on bed and breakfast accommodation increasing 111% since 2014.[29]

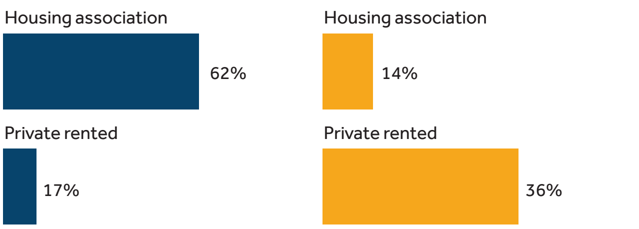
Local Authority spending on Bed & Breakfast and temporary accommodation in England[30]

Homeless Households at Q3 2020	Number of households in B&Bs	10,330
	Increase since Q3 2011	206%
Q1 2019 – Q1 2020	Amount spent on B&B accommodation	£410,380,000
	Proportion of overall spending on temporary accommodation	34%
Q1 2015 – Q1 2020	Increase in amount spent on B&B accommodation over five years	123%

Figures released by the Ministry of Housing, Communities & Local Government in October 2020 show a further 16% annual increase in the number of households accommodated in B&Bs with 8,180 households living in bed and breakfast accommodation at the end of Q1 2020.[31]

Homeless individuals housed in accommodation let to housing associations (as opposed to private landlords) have been found to be substantially less likely to return to homelessness as shown below:

Still in original tenancy after 5 years | **Returned to homelessness after 5 years**



Tenants in housing association accommodation are c.4 times more likely to stay in their original property than tenants in privately rented accommodation.[32]

Tenants in housing association accommodation are over 2.5 times less likely than tenants in private rented accommodation to become homeless again.[33]

Delivering attractive growing income and capital growth

The Group's investment properties acquired within the period were independently valued on 28 February 2021 by Knight Frank LLP at £243 million, representing an increase of approximately 4.4% above the aggregate acquisition price (including acquisition costs). The properties have been valued on an individual basis. No portfolio premium has been applied.

The NAV and EPRA NTA per share has increased to 102.8 pence as at 28 February 2021, an increase of 4.9% from the 98.0 pence (net of share issue costs) at the time of the Company's IPO in October 2020.

The asset value growth reflects, inter alia:

- the discount achieved on off market acquisitions;
- early mover advantage in growth sectors where yields have compressed; and
- yield compression in the wider long-lease sector in recent months, resulting from increased demand.

29 https://england.shelter.org.uk/media/press_releases/articles/homelessness_crisis_costs_councils_over_1bn_in_just_one_year (Source contains full details of Shelter's calculation methods)
30 https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness (Statutory homelessness live tables (revised)); https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2019-to-2020-individual-local-authority-data-outturn (Revenue outturn housing services (RO4) 2019 to 2020; Revenue outturn (RO4) data 2014 to 2015)
31 Ministry of Housing, Communities & Local Government: Statutory Homelessness Annual Report 2019-2020, England; 1 October 2020
32 The Policy Institute: Kings College London (2016)
33 The Policy Institute: Kings College London (2016)

Portfolio Overview

The headline statistics for the Period are:

Top 10 tenants	Rental exposure	Contracted rent
Lotus Sanctuary CIC	15.4%	£2.1m
Dawson Housing Limited	12.9%	£1.7m
Big Help Project	10.3%	£1.4m
Circle Housing and Support CIC	10.1%	£1.4m
Gen Liv UK CIC	9.5%	£1.3m
One CIC	9.3%	£1.3m
Noble Tree	8.4%	£1.1m
Bloom Social Housing CIC	7.3%	£0.9m
Dovecot and Princess Drive Community Association	6.5%	£0.9m
Redemption Project CIC	3.8%	£0.5m
6 other tenants	6.5%	£0.9m
	100.0%	£13.5m

Operational statistics:

Beds	3019
Properties	572
Average net initial yield	5.83%
WAULT to first break	25 years
Index-linked income or fixed uplifts	100%
Tenants	16
Sub sectors	6
Local authority diversification	66

Home REIT fully deployed the net proceeds of its £240 million IPO within five months of listing.

Home REIT has acquired high quality, well located assets with a long WAULT to first break of 25 years – which is one of the longest in the real estate sector. The assets have been let to a wide range of tenants with robust financials and a proven long-term operating track record across a diverse range of homeless sub sectors and locations.

100% of the Group's assets contain rent reviews linked to CPI inflation thus providing strong inflation-protected income across the Group's portfolio. As at 28 February 2021:

- 100% of assets, by value, had caps and collars of 1% and 4%
- 100% of assets, by value, had annual rent reviews

All of the assets acquired by the Group benefit from triple net, full repairing and insuring leases. These lease agreements oblige the tenants to pay all taxes, building insurance, other outgoings and repair and maintenance costs on the property, in addition to the rent and service charge, therefore avoiding any property cost leakage for the Group.

Building characteristics

Home REIT has 572 properties across 66 local authority areas. The average building in the portfolio comprises five bed spaces and is either a house or small block of apartments with individual front doors.

As with all properties Home REIT acquires, a full independent building condition survey is carried out prior to acquisition. As a result, over £100 million of transactions have been rejected by the Investment Adviser for not meeting the Company's standards with regards to the rent levels, building location, layout/suitability and/or reputation of the selling party.

All of the buildings in the Company's portfolio are of traditional construction with no system built or clad properties. All of the Company's assets are suitable for all types of residential accommodation, ensuring strong residual land value and alternative use options.

Strategies for delivering value and growth

The Investment Adviser employs a number of techniques to secure assets for the Group at an attractive initial yield, without compromising on the asset quality, security of income or lease length, including:

- opportunistic buys across a large population of assets to find value;
- targeting smaller lot sizes generally, which are below the radar of most institutions;
- acquiring the vast majority of its assets through off-market purchases identified via the Investment Adviser's extensive contacts and relationships, driven by its reputation for speed and certainty of transacting;
- avoiding over-heated locations where yields are at historic lows;
- repeat business with longstanding counterparty relationships, including developers, vendors and agents; and
- early mover advantage in sector.

13%

in Q2 2020, an estimated 13% of people released from prison did not have a home to go to.

Source: Ministry of Justice

C was referred to Big Help Project by his probation worker. He struggled with drug addiction and was due to be released from HMP Berwyn without any secured accommodation. Since being supported by Big Help's Fresh Start programme whilst housed in a Home REIT property he has made significant progress mentally and physically. He has fully abstained from drugs since his release from prison despite still facing personal challenges which previously would have exacerbated his addiction.

C has taken positive steps to address his mental health issues with the support from his key worker. He was supported to engage with his GP to manage his anxiety which has had a positive impact on his engagement with Big Help Project and his probation officer. He has recently completed a course as part of the Construction Skills Certification Scheme and passed his exam with an impressive score of 49/50. C is excited about his future as he continues to live in his Home REIT property whilst being supported in his search for employment within a sector he is keen to work in.

Big Help Project

Strong residual land value and alternative use options

In addition to robust tenants and long, index-linked leases, the Group targets assets possessing strong residual land value and alternative use options which will preserve capital values. For example, the Group has acquired properties:

- with low starting rents;
- which are of strategic importance to the housing provider tenant;
- with strong underlying local authority demand; and
- located in areas with a large population and close to local amenities and transport links.

Market opportunity – rental growth

Inflation has historically outpaced open-market rent reviews and it has been steadily increasing since 2016. As set out below, the anticipated continuing outperformance of inflation over open market rental growth forecasts is expected to prove advantageous to the Group's rental growth.

The HM Treasury Forecasts for the Economy Medium term forecasts (February 2021) shows an average CPI growth forecast of 1.8% per annum from 2020 to 2025 (see below). The Investment Property Forum UK Consensus Forecasts Report (Winter, 2020) shows an average open market rental growth forecast of 0.4% per annum from 2021 to 2025 (see below), which is materially lower than the above mentioned HM Treasury RPI and CPI growth forecasts.

Open market rental growth forecast

Year	Open market rental growth p.a.
2021	-2.7%
2022	0.4%
2023	1.4%
2024	1.6%
2025	1.5%
Average growth forecast p.a.	-0.4%

Source: Investment Property Forum UK Consensus Forecasts (Winter 2020)

CPI forecast

Year	CPI p.a.
2021	1.5%
2022	1.9%
2023	1.8%
2024	1.8%
2025	1.9%
Average growth forecast p.a.	1.8%

Source: HM Treasury Forecasts for the UK Economy (Medium term forecasts, February 2021)

With higher inflation and more subdued open market rental growth, strategically the Company has taken advantage of this economic reality through acquiring inflation-linked leases. To date 100% of the Company's rental income is linked to CPI. This allows for higher rental growth via rental increases in line with inflation.

This climate of continuing inflation together with the fixed low cost of debt (as detailed below) which the Group has secured, is expected to allow for:

- higher rental growth via rental increases in line with inflation;
- enhanced dividend yield due to substantial free cash flows generated via the 376 bps spread between triple-net rental income (5.83% average NIY) and low fixed cost of debt (2.07% pa) – rising to potentially 524 bps by expiry of the 12-year loan facility; and
- capital growth through: (i) the capitalisation of rental increases following rent reviews; (ii) acquiring mispriced assets where the seller is driven by factors other than price; and (iii) the net purchase price on off market assets being at a discount and therefore, providing scope for 'natural' yield compression.

Debt finance

The Group entered into a new, 12-year interest-only, fixed-rate, £120 million term loan agreement with Scottish Widows on 11 December 2020 (the "Facility"). The loan was fully drawn down on 26 February 2021.

The Facility is repayable in December 2032 and has a fixed all-in rate payable of 2.07% per annum, for the duration of the 12-year loan term.

This fixed interest rate is 376 basis points lower than the Group's average net initial purchase yield on property acquisitions of 5.83% and this spread is expected to rise to approximately 524 bps by expiry of the 12-year loan facility (see below). The rate of 2.07% is highly accretive to the Group's anticipated future dividend and mitigates potential interest rate and refinancing risks for the 12-year period.

The Facility is secured against the assets acquired by the Group utilising the equity raised on admission in October 2020 and debt drawn down from the Facility.

The full drawing of the Facility reflects a loan-to-value ratio of 33%. As set out in the Group's investment policy, the Group will maintain a conservative level of aggregate borrowings with a maximum level of aggregate borrowings of 35% of the Group's gross assets.

Responsible investment

PRI

The Investment Adviser is a signatory to the UN-supported Principles of Responsible Investment ("PRI") which represent a global standard for asset owners, investment advisers and service providers to incorporate environmental, social, and corporate governance ("ESG") policies into investment practice.

As a signatory to the PRI, the Investment Adviser is also required to report annually on its responsible investment activities and in accordance with the PRI's reporting framework. These reporting requirements aim to ensure signatories' accountability and transparency and facilitate feedback from which signatories can then develop and learn.

Signatories to the PRI recognise that they have a duty to act in the best long-term interests of their investors and, by applying the PRI, aim to align their investors with broader objectives of society. Therefore, where consistent with its fiduciary responsibilities, the Investment Adviser has committed to:

Incorporate ESG issues into its investment analysis and decision-making processes

Be an active owner and to incorporate ESG issues into ownership policies and practices

Seek appropriate disclosure on ESG issues by any entities in which it invests

Promote acceptance and implementation of the PRI within the investment industry

Work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the PRI

Report on activities and progress towards implementing the PRI

ESG and Green leases

100% of the Company's assets are let on "green leases". In these leases, the Company and its charity tenants agree to cooperate to identify and implement appropriate strategies for the improvement of the relevant properties' environmental performance. This includes the improvement of energy consumption, water consumption and discharge, waste generation and management, generation and/or emission of greenhouse gases and other adverse environmental impacts arising from the operation or use of the properties.

We also look forward to carrying out with the Good Economy Partnership a full impact report for the Company which will be included in the Annual Report for the financial year to 31 August 2021.

Outlook

We are very pleased with the Group's strong performance during what was a very active period, underlining our ability to successfully source and execute on attractively priced, very long-let and index-linked property assets leased to robust tenants.

We remain confident about continuing to deliver both significant social impact and attractive inflation-protected income and capital growth to the Company's shareholders sustainable over the short and longer term through our diversified high quality portfolio as well as from our growing pipeline of attractive investments.

Alvarium Home REIT Advisors Limited
27 April 2021

9 bedrooms in London

Investment objective and policy (summary)

The investment objective of the Company is to deliver inflation-protected income and capital growth over the medium term for shareholders through funding the acquisition and creation of high-quality homeless accommodation across the UK let on long-term index-linked leases.

The Company will target inflation-protected income and capital returns by investing in a diversified portfolio of homeless accommodation assets, let or pre-let to registered charities, housing associations, community interest companies and other regulated organisations that receive housing benefit or comparable funding from local or central government, on very long-term and index-linked leases.

The Company will invest in these assets directly or through holdings in special purpose vehicles and will seek to acquire high-quality properties, taking into account the following key investment considerations:

- The properties will provide high-quality accommodation to homeless and vulnerable individuals in need of housing;
- Each property should demonstrate strong residual land value characteristics;
- Very long unexpired lease terms (typically 20 to 30 years to expiry or first break); and
- Rent reviews to be inflation-linked or contain fixed uplifts.

The Company will be dedicated to tackling homelessness in the UK and will target a wide range of sub-sectors within homelessness including, but not limited to, women fleeing domestic abuse, people leaving prison, individuals suffering from mental health or drug and alcohol issues and foster care leavers.

The Company will seek to only acquire assets let or pre-let to robust tenants on long leases (typically 20 to 30 years to expiry or first break), with index-linked or fixed rental uplifts, in order to provide security of income and low cost of debt. The Company will only invest in assets with leases containing regular upward-only rental reviews. These reviews will typically link the growth in rents to an inflation index such as CPI (with potentially a minimum and maximum level) or alternatively may have a fixed annual growth rate.

The Company will neither undertake any direct development activity nor assume direct development risk. However, the Company may invest in fixed-price forward funded developments, provided they are pre-let to an acceptable tenant and full planning permission is in place. In such circumstances, the Company will seek to negotiate the receipt of immediate income from the asset, such that the developer is paying the Company a return on its investment during the construction phase and prior to the tenant commencing rental payments under the terms of the lease.

Where the Company invests in forward funded developments:

- The Company will not acquire the land until full planning consent and tenant pre-lets are in place;
- The Company will pay a fixed price for the forward funded purchase, covering land, construction cost and developer's profit;
- All cost overruns will be the responsibility of the developer/contractor; and
- If there is a delay to completion of the works, this will be a risk for the developer/contractor, as they will pay the Company interest/rent until practical completion occurs.

The Company's full investment policy can be found in the Company's prospectus issued on 22 September 2020.

20 bedrooms in Worcester

20,000

Victims of domestic violence made homeless last year.

Source: Ministry of Housing, Communities and Local Government

J had been rough sleeping for some time after suffering years of domestic abuse . Her situation was worsened by drug addiction which she had developed as a coping mechanism to the physical and financial abuse she had been victim to. When J moved into a Home REIT property operated by the charity, Lotus Sanctuary, she was looking forward to a new beginning.

J found the initial transition into accommodation extremely difficult. She did not know anyone in the area and did not have access to a personal bank account. She found it difficult to trust others due to her previous experiences and challenged the Lotus Sanctuary staff on many occasions but the Lotus Sanctuary team remained patient and supportive. Positive engagement and building relations with J was a slow process; it took six weeks for Lotus Sanctuary to gain her trust.

Having given J the space and time she needed, Lotus Sanctuary now has a positive working relationship with her and she is utilising their support service to its full potential. She often knocks on the office door to have a coffee and a chat with the team.

J has a clean and safe Home REIT apartment which she calls home and is engaging well with the Lotus Sanctuary team, accepting their help and support. She has opened her own bank account and is drug free.

Lotus Sanctuary

Key performance indicators

The Company's objective is to deliver attractive, low risk returns and positive social impact to shareholders, by executing its investment policy.

Set out below are the key performance indicators ("KPIs") that are used to track the Group's performance.

KPI and definition	Relevance to strategy	Performance
1. Total NAV return Total NAV return measures the change in the EPRA NTA and dividends during the period as a percentage of EPRA NTA at the start of the period. We are targeting a minimum of 8% per annum over the medium term.	Total NAV return measures the ultimate outcome of our strategy, which is to deliver value to our shareholders through our portfolio and to deliver a secure and growing income stream. As the first interim dividend was paid post period end this is simply the uplift from opening NAV of 98p to period end NAV of 102.8p.	4.9%
2. Dividend per share Dividends paid to shareholders and proposed in relation to a period.	The dividend reflects our ability to deliver a low risk but growing income stream from our portfolio and is a key element of our total NAV return. As the first interim dividend was paid post period end it is not reflected in this assessment.	Nil
3. Adjusted earnings per share Post-tax Adjusted earnings per share attributable to shareholders.	The Adjusted earnings per share reflects our ability to generate income from our portfolio, which ultimately underpins our dividend payments. A reconciliation of Adjusted earnings is included in Note 20 to the consolidated financial statements.	0.6p
4. Total expense ratio The ratio of total operating expenses, including management fees expressed as a percentage of the average net asset value.	The total expense ratio is a key measure of our operational excellence. Maintaining a low-cost base supports our ability to pay dividends. Note: this calculation excludes £75,000 of costs relating to the share premium cancellation as non-recurring. The annualised figure has been calculated commencing from the IPO date.	1.47% (annualised)
5. EPRA NTA The value of our assets (based on an independent valuation) less the book value of our liabilities, attributable to shareholders and calculated in accordance with EPRA guidelines. At the period end there were no differences between EPRA NTA and IFRS NAV.	The NTA reflects our ability to grow the portfolio and to add value to it throughout the life cycle of our assets.	102.8p
6. Pro-forma LTV The proportion of our total assets that is funded by borrowings. Calculated as gross borrowings as proportion of total assets adjusted for working capital. Our target maximum LTV is 35%.	The LTV measures the prudence of our financing strategy, balancing the additional returns and portfolio diversification that come with using debt against the need to successfully manage risk.	32.8%
7. Weighted average unexpired lease term The average unexpired lease term of the property portfolio weighted by annual passing rents. Our target WAULT is a minimum of 20-years.	The WAULT is a key measure of the quality of our portfolio. Long lease terms underpin the security and predictability of our income stream.	24.6 years
8. Percentage of contracted rents index-linked or fixed This takes the total value of contracted rents that contain rent reviews linked to inflation or fixed uplifts.	This measures the extent to which we are investing in line with our investment objective, to provide inflation-linked returns.	100%
9. Homeless beds created This takes into account the number of bed spaces created by Home REIT since inception.	This measures the extent of the impact our investment has on the homelessness issue in the UK.	3,019 beds

EPRA performance measures

The table below shows additional performance measures, calculated in accordance with the Best Practices Recommendations of EPRA. We provide these measures to aid comparison with other European real estate businesses.

Reconciliations of EPRA Earnings and NAV measures are included in Notes 20 and 21 to the consolidated financial statements respectively.

Measure and Definition	Purpose	Performance
1. EPRA Earnings	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	0.6p
2. EPRA Net Tangible Assets ("NTA")	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	102.8p
3. EPRA Net Reinstatement Value ("NRV")	Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	107.4p
4. EPRA Net Disposal Value ("NDV")	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	106.4p
5. EPRA Net Initial Yield ("NIY")	EPRA NIY is annualised net rents on investment properties as a percentage of the investment property valuation, less purchaser's costs.	5.33%
6. EPRA 'Topped-Up' NIY	The 'topped-up' measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	6.44%
7. EPRA Vacancy	A 'pure' (%) measure of investment property space that is vacant, based on ERV.	0%
8. EPRA Cost Ratio	A key measure to enable meaningful measurement of the changes in a company's operating costs.	44.7%

Principal risks and uncertainties

The Prospectus issued in September 2020 includes details of risks faced by the business. The Board considers that the principal risks and uncertainties faced by the Group are as follows:

Risk	Mitigation
Global pandemic	
Covid-19 global pandemic – rapid spread of infectious disease has caused governments to implement policies to restrict travel and take other measures to prevent its spread, resulting in a slowdown to the economy, significant share price volatility, changes to the working habits for our key service providers, and unprecedented disruption to many of our tenants' businesses.	The Board monitors the business continuity position of each of our key service providers to ensure adequate procedures are in place to limit the impact on the Company. The Board, Investment Adviser and key members of the management team have been working remotely since inception. Regular communication is maintained between the Board, the Investment Adviser, tenants and key service providers. The Investment Adviser is closely monitoring the impact on our assets and on our tenants' ability to meet rent obligations and regularly reports the position to the Board. The Board is committed to providing all relevant information to the market on a timely basis to foster good communication with our shareholders and other stakeholders. Further detail of this is given in the going concern section of this report.
Investment strategy and operations	
The Company may not achieve its investment objective or return objective. The Company has a limited operating history and targeted returns are based on estimates and assumptions subject to significant uncertainties and contingencies. The Company may face delays in deployment of proceeds and may not be able to find suitable investments on acceptable terms.	The Board regularly reviews the Company's investment performance against its stated objective in relation to deployment, purchase yields achieved, debt finance costs/availability, dividends and total shareholder return. The Investment Adviser's senior management team has extensive experience in executing real estate investments in strategies similar to that of the Company. The Investment Adviser has identified a strong pipeline of opportunities and continues to deploy capital well within original timescales and expected yields.
Real estate	
Performance will be subject to the condition of property markets in the UK – a significant downturn in the underlying value of the Company's investment property would impact shareholder returns and ability to meet banking covenants.	The Investment Adviser and the Board monitor the position on a regular basis. Performance in terms of underlying Investment Property valuation and rent collection has remained robust throughout the Covid-19 pandemic. The long-term nature of the asset class' cash flows underpinned by central government support means volatility is kept to a minimum which is further underpinned by 100% of the Company's leases being indexed linked with a minimum uplift per annum of 1%. The Company's current LTV is 32.8% giving significant head room in relation to the default LTV banking covenant of 50%.
The Group's investments are illiquid and may be difficult to realise at a particular time which could put the Company's Balance Sheet under strain.	The Company is expected and has planned to hold its investments on a long-term basis, and therefore it is unlikely that quick disposals will be required. The Investment Adviser and the Board monitor the position on a regular basis maintaining a cash buffer on the Balance Sheet for any short term requirements. Current conditions and valuation, supported by recent transactions point to disposals at holding value or better if required.

Risk	Mitigation
Risk of tenants defaulting – dividends payable by the Group and its ability to service the Group's debt will be dependent on the income from the properties it owns. Failure by one or more tenants to comply with their rental obligations could affect the ability of the Company to secure dividends and meet banking covenants associated with its borrowings.	The Group undertakes thorough due diligence before acquisition and acquires assets let to strong tenants with track records in servicing the sector giving confidence that they will be able to pay the rents as and when they are due. In addition as part of the transaction, contingencies are put in place to further strengthen tenant balance sheets. The credit quality of the tenants is assessed by the Investment Adviser on an initial and an ongoing basis. The Investment Adviser and the Administrator monitor payments received to ensure any difficulties are raised in a timely fashion.
Property valuation is inherently subjective and uncertain – Valuations are subject to uncertainty and there can be no assurance that the estimates resulting from the valuation process will reflect actual sales prices that could be realised by the Company in future.	The Group generally acquires properties with strong fundamentals that are of strategic importance to their tenants. The Group aims to hold assets for long-term income and embeds income growth into leases which contributes toward positive valuation movements. An experienced Independent Valuer has been appointed to carry out bi-annual property valuations. The performance of all third party service providers is regularly reviewed by the Board.
Other risks	
The Company is reliant on the AIFM, the Investment Adviser and the Company's other key services providers – The Company relies on its key service providers, market intelligence, relationships and expertise. The performance of the Company is to a large extent dependent on the performance of the Investment Adviser and its other key service providers.	The Board has executed a long-term Investment Advisory Agreement securing the services of Investment Adviser until October 2025. The Board meets regularly with the Investment Adviser to promote a positive working relationship with its performance monitored against the Company's investment objective and investor expectations. The Investment Advisory fee is based on a sliding scale of the Company's net asset value to align the Investment Adviser's interests with those of the shareholders. The Board has appointed experienced service providers to provide key services to the Company. Performance of the key service providers is also monitored by the Board and the Management Engagement Committee. The Management Engagement committee will perform a formal periodic review process to consider the ongoing performance of the AIFM, the Investment Adviser and other key service providers.
Failure to comply with the REIT rules and other regulations may have a negative impact on the Company – If the Group fails to remain qualified as a REIT, the Group will be subject to UK corporation tax on some or all its property rental income and chargeable gains, which would reduce the earnings and amounts available for distribution to shareholders.	The Investment Adviser monitors compliance with the REIT regime. The Group has appointed experienced third-party tax advisors to assist with tax compliance matters with appropriate relevant experience. Calculation of dividends is carried out by the Group's Administrator before review by the AIFM and/or Investment Adviser. The performance of third party service providers is regularly reviewed by the Board.

9 bedrooms in Brighton

11,483

Between 2018 and 2019, 11,483 people were released from prison into homelessness and in Q2 2020, an estimated 13% of people released from prison did not have a home to go to.

D had no fixed abode and was spending nights sleeping anywhere she could find and often sleeping rough on the streets. Big Help Project contacted D's probation officer to prioritise a referral and assessment which resulted in her moving into a Home REIT property within the same week.

D's mental health and drug addiction issues were immediately addressed when she moved into her Home REIT accommodation as they were negatively impacting everything else in her life. She worked with Big Help Project's Fresh Start team and their wellbeing team to improve her mental and physical health which gave her the skills and confidence to recently move into her own independent accommodation.

Big Help Project

Directors' responsibility statement

The Directors confirm that to the best of their knowledge this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the operating and financial review comprising this report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority namely:

- an indication of important events that have occurred during the Period and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial period; and
- disclosure of any material related party transactions in the Period are included in Note to the financial statements.

A list of the Directors is shown at the rear of the Interim Report.

For and on behalf of the Board

Lynne Fennah
Chair
27 April 2021

14 bedrooms in Liverpool

Independent review report to Home REIT plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for period from 19 August 2020 to 28 February 2021 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and notes to the condensed consolidated financial statements.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group will be prepared in accordance with international accounting standards in conformity with the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the period from 19 August 2020 to 28 February 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London

27 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

12 bedrooms in London

Unaudited condensed consolidated financial statements

Condensed consolidated statement of comprehensive income

	Note	19 August 2020 to 28 February 2021 £'000
Income		
Rental income	3	3,060
Total income		**3,060**
Operating expenses		
General and administrative expenses	4	1,443
Total expenses		**1,443**
Change in fair value of investment property	7	10,052
Operating profit for the period		**11,669**
Finance costs	5	235
Profit before taxation		11,434
Taxation	6	–
Comprehensive income for the period		**11,434**
Earnings per share – basic and diluted (pence per share)*	20	**4.75**

*Based on the weighted average number of ordinary shares in issue in the period from the commencement of the Company's operations on 12 October 2020 to 28 February 2021.

All items in the above statement derive from continuing operations.

The notes on pages 34 to 47 form part of these financial statements.

Condensed consolidated statement of financial position

	Note	As at 28 February 2021 £'000
Non-current assets		
Investment property	7	242,995
Total non-current assets		**242,995**
Current assets		
Trade and other receivables	9	1,520
Restricted cash	10	120,000
Cash and cash equivalents	10	12,451
Total current assets		**133,971**
Total assets		**376,966**
Non-current liabilities		
Bank borrowings	8	118,693
Total non-current liabilities		**118,693**
Current liabilities		
Trade and other payables	11	11,080
Total current liabilities		**11,080**
Total liabilities		**129,773**
Net assets		**247,193**
Capital and reserves		
Share capital	14	2,406
Special distributable reserve	16	233,353
Retained earnings		11,434
Total capital and reserves attributable to equity holders of the company		**247,193**

The notes on pages 34 to 47 form part of these financial statements.

Condensed consolidated statement of changes in shareholders' equity

For the period from 19 August 2020 to 28 February 2021	Note	Share capital account £'000	Share premium account £'000	Distributable reserve £'000	Retained earnings £'000	Total equity attributable to owners of the company £'000
Profit and total comprehensive income attributable to shareholders		–	–	–	11,434	11,434
Transaction with owners:						
Share capital issued	14	2,406	238,164	–	–	240,570
Share issue costs	15	–	(4,811)	–	–	(4,811)
Cancellation of share premium	16	–	(233,353)	233,353	–	–
Balance at 28 February 2021		**2,406**	**–**	**233,353**	**11,434**	**247,193**

The notes on pages 34 to 47 form part of these financial statements.

Condensed consolidated statement of cash flow

	Note	For the period from 19 August 2020 to 28 February 2021 £'000
Cash flows from operating activities		
Profit before tax		11,434
Less: Change in fair value of investment property	7	(10,052)
Operating result before working capital changes		**1,382**
Increase in trade and other receivables	9	(1,520)
Increase in trade and other payables	11	1,030
Net cash flow used in operating activities		**892**
Cash flows from investing activities		
Purchase of investment properties	7	(222,893)
Net cash used in investing activities		**(222,893)**
Cash flows from financing activities		
Proceeds from issue of share capital	14	2,406
Proceeds from issue of share premium	15	238,164
Share issue costs	15	(4,811)
Unamortised loan arrangement fee		(1,307)
Net cash generated from financing activities		**234,452**
Net increase in cash and cash equivalents		12,451
Cash and cash equivalents at beginning of the period		–
Cash and cash equivalents at end of the period	10	**12,451**

The notes on pages 34 to 47 form part of these financial statements.

Notes to the unaudited condensed consolidated financial statements

1. General information

Home REIT PLC (the "Company") is a closed-ended investment company, incorporated in England and Wales on 19 August 2020 and is registered as a public company limited by shares under the Companies Act 2006 with registered number 12822709. The company commenced operations on 12 October 2020 when its shares commenced trading on the London Stock Exchange.

The Company intends to carry on business as a REIT with an investment objective to deliver inflation-protected income and capital growth over the medium-term for Shareholders through funding the acquisition and creation of high quality homeless accommodation across the UK let on long-term index-linked leases.

2. Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. The policies have been consistently applied throughout the period.

2.1 Basis of preparation of financial statements

This consolidated set of condensed financial statements has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority and IAS 34 Interim Financial Reporting, as adopted by the European Union.

The condensed consolidated financial statements for the period from 19 August 2020 to 28 February 2021 have been reviewed by the Company's Independent Auditor, BDO LLP, in accordance with the International Standard on Review Engagements 240 Review of Interim Financial Information Performed by the Independent Auditor of thee Entity and were approved for issue on 27 April 2021. The condensed consolidated financial statements are unaudited and do not constitute statutory accounts for the purposes of the Companies Act 2006.

As this is the Company's first accounting period, annual statutory financial statements have not yet been filed with the Registrar of Companies. The Company will prepare its first statutory financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The comparative presentation is not required in the current period of commencement of operations.

The condensed consolidated financial statements for the period ended 28 February 2021 have been prepared on a historical cost basis, as modified for the Group's investment properties which are carried at fair value with changes presented in the statement of comprehensive income.

The condensed consolidated financial statements are presented in Sterling, which is the Company's presentation and functional currency, and values are rounded to the nearest thousand pounds, except where indicated otherwise.

Changes to accounting standards and interpretations

At the date of authorisation of the financial statements, there were a number of standards and interpretations which were in issue but not yet effective. The Company has assessed the impact of these amendments and has determined that the application of these amendments and interpretations in current and future periods will not have a significant impact on its financial statements.

Description	Effective Date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Annual Improvements to IFRSs (2018-2020 Cycle) – IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, IAS 41	1 January 2022
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023

Going Concern

The Directors of the Company have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Groups has the resources to continue in business for at least a period of 12 months from the date when the financial statements are authorised for issue. Furthermore, as the Group has a robust Statement of Financial Position and lets properties on long-term index-linked leases which give rise to strong current and projected future cash flows, the Directors consider that any negative impact on the Group's financial position as a result of Covid 19 will be minimal.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about its future trading performance including the impact of Covid-19. Various forms of sensitivity analysis have been performed having a particular regard to the financial performance of its tenants, taking into account any discussions held with tenants surrounding operating performance and the current and ongoing rent collection levels achieved by the Group.

The Group's financial covenants have been complied with for all loans throughout the period and up to the date of approval of these financial statements.

The Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

2.2 Significant accounting judgements and estimates

The preparation of financial statements requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and associated assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Valuation of investment properties

The investment properties have been independently valued at fair value by Knight Frank LLP, the Independent Valuer, an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment properties being valued. The valuations are the ultimate responsibility of the Board; please see note 7 for further information.

2.3 Summary of significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below.

a Presentation and functional currency

The primary objective of the Company is to generate returns in Sterling, its capital-raising currency. The Company and the Group's performance is evaluated in Sterling. Therefore, the Directors consider Sterling as the currency that appropriately represents the economic effects of the underlying transactions, events, and conditions and the Company has therefore adopted it as the presentation and functional currency for its consolidated financial statements.

b Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank, cash held by lawyers and short-term deposits with an original maturity of three months or less.

c Restricted cash

Restricted cash represents cash withheld by the lender on drawdown borrowings, as referred to in note 10, until certain security is provided to release the funds and, in consequence, does not form an integral part of the Group's cash as at the reporting date.

d Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure. The Company aims to ensure that sufficient capital is available for a programme of investment in a pipeline of assets and that these investments generate sufficient forecasted income such that dividends may be maintained to shareholders at the appropriate rate to ensure REIT status is preserved.

e Other payables and accrued expenses

Other payables and accrued expenses are initially recognised at fair value and subsequently held at amortised cost.

2. Accounting policies – continued

f Taxation
Taxation on the profit or loss for the period not exempt under UK REIT regulations would comprise of current and deferred tax. Tax would be recognised in the statement of comprehensive income except to the extent that it relates to items recognised as direct movement in equity in which case it would be recognised as a direct movement in equity. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date.

g Dividend payable to shareholders
Dividends to the Company's shareholders are recognised as a reduction in equity in the financial statements at the earlier of the date they are paid and, if applicable, the date they are approved at the AGM.

h Share issue costs
The costs of issuing or reacquiring equity instruments of the Company are accounted for as a deduction from equity.

i Leases – the Company as lessor
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company has determined that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases. Properties leased out under operating leases are included in investment property in the statement of financial position.
Rental income from operating leases is recognised on a straight line basis over the expected term of the relevant leases.

j Business combinations
The Company adopted the amendments to IFRS 3 (effective 1 January 2020) in the current period. Under the amendments of IFRS 3, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. An optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is a business has been added. The Company opted to apply the concentration test in the period to all of its corporate acquisitions, concluding these to be treated as asset purchases rather than business combinations because they are considered to be acquisitions of properties rather than businesses.

k Rental income
Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term after the spreading of index-based rental increases on such leases and is included in rental income in the statement of comprehensive income due to its operating nature. The Group's main source of revenue is rental income earned from its investment properties, which is excluded from the scope of IFRS 15.

2.4 Financial instruments

a Financial assets

The Company classifies its financial assets as fair value through profit or loss or amortised cost, depending on the purpose for which the asset was acquired and based on the business model test. There are no financial assets held at fair value through profit or loss. The Company's accounting policy for financial assets classified as amortised cost is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. rent receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost being the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables (rental income) are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the rent receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the rent receivables.

Impairment provisions for other receivables are recognised based on the general approach within IFRS 9 and a loss allowance for lifetime expected credit losses is recognized if there has been a significant increase in credit risk since initial recognition of the financial asset.

The Company's financial assets measured at amortised cost comprise rent receivable, restricted cash and cash and cash equivalents in the statement of financial position. Cash and cash equivalents comprise cash in hand and deposits held at call with banks, it also includes cash held by lawyers for subsequent completions.

b Financial liabilities

The Company's accounting policy for financial liabilities is as follows:

Trade and other payables that are financial liabilities are initially recognised at fair value. Where a financing component is identified in respect of long term payables the fair value is calculated with reference to an imputed interest rate and subsequently amortised using the effective interest rate method. Short term financial liabilities are carried at their expected settlement value.

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensure that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Group Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payment while the liability is outstanding.

The Company's financial liabilities comprise of trade and other payables and borrowings.

c Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, and all the efforts for collection of the receivables are exhausted. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

d Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. For the interim accounts, the assessment of the probability of default and loss given default has been based on current and forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Expected credit losses are recognised in other expenses in the statement of comprehensive income.

2. Accounting policies – continued

2.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially held at cost and then subsequently held at fair value. This valuation includes reference to the initial consideration given, including expenditure that is directly attributable to the acquisition of the investment property, and independent expert guidance. At mid-year and year-end, investment property is valued by an independent valuer and is stated at its fair value as at the reporting date. Gains and losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise in the statement of comprehensive income.

Investment property additions in the period include £10.0 million relating to the acquisition of four properties that had unconditionally exchanged at the balance sheet date but that did not complete until March 2021. The Group's accounting policy is to recognise acquisitions on the date of unconditional exchange, and the outstanding amount payable to the seller at completion is included on the condensed consolidated statement of financial position as a liability in trade and other payables.

Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is incurred in profit or loss in the period in which the property is derecognised.

2.6 Fair Value hierarchy

In accordance with IFRS 13, the Company recognises investment properties at fair value at each balance sheet date in accordance with IFRS 13 which recognises a variety of fair value inputs depending upon the nature of the investment. Specifically:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period. Please see note 7.

3. Rental income

	19 August 2020 to 28 February 2021 £'000
Rental income from investment property	2,780
Accretion effect of straight-lining rent	280
Total	**3,060**

Includes amounts receivable in respect of property rental income and is measured at the fair value of the consideration received or receivable. The future minimum rents receivable under non-cancellable operating leases are:

	£'000
Future minimum rents receivable in the period:	
Year 1	13,011
Year 2	13,141
Year 3	13,273
Year 4	13,405
Year 5	13,539
> 5 years	220,123
Total	**286,492**

20 year leases (with an option to renew for a further 5 years) were granted on the date of acquisition of the properties, with an annual CPI-linked rent review scheduled on the annual anniversary of the lease being granted. A collar of 1% and a cap of 4% is applicable to these reviews. Rental income is recognised on a straight line basis over the expected term of the relevant lease.

4. General and administrative expenses

	19 August 2020 to 28 February 2021 £'000
Investment adviser fee	778
Auditor's fee	139
Board and Directors fee	66
Other administrative expenses	460
Total general and administrative expenses	**1,443**

Fees payable to the auditor of the Company relate to the Initial Accounts audit fees of £42,000 (including VAT) and an accrual for fees payable for audit procedures at the mid-year and the year-end of £97,000 (including VAT). The Company also incurred additional non-audit fees of £75,000 from the auditor related to the admission on the London Stock Exchange which have been treated as a reduction in Equity as share issue costs (see note 15).

5. Finance costs

	19 August 2020 to 28 February 2021 £'000
Loan interest	20
Non-utilisation fees	190
Amortisation of loan arrangement fees	25
Total finance costs	**235**

6. Taxation

The Company is a real estate investment trust ("REIT") and as a result the profit and gains arising from the Company's property rental business are exempt from UK corporation tax provided it meets certain conditions as set out in the UK REIT regulations. Profits arising from any residual activities (e.g. trading activities and interest income), after the utilisation of any available residual tax losses, are subject to corporation tax at the main rate of 19% for the year.

	19 August 2020 to 28 February 2021 £'000
Current tax	–
Origination and reversal of temporary differences	–
Total deferred tax	–
Tax charge	**–**

Reconciliation of the total tax charge

The reconciliation of profit before tax multiplied by the standard rate of corporation tax for the half-year of 19% to the total tax charge in the statement of comprehensive income is as follows:

	19 August 2020 to 28 February 2021 £'000
Profit before tax	11,434
Tax at the standard rate of UK corporation tax of 19%	2,172
Effect of:	
REIT exempt income and gains	(262)
Revaluation of investment properties	(1,910)
Tax charge	**–**

UK REIT exempt income includes property rental income that is exempt from UK Corporation Tax in accordance with Part 12 of the Corporation Tax Act 2010.

7. Investment property

	Freehold Investment Property £'000
Property acquisitions in the period	232,943
Change in fair value of investment property	10,052
Fair value at 28 February 2021	**242,995**

The properties are held at fair value as determined by the independent valuer as at 28 February 2021. All corporate acquisitions during the period have been treated as asset purchases rather than business combinations because they are considered to be acquisitions of properties rather than businesses (see note 2(j)).

The Company's investment policy targets inflation-protected income and capital returns by investing in a diversified portfolio of homeless accommodation assets, let or pre-let to registered charities, housing associations, community interest companies and other regulated organisations that receive housing benefit or comparable funding from local or central government, on long-term and index-linked leases. The Company will neither undertake any direct development activity nor assume direct development risk.

The Company will focus on delivering capital growth by holding assets over the long term and therefore it is unlikely that the Company will dispose of any part of its portfolio. In the unlikely event that a part of the portfolio is disposed of, the Directors intend to reinvest proceeds from such disposals in assets in accordance with the Company's investment policy.

The following descriptions and definitions relating to valuation techniques and key observable inputs may also be used in determining fair values:

Valuation techniques: market value method

Under the market value method the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Observable input: passing rent

The rent at which space could be let in the market conditions prevailing at the date of valuation. Passing rents are dependent upon a number of variables in relation to the Company's property. These include; size, location, tenant covenant strength and terms of the lease.

Unobservable input: rental growth

The estimated average increase in rent based on both market estimations and contractual arrangements. A reduction of the estimated future rental growth in the valuation model would lead to a decrease in the fair value of the investment property and an inflation of the estimated future rental growth would lead to an increase in the fair value. No quantitative sensitivity analysis has been provided for estimated rental growth as a reasonable range would not result in a significant movement in fair value.

The Company classifies all assets measured at fair value as below:

Fair value hierarchy

As at 28 February 2021	Total £'000	Quoted prices in active markets (level 1) £'000	Significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
Assets measured at fair value:				
Investment property	242,995	–	–	242,995

Passing rent and yield range

Sector	Passing rent pa 28 February 2021 £'000	Passing rent pa range £'000	Valuation 28 February 2021 £'000	Valuation yield range %
Residential	13,544	3-311	242,995	4.94-5.56

The table below shows the sensitivities of measurement of the Group's investment property to certain inputs:

As at 28 February 2021	-5% in passing rent £'000	+5% in passing rent £'000	+25bps in net initial yield £'000	-25bps in net initial yield £'000
Investment property	(12,150)	12,150	(10,431)	11,411

7. Investment property – continued

Unobservable input: net initial yield

The net initial yield is defined as the initial gross income as a percentage of the market value (or purchase price as appropriate) plus standard costs of purchase.

Sensitivities of measurement of significant unobservable inputs

As set out within significant accounting estimates and judgements above, the Company's property portfolio valuation is open to judgements and is inherently subjective by nature.

8. Financial instruments

Set out below is a comparison of the book value and fair value of the Group's financial instruments where a difference exists. The fair value of financial instruments not included in the comparison is equal to book value.

Bank borrowings	Book value £'000	Fair value £'000
Term loan	120,000	111,130
Unamortised loan arrangement fees	(1,307)	–
Bank borrowings	**118,693**	**111,130**

The Group's borrowings comprise a £120 million fixed term loan facility with Scottish Widows Limited. The facility has an all-in rate of 2.07% per annum for the duration of the loan term and is due for repayment in December 2032.

9. Trade and other receivables

	As at 28 February 2021 £'000
Tenant receivables	1,470
Prepaid expenses	50
Trade and other receivables	**1,520**

The Directors analysed the expected credit loss and concluded there was no material exposure for the period ended 28 February 2021.

10. Cash reserves

	As at 28 February 2021 £'000
Cash at bank	12,451
Cash and cash equivalents	12,451
Restricted cash	120,000
Total cash at bank	**132,451**

Restricted cash is money held in accounts to which the Group does not have immediate access and as such do not form part of the Group's short-term cash management. These amounts arise both when initially drawing on term-loans prior to the bank taking adequate security and where a securitised asset is disposed prior to the bank replacing the asset with adequate security.

11. Trade and other payables

	As at 28 February 2021 £'000
Accrued expenses	1,030
Property purchases exchanged unconditionally at the reporting date	10,050
Total other payables and accrued expenses	**11,080**

The Directors consider the carrying amount of trade and other payables match their fair value.

12. Bank borrowings

On 11 December 2020 the Group entered into a 12-year fixed-rate loan facility for £120 million with Scottish Widows; the Company acts as a guarantor to the loan facility. The Group considers and accounts for all guarantees as insurance contracts. A financial guarantee is recognised where a contract requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment when due. The loan was fully drawn on 26 February 2021 and was held in a restricted cash account at 28 February 2021.

13. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The AIFM and the Investment Adviser have risk management procedures and processes in place which enable them to monitor the risks of the Company. The objective in managing risk is the creation and protection of shareholder income and value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, impact assessment, and monitoring and subject to risk limits and other controls.

The principal financial risks facing the Company in the management of its portfolio are as follows:

13.1 Credit risk

Credit risk is the risk that a tenant or other counterparty will cause financial loss to the Company by failing to meet a commitment it has entered into with the Company.

It is the Company's policy to enter into banking arrangements with reputable financial institutions. The AIFM monitors the credit worthiness of banks used by the Company by review of credit ratings, financial statements and other public records and news on a regular basis.

In respect of investment property, in the event of a default by a tenant, the Company may suffer an income shortfall and additional costs in reletting the property. The distributions payable by the Company are dependent on the income from the underlying investment property. The receipt of any rental income due and payable in respect of the underlying property, and the possibility that tenants may default on their rental obligations, creates a consequential risk for the Company in that it could cause a decline in the Company's income available for distribution to shareholders. The Investment Adviser reviews the position of new tenants and monitors tenant exposure in accordance with the investment policy.

The table below shows the Company's exposure to credit risk:

	As at 28 February 2021 £'000
Cash and cash equivalents	12,451
Restricted cash	120,000
Tenant receivables	1,470
	133,921

13.2 Liquidity risk

The Group manages its liquidity and funding risks by considering cash flow forecasts and ensuring sufficient cash balances are held within the Group to meet future needs. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of financing through appropriate and adequate credit lines, and the ability of tenants to settle obligations within normal terms of credit. The Group ensures, through forecasting of capital requirements, that adequate cash is available.

The following table details the Group's liquidity analysis in respect of its financial liabilities on contractual undiscounted payments:

28 February 2021	< 3 months £'000	3-12 months £'000	1-5 years £'000	5 years + £'000	Total £'000
Bank borrowings and interest (Note 12)	620	1,881	9,950	136,908	149,359
Trade and other payables	11,013	67	–	–	11,080
	11,633	**1,948**	**9,950**	**136,908**	**160,439**

The Board of Directors oversees the management of these risks and agrees policies for managing each of these risks.

14. Share Capital

	As at 28 February 2021 £'000
Issued and Allotted:	
240,570,465 ordinary shares of £0.01 each	2,406

The Company was incorporated on 19 August 2020 when one ordinary share of £0.01 nominal value was issued for £1. On 3 September 2020, a further 50,000 redeemable preference shares of £1 each were issued at £1 per share (quarter paid up). The Company achieved admission to the premium listing segment of the Official List of the London Stock Exchange (the "IPO") on 12 October 2020.

At the date of the Company's IPO, the Company issued and allotted a further 240,570,464 ordinary shares of 1 pence nominal value each at £1 per share. Therefore, 240,570,465 ordinary shares have been issued and fully paid. The redeemable preference shares were redeemed at par and cancelled on the date of the IPO.

15. Share premium account

	As at 28 February 2021 £'000
Share premium arising on ordinary shares issued in relation to equity issuance	238,164
Share issue costs	(4,811)
Transfer to special distributable reserve (note 16)	(233,353)
Balance at end of period	**–**

In order to increase distributable reserves available for the payment of future dividends, the Company resolved on 3 September 2020 that, conditional upon Admission and the approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the Issue be cancelled and transferred to a special distributable reserve.

The Court approved the cancellation of the share premium account on 8 December 2020 and the cancellation was registered with the Registrar of Companies on 9 December 2020 following which the cancellation of the share premium account became effective. Accordingly, the amount of £233,353,351 previously held in the share premium account has been cancelled and credited to a special distributable reserve. The Company may, at the discretion of the Board, pay all or any part of any future dividends out of this special distributable reserve, taking into account the Company's investment objective.

16. Special distributable reserve

	As at 28 February 2021 £'000
Balance at beginning of period	–
Transfer from share premium account (note 15)	233,353
Balance at end of period	**233,353**

17. Dividends

On 15 February 2021, the Company declared an ordinary dividend of 0.83 pence per ordinary share, which was paid on 19 March 2021 to shareholders on the register as at 26 February 2021. This dividend has not been included in the condensed consolidated statement of changes in shareholders' equity for the period under review.

18. Related party transactions

AIFM

Under the terms of the Investment Management Agreement dated 22 September 2020, Alvarium Fund Managers (UK) Limited was appointed as the Alternative Investment Fund Manager (AIFM) to the Company. The AIFM acts as investment manager with responsibility for the management of the assets of the Company in accordance with the investment policy of the Company and the policies and directions of the Board and is regulated in the conduct of investment business by the FCA. Alvarium Fund Managers (UK) Limited is a subsidiary of Alvarium Investments Limited, the ultimate parent company of the Broker and the Investment Adviser to the Company. Under the Investment Management Agreement, the AIFM receives a fee of £40,000 per annum. No performance fee is payable to the AIFM.

Broker, Placing agent and Intermediaries Placing Adviser

Alvarium Securities Limited ("Alvarium Securities") was appointed on 22 September 2020 to provide corporate broking services to the Company and is a subsidiary of Alvarium Investments Limited, the ultimate parent company of the AIFM and the Investment Adviser. Alvarium Securities is paid an annual retainer fee in the amount of £50,000 by the Company; the Company also incurred additional fees of £3,878,000 from Alvarium Securities in relation to the initial public offering and subsequent admission to the London Stock Exchange. These costs have been treated as a reduction in Equity as share issue costs as shown in note 13.

Investment Adviser

On 22 September 2020 Alvarium Home REIT Advisors Ltd was appointed as the investment adviser to the Company by entering into the Investment Advisory Agreement with the Company. Under this agreement, the Investment Adviser will advise the Company in relation to the management, investment and reinvestment of the assets of the Company. Alvarium Home REIT Advisors Ltd is a subsidiary of Alvarium Investments Limited, the ultimate parent company of the AIFM and the Broker to the Company.

The investment advisory fees shall be an amount calculated in arrears in respect of each month, in each case based upon the net asset value of the Company on the following basis:

a One-twelfth of 0.85 per cent, per calendar month of net asset value up to and including £500 million;

b One-twelfth of 0.75 per cent per calendar month of net asset value above £500 million up to and including £750 million; and

c One-twelfth of 0.65 per cent per calendar month of net asset value above £750 million.

The Investment Advisory Agreement may be terminated on 12 months' written notice, such notice to expire on or at any time after the fifth anniversary of 12 October 2020. The Investment Advisory Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach.

Directors

Directors are entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. The initial fees are £36,000 for each Director and £50,000 for the Chairman per annum. The Chair of the Audit Committee receives an additional fee of £5,000 per annum. During the period ended 28 February 2021, Directors fees of £66,200 were paid, of which none was payable at the period end.

As detailed in the Prospectus, the Directors subscribed for the below Ordinary Shares at 100p per share during the Company's initial public offering and have therefore held (and continue to hold) beneficial interests in these shares since Admission.

	Number of Ordinary Shares held	% of Ordinary Shares in issue
Lynne Fennah	50,000	0.021
Simon Moore	36,000	0.015
Marlene Wood	20,000	0.008
Peter Cardwell	10,000	0.004

The above Directors were appointed on 3 September 2020. On incorporation on 19 August 2020 William Saunders and Alan Sauvain were appointed as Directors, and subsequently resigned as Directors on 3 September 2020.

19. Contingent liabilities

At 28 February 2021 the Group had no contingent liabilities.

20. Earnings per share

Earnings per share is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue since the Company commenced its operations on 12 October 2020. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current or comparative periods.

	Period ended 28 February 2021 £'000
Earnings	**11,434**
Weighted average number of ordinary shares	240,570,465
EPS (pence)	**4.75**
Adjustments to remove:	
Change in fair value of investment property	10,052
(Loss)/gain on disposal of investment property	–
EPRA earnings/Adjusted earnings	**1,381**
Weighted average number of ordinary shares	240,570,465
EPRA EPS/Adjusted EPS (pence)	**0.57**
Adjustments to remove:	
Effect of rent straight-lining	(281)
Adjusted cash earnings	**1,100**
Weighted average number of ordinary shares (million)	240,570,465
Adjusted cash EPS (pence)	**0.46**

Adjusted EPS is a performance measure used by the Board to assess the Company's dividend payments and therefore the Board considers it to be relevant information for investors. The Adjusted EPS reflects the Company's ability to generate income from its portfolio.

The Board considers disclosure of Adjusted Cash EPS to be relevant information for investors.

21. Net asset value per share

Net asset value per share is calculated by dividing the consolidated net assets attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding at the reporting date. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current or comparative periods.

	Period ended 28 February 2021 £m
NAV	**247.19**
Number of ordinary shares (million)	240.57
NAV per share	**102.75p**

A reconciliation of IFRS NAV per share to the three EPRA NAV measures is shown below.

As at 28 February 2021	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
Net asset value	247,193	247,193	247,193
Fair value of debt	–	–	8,870
Real estate transfer tax	–	11,118	–
At 28 February 2021	**247,193**	**258,311**	**256,063**
Number of ordinary shares	240,570	240,570	240,570
Per share	**102.75p**	**107.37p**	**106.44p**

The Group consider EPRA NTA to be the most relevant NAV measure for the Group, EPRA NTA excludes the cumulative fair value adjustments for debt-related derivatives which are unlikely to be realised.

22. Post balance sheet events

Dividends

On 15 February 2021, the Company declared an ordinary dividend of 0.83 pence per ordinary share, which was paid on 19 March 2021 to shareholders on the register as at 26 February 2021.

Acquisitions and disposals

Since 28 February 2021, the Company has acquired 21 new assets totalling £33.1m (net of purchase costs) across various geographical locations in London and the North West, South West, East and West Midlands regions of England.

23. Controlling parties

There is no ultimate controlling party of the Group.

Company Information

Company number: 12822709

Country of incorporation: England and Wales

Directors, Management and Advisers

Non-Executive Directors
Lynne Fennah (Chairman)
Peter Cardwell
Simon Moore
Marlene Wood

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Company secretary and administrator
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