

Home REIT plc

Half Year Report — For the Period Ended 29 February 2024

Overview

Home REIT plc (the “Company”) and its subsidiaries (together the “Group”)

The board of non-executive directors of the Company (ticker: HOME) (the “Board” or the “Directors”) reports its interim results for the period from 1 September 2023 to 29 February 2024 (“HY24”).

The Company had the investment objective in the period of stabilising the Group's financial condition through initiatives to maximise income and capital returns by investing in a portfolio of UK residential real estate (the “Amended Investment Policy”). On 16 September 2024, shareholders approved the New Investment Policy. Under the New Investment Policy, the Company has the objective of realising all existing investments in the Group's portfolio in an orderly manner, with a view to ultimately returning available cash to shareholders following the repayment of the Group's borrowings. Full details of the New Investment Policy are on pages 17-18.

The Group, a real estate investment trust (“REIT”), is listed on the Official List of the Financial Conduct Authority and was admitted to trading on the premium segment of the main market of the London Stock Exchange on 12 October 2020. As the Group did not publish its annual financial report for the year ended 31 August 2022 (“FY22”) within four months of the end of its financial year (as required by the Financial Conduct Authority's Disclosure Guidance and Transparency Rule 4.1.3) the listing of the Company's ordinary shares (each a “Share” and together, the “Shares”) was suspended on 3 January 2023. The FY22 accounts were published on 11 October 2024; the accounts for the year ended 31 August 2023 (“FY23”) were published on 14 January 2025; and the accounts for the year ended 31 August 2024 (“FY24”) were published on 20 October 2025. The Shares remain suspended as the Company is not yet compliant with Disclosure Guidance and Transparency Rule 4.1.3 with respect to its interim financial report for the six-month period ended 28 February 2025 (“HY25”).

A summary of key events from Regulatory News Services (“RNS”) announcements made since 1 September 2023 is included in Appendix 1. There is a Glossary of Defined Terms on pages 57 to 62.

Financial overview

- The portfolio was independently valued at £340.7 million as at 29 February 2024 (31 August 2023: £412.7 million). The properties have been valued on an individual basis. No portfolio premium or discount has been applied.
- The Group completed on the sale of 394 investment properties for gross sales proceeds of £74.8 million during the six-month period (2023: nil), decreasing the Group's portfolio from 2,473 at 31 August 2023 to 2,079 properties at 29 February 2024.
- A like for like increase in the fair value of properties of £1.8 million. The valuation represents 43.0% of the historical acquisition costs of £792.5 million (including purchase costs) (financial year to 31 August 2023: decrease of £71.4 million, 40.7% of the historical acquisition costs of £1,014.3 million).
- 87.1% of the portfolio (by number of properties, 86.8% by value) (31 August 2023: 88.3% by number of properties, 88.3% by value) was valued on a vacant possession basis ("MV-VP"). JLL valued properties on a MV-VP basis when a tenant was judged to be in poor financial condition or worse or when the property condition was judged to be very poor or worse.
- The Group had total outstanding borrowings of £149.1 million comprising a 12-year debt facility of £120.0 million (£58.8 million outstanding at 29 February 2024) with an all-in fixed rate of 2.07% and a further 15-year debt facility of £130.0 million (£90.3 million outstanding at 29 February 2024) with an all-in fixed rate of 2.53% per annum for the term.
- The Loan-to-Value ratio ("LTV") as at 29 February 2024 was 43.8% (31 August 2023: 53.3%) compared to the Group's borrowing policy cap of 35% and loan covenants of 50%. As noted in Note 23 to the condensed consolidated financial statements, the loans and all associated fees and expenses have been fully paid after 29 February 2024.
- The Group held unrestricted cash balances totalling £7.4 million as at 29 February 2024 (31 August 2023: £0.8 million).
- Loss before tax for the six months to 29 February 2024 of £8.8 million (six months to 28 February 2023: loss of £108.1 million, 12 months to 31 August 2023: loss of £118.2 million).
- No dividends were paid in respect of the six-month period to 29 February 2024 (financial year to 31 August 2023: nil).
- 4% decrease in net asset value ("NAV") per Share to 26.32 pence as at 29 February 2024 (financial year to 31 August 2023: 37.3% decrease to 27.43 pence), resulting from the loss before tax.

Overview and key events

New Investment Manager and AIFM

Following approval by Shareholders of the Amended Investment Policy on 21 August 2023 the Board appointed AEW as the Company's Investment Manager and AIFM.

Director Changes

On 18 January 2024, the Company announced the appointment of Michael O'Donnell as an Independent Non-Executive Director, succeeding Lynne Fennah as Independent Non-Executive Chair with immediate effect.

FCA Investigation

On 7 February 2024 the Company was notified by the FCA of its commencement of an investigation into the Company covering the period from 22 September 2020 to 3 January 2023.

Financial Adviser

Smith Square Partners LLP ("SSP") were appointed as financial adviser from 13 February 2023 until 24 November 2023. Under the terms of its appointment SSP provided an extensive range of services including advising the Company on a review of its strategic options and appointment of a new investment manager.

Disposals

From 1 September 2023 to 29 February 2024, the Group exchanged on the sale of 601 properties for gross sales proceeds of £84.0 million, of which 394 properties had completed with gross sales proceeds of £74.8 million. Properties exchanged and completed were presented on the Consolidated Statement of Financial Position as at 31 August 2023 at £73.8 million. Of the proceeds received on completions, £52.7 million was applied against the outstanding loan balances. As of 29 February 2024, 248 properties have exchanged but not completed with a total gross sales value of £14.2 million.

Restricted cash

The cash held in lockbox accounts as at 31 August 2023 of £8.9 million was applied against outstanding borrowings in December 2023.

Debt

On 19 June 2023 Scottish Widows imposed a Deferred Fee of 0.5% of the aggregate amounts outstanding on the two loans at each of 31 August 2023 and 30 November 2023, payable on the full and final repayment of the loan. On 4 December 2023 Scottish Widows imposed a further Deferred Fee effective from 30 November 2023 being the equivalent of 5.0% per annum on the aggregate amounts outstanding on the two loans as computed on a daily basis, payable at the earlier of 28 June 2024 or the full and final repayment of the loans.

Post period end events

Director Changes

On 2 April 2024, the Company announced the appointment of Peter Williams as senior independent non-executive director with immediate effect and Management Engagement Committee Chair.

On 7 June 2024, the Company announced the appointment of Rod Day as an independent non-executive director with immediate effect and Audit Committee Chair elect.

On 14 January 2025, following the publication of the FY23 accounts, the Company announced Lynne Fennah, Marlene Wood, Peter Cardwell and Simon Moore stood down as Directors (and Ms. Wood as Audit Committee Chair, with Rod Day succeeding her on that day) with immediate effect. They will continue to assist the Company, when necessary, on historic legal and regulatory matters, and Lynne Fennah is employed on a part-time basis to provide additional support in relation to these matters. The remaining directors will continue to serve on the Audit Committee (Chair: Rod Day), Management Engagement Committee (Chair: Peter Williams, Senior Independent Director) and the Nomination Committee (Chair: Michael O'Donnell, Chair of Home REIT).

Disposals

From 1 March 2024 to 17 November 2025, the Group exchanged on the sale of 978 properties for gross sales proceeds of £155.2 million and 1,226 properties had completed with gross sales proceeds of £169.4 million. Properties exchanged and completed were presented on the Consolidated Statement of Financial Position as at 29 February 2024 at £175.1 million.

Debt

On 2 July 2024, Scottish Widows increased the Deferred Fee from 5% to 7% with effect from 1 July 2024 until the full repayment of the loans. On 27 November 2024, the Group made its final payment on the loans outstanding to Scottish Widows and on 16 December 2024 the Group paid the outstanding Deferred Fees of £9.0 million and Scottish Widows released its charge over the Company's assets.

Tenant matters and lease amendments

Of leases associated with the tenants in place on the 2,079 properties owned by the Group on 29 February 2024, 242 are still in place, 453 properties are directly managed by a third-party property manager (resulting in the Group having direct arrangements with the occupants), 158 have been re-tenanted and 1,226 have been sold.

Potential Litigation

A pre-action letter of claim was sent to the Company by Harcus Parker Limited ('Harcus Parker') on behalf of certain shareholders of the Company in October 2023. On 5 March 2024, the Company announced that it intended to bring legal proceedings against those parties it considers are responsible for wrongdoing. It remains the Company's intention to pursue those whom it considers may be liable for the losses it has suffered, subject to a reasonable cost-benefit analysis.

On 12 April 2024, the Company issued pre-action letters of claim to Alvarium FM and AITi RE. On 29 May 2024, the Company issued a pre-action letter of claim to AHRA.

Chairman's statement

Dear Shareholder

As previously announced, the Group has faced unprecedented challenges since the publication of the Viceroy Research Report in November 2022 including:

- the termination of AHRA as the Investment Adviser and Alvarium FM as the AIFM;
- investigations by the Company into allegations of wrongdoing by AHRA and Alvarium FM;
- substantial tenant arrears;
- non-performing tenants, including tenants entering administration and liquidation;
- suspension of trading in its shares;
- a potential group action against the Company and the directors in office at the time that the shares were suspended;
- appointment of a new valuer;
- a comprehensive inspection programme;
- the commencement of an FCA investigation into the Company;
- a demand by the Group's Lender, Scottish Widows, for the repayment of its loans; and
- substantial delays to the publication of the Group's annual reports for FY22, FY23 and FY24 and the interim reports for FY23, FY24 and FY25.

Financial Results

Loss

The loss before tax of the Group for the period to 29 February 2024 was £8.8 million (six months to 28 February 2023: loss of £108.1 million; year to 31 August 2023: loss of £118.2 million).

The significant items driving the loss include:

- realised losses on the disposal of investment properties of £2.1 million;
- net revenues of £3.3 million, being rental income of £24.5 million, net of the provision for expected credit losses of £18.5 million and the impairment of straight-line revenue debtor of £2.7 million;
- operating expenses of £2.3 million;
- general and administrative expenses of £9.0 million of which £2.4 million related to legal fees;
- finance costs of £2.2 million; offset by
- an increase in fair value of investment property of £3.5 million;

Net asset value

As a result of the loss described above, the NAV has decreased from £216.9 million as at 31 August 2023 to £208.1 million as at 29 February 2024. The NAV per Share has decreased to 26.32 pence as at 29 February 2024, a decrease of 4.0% from 27.43 pence as at 31 August 2023.

Corporate Governance

The Company is an externally managed REIT and during the period had no employees and only non-executive directors. The non-executive Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Group's business, strategy and development. In order to fulfil these obligations, the Board appointed AEW to act as the Company's Investment Manager and AIFM.

The Investment Manager

Following a rigorous selection process, the Board appointed AEW as Property Adviser on 22 May 2023 and as Investment Manager and AIFM on 21 August 2023 following shareholder approval of the Amended Investment Policy.

Investment Policy

The Amended Investment Policy, effective from 21 August 2023, aimed to ensure the Group was able to continue to operate in the sector and preserve its longer-term social objective of helping to alleviate homelessness in the UK. The objective was to stabilise the Group's financial condition through initiatives to maximise income and capital returns by investing in a portfolio of UK residential real estate and from other Social Use occupier groups. On 16 September 2024 this policy was superseded as shareholders approved the New Investment Policy for the Managed Wind-Down of the Group which is described more fully on pages 17-18. Under the New Investment Policy the Company has the objective of realising all existing investments in the Group's portfolio in an orderly manner, with a view to ultimately returning available cash to shareholders, following the repayment of the Group's borrowings.

FCA investigation

The Company announced on 13 February 2024 the commencement of an investigation by the FCA into the Company. The Company, the Directors and the previous Directors in office at IPO are cooperating fully with the FCA in its work.

Potential Litigation

I have set out below statements of fact, without waiver of legal privilege and although this provides a true and fair view of the state of the Group, I am unable to elaborate with further details as to do so may prejudice the Company's position in any potential proceedings.

Legal privilege includes confidential documents and communications between lawyers, clients, and/or third parties, which come into existence for the dominant purpose of being used in connection with actual or pending litigation or for the dominant purpose of seeking legal advice. Legal privilege creates an absolute right to protect and withhold inspection of such documents and communications.

A pre-action letter has been sent to the Company by Marcus Parker on behalf of certain current and past shareholders of the Company. No legal proceedings have been issued at this stage. The letter alleged that the Company, along with certain other parties, provided information to investors which was false, untrue and/or misleading. The Company has issued a comprehensive response to Marcus Parker and correspondence is continuing between the parties. The Company intends vigorously to defend itself in respect of the threatened litigation and has denied the allegations made against it.

The Company intends, subject to a reasonable cost-benefit analysis, to bring legal proceedings against those parties whom it considers may be liable for losses it has suffered. To that end, the Company has itself issued pre-action letters of claim to Alvarium FM, AlTi RE and AHRA.

Shortly before issuance of the pre-action letter of claim, the Company was made aware that AHRA had appointed joint liquidators for the purpose of winding up the company. Notwithstanding this event, it remains important that all means of potential financial recovery are fully considered and that any wrongdoing is thoroughly investigated, where it is financially viable to do so. The Company also issued pre-action letters of claim to Alvarium FM (its former AIFM) and AlTi RE in April 2024. However, since the issue of those letters, both Alvarium FM and AlTi RE have been placed into administration. As with the liquidation of AHRA, this potentially complicates the ability of the Company to achieve financial recovery from Alvarium FM and/or AlTi RE. The Company is also assessing the viability of seeking recoveries directly from AHRA, Alvarium FM and AlTi RE's insurers. The Company cannot comment any further at this stage, as to do so may prejudice the Company's position in any potential proceedings.

Directors

I was appointed to the Board on 18 January 2024 to succeed Lynne Fennah as Independent Non-Executive Chair.

Post Balance Sheet Activities and Findings Impacting Reporting Period Results

The following is a high-level summary of significant matters impacting financial results with further detail provided in the Management Report.

Quality of tenants

As at 29 February 2024, 22 of the 25 tenants are considered to be of weak covenant strength representing 90.2% of properties and 95.0% of annual contracted rent. Rent collection had deteriorated throughout the period with rent arrears of £63.5 million (31 August 2023: £50.9 million) of which £62.6 million (31 August 2023: £50.7 million) was provided for as at 29 February 2024 (see Note 11 to the unaudited condensed consolidated financial statements). Subsequent to 29 February 2024, 10 tenants entered into administration or liquidation, which together with 3 tenants in administration or liquidation at 29 February 2024, represent 55.7% of properties and 64.0% of annual contracted rent as at 29 February 2024. The poor financial condition of certain tenants also contributed to the reduction in the value of the property portfolio (see below).

Quality of assets

After detailed reviews of the SPAs by AEW, the Board understands that most properties were acquired subject to a vendor obligation to complete Seller's Works. Under the standard SPA, the vendor had a contractual requirement to make the necessary improvements within a specified period of time. The contracts, however, generally provided limited recourse against the vendor if the vendor did not complete the necessary improvements post-acquisition. Many vendors did not complete the works which resulted in the Company overpaying for properties due to their condition. JLL has assessed the condition of the portfolio post period end, based on its internal and external inspections and the findings of the comprehensive inspection programme carried out between August 2023 and May 2024. Of the 2,079 properties owned at 29 February 2024, 81.8% have been internally inspected with 90.2% of these having been assessed as fair or worse.

Portfolio Valuation

The Group sold 394 properties during the period for gross sales proceeds of £74.8 million with a total of 2,079 properties held as at 29 February 2024.

JLL has independently valued the Group's portfolio in accordance with the RICS Valuation Professional Standards. As at 29 February 2024, the Group's portfolio had a market value of £340.7 million (31 August 2023: £412.7 million) representing 43.0% of the historical acquisition costs of £792.5 million (including purchase costs). The reduction in the property valuation is principally a result of the sale of 394 properties. The assessment of the covenant strength of tenants and the condition of the properties as at 29 February 2024 resulted in 86.8% (31 August 2023: 88.3%) by number of properties (87.1% (31 August 2023: 88.3%) by value) being valued on a vacant possession basis for the 29 February 2024 valuation. Where a valuation has continued to be prepared on an investment basis, limitations on the duration of the income streams have been applied to account for the covenant weaknesses of the tenants and the high rent levels demanded under the leases. See further detail in Note 9 to the unaudited condensed consolidated financial statements.

Directors

Peter Williams was appointed on 2 April 2024 as Senior Independent Non-Executive Director and Rod Day was appointed as Independent Non-Executive Director on 7 June 2024.

On 14 January 2025, following the publication of the FY23 accounts, the Company announced Lynne Fennah, Marlene Wood, Peter Cardwell and Simon Moore had stood down as Directors with immediate effect with Rod Day succeeding Marleen Wood as Audit Committee Chair. The departing directors will continue to assist the Company, when necessary, on historic legal and regulatory matters and Lynne Fennah is employed on a part-time basis to provide additional support in relation to these matters.

The remaining directors will continue to serve on the Audit Committee (Chair: Rod Day), Management Engagement Committee (Chair: Peter Williams, Senior Independent Director) and the Nomination Committee (Chair: Michael O'Donnell, Chair of Home REIT).

Financing

The Group has two loans with Scottish Widows, being a 12-year loan agreement for £120 million at an all-in rate of 2.07% per annum for the duration of the loan term, due for repayment in December 2032 and a 15-year, interest only, £130 million loan at an all-in fixed rate of 2.53% per annum, expiring in December 2036. The latter loan was fully drawn down on 28 February 2022, but full use was subject to meeting conditions on assigning collateral.

After reporting loan covenant breaches in January 2023, the Lender extended the initial waiver letter dated 29 January 2023 and issued new waiver letters prior to the expiry of each previous waiver period. The waiver letters related to matters including financial covenants, an adverse change in the position of the Company and its subsidiaries, a failure to deliver audited accounts and other information, the suspension of the shares of the Company on the London Stock Exchange and the tax status of the Company. Certain additional fees (the 'Deferred Fees') were imposed by the Lender in respect of the loan facilities to incentivise repayment of the loans as soon as possible. These Deferred Fees ultimately totalled £9.0 million and were comprised of the following:

- 0.5% of the aggregate amounts outstanding on the two loans at each of 31 August 2023 and 30 November 2023; and
- 5.0% per annum on the aggregate amounts outstanding on the two loans as computed on a daily basis from 30 November 2023 and increased to 7% from 1 July 2024 until the loans were fully repaid.

On 27 November 2024, the Group made its final payment on the loans and on 16 December 2024 paid the Deferred Fees.

Dividends

There were no dividends declared in respect of the financial period to 29 February 2024 (2023: £nil).

Post-balance sheet matters

The post balance sheet events are detailed in Note 23 to the unaudited condensed consolidated financial statements and in the Management Report on page 16.

Managed Wind-Down and New Investment Policy

On 5 February 2024, the Group announced that it had commenced a re-financing process to consider alternative finance options for the Company. On 17 June 2024, the Company announced that it had been unable to secure a re-financing of its existing debt facility on terms that it could recommend to shareholders, despite extensive and advanced discussions with a potential lender. The re-financing of the debt was a key component of the continued advancement of the stabilisation strategy discussed above and as adopted in August 2023. As the refinancing had not been possible, the Company also announced that it was considering a number of options both to re-pay the outstanding debt and provide an optimised resolution for shareholders, which could include a more extensive realisation strategy. The Board and AEW continued to engage with Scottish Widows which advised that its objective is for repayment of the loan balance in the short term and no later than 31 December 2024.

Subsequent to concluding that the re-financing was no longer viable, the Board conducted a full review of the stabilisation strategy and whilst it recognised that there is an opportunity to add value to the portfolio at a property level, it concluded that this strategy faced considerable challenges.

These included a high fixed corporate cost base, required due to the REIT structure and as a result of the issues being dealt with by the Company, as well as the capital expenditure required to drive an increase in rental value. In addition, the Board was aware that the size of the vehicle following the repayment of debt could be considered too small by many investors when considering its future as a listed REIT.

As a result of these factors and having carefully considered the range of options available for the Company, the Board concluded that it was in the best interests of shareholders to propose a managed wind-down strategy for the Company pursuant to which the assets of the Group would be sold with the objective of optimising remaining shareholder value and repaying the Group's loan balance (the "Managed Wind-Down"). The implementation of the proposed Managed Wind-Down required a further change to the Company's investment policy. Accordingly, on 16 September 2024, shareholders approved the New Investment Policy, which is intended to allow the Company to realise all the assets in its property portfolio in an orderly manner with the view to repaying borrowings and making timely returns of capital to shareholders whilst aiming to optimise the value of the Group's assets.

Full details of the New Investment Policy are on pages 17 and 18.

Outlook and Approach to the Managed Wind-Down

After an extensive marketing campaign commenced in Q4 2024, non-binding offers were received for the full portfolio in February 2025 and due diligence is progressing. The Company anticipates that the portfolio sale process will conclude in the fourth quarter of 2025. However, there is no assurance that the portfolio sale will progress under the current expected timeline or with terms which are acceptable to the Board. AEW continues to undertake asset management initiatives focused on adding value to the portfolio and preparing them for sale.

Return of capital to shareholders

It is the intention of the Board following the repayment of the Group's outstanding debt facilities that capital will be returned to shareholders upon the completion of the realisation strategy. However, shareholders should be aware that the ability of the Company to make distributions to shareholders will be constrained whilst the Company faces potential group litigation.

At present, the Board is unable to assess properly its ability to make distributions with the threat of litigation. In addition, the Company expects to retain capital to meet corporate costs and allow it to pursue legal action against those it considers responsible for wrongdoing. The most appropriate timing and mechanism to return capital to shareholders will be determined in due course, however, the Board is taking steps now to ensure capital can be returned as soon as possible.

Following shareholder approval to cancel the Company's share premium account passed on 20 February 2025, the cancellation of the share premium account was approved by the Court on 29 April 2025 and became effective with the registration of the Court order at Companies House on 2 May 2025. The purpose of the cancellation of the share premium account is to create a new special distributable reserve of approximately £596 million which can be utilised by the Company to make returns of capital to shareholders under certain conditions, when it is a position to do so.

Financial statements and restoration of listing

The audited results for the year ended 31 August 2024 were published on 20 October 2025. The Company now expects to publish the unaudited interim report for the period ended 28 February 2025 in the fourth quarter of 2025 and the audited accounts for the period ended 31 August 2025 as soon as practicable thereafter. Following publication of all outstanding financial information, the Company will then be able to apply to the FCA for a restoration of its listing and the recommencement of trading on the London Stock Exchange. Further details regarding the expected timetable for restoration of listing will be announced upon publication of the above financial information. The Company expects to engage with shareholders ahead of this important event.

The Board shares shareholders' frustrations on the progress of the Company and despite substantial efforts to stabilise the business, the Company continues to face extensive financial and operational challenges. Against this backdrop and in light of the expected reduced size of the Company's portfolio, the Board concluded that the best course of action to optimise remaining shareholder value was the Managed Wind-Down. I would again like to thank shareholders for their ongoing patience and support as we strive to address, and seek redress for, the issues facing the Company.

Michael O'Donnell

Chair

17 November 2025

Management report

Introduction

On 23 May 2023 the Board of Home REIT plc appointed AEW to provide property advisory services and announced its intent to engage AEW as Investment Manager and AIFM after receipt of shareholder approval of the Amended Investment Policy. On 21 August 2023, shareholders approved the Amended Investment Policy and the Board appointed AEW as Investment Manager and AIFM.

AEW is not responsible for the historical events and performance of the Group prior to its appointment. AEW's role as Investment Manager is to manage the Group in accordance with the terms of its appointment and the applicable investment policy, initially being the Amended Investment Policy (and from 16 September 2024, the New Investment Policy).

Amended Investment Policy

The Amended Investment Policy, which was in place during the entire financial period, aimed to ensure the Company was able to continue to operate in the sector and preserve its longer-term social objective of helping to alleviate homelessness in the UK. Key components included:

- a Stabilisation Period was introduced, during which time, the Company would have the objective of stabilising the Group's financial condition through initiatives to maximise income and capital returns. The Stabilisation Period was for a period of 2 years from 22 August 2023 or such later date (not being later than one year) approved by the Board.
- the permitted uses of properties were diversified to include during the Stabilisation Period any form of residential use. Post stabilisation the Company would target predominantly homeless accommodation assets and assets with any Social Use; and
- a new leasing model was adopted which was better aligned to the needs of Local Authorities, Charities, Registered Providers and Housing Associations and the needs of the underlying occupants of the properties.

Investment Manager asset management initiatives

AEW has undertaken the following activity since its appointment:

Property condition

The Group appointed Vibrant in August 2023 to undertake an internal property inspection programme and appointed JLL in July 2023 as the independent valuer. The comprehensive inspection programme led to a significant re-assessment of the quality of the property assets. Of the 2,079 properties owned at 29 February 2024, JLL externally inspected 2,049 properties, comprising 98.6% of the Group's property portfolio. Of these externally inspected properties, JLL internally inspected 212 properties. Based upon its own inspections or those of Vibrant or other third parties totalling 1,442 properties from August 2023 to May 2024, JLL relied on the internal inspections of 69.4% of the properties in the portfolio as at 29 February 2024. Based on the results of the inspection programme, JLL has assessed the condition of the properties as 0.1% very good, 8.0% good, 55.7% fair, 13.2% poor and 4.8% very poor. Of the properties which were not inspected 255 properties have been sold, of which all have completed.

JLL has considered the quality of the assets in reaching its assessment of value, with properties which are uninhabitable being valued on a vacant possession basis. Further, many properties were found to be in need of extensive renovation before being capable of occupation or reconfiguration to provide

an appropriate number of rooms to suit the local market. In such cases, the market value was adjusted downwards accordingly.

Tenant covenant strength and liquidations

As at 29 February 2024, 91.3% of the portfolio (1,899 properties) was let to registered charities, housing associations and community interest companies and 147 properties were under the control of a property manager whereby the Group contracts directly with the occupant, with the balance of 33 properties exchanged for sale but waiting to complete. Under the Original Investment Policy, the Group had intended to acquire assets let or pre-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.

AEW determined that the majority of the original tenants were poorly capitalised and lacked long-term operating track records, or the benefit of local authority support. In some instances, for example single family homes, the rent burden under the original lease was unsustainable based on the location, lay-out, use and condition of the property.

AEW and the Board have determined that as at 29 February 2024, 22 of the 25 tenants were of weak covenant strength representing 90.2% of properties and 95.0% of annual contracted rent as at that time (28 February 2023: nil for both; 31 August 2023: 99.8% and 99.8%, respectively). Three tenants were in liquidation or administration as at 29 February 2024 (28 February 2023: nil; 31 August 2023: three tenants) and a further ten tenants have entered into administration or liquidation post period end, representing 55.7% of properties and 64.0% of annual contracted rent as at 29 February 2024.

Rent collection

Rent collection continued at a very low level during the period with arrears at 29 February 2024 of £63.5 million of which £62.6 million was fully provided for (31 August 2023: £50.9 million and £50.7 million, respectively).

Occupancy and Social Use

The post period end inspection programme has identified 151 properties which were uninhabitable at acquisition as well as at 29 February 2024 (31 August 2023: 198). Contrary to reporting by AHRA to the Board, the Group had no reliable data for monitoring underlying occupancy of properties as at 29 February 2024 and the Directors have therefore made assumptions based on the post period end inspection programme.

Property valuation

The Group's portfolio has been independently valued by JLL in accordance with the RICS Valuation Professional Standards. As at 29 February 2024, the Group's portfolio had a market value of £340.7 million (31 August 2023 £412.7 million) representing 43.0% of the historical acquisition costs of £792.5 million including purchase costs (31 August 2023: 40.7% and £1,014.3 million, respectively). The reduction in the property valuation is principally the result of property sales during the period.

In determining the fair value as at 29 February 2024, JLL has used a combination of valuation bases, adopting an investment valuation for 12.9% of the portfolio and MV-VP value for 87.1% of the portfolio (31 August 2023: investment value 11.7% and MV-VP 88.3%, respectively). In all cases, JLL

has considered the rental value for the existing uses of the properties and Local Housing Allowance (“LHA”) rates.

The security of the unexpired term for these leases differs across the portfolio depending on the covenant strength of the tenant. For tenants with a weak covenant strength, or where the property condition was deemed to be poor or worse, JLL disregarded the leases and valued the properties on the basis of MV-VP.

Where a valuation has been prepared on an investment basis, limitations on the duration of the income streams have been applied to account for the covenant strength of the tenants, and the above-market rent levels demanded under the in-place leases. JLL capped the unexpired lease term at 5 years due to the lack of confidence in most tenants being able to fulfil their lease obligations. Furthermore, for those properties which were let or sublet (in the case of a sublease, JLL disregarded the primary in-place lease) to a tenant with a strong covenant, JLL capitalised the lease / sublease passing rent for its remaining term of up to eight years. Where a property has a high passing rent in comparison to JLL’s opinion of MV-VP, JLL capped the fair value at 113% to 154% of MV-VP (31 August 2023: 110% to 150%).

The below table shows the breakdown of properties and value by valuation approach.

As at	29 February 2024		31 August 2023	
	Number of properties	Fair Value £ millions	Number of properties	Fair Value £ millions
Investment valuation approach	274	44.1	289	48.1
Market value – vacant possession approach	1,805	296.6	2,184	364.6
Total	2,079	340.7	2,473	412.7

As at 29 February 2024, 151 properties of the 2,079 were considered uninhabitable (31 August 2023: 198 of 2,473 properties). The annual contracted rent and fair value in respect of these properties as at 29 February 2024 was £3.9 million and £19.8 million respectively (31 August 2023: £4.9 million; £27.1 million). Subsequent to 29 February 2024, 125 properties which were considered uninhabitable at 29 February 2024 were sold, all of which have now completed.

Property disposals

Since August 2023 the Group has undertaken a series of auction sales in order to repay bank debt and provide working capital. As at the date of these accounts, 601 properties have been sold at auction for total gross proceeds of £84.0 million of which 394 properties have completed for £74.8 million and 247 were awaiting completion with a total gross sales price for £14.2 million.

Asset management initiatives

Through 29 February 2024, AEW removed non-performing tenants and regained control of properties, rationalising the portfolio and re-tenanting assets where appropriate and appointing property managers to collect the underlying rent. Of leases associated with the tenants in place on the 2,079 properties owned by the Group on 29 February 2024, 242 are still in place, 453 properties have been turned over to a property manager (resulting in the Group having direct relationships with the occupants), 158 are re-tenanting and 1,226 have been sold.

Health & safety improvements

Given the characteristics of the portfolio and its tenant base (including a growing component of directly let property), the Investment Manager has, in close partnership with the Board, established a new health and safety framework designed to mitigate risks to life and drive compliance with statutory requirements.

General and administrative expenses

The Group has incurred significant expenses in the period to 29 February 2024. The broad categories of expenses are as follows:

	For the half-year ended 29 February 2024	For the half-year ended 28 February 2023	For the year ended 31 August 2023
	£'000	£'000	£'000
Professional fees	2,587	455	3,395
Legal fees	2,425	1,099	3,502
AEW property and investment manager fees	2,500	—	1,085
Fees paid to the Group's Independent Auditor	450	538	1,076
Valuation and survey fees	120	1,082	2,165
Directors' fee	120	93	176
AHRA investment advisory fees	—	3,078	5,094
Aggregator and tenant settlements	—	694	1,419
Other administrative expenses	779	641	1,247
Total	8,981	7,680	19,159

- AEW and AHRA fees are discussed more fully in Note 18 to the unaudited condensed consolidated financial statements;
- Legal fees increased as a result of: 1- activities supporting the response to allegations made in November 2022 and the associated corporate actions of £305,900, 2- the investigation of wrongdoing, the preparation of defensive action on behalf of the Company and the pursuit of those the Company considers responsible for the wrongdoing of £861,600, 3-forensic support for the legal advisers of £118,000, 4- legal expenses associated with the financing of £284,900, and 5- legal costs associated with tenant and property matters of £854,900;
- Professional fees have increased as a response to the Viceroy allegations including the engagement of Smith Square Partners, who were appointed as the Company's financial adviser in February 2023 as well as incremental accounting and PR support;
- Audit fees for the interim periods have been allocated as a portion of the total fee recognised for the years ended 31 August 2024 and 2023;
- Valuation fees have been allocated as a portion of the total fee recognised for the year ended 31 August 2024 and for the year ended 31 August 2023 include an allocation of fees associated with a comprehensive inspection programme to support the valuation process which ran from August 2023 to May 2024; and
- The Aggregator settlement is described more fully on page 35.

Loss before tax

The loss before tax of the Group for the period to 29 February 2024 was £8.8 million (six months to 28 February 2023: loss of £108.1 million; year to 31 August 2023: loss of £118.2 million).

The significant items driving the loss include:

- realised losses on the disposal of investment properties of £2.1 million;
- net revenues of £3.3 million, being rental income of £24.5 million, net of the provision for expected credit losses of £18.5 million and the impairment of straight-line revenue debtor of £2.7 million;
- operating expenses of £2.3 million;
- general and administrative expenses of £9.0 million of which £2.4 million related to legal fees;
- finance costs of £2.2 million; offset by
- an increase in fair value of investment property of £3.5 million;

Net asset value

The NAV per Share was 26.32 pence as at 29 February 2024, a decrease of 4.0% from the 27.43 pence as at 31 August 2023.

Post period end activity

Property disposals

Since 1 March 2024 the Group has undertaken a series of additional auction sales in order to repay bank debt and provide working capital. As at the date of these accounts, 978 properties have been sold at auction for total gross proceeds of £155.2 million of which 1,226 properties have completed for £169.4 million.

New Investment Policy – Managed Wind-Down

On 16 September 2024, shareholders approved the New Investment Policy, which is intended to allow the Company to realise all the assets in its property portfolio in an orderly manner with the view to repaying borrowings and making returns of capital to shareholders whilst aiming to optimise value for the Company's assets.

Outlook

As noted above, shareholders approved the New Investment Policy for the Managed Wind-Down on 16 September 2024. During the Managed Wind-Down, AEW's asset management initiatives will be focused on adding value to properties and preparing them for sale to maximise liquidity. The remaining portfolio is currently being marketed for sale and the Company is encouraged by the level of interest. Non-binding offers were received for the full portfolio in February 2025 and further announcements will be made in due course. During the Managed Wind-Down, asset management initiatives will be focused on adding value to properties and preparing them for sale to maximise liquidity.

AEW UK Investment Management LLP

17 November 2025

Investment objective and policy

The Amended Investment Policy, which is summarised on page 12, was approved by Shareholders on 21 August 2023. The New Investment Policy was approved by shareholders on 16 September 2024. In accordance with the AIC Code, the current investment objective, which is effective from 16 September 2024, is detailed below.

Investment objective

The Company's investment objective is to realise all existing investments in the Company's portfolio in an orderly manner, with a view to ultimately returning available cash to shareholders, following the settlement of all amounts due to the Lender.

New Investment Policy

The Company will endeavour to realise all of the Company's investments in a manner that achieves a balance between maximising the value of its investments and making timely returns to shareholders.

The Board intends that the proceeds of any asset realisations will be used to settle all amounts outstanding to the Lender before any such proceeds are distributed to shareholders.

The Company will not make any further investments. Capital expenditure will be permitted where it is deemed necessary or desirable by the Investment Manager in connection with the Managed Wind-Down, primarily where such expenditure is necessary to protect or enhance an asset's realisable value, or in order to comply with statutory obligations.

Diversification of Risk

The net proceeds from asset realisations will be used to repay borrowings and return capital to shareholders (net of provisions for the Company's costs, expenses and potential liabilities) in such manner as the Board considers appropriate and when it is able to do so.

Excess cash will be held in sterling only and placed on deposit and/or held as cash equivalent securities, other cash equivalents, cash funds or bank cash deposits, pending its return to shareholders.

Borrowing policy

The Company will not take on any new borrowings.

Any material change to the Company's investment policy set out above will require the approval of shareholders by way of an ordinary resolution at a general meeting and the approval of the Financial Conduct Authority. Non-material changes to the investment policy may be approved by the Board.

Approach to the Managed Wind-Down

It is expected that the Company, via AEW, will adopt a broad and managed approach to the disposal of assets, with a view to optimising value for shareholders. Sales will be structured and executed to achieve best value and to minimise disruption to the underlying occupiers of the properties. A decision on the preferred method of disposal will be determined by a number of factors, including property condition, location, tenant type and lease terms.

During the Managed Wind-Down asset management initiatives will be focused on adding value to properties and preparing them for sale to maximise liquidity. In addition, given the Company's originally stated objective of providing accommodation for the homeless, the realisation process will be managed in a way to minimise impact and disruption to underlying, vulnerable occupiers.

Return of capital to shareholders

It is the intention of the Board, following the settlement of all amounts outstanding to the Lender, that capital will be returned to shareholders upon the completion of the realisation strategy. However, shareholders should be aware that the ability of the Company to make distributions to shareholders will be constrained whilst the Company faces potential group litigation and an FCA investigation. At present, the Board is unable to assess properly its ability to make distributions under the applicable legal requirements. In addition, the Company expects to retain capital to meet corporate and compliance costs and allow it to pursue legal action against those it considers responsible for wrongdoing.

The most appropriate timing and mechanism to return capital to shareholders will be determined in due course.

Key performance indicators

Set out below are the key performance indicators (“KPIs”) that are used to track the Group’s performance. 1 – Total Expense Ratio compares the expense ratio of the Group for the period from 1 September 2023 to 29 February 2024 to the six-month period from 1 September 2022 to 28 February 2023. 2 – NAV per Share and 3 – Loan-to Value compares the KPI at 29 February 2024 to the KPI at 31 August 2023 because the comparison to the valuation of investment property as at 31 August 2023, being the most recent available valuation, is the most meaningful.

KPI and definition	Relevance to strategy	Performance		Results
		2024	2023	
1. Total expense ratio The percentage of total operating expenses, including management fees and administrative costs, but excluding direct costs associated with properties under management contracts expressed as a percentage of NAV.	The total expense ratio is a key measure of the Group’s administrative performance and can be used to measure Group performance against peer companies.	8.6%	6.3%	The ratio for the six months period to 29 February 2024 grew as a result of higher legal and professional fees offset by lower Investment Advisor / Manager fees and significantly lower allocation of valuation and inspection costs.
2. NAV per Share The NAV attributable to shareholders divided by average shares outstanding during the period.	NAV per share provides shareholders with an indication of Group value.	26.32 pence	27.43 pence	The balance fell 4.0% from 31 August 2023 to 29 February 2024 as a result of the loss for the period.
3. Loan-to-Value Ratio of gross debt as a percentage of the valuation of investment property.	LTV measures the prudence of balancing higher shareholder returns and additional portfolio diversification against the additional risk of leverage.	43.8%	53.3%	Group LTV decreased resulting from the sale of investment properties being used primarily to reduce outstanding borrowings.

Principal risks and uncertainties

The Board, through delegation to the Audit Committee, has undertaken a robust assessment and review of the principal risks facing the Company and the Group, together with an exercise to identify any new risks which may have arisen during the period, including those that would threaten its business model. These risks are formalised within the Group's risk matrix, which is regularly reviewed by the Audit Committee. As part of its risk management process, the Audit Committee seeks to identify emerging risks to ensure that they are effectively managed as they develop and recorded in the risk matrix.

As a result of the events during and after the period, the principal risks and uncertainties which the Group faces, including those under the New Investment Policy as approved by shareholders on 16 September 2024 (see pages 17-18 for a description of the policy), are set out below.

Risk	Mitigation
Investment Strategy (Managed Wind Down)	
Ability to dispose of all assets maximising value for shareholders:	
The Company's Managed Wind-Down investment objective is to maximise the proceeds from the sale of all assets in the most time and cost-efficient manner and, after repayment of loans and all liabilities, return the net proceeds to shareholders.	It is intended sales will be structured and executed to achieve best value. The Company is currently marketing the entire portfolio for sale in one transaction. The mix of property and tenant types may require the Company to sell properties in smaller lot sizes if it cannot find a single buyer for a portfolio sale, which could impact price attained and the timing and cost of completing the sales.
The Company may not achieve its objective of maximising returns whilst realising assets in an orderly manner.	In the event that the sale of such a diverse portfolio is not feasible, the Company will consider other forms of property sales including via auction, private treaty and individual asset sales.
The impact of bringing assets to market as part of a public wind-down strategy and the time required to execute disposals may also have an impact on disposal proceeds. Assets may therefore be realised at values which represent a material discount to the most recently published independent valuations.	The Group has already met one of the key aspects of the investment objective, in that the Group has settled all amounts outstanding, including the loan facilities and the Deferred Fees, to the Lender subsequent to period-end.
Sales of the Group's assets may take longer than anticipated.	The realisation process will be carried out in a way intended to minimise impact and disruption to vulnerable occupiers.
The market for residential properties is uncertain due to evolving Government policies on renters' rights and general market conditions. Further the Company has a mix of properties, including single family homes, HMOs, investment properties, as well as a mix of tenants including supported living and PRS.	The Board regularly reviews the progress of the portfolio sale and the operation of the properties during the marketing period. The Board seeks regular advice from the independent advisers on the sale (JLL, TT&G and Allsops), including formal updates from all advisors at Board meetings and informal ad-hoc updates more frequently.

Risk	Mitigation
Control of Operating Expenses The Group has significant operating costs including the costs of running a listed business and the costs of defending itself and taking action against wrongdoers. The longer these workstreams continue the more that will need to be deducted from potential shareholder distributions. There is no certainty that the Group will recover meaningful sums from third parties.	The Board has forecast and will continue to assess current and future potential liabilities as it considers returning capital to shareholders. The Company intends to defend itself vigorously in respect of the threatened litigation and has denied the allegations made against it. The Board regularly engages with its advisors to consider the merits of the Company's position and to weigh the cost/benefit of bringing legal proceedings against those it considers responsible for wrongdoing. AEW updates the cashflow forecast monthly for 13 weeks and 15 months, which is reviewed at least monthly with the Board.
Return of capital may be delayed and reduced: The Company may not achieve its investment objective of returning available cash to shareholders in a timely manner and returns may be impacted. The distributions that shareholders receive will be subject to deductions for, among other things, direct disposal costs, tax, management fees, professional fees and running costs throughout the remaining life of the Group. These costs may reduce the sums available for distribution to shareholders in the future. Further, the Company's ability to make distributions may be constrained whilst the Company faces potential group litigation.	The Directors intend to make an initial return of capital to shareholders upon the completion of the realisation strategy and after concluding on appropriate retained funds to wind the business down and cover contingent liabilities. The Board is considering all available options of returning cash to shareholders including (but not limited to) dividend distributions, issuance of B shares and tender offers for outstanding shares. The most appropriate timing and mechanism to return capital to shareholders is being considered and will be communicated in due course.
Property Leasing and Operations	
Direct letting of property As non-performing tenants are removed, a property manager is appointed to undertake the day-to-day tasks of operating the property, with occupiers contracting directly with a Group company. The direct letting model increases risks to the Company including: 1. Increased control over properties and therefore greater responsibility for health and safety and technical compliance. 2. Direct responsibility for property operating costs such as utilities, council taxes, insurance, repairs and maintenance. 3. For Supported Living properties, direct co-ordination with the Council to obtain approval for funding and provision of adequate support to occupants. For properties not in payment, collection of rents is unlikely. 4. For HMOs, increased compliance and licensing risks.	The AEW Asset Management team meets monthly with each property manager to review monthly performance. Those meetings include a review of financial results, leasing and vacancy strategy, compliance reporting and significant repairs and maintenance. All requests for capital expenditures are pre-approved and significant works are signed off by an independent third party prior to settling associated invoices. AEW Asset Management also meet weekly with each Property Manager to review and approve actions on urgent matters and progress on key initiatives, including obtaining approval for supported living properties to be in payment.

Risk	Mitigation
5. For all properties, responsibility to ensure properties are occupied and rents collected and debtors chased where appropriate.	
Intensive Housing Managers (IHM) and Property Cost:	
The Group has appointed third party specialists including IHM and property managers, which has resulted in additional costs to the Group.	AEW has controls in place around expenditures made by the IHM and property managers in accordance with contractual agreements. AEW monitors expenditure against expectations and provides regular reporting to the Board on properties subject to IHM and property management agreements.
In some instances, property managers formerly used by non-performing tenants may be appointed by the Company due to their knowledge of the underlying properties and existing relationships with occupiers in order to facilitate rental collection. AEW may not have had previous experience or relationships with these service providers and the quality of the service may be unknown.	Where possible, AEW negotiates contracts with IHM and property managers on a flexible basis to provide stability and continuity of service that aligns with the flexibility required for sale of the properties under the Managed Wind-Down.
IHM and property managers are heavily relied upon to provide accurate information and proactively resolve issues as they arise, including in relation to health and safety, compliance, licensing, property maintenance, crisis response, administration, financial reporting and cashflow forecasting.	AEW undertakes appointments in accordance with its supplier selection and monitoring procedures including undertaking due diligence on service providers.
Property Risk	
Properties may suffer physical damage resulting in losses (including loss of rent) which may not be fully compensated by insurance or at all.	The Group maintains a comprehensive portfolio insurance policy. Building Declared Values have been updated in line with recent formal Reinstatement Cost Assessments (where undertaken) for typically larger properties and for locations that are yet to be inspected, the declared values have been estimated.
Liquidity risk:	
The impact of bringing assets to market as part of a public wind-down strategy may also result in changes in rent collection levels and the re-tenanting process due to occupiers and tenants being uncertain over who their future landlord will be.	The liquidity risk has diminished significantly now that the Group has repaid both loan facilities and the Deferred Fees to the Lender subsequent to year end.
The Company is incurring high corporate costs including significant legal, audit and professional fees, and director and officer insurance.	As of the date of these accounts, the Group has accumulated sufficient cash to fund operations for the next 12 months. In the event that additional cash is required, the Group could sell properties at auction to generate additional liquidity within 45-60 days.
The Group's investments are generally not immediately liquid.	AEW has a procedure for the approval of significant capex and unbudgeted expenses.
	Surplus proceeds from remaining property sales will be placed on sterling only deposits and/or held as cash equivalent securities, other cash equivalents, cash funds or bank cash deposits, pending its return to shareholders.
Real Estate sector	

Risk	Mitigation
Property market – residential including Social Use and Supported Living: Performance will be subject to the condition and sentiment of property markets in the UK including Social Use and Supported Living. A significant downturn in the underlying value of the Group's investment property would impact the return of funds to shareholders. Factors include inter alia general economic climate, excess supply or fall in demand for properties, interest rates and changes in laws or government regulations.	Since appointment, AEW has undertaken a comprehensive inspection programme via third parties to assess the quality of the assets. AEW's assessment of each property including suitability, capital expenditure requirements and income and capital return prospects takes into account factors such as property location, local demand and quality operating partners and tenants. AEW reports its strategy and progress in achieving objectives for the properties and re-tenanting to the Board on a regular basis.
Tenant default and liquidation: Failure by tenants to comply with their rental obligations and tenant liquidations affects the Group's ability to generate cash and negatively impacts asset valuation. As at 29 February 2024, 22 of the 25 direct tenants are of weak covenant strength representing 90.2% of properties and 95.0% of annual contracted rent at that time. Three tenants had entered administration or liquidation as at 29 February 2024 and a further 10 tenants had entered into administration or liquidation post period end, representing 55.7% of properties and 64.0% of annual contracted rent as at 29 February 2024.	AEW determined that the majority of the original tenants were poorly capitalised and lacked long term operating track records. For tenants considered non-performing or unsuitable, AEW negotiated surrenders of the leases to take back control of the underlying properties: to sell the associated property at auction; appoint a property manager to let directly as PRS or re-let to a housing provider for Supported Living; or manage vacancy, as appropriate. Material decisions in respect of lease surrenders and any write offs of arrears are approved by AEW's Investment Management Committee prior to approval by the Board. If a tenant is still performing, the leases will remain in place, although terms may be varied. AEW provides regular updates to the Board on its strategy.
Property Valuations: Property valuations are inherently subjective and uncertain and may not reflect actual sales prices realised by the Group. Realisations will vary, and it is anticipated that there will be both positive and negative variances from sales prices to valuations during the Managed Wind-Down. The reasons for such a variance are considerations such as changes in the housing market, changes in condition or occupation of the property since valuation, method of marketing and sale (portfolio, auction, private treaty), tenant, rent payment, lease structure and information availability.	The Board has appointed an experienced independent external valuer, JLL, with relevant and recent experience. JLL considers the quality and the suitability of the assets, the covenant strength of the tenant and the rental value for the existing use and LHA rates. JLL uses a combination of the investment approach and MV-VP. Where a valuation is prepared on an investment basis, limitations on the duration of the income streams are applied to account for the covenant strengths of the tenants, and the rent levels demanded under the leases. AEW and JLL use the sales evidence of recent auctions to support their estimates of MV-VP and this information is reviewed with the Board as part of the valuation sign off process.

Risk	Mitigation
Shares	
Restoration of trading of shares:	
The listing of the Shares was suspended on 3 January 2023 due to the Company not filing accounts within four months of year end.	The Board and its advisers regularly engage with the FCA and Companies House in relation to the delays to the timely filing of the Group’s accounts.
There is a risk that the Shares are permanently delisted from the London Stock Exchange.	The Board, AEW and Liberum have been actively engaging with shareholders during the period of suspension including periodic updates and shareholder presentations. In advance of relisting of the Shares, the Chair and AEW will engage with shareholders through a series of meetings.
Once the Shares are relisted, there is the risk of a significant sale of Shares by investors may cause the market price of the Shares to fall.	
Volatility of share price during the Managed Wind-Down:	
The Company may experience volatility in its share price, both as a function of volatility in its net asset value and a reduction in share liquidity as capital is returned to shareholders, which may result in a continued or possibly wider discount to net asset value.	The Board, AEW and Liberum have been actively engaging with shareholders including updates and shareholder presentations. The Company will continue to provide periodic updates during the Managed Wind-Down, however, the level of disclosure included will be reviewed throughout the process in order to protect the Company’s commercial interests and allow disposals to be completed in a manner that preserves shareholder value.
Shareholders ability to continue to hold shares:	
If the Company ceases to maintain REIT status the Company’s shares will also cease to be ‘excluded securities’ under the FCA’s rules on non-mainstream pooled investments which may have an impact on the ability of certain investors to continue holding the Company’s shares.	AEW and the Company’s specialist tax adviser monitor compliance with the REIT regime and liaise regularly with HMRC. The Company will make appropriate announcements in the event of the Company ceasing to maintain its REIT status.
Engagements with third party service providers	
Reliance on the performance of the Investment Manager and Other Key Service Providers:	
The Company has no employees (other than Lynne Fennah since 15 January 2025, who advises the Board on historical matters as a part-time employee) and is reliant upon the performance of AEW and other third party service providers. Failure by AEW and/or any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company.	AEW’s performance is closely monitored by the Board with regular review including key staff and general resourcing. Performance of the key service providers is monitored by the Board through its Management Engagement Committee (“MEC”). The MEC performs a formal annual review of the ongoing performance of AEW and other key service providers and makes recommendations to the Board about their continuing appointment.
The future ability of the Company to successfully pursue its investment objective and investment policy may, among other things, depend on the ability of AEW to retain its existing staff and/or to recruit individuals of similar experience and calibre.	The Board undertakes a rigorous selection process for any new key service provider appointments.

Risk	Mitigation
Replacement of key service providers could disrupt the business, causing potential issues and delays in reporting.	The MEC and the Board will continue to monitor the performance of key service providers and determine whether continued engagement remains appropriate.
Business interruption:	
Cyber-attacks on AEW's and/or other service providers' IT systems could lead to disruption, reputational damage, regulatory (including GDPR) or financial loss to the Company.	The Company's key service providers have business continuity plans in place. AEW and other service providers' staff are capable of working remotely for an extended time period. AEW's and other service providers' IT systems are protected by anti-virus software and firewalls that are updated regularly.
Taxation	
Compliance with REIT rules:	
Failure to comply with the REIT rules and other regulations may have a negative impact on the Company.	AEW and the Company's specialist tax adviser monitor compliance with the REIT regime and liaise regularly with HMRC.
The Board expects that the Company will continue to fulfil the relevant conditions to qualify for UK REIT status in the short term. However, the requirements for maintaining REIT status are complex.	
As the Managed Wind-Down progresses, the Company cannot guarantee that it will maintain continued compliance with REIT requirements, particularly in its latter stages when the portfolio has been fully realised. The basis of taxation of any shareholder's shareholding in the Company may differ or change materially if the Company fails or ceases to maintain its REIT status.	
Potential Limitations on Methods of Returning Capital to Shareholders	
The Company's status as a REIT may restrict the Company's distribution opportunities to Shareholders (distributions to Substantial Shareholders).	AEW will monitor the position and provide regular updates to the Board.
Governance, regulatory compliance and litigation	
FCA Regulations and Investigation:	
Failure to comply with FCA regulations and adverse findings from pending investigations may have a material adverse impact on the Company's profitability (because of possible fines), the NAV and the price of the Shares.	The Board seeks regular advice from its advisers and the Board has confirmed that it will co-operate fully with the FCA investigation.

Risk	Mitigation
Risk of potential litigation from shareholders against the Group or a group action: As a result of the potential shareholder group litigation against the Company and the Company's Directors who were in office at IPO, the Company will continue to incur significant legal expenses and the ability of the Company to make distributions to shareholders may be constrained, in whole or in part.	The Company intends to defend itself vigorously in respect of the threatened litigation and has denied the allegations made against it. The Board regularly engages with its advisers on potential exposure to litigation.
Board – replacement, experience and succession: All of the Board members who were in office at IPO stood down on 14 January 2025 following publication of the 2023 financial results. The remaining Directors were appointed during 2024 and may lack historical knowledge of issues encountered by the Group.	Since January 2024, the Company has appointed a new Independent Non-Executive Chair, a Senior Independent Non-Executive Director (now MEC chair) and another Non-Executive Director who is now the Audit Committee Chair. In assembling the new Chair and Directors, careful consideration has been given to the appropriate skills, experience, knowledge, culture, capacity and independence of the incoming Board members. The retiring Directors will continue to assist the Company, when necessary, on historic legal and regulatory matters, and Lynne Fennah is employed on a part-time basis to provide additional support in relation to these matters. The Board, through its Nomination Committee, will review its composition on a regular basis and will develop a succession plan at the appropriate time.
Health and Safety ("H&S") risk: The Group and the Board have responsibility for certain H&S matters, including oversight over HMO planning permission and licensing. Failure to have appropriate H&S procedures and processes may result in regulatory fines and reputational risk.	H&S is a priority agenda item for Board meetings. The Board has received a summary of its responsibilities under various scenarios given the change in leasing model which now includes direct leasing to occupiers. AEW has an established a H&S Committee and reports regularly on H&S matters to the Board. AEW also notifies tenants regularly of their responsibilities and communicates any non-compliance issues identified requesting evidence of remediation. Property managers are obligated to provide regular reporting on H&S compliance. AEW undertake spot checks of compliance.

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 contained in UK adopted international accounting standards 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 18 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

Michael O'Donnell

Chair

17 November 2025

Financial Statements

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

	Note	For the half-year ended 29 February 2024 £'000	For the half-year ended 28 February 2023 £'000	Audited For the year ended 31 August 2023 £'000
Income				
Rental income	4	24,519	29,374	57,639
Other income	4	24	-	-
Impairment of lease inducement	4	-	(22,010)	(22,010)
Impairment of rent straight-lining	4	(2,719)	(5,811)	(9,016)
Net rental income		21,824	1,553	26,613
Operating expenses				
Property operating expenses	5	(2,323)	-	(754)
General and administrative expenses	5	(8,981)	(7,680)	(19,159)
Provision for expected credit losses of trade receivables	11	(18,489)	(26,629)	(49,502)
Total expenses		(29,793)	(34,309)	(69,415)
Change in fair value of investment property	9	3,534	(63,949)	(71,360)
Realised loss on disposal of investment properties	6	(2,083)	-	-
Write-off of Seller's Works not initiated or completed		-	(8,296)	(14,178)
Operating loss for the period/year		(6,518)	(105,001)	(128,340)
Gain on revaluation of bank borrowings	10	-	-	14,537
Finance income	10	-	-	2,706
Finance costs	7	(2,234)	(3,102)	(7,063)
Loss before taxation		(8,752)	(108,103)	(118,160)
Taxation	8	-	-	-
Loss and total comprehensive loss for the period/year attributable to shareholders		(8,752)	(108,103)	(118,160)
Loss per Share – basic and diluted (pence per Share)	21	(1.11)	(13.67)	(14.95)

All Items In the above statement derive from continuing operations.

The notes on pages 32 to 48 form part of these financial statements.

Financial Statements

Consolidated Financial Statements - continued

Consolidated Statement of Financial Position

	Note	As at 29 February 2024 £'000	Audited As at 31 August 2023 £'000
Non-current assets			
Investment property	9	326,524	407,932
Total non-current assets		326,524	407,932
Current assets			
Investment property held for sale	9	14,200	4,788
Trade and other receivables	11	855	116
Restricted cash	12	7,280	17,265
Cash and cash equivalents	12	7,364	814
Total current assets		29,699	22,983
Total assets		356,223	430,915
Current liabilities			
Bank borrowings	10	138,843	199,500
Trade and other payables	13	9,264	14,547
Total current liabilities		148,107	214,047
Total liabilities		148,107	214,047
Net assets		208,116	216,868
Capital and reserves			
Share capital	14	7,906	7,906
Share premium	15	595,733	595,733
Special distributable reserve	16	190,130	190,130
Accumulated losses		(585,653)	(576,901)
Total capital and reserves attributable to equity holders of the company		208,116	216,868
Net asset value per share (pps)	22	26.32p	27.43p

The notes on pages 32 to 48 form part of these financial statements.

The consolidated financial statements of Home REIT plc were approved and authorised for issue by the Board of Directors on 17 November 2025 and signed on its behalf by:

Michael O'Donnell

Chair

Company number 12822709

Financial Statements

Consolidated Financial Statements – continued

Consolidated Statement of Changes in Shareholders' Equity

	Share capital	Share premium	Special distributable reserve	Accumulated losses	Total equity attributable to owners of the company
For the half-year ended 29 February 2024	£'000	£'000	£'000	£'000	£'000
Opening balance at 1 September 2023	7,906	595,733	190,130	(576,901)	216,868
Loss and total comprehensive loss for the period attributable to shareholders	-	-	-	(8,752)	(8,752)
Balance at 29 February 2024	7,906	595,733	190,130	(585,653)	208,116

	Note	Share capital	Share premium	Special distributable reserve	Accumulated losses	Total equity attributable to owners of the company
For the year ended 31 August 2023		£'000	£'000	£'000	£'000	£'000
Opening balance at 1 September 2022		7,906	595,733	201,040	(458,741)	345,938
Income and total comprehensive income for the period attributable to shareholders		-	-	-	(108,103)	(108,103)
Transaction with owners:						
Dividend distribution	16	-	-	(10,910)	-	(10,910)
Balance at 28 February 2023		7,906	595,733	190,130	(566,844)	226,925
Loss and total comprehensive loss for the period attributable to shareholders		-	-	-	(10,057)	(10,057)
Balance at 31 August 2023		7,906	595,733	190,130	(576,901)	216,868

The notes on pages 32 to 48 form part of these financial statements.

Financial Statements

Consolidated Financial Statements - continued

Consolidated Statement of Cash Flows

	Note	For the half-year ended 29 February 2024 £'000	For the half-year ended 28 February 2023 £'000
Cash flows from operating activities			
Loss for the period		(8,752)	(108,103)
Change in fair value of investment property	9	(3,534)	63,949
Realised loss on disposal of investment properties	6	2,083	-
Finance costs	7	2,234	3,102
Effect of straight lining, lease inducements and impairments	4	-	24,648
Operating result before working capital changes		(7,969)	(16,404)
(Increase)/decrease in trade and other receivables	11	(739)	19,405
Decrease in trade and other payables	13	(1,745)	(3,702)
Net cash flows used in operating activities		(10,453)	(701)
Cash flows from investing activities			
Purchase of investment properties	9	-	(85,866)
Net cash received on disposal of investment properties	6	16,461	-
Retentions released to the Group by solicitors	12	1,774	-
Receipts relating to buildings considered as uninhabitable	9	-	427
Net cash generated from/(used in) investing activities		18,235	(85,439)
Cash flows from financing activities			
Dividend distribution	17	-	(9,663)
Interest paid		-	(2,865)
Loan arrangement fee paid	19	(142)	(1,192)
Other net movements in restricted cash accounts	12	(1,090)	34,234
Net cash (used in)/generated from financing activities		(1,232)	20,514
Net increase/(decrease) in cash and cash equivalents		6,550	(65,626)
Cash and cash equivalents at beginning of the period		814	74,514
Cash and cash equivalents at end of the period	12	7,364	8,888

The notes on pages 32 to 48 form part of these 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 is structured as an externally managed company with a board of non-executive Directors (the "Board" or the "Directors"). The Company commenced operations on 12 October 2020 when its shares commenced trading on the London Stock Exchange. The Group (the "Group") consists of the Company and its subsidiaries. The Company filed its Annual Report & Accounts, including the Consolidated Financial Statements, for the year ended 31 August 2022 on 11 October 2024. Since the Company did not comply with the rules under DTR 4 to publish its 2022 annual financial report within four months of its year-end, trading in its shares was suspended on 3 January 2023. Additionally, the Company did not meet the requirement to file the half-yearly accounts for 28 February 2023 by 31 May 2023 (these were made available on the Company's website on 4 April 2025), the 2023 Annual Report and Accounts by 31 December 2023 (these were made available on the Company's website on 14 January 2025), the 2024 Annual Report and Accounts by 31 December 2024 (these were made available on the Company's website on 20 October 2025), or the half-yearly accounts for the period to 28 February 2025 by 31 May 2025. The suspension of the Company's shares cannot be lifted until all of its financial statement filings are brought up to date and the Company satisfies any other requirements of the Financial Conduct Authority ("FCA").

These interim condensed unaudited financial statements have been prepared in accordance with IAS 34, Interim Financial Statements, as adopted by the UK and should be read in conjunction with the Company's financial statements for the year ended 31 August 2023. These condensed unaudited financial statements do not include all information required for a complete set of financial statements prepared in accordance with International Accounting Standards as adopted by the UK. However, selected explanatory notes have been included to explain events and transactions that are significant in understanding changes in the Group's financial position and performance since the financial statements for the period ended 31 August 2023.

The financial information contained in this Interim Report and Financial Statements for the six months ended 29 February 2024 and the comparative information for the year ended 31 August 2023 do not constitute statutory accounts as defined in sections 435(1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 August 2023 have been delivered to the Register of Companies. Because the Auditor was unable to express an opinion on the 2022 Consolidated and Company Financial Statements and Notes to the Financial Statements and therefore the opening 2023 balances as of 1 September 2022, the Auditor did not express an opinion on the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity or the Consolidated Statement of Cash Flows and related notes of those accounts for the year ended 31 August 2023 because of the significant items described in the Basis for disclaimer of opinion section of their report. Additionally, because of the significance of the items contained in their disclaimer of opinion, they were unable to conclude on whether certain of the elements of the Corporate Governance Statement and other Companies Act 2006 reporting was materially consistent with the financial statements.

Due to the delays in the publication of its FY22 accounts and the impact on subsequent period accounts, the Directors decided to publish the audited accounts for the year ended 31 August 2024 ("FY24") as soon as they were available and in advance of publishing these unaudited HY24 accounts in order for the audit of the annual results for year ended 31 August 2025 ("FY25") to progress in parallel. Because the FY24 accounts together with BDO's report was made available to investors on 20 October 2025, the Directors considered it unnecessary for the Group to incur the additional fees associated with a review of the HY24 accounts by BDO. Accordingly, BDO LLP did not perform a review of the financial information as contained in this report.

The Company was formed to carry on business as a REIT with an investment objective to deliver income and capital growth over the medium-term for shareholders through the acquisition of high-quality homeless accommodation across the UK let on long-term leases.

1. General information – continued

As discussed more fully in Note 18, on 15 March 2023, the Board and its former Investment Adviser, Alvarium Home REIT Advisers Limited (“AHRA”), agreed by way of letter of agreement that Home REIT was entitled to terminate the Investment Advisory Agreement dated 22 September 2020 (the “IAA”) (which governed the relationship between the Company and AHRA) on or before 30 June 2023. On 23 May 2023, the Company appointed AEW UK Investment Management LLP (“AEW”) to provide property advisory services and announced its intent to engage AEW as Investment Manager and Alternative Investment Fund Manager (“AIFM”) after receipt of FCA and shareholder approval for a revised investment policy. On 25 May 2023, the Company and Alvarium Fund Managers (UK) Limited (“Alvarium FM”) agreed by way of variation agreement, as further varied on 18 July 2023, that the Investment Management Agreement dated 22 September 2020 (the “IMA”) (which governed the relationship between the Company and Alvarium FM) would be varied to allow for termination immediately upon the Company giving notice in writing to Alvarium FM, provided such notice was given not later than 31 August 2023, or upon either party giving not less than six months’ notice in writing. On 30 June 2023, the IAA was terminated. On 21 August 2023, the Company’s shareholders approved the revised investment policy, Home REIT terminated the IMA and the Company appointed AEW as Investment Manager and AIFM.

Going Concern

The Directors, at the time of approving the financial statements, are required to consider whether they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to their going concern status.

As discussed in Note 23, on 16 September 2024 shareholders approved a new investment policy for a Managed Wind-Down of the Group’s operations. Part of that strategy was to sell enough properties through auctions to repay all amounts outstanding to Scottish Widows Limited (“Scottish Widows” or the “Lender”). On 27 November 2024, the Group repaid the loans and in December 2024, the Group paid the Deferred Fees of £9.0 million and Scottish Widows released its charge over the Group’s assets.

Pursuant to the Managed Wind-Down, the Group will sell its remaining portfolio of investment properties and will not make any further real estate acquisitions. No further investment will be made unless such expenditure is necessary to protect or enhance an asset’s net realisable value or in order to comply with statutory obligations.

Cashflow projections for the Group have been prepared by AEW and agreed with the Board which consider:

1. The Company anticipates it will sell its properties in multiple transactions before June 2026.
2. Revenue will continue to be collected on tenanted properties held by the Group.
3. Expenses are forecast to be incurred at the current level for those services required for the continued operation of the Group. Notice periods have been considered where necessary and the majority of operations are expected to reduce significantly by the second quarter of 2026, when any remaining properties are expected to be sold.
4. Nothing has been budgeted for potential settlement of either the pre-action letter of claim or the FCA matter, both as described below.

As of the date of these financial statements, the Group has approximately £8.3 million of free cash. For purposes of this going concern analysis the Directors have assumed nil cash rent net of property expenses until the properties are sold. The Directors have forecast expenditures over the next twelve months and are satisfied that the cash on hand will be adequate to cover those expenses. In the event that expenditures exceed those estimates, the Group can sell additional properties at auction to cover any unforeseen expenses.

In October 2023, the Company received a pre-action letter of claim which asserts that the Company provided information to investors which was false, untrue and/or misleading and as a result investors suffered losses. The Directors are not currently able to conclude whether or when a formal claim may be issued and if a claim is issued, what the quantum of such claim may be. Further, on 7 February 2024, the Company was notified by the FCA of its commencement of an investigation into the Company, covering the period from 22 September 2020 to 3 January 2023. The Company and the Directors are cooperating with the FCA in its investigation. However, they are not able to assess or quantify what, if any, action may be taken. Until the Directors have better visibility into the ultimate exposure of these and any other contingent liabilities, they will not be able to satisfy themselves as to what if any amounts will be required to settle these matters. When the Directors are able to estimate the range of exposure, the Company may return any estimated surplus capital to investors, whilst maintaining a prudent level of cash to wind down the Company and Group and considering any other eventualities.

1. General information – continued

As a result of the threatened litigation, the FCA investigation and the Directors' expectation for an orderly wind-down of the Group's operations, the Directors consider it appropriate to adopt a basis of accounting other than as a going concern in preparing the financial statements. No material adjustments to accounting policies or the valuation basis have arisen as a result of ceasing to apply the going concern basis.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are consistent with those applied within the Company's Consolidated Financial Statements for the year ended 31 August 2023 ("Consolidated Financial Statements"). The condensed consolidated financial statements for the period ended 29 February 2024 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 Group's presentation and functional currency, and values are rounded to the nearest thousand pounds, except where indicated otherwise.

3. Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. Adjustments to accounting estimates are recognised in the period in which the estimates are revised. 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 in Note 3 to the 2023 Consolidated Financial Statements.

4. Rental income

	For the half-year ended 29 February 2024	For the half-year ended 28 February 2023	For the year ended 31 August 2023
	£'000	£'000	£'000
Amounts invoiced in accordance with lease agreements	22,211	28,532	56,501
Income from properties under management agreements	1,832	-	366
Effect of straight-lining rent	2,719	3,926	7,135
Rent not recognised because properties were uninhabitable	(2,243)	(2,330)	(4,832)
Lease inducement amortisation	-	(754)	(1,531)
Rental income	24,519	29,374	57,639
Other income	24	-	-
Impairment of lease inducement	-	(22,010)	(22,010)
Impairment of rent straight-lining	(2,719)	(5,811)	(9,016)
Net rental income	21,824	1,553	26,613

Rental income includes amounts receivable in respect of tenant leases for those properties deemed habitable and is measured at the fair value of the consideration received or receivable. All properties subject to lease are based in the UK.

In certain cases, the Group acquired properties which were not considered habitable at the acquisition date but which were subject to an operating lease. If a property is deemed uninhabitable, the Group does not recognise any rental revenue until required improvements are complete. Any cash received from the tenant while the property is judged to be uninhabitable is applied as a reduction in the debtor established at acquisition (in lieu of a lease incentive) or the property carrying value, as appropriate. During the period ended 29 February 2024 and the year ended 31 August 2023, no properties were improved to a state which the Group consider habitable.

The Group assesses impairment of individual lease related assets, such as lease incentives and straight-line rent receivables, at the tenant level. Impairment charges of £2,719,000 were recognised during the period to 29 February 2024 (period to 28 February 2023: £27,821,000 and year to 31 August 2023: £31,026,000).

5. Operating expenses

Property operating expenses

	For the half-year ended 29 February 2024	For the half-year ended 28 February 2023	For the year ended 31 August 2023
	£'000	£'000	£'000
Operating expenses relating to properties under management agreements:			
Maintenance and compliance	759	-	550
Management fees	363	-	-
Utilities	116	-	-
Council tax	92	-	4
Other fees	7	-	-
Sub total	1,337	-	554
Irrecoverable property insurance	176	-	-
Property consultancy fees	568	-	200
Other property expenses	242	-	-
Total	2,323	-	754

General and administrative expenses

	For the half-year ended 29 February 2024	For the half-year ended 28 February 2023	For the year ended 31 August 2023
	£'000	£'000	£'000
AHRA investment advisory fees (Note 18)	-	3,078	5,094
Legal fees	2,425	1,099	3,502
Valuation and survey fees	120	1,082	2,165
Aggregator and tenant settlements	-	694	1,419
Fees paid to the Group's Independent Auditor	450	538	1,076
Professional fees	2,587	455	3,395
Directors' fee	120	93	176
AEW property and investment manager fees (Note 18)	2,500	-	1,085
Other administrative expenses	779	641	1,247
Total	8,981	7,680	19,159

Valuation fees have been allocated as a portion of the total fee recognised for the year ended 31 August 2023 and include an allocation of fees associated with a comprehensive inspection programme to support the valuation process which ran from August 2023 to May 2024.

A representative of AHRA, without the knowledge or authority of the Board, entered into a settlement agreement between the Group and various property vendors (the "Aggregators") whereby the Group paid £675,000 and purportedly waived any refurbishment claims against the Aggregators in relation to 488 properties held by the Group.

	For the half-year ended 29 February 2024	For the half-year ended 28 February 2023	For the year ended 31 August 2023
	£'000	£'000	£'000
Fees payable to the company's auditor for the audit of the company's annual accounts	414	502	1,004
Fees payable to the company's auditor:			
Audit of the accounts of subsidiaries	36	36	72
Included in general and administrative expenses	450	538	1,076

Fees payable to the Company's auditor have been allocated as a portion of the total fee recognised for the years ended 31 August 2024 and 2023.

6. Realised loss and cash flows related to disposal of investment properties

	For the half-year ended 29 February 2024	For the half-year ended 28 February 2023	For the year ended 31 August 2023
	£'000	£'000	£'000
Net proceeds from disposals of investment property during the period/year	71,673	-	-
Fair value at beginning of the period/year	(73,756)	-	-
Realised loss on disposal of investment properties	(2,083)	-	-

During the six months ended 29 February 2024, the Group completed on the sale of 394 properties for gross proceeds of £74,753,000.

Under the borrowing agreements discussed more fully in Note 10, the proceeds from property sales were fully under the control of the Lender and the Lender's agent. As agreed in various waiver letters between the Borrowers, Guarantors, Lender and Agent, all of the proceeds from the sale of properties were usually allocated 93% weekly to the Agent controlled proceeds accounts and 7% to the Group to cover the cost of property sales and other general expenses. The amount allocated to the proceeds account was then allocated monthly in the following order: first, to repay the Lender for the allocated loan amounts related to each sold property, second, to the Lender to cover any unpaid interest or other amounts due and then last in accordance with an allocation as agreed in the periodic waiver letters. Because the portion of the net proceeds sent directly to the Agent controlled proceeds accounts were never under Group control, we have excluded the gross proceeds from property sales and the principal payments on the loans from the Consolidated Statement of Cash Flows. During the six-month period ended 29 February 2024, those cash flows were:

	For the half-year ended 29 February 2024 £'000
Gross proceeds from property sales	74,753
Amount allocated to cover the cost of property sales	5,446
Amount allocated to the Lender controlled proceeds account	69,307
	74,753
Proceeds allocated to cover the cost of property sales	5,446
Cost of property sales	(3,080)
Remaining proceeds distributed to unrestricted account	2,366
Proceeds allocated to the Lender controlled proceeds account	69,307
Amount used to repay principal and interest on outstanding loans	(52,710)
Proceeds held in disposal account as at 29 February 2024	(2,502)
Remaining proceeds distributed to unrestricted account	14,095
Total proceeds distributed to unrestricted account	16,461

7. Finance costs

	For the half-year ended 29 February 2024	For the half-year ended 28 February 2023	For the year ended 31 August 2023
	£'000	£'000	£'000
Loan interest	2,234	2,865	5,462
Deferred loan fees	-	-	1,100
Amortisation of loan arrangement fees	-	237	501
Total finance costs	2,234	3,102	7,063

As discussed more fully in Note 10, Scottish Widows has imposed various Deferred Fees payable at the full and final repayment of the loans. The loans and the Deferred Fees were fully repaid in November and December 2024, respectively.

8. Taxation

The Group is a real estate investment trust ("REIT") and as a result the profit and gains arising from the Group'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 25% (19% prior to 31 March 2023, so that the year to 31 August 2023 is computed at 21.5%, being 7 months at 19% and 5 months at 25% and the interim period to 28 February 2023 is presented at 19%).

	For the half-year ended 29 February 2024	For the half-year ended 28 February 2023	For the year ended 31 August 2023
	£'000	£'000	£'000
Current tax	-	-	-
Origination and reversal of temporary differences	-	-	-
Total deferred tax	-	-	-
Tax charge	-	-	-

The Company did not make any distributions in the six months to 29 February 2024 (year to 31 August 2023: £nil).

Reconciliation of the total tax charge

The reconciliation of loss before tax multiplied by the standard rate of corporation tax to the total tax charge in the statement of comprehensive income is as follows:

	For the half-year ended 29 February 2024	For the half-year ended 28 February 2023	For the year ended 31 August 2023
	£'000	£'000	£'000
Loss before tax	(8,752)	(108,103)	(118,160)
Tax at the standard rate of UK corporation tax	2,188	20,540	25,404
Effect of:			
Revaluation of investment properties	884	(12,150)	(15,342)
Losses not taxed for which no benefit can be recognised	(3,072)	(8,390)	(10,062)
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. With effect from 1 April 2023, the UK Corporation Tax increased from 19% to 25%.

9. Investment property

	As at 29 February 2024	As at 31 August 2023
	£'000	£'000
Freehold investment property at the beginning year	412,720	414,270
Property acquisitions in the year	-	104,125
Property disposals in the period	(73,756)	-
Reclassification of first year inducement where building is considered as habitable	-	(5,408)
Reclassification of first year inducement where building is considered as uninhabitable	-	(588)
Receipts relating to buildings considered as uninhabitable	-	(548)
Prepaid Seller's Works recognised as receivable	-	(5,883)
Rent straight-lining and lease inducement	-	11,089
Impairment of rent straight-lining and lease inducement	-	(31,026)
Retentions received during the year	(1,774)	(1,951)
Increase/(decrease) in fair value of investment property	3,534	(71,360)
Fair value at the end of the year	340,724	412,720
Investment property:		
Investment property held for sale – current	14,200	4,788
Fair value at the end of the year – non current	326,524	407,932
Total investment property	340,724	412,720

During the period ended 28 February 2023 and the year ended 31 August 2023, the Group acquired 234 properties (2024: nil).

The Group 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. The valuations have been prepared in accordance with the RICS Valuation – Global Standards July 2022 (the “Red Book”) and incorporate the recommendations of the International Valuation Standards and the UK National Supplement which are consistent with the principles set out in IFRS 13. Specifically, IFRS 13 defines the fair value hierarchy as follows:

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.

Property valuations are inherently subjective and are made by the valuer based on assumptions which may not be accurate. Accordingly, the valuation of investment property is classified as Level 3.

9. Investment property – continued

At 29 February 2024 and 31 August 2023, the investment properties have been valued by Jones Lang LaSalle Limited ("JLL"), an accredited independent external valuer with relevant and recent experience of valuing residential properties of the type in which the Group invests. Fair value is the estimated amount for which a property would exchange on the date of the valuation in an arm's-length transaction and has been estimated using a combination of valuation techniques, specifically the investment approach and Market Value with a special assumption of Vacant Possession ("MV-VP"). The investment approach involves applying a yield to the future income stream net of estimated voids and rent-free periods and then a reversion to MV-VP, which future cash flows are discounted back to the balance sheet date. The yield and estimated rental values are observed based on the valuers' judgment of comparable property and leasing transactions in the market. The primary factors which have been considered in assessing which valuation technique to use is the covenant strength of the tenant including their payment history and the property's condition. The other significant factors which are considered under both techniques include the property's type, its location and market conditions. The Group assessed the current condition of each property through a formal inspection programme (inspections occurred from August 2023 to May 2024), whereby Vibrant Energy Solutions Ltd ("Vibrant") was engaged to perform an internal inspection of most properties and issue a condition report. If properties were inspected by another party for another purpose during that period, those properties have been excluded from the Vibrant inspection process and instead the valuer has made use of the report of the alternative provider. The condition of the properties as assessed in the inspection programme has been assumed to be the condition of the properties at 29 February 2024 and 31 August 2023 for purposes of the valuations.

To arrive at opinions of fair value, JLL divided the assets into four categories and estimated rental value and yield for each:

- Individual properties (suitable for occupation by a single family)
- Houses of Multiple Occupation (properties with individual bedrooms but common kitchen and other facilities, "HMO")
- Residential Investments (properties with individual flats for occupation), and
- Development properties (properties which are considered derelict or which require substantial re-development)

As discussed in Note 4, not all leases were deemed to have commenced (for the purposes of recognising revenue) as some of the associated properties were deemed to be uninhabitable. The security of the unexpired term for these leases differs across the portfolio depending on the covenant strength of the tenant. For tenants with a weak covenant strength or where a property was deemed uninhabitable or not fit for-purpose, JLL disregarded the leases and valued the properties on the basis of MV-VP. All properties under the control of property managers have been valued on the basis of MV-VP. Where a property was deemed to be in a reasonable condition, capable of beneficial occupation, and let to a tenant who was likely to meet its rent demands in the short-term, JLL adopted the investment approach. For those tenants, JLL capped the unexpired lease term at five years, even where the actual unexpired lease term was for a longer period. This was due to a lack of confidence in those tenants being able to fulfil their lease obligations beyond five years. For those properties which were let or sublet to a tenant with a strong covenant, JLL considered the in-place lease (or ignored the primary in-place lease and instead capitalised the sublease) passing rent for its remaining term of up to eight years. Where a property has a high passing rent in comparison to JLL's opinion of MV-VP, JLL capped the Fair Value at between 113% and 154% of MV-VP, depending on the tenant for both the February 2024 and August 2023 valuations.

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

Investment property	Total £'000	Quotes prices in active markets (Level 1) £'000	Significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000
29 February 2024	340,724	—	—	340,724
31 August 2023	412,720	—	—	412,720

The fair value of investment property at 29 February 2024 and 31 August 2023 is split between valuation techniques:

	29 February 2024		31 August 2023	
	Number of assets	Value £'000	Number of assets	Value £'000
Investment Valuation Approach	274	44,112	289	48,160
Market Value - Vacant Possession Approach	1,805	296,612	2,184	364,560
	2,079	340,724	2,473	412,720

9. Investment property – continued

The following unobservable inputs were used in the valuations (figures exclude those properties valued using MV-VP):

Passing rent and yield range	Passing rent pa £'000	Passing rent pa range £'000	Valuation £'000	Valuation yield range %
29 February 2024	4,759	6 - 177	44,100	8 - 30
31 August 2023	6,076	6 - 178	48,160	2.6 - 32.6

Sensitivities of measurement of significant unobservable inputs:

As noted above, the Group's property portfolio valuation is inherently subjective by nature. Because 1,805 of 2,079 properties (86.8% of properties) are valued using the MV-VP approach at 29 February 2024 (2,184 properties and 88.3% at 31 August 2023), and those valued under the investment approach are capped at 150% of MV-VP, changes in passing rents and initial yields do not impact the fair value as much as general price movements in the property market. The table below shows the sensitivities of measurement of the Groups' investment property to those inputs, excluding those properties valued using MV-VP:

Sensitivities	-5% in passing rent	+5% in passing rent	-100 bps in net initial yield	+100 bps in net initial yield
29 February 2024	(300,000)	300,000	500,000	(700,000)
31 August 2023	(300,000)	200,000	1,100,000	(600,000)

For the valuation at 29 February 2024 and 31 August 2023, a 5% increase / decrease in MV-VP (for all properties) would increase / decrease the overall value of investment property by approximately £16,600,000 and £20,300,000, respectively. Lease incentives associated with habitable properties of £5,408,000 were allocated at each acquisition totalling 208 leases in the year to 31 August 2023 (2024: nil).

10. Financial instruments

Set out below is a comparison of the book value and fair value of the Group's bank borrowings. Book value includes a deduction for unamortised issuance costs and revaluation adjustments. The fair value of other financial instruments not included in the comparison is equal to book value.

Bank borrowings	Carrying value £'000	Fair value £'000
29 February 2024	138,843	142,341
31 August 2023	199,500	184,940

The Group's borrowings comprise of two fixed term loan facilities, one for £120 million and the other for £130 million. Both facilities are with Scottish Widows. The £120 million 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. The £130 million facility has an all-in rate of 2.53% for the duration of the loan and is due for repayment in December 2036.

The subsidiaries of the Company and the Company are party to agreements with (amongst others) Scottish Widows including (in the case of certain subsidiaries of the Company) facility agreements and (in the case of the Company and all of its subsidiaries) guarantees. When the annual report and accounts for the year to 31 August 2022 were not filed by 3 January 2023, the Company's shares were suspended from trading. This triggered a breach of both facilities' loan covenants and since then further breaches have occurred. Since an initial waiver letter dated 30 January 2023 was issued for the initial breaches, new waiver letters have been issued prior to the expiry of each previous waiver period. The waiver letters related to various matters including financial covenants, an adverse change in the position of the Company and its subsidiaries, a failure to deliver audited accounts and other information, the suspension of the shares of the Company on the London Stock Exchange and the tax status of the Company. As discussed in Note 23, the loans were repaid in full in September and November 2024.

10. Financial instruments – continued

On 19 June 2023, Scottish Widows imposed a Deferred Fee of 0.5% of the aggregate amounts outstanding on the two loans at each of 31 August 2023 and 30 November 2023, payable on the earlier of 30 November 2023 or the full and final settlement of the loans. On 4 December 2023, Scottish Widows deferred the payment of the initial Deferred Fee and imposed a further Deferred Fee effective from 30 November 2023 being the equivalent of 5.0% per annum on the aggregate amounts outstanding on the two loans as computed on a daily basis, payable at the earlier of 28 June 2024 or the full and final repayment of the loans. On 2 July 2024, the Deferred Fee was increased from 5% to 7% with effect from 1 July 2024 and repayment deferred until the full and final repayment of the loans. As discussed in Note 23, The Deferred Fees were paid in full on 16 December 2024.

The Group utilises the income method to value its bank borrowings for disclosure purposes. The income approach estimates the fair value of a debt instrument by estimating the difference between contractual and market debt service payments discounted at an equity yield reflective of the risks inherent in the loan. Because the equity yield is considered an unobservable input as it requires significant judgment to determine, the valuation of Group borrowings is a Level 3 measurement under the fair value hierarchy. The Group estimated the market replacement rate to be 6.09% as at 29 February 2024 (31 August 2023: 6.27%) for Home Holdings 1 and 6.37% for Home Holdings 2 (31 August 2023: 6.46%). If the estimated equity yield were to increase or decrease by 1%, the resulting change in fair value would be a decrease / increase in the fair value adjustment of £1,894,000 and £2,000,000 (31 August 2023: £6,526,000 and £9,576,000 respectively).

On 31 August 2023, as part of the periodic waiver update and in response to a request by the Lender, the Directors agreed to focus on repayment of both loans as soon as possible with a target repayment date no later than 30 June 2024. While not a technical amendment to the loans, the change in the estimated timing and amount of cash payments required the Group to recalculate the carrying value of the loans using new estimated cash flows and discounted using the original effective interest rate. The change in estimated cash flows resulted in a gain of £14,537,000 which was recorded in the Consolidated Statement of Comprehensive Income in the year ended 31 August 2023.

The revised cash flows take into account the balance of the loan at the determination date and reflects those cash payments which the Group considers it will need to make to reduce the loan balances to zero. The agreements provide that if the Borrowers repay outstanding principal early, the Borrower pays or benefits from a Net Break Gain. The Net Break Gain is the net amount between the make whole amount on the margin of the loan (Spens Costs) and the synthetic interest rate break value which is the difference between the current swap rate and the fixed rate embedded in the loan. During the year ended 31 August 2023, the Company recognised £2,706,000 in Net Break Gains which were received in cash at the date of the early repayment in April 2023.

	Period ended 29 February 2024	Year ended 31 August 2023
	£'000	£'000
Principal owing to Lender at end of the year	149,116	220,000
Carrying value adjustments	(10,273)	(20,500)
Carrying value at end of the year	138,843	199,500

Carrying Value Adjustments

	Period ended 29 February 2024	Year ended 31 August 2023
	£'000	£'000
Beginning balance	(20,500)	(5,963)
Recognition of fair value gain	-	(14,537)
Loan arrangement fees	(166)	-
Reclassification of prior year deferred fee accrual	1,100	-
Amortisation of fair value gain	9,293	-
Ending balance	(10,273)	(20,500)

11. Trade and other receivables

	As at 29 February 2024	As at 31 August 2023
	£'000	£'000
Tenant receivables in accordance with lease agreements	64,940	55,627
Rent not recognised because properties were uninhabitable	(2,243)	(4,832)
Tenant receivables	62,697	50,795
Receivable from property managers	636	-
Other receivables	113	45
Prepaid expenses	34	23
Tenant receivables and other financial assets	63,480	50,863
Provision for doubtful debts	(62,625)	(50,747)
Trade and other receivables	855	116

All trade and other receivable amounts are due within one year. The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The Directors analysed the expected credit losses and concluded that collection of debtors of £62,625,000 and £50,747,000 was doubtful and provided for such amounts at 29 February 2024 and 31 August 2023, respectively.

During HY24, the Group agreed to write-off debtors as a condition to surrender deals that were agreed with non-performing tenants. These write-offs related to debtor balances that had been previously fully provided for. Movements in the provision for expected credit loss for the period/year ended 29 February 2024 and 31 August 2023 were as follows:

Impairment of trade receivables

	As at 29 February 2024	As at 31 August 2023
	£'000	£'000
Opening provision for impairment of trade receivables	50,747	1,850
Increase during the period/year	18,489	48,897
Receivable written-off during the period/year as uncollectable	(6,611)	-
At the end of the period/year	62,625	50,747

12. Cash reserves

	As at 29 February 2024	As at 31 August 2023
	£'000	£'000
Cash held in Lockbox accounts	-	8,881
Retentions held by solicitors	2,154	4,616
Required interest amount classified as restricted	2,624	3,768
Cash held in disposal account	2,502	-
Restricted cash held by third parties	7,280	17,265
Cash and cash equivalents	7,364	814
Total cash reserves	14,644	18,079

A new condition in the waiver letter agreed on 19 June 2023 allowed the Lender to hold back an amount of up to nine months of interest in the Lender-controlled rent accounts ("Required Interest Amount") to be released fully at the Lender's discretion. Cash held in the Disposal Account was controlled by the Lender and primarily used to repay loan principal in September 2024.

The cash held in Lockbox account as at 31 August 2023 of £8,881,000 was applied against the outstanding principal balance in December 2023.

12. Cash reserves - continued

In the year ended 31 August 2023 retentions of £1,465,000 were withheld from the acquisition of properties (period to 29 February 2024: £nil). In the period to 29 February 2024, £688,000 (year ended 31 August 2023: £5,364,000) of retentions were released to Vendors and £1,774,000 (year ended 31 August 2023: £1,951,000) were released to the Group.

13. Trade and other payables

	As at 29 February 2024 £'000	As at 31 August 2023 £'000
Trade creditors	1,126	1,340
Accrued expenses	5,984	8,591
Retentions payable	2,154	4,616
Total trade creditors and accrued expenses	9,264	14,547

All trade and other payables are due within one year. The Directors consider that the carrying amount of trade and other payables approximates fair value.

Retentions payable are amounts due to Vendors when they complete property improvements which were agreed in the original SPA. See Note 12 for more information on retentions.

14. Share Capital

	As at 29 February 2024 Number	As at 31 August 2023 Number
Balance at the beginning and end of the period/year	790,570,465	790,570,465

Share capital is the nominal amount of the Company's shares in issue.

15. Share premium account

	As at 29 February 2024 £'000	As at 31 August 2023 £'000
Balance at the beginning and end of the period/year	595,733	595,733

The share premium relates to amounts subscribed for share capital in excess of nominal value less associated issue costs of the subscriptions.

16. Special distributable reserve

	As at 29 February 2024 £'000	As at 31 August 2023 £'000
Balance at the beginning of period/year	190,130	201,040
Dividend distribution	—	(10,910)
Balance at end of the period/year	190,130	190,130

The special distributable represents the cancelled share premium (from the initial share issuance) less dividends paid from this reserve. This is a distributable reserve.

17. Dividends

The Company did not declare or pay a dividend in the period to 29 February 2024 or the year to 31 August 2023. On 16 February 2023, the Board announced that except for any distributions that would be required to maintain REIT status, that it has ceased paying any further dividends until further notice.

18. Related party transactions

Investment Manager

On 22 May 2023, AEW was appointed as Property Adviser for the Transition Period and subsequently on 21 August 2023, on expiry of the Transition Period, as AIFM and Investment Manager (see AIFM section below). The Transition Period lasted from the date of appointment until the Commencement of Phase 1. Phase 1 continues for two years from the date of commencement, at which time Phase 2 commences. Phase 1 commenced when the following occurred:

1. Alvarium FM and AHRA ceased to act for the Group;
2. FCA approved the appointment of AEW as AIFM for the Company; and
3. The adoption of the Amended Investment Policy.

During the Transition Period, AEW was paid £3,000,000 per annum. AEW is paid the following annual fee in Phase 1:

1. A fixed fee of £3,000,000 from the commencement of the Transition Period and as increased at each successive anniversary by the lower of CPI, RPI and 5%;
2. A variable fee for disposal of investments of £422 per bed, as defined; and
3. A variable fee of 10% of rent collected by the Company from its investments.

The maximum amount payable in any year under this agreement is £5,000,000 (which is increased in year 2 to the extent that total fees in year 1 fall below £5,000,000). During the period ended 29 February 2024 and the year ended 31 August 2023, the Group incurred fees under the agreement with AEW of £2,500,000 and £1,085,000. At 29 February and 31 August 2023, £1,308,000 and £1,085,000 of these fees were unpaid.

Following the Initial Period, AEW was entitled to an investment management fee equal to 0.75% of NAV per annum, subject to a minimum fee of £3.0 million per annum (rising with inflation). On 22 August 2025, the Company and AEW agreed a revised fee structure with immediate effect, summarised as follows:

- A fee of £167,000 per month to expire three months after the date on which the Company holds fewer than 10 properties.
- Thereafter, £120,000 per month for a period of three months.
- Thereafter, £42,000 per month until termination of the revised IMA.

Subject to an annual cap of £1 million, an additional 10% of gross rent collected from assets owned by the Company and 10% of rent arrears collected, including those recovered through liquidations.

The revised IMA may be terminated on six months' written notice and occur no earlier than 21 August 2026. The revised IMA includes other immaterial amendments.

18. Related party transactions – continued

Investment Adviser

AHRA was originally appointed as the investment adviser to the Group by entering into the IAA with the Company. Under this agreement, AHRA was to advise the Group in relation to the management, investment and reinvestment of the assets of the Group. Until 4 January 2023, AHRA was a subsidiary of Alvarium RE Limited (now AlTi RE Limited ('AlTi Re')) (now in administration). On 4 January 2023, the Company announced that AlTi RE had sold AHRA, its wholly-owned subsidiary, to AHRA's management in exchange for a promissory note.

Initially, the IAA could be terminated on 12 months' written notice, such notice to expire on or at any time after the fifth anniversary of 12 October 2020. Additionally, the IAA could be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach. On 15 March 2023, the Company and AHRA agreed to terminate the IAA with effect from 30 June 2023.

Under the IAA, the investment advisory fees were calculated in arrears in respect of each month, in each case based upon the net asset value (adjusted for undeployed cash) of the Group on the following basis:

- a One-twelfth of 0.85%, per calendar month of net asset value up to and including £500 million;
- b One-twelfth of 0.75% per calendar month of net asset value above £500 million up to and including £750 million; and
- c One-twelfth of 0.65% per calendar month of net asset value above £750 million.

During the year ending 31 August 2023, the Group incurred fees with AHRA under the IAA of £5,822,000, offset by credits negotiated by the Directors of £728,000 for a net expense of £5,094,000 (six-month period to 29 February 2024: £nil). At 31 August 2023, no amount of the fee was unpaid.

AIFM

The AIFM acts as investment manager with responsibility for the management of the assets of the Group in accordance with the investment policy of the Group and the policies and directions of the Board and is regulated in the conduct of investment business by the FCA. Under the terms of the IMA, Alvarium FM (now in administration) was appointed as the AIFM of the Company. Alvarium FM is a subsidiary of Alvarium Investments Limited (now AlTi Asset Management Holdings 2 Limited). Under the IMA, Alvarium FM received a fee of £40,000 per annum. No performance fee was payable to Alvarium FM as at 31 August 2023. The IMA was terminated on 21 August 2023. On the same day, AEW was appointed as AIFM. Compensation for AEW's role as AIFM is included in the Investment Manager fee discussed above.

Directors

The Directors are entitled to receive a fee from the Group at such rate as may be determined in accordance with the Articles of Association. Michael O'Donnell is paid a base fee of £100,000 and an additional variable fee of £100,000, which reduces as his workload declines. Other Directors' fees are £36,000 for each Director and £50,000 for the Chair per annum. The Chair of the Audit Committee receives an additional fee of £5,000 per annum. During the period ended 29 February 2024, Directors' fees of £120,000 were incurred (period ended 28 February 2023: £93,000, year ended 31 August 2023: £176,000), none of which was payable at 29 February 2024, 28 February 2023 or 31 August 2023.

As detailed in the Prospectus, the original Directors subscribed for the below Shares at 100 pence per Share during the Group's IPO and have therefore held (and continue to hold) beneficial interests in these Shares since Admission.

	Number of Shares held	% of Shares in issue
Lynne Fennah	55,000	0.007
Simon Moore	56,000	0.007
Marlene Wood	30,000	0.004
Peter Cardwell	10,000	0.001

19. Reconciliation of liabilities to cash flows from financing activities:

	As at 29 February 2024		As at 31 August 2023	
	Principal Borrowing (£'000)	Carrying Value of Borrowings (£'000)	Principal Borrowing (£'000)	Carrying Value of Borrowings (£'000)
Balance at beginning of period/year	220,000	199,500	250,000	245,047
Cash flows from financing activities				
Net bank borrowings drawn down	-	-	-	30,467
Bank borrowing held in restricted account	-	-	-	8,881
Restricted cash transferred to unrestricted account	-	-	-	(39,348)
Restricted cash balance used to repay borrowings	(61,591)	(61,591)	(30,000)	(30,000)
Loan arrangement fees paid	-	(142)	-	(1,567)
Non-cash movements				
Set-up and unwinding of debt fair value adjustment	-	9,293	-	(14,537)
Reclassification of prior year deferred fee accrual	-	1,100	-	-
Break gains used to repay bank borrowings	(9,293)	(9,293)	-	-
Amortisation of loan arrangement fees	-	-	-	501
Loan arrangement fees accrual movement	-	(24)	-	56
Balance at end of the period/year	149,116	138,843	220,000	199,500

In addition to the allocation from property sales of £52,710,000 used to make principal and interest payments on the outstanding loans (see Note 6), the Group also used the release of restricted cash of £8,881,000 to repay the outstanding loans in December 2023 (see Note 12).

Interest payments of £2,234,000 were made from restricted cash accounts during the year.

20. Contingent liabilities

Harcus Parker Limited, a law firm specialising in claimant group actions, is soliciting investors on a fully contingent basis ('no win, no fee') to join together in bringing claims against the following parties:

- the Company;
- the directors who were in office at the time when the Company's shares were suspended (the "Director Defendants");
- AHRA;
- Alvarium FM; and
- AITi RE Limited, the former principal of AHRA by way of an Appointed Representative Agreement.

As of the date of this document, there has been no claim issued by Harcus Parker. Harcus Parker has sent a pre-action letter of claim (enclosing draft particulars of claim) to the Company and Director Defendants (along with the other defendant parties listed above) on behalf of a number of shareholders in the Company, which alleges that the Company and the Director Defendants provided information to investors which was false, untrue and/or misleading and as a result investors suffered losses. The Board is not currently able to conclude whether or when a formal claim may be issued and, if a claim is issued, what the quantum of such a claim may be. The Board has stated publicly that both the Company and Director Defendants intend vigorously to defend the threatened claims. The Company and Directors have sent a lengthy and detailed letter of response to Harcus Parker.

On 5 March 2024, the Company announced that it intends to bring legal proceedings against those it considers are responsible for wrongdoing. It remains the Company's intention to pursue those whom it considers may be liable for the losses it has suffered, subject to a reasonable cost-benefit analysis. To that end, the Company sent pre-action letters of claim to Alvarium FM and AITi RE on 12 April 2024, and AHRA on 29 May 2024. Both Alvarium FM and AITi RE have been placed into administration and AHRA is in liquidation, which potentially complicates the ability of the Company to achieve financial recovery from these entities directly. The Company is also assessing the viability of seeking recoveries directly from AHRA, Alvarium FM and AITi RE's insurers.

On 7 February 2024, the Company was notified by the FCA of its commencement of an investigation into the Company, covering the period from 22 September 2020 to 3 January 2023. The directors are not able to assess or quantify what if any actions may be taken.

21. Loss per share

Loss per share is calculated by dividing loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue for the periods ended 29 February 2024 and 28 February 2023, and the year ended 31 August 2023. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the periods.

	For the half-year ended 29 February 2024	For the half-year ended 28 February 2023	For the year ended 31 August 2023
	£'000	£'000	£'000
Loss (£'000)	(8,752)	(108,103)	(118,160)
Weighted average number of Shares in issue during year	790,570,465	790,570,465	790,570,465
Loss per share (pence)	(1.11)	(13.67)	(14.95)

22. 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.

	For the half-year ended 29 February 2024	For the year ended 31 August 2023
	£'000	£'000
NAV (£'000)	208,116	216,868
Number of Shares ('000)	790,570	790,570
NAV per Share	26.32p	27.43p

23. Post balance sheet events

Change In Strategy

On 16 September 2024, Shareholders approved the New Investment Policy which is intended to allow the Company to realise all the assets in the property portfolio in an orderly manner.

Director Changes

On 2 April 2024, the Company announced the appointment of Peter Williams as senior independent non-executive director with immediate effect. From 14 January 2025, Peter succeeded Simon Moore as Chair of the Management Engagement Committee.

On 7 June 2024, the Company announced the appointment of Rod Day as an independent non-executive director with immediate effect. From 14 January 2025, Rod succeeded Marlene Wood as Chair of the Audit Committee.

With the publication of the 2023 Annual Report and Accounts on 14 January 2025, Peter Cardwell, Lynne Fennah, Simon Moore and Marlene Wood stepped down from the Board.

Disposals

From 1 March 2024 to 17 November 2025, the Group exchanged on the sale of 978 properties for net sales proceeds of £155,300,000 and 1,226 properties had completed with net sales proceeds of £169,400,000. The properties were valued at £175,100,000 in the 29 February 2024 Consolidated Statement of Financial Position.

Restricted cash

Of the retentions held by solicitors, £1,754,000 has been released to the Company since 29 February 2024.

23. Post balance sheet events - continued

Tenant matters and lease amendments

A number of tenants have surrendered leases or gone into creditors voluntary liquidation. Of leases associated with the tenants in place in the 2,079 properties owned by the Group on 29 February 2024, 242 are still in place, 453 properties have been turned over to a property manager and the Group has direct relationships with the occupants, 158 are re-tenanted and 1,226 have been sold.

On 16 December 2024, the Group settled a dispute with a tenant which required an initial payment of £680,000 and an additional amount of £45,000, which were paid after the tenant met certain conditions in February 2025.

Lender Discussions

On 2 July 2024, Scottish Widows increased the Deferred Fee from 5% to 7% with effect from 1 July 2024 until the full repayment of the loans.

As a result of the property sales discussed above and application of lockbox amounts against the loan balance, the £120,000,000 loan was repaid in full on 25 September 2024, the £130,000,000 was repaid in full on 27 November 2024, and the Deferred Fees were paid on 16 December 2024.

Potential Litigation / FCA Investigation

A pre-action letter of claim has been sent to the Company and the Director Defendants by Marcus Parker on behalf of certain shareholders. On 5 March 2024, the Company announced that it intends to bring legal proceedings against those parties it considers are responsible for wrongdoing. On 12 April 2024, the Company issued pre-action letters of claim to Alvarium FM and AlTi RE Limited, AHRA's principal. On 29 May 2024, the Company issued a pre-action letter of claim to AHRA.

Extension of Investment Management Agreement

Following the Initial Period, AEW was entitled to an investment management fee equal to 0.75% of NAV per annum, subject to a minimum fee of £3.0 million per annum (rising with inflation). On 22 August 2025, the Company and AEW agreed a revised fee structure with immediate effect, as follows:

- A fee of £167,000 per month to expire three months after the date on which the Company holds fewer than 10 properties.
- Thereafter, £120,000 per month for a period of three months.
- Thereafter, £42,000 per month until termination of the revised IMA.
- Subject to an annual cap of £1 million, an additional 10% of gross rent collected from assets owned by the Company and 10% of rent arrears collected, including those recovered through liquidations.

The revised IMA may be terminated on six months' written notice and occur no earlier than 21 August 2026. The revised IMA includes other immaterial amendments.

24. Controlling parties

There is no ultimate controlling party of the Group.

Additional Information

Appendix 1 – Regulatory News Services Announcements 1 September 2023 to 17 November 2025

Date	Title	Key
04-Sep-23	Monthly Update JLL to undertake valuations as at 31 August 2022, 28 February 2023 and 31 August 2023. Vibrant Energy Matters appointed to inspect all 2,473 properties. Revised accounting policies for lease income recognition and acquisition accounting are being finalised. The Board has initiated a formal and phased succession process.	SP, RES, D
07-Sep-23	Tenant update Supportive Homes CIC, a tenant representing 11.3% of rent demanded in August 2023, has entered into a CVL.	T
22-Sep-23	Surrender of leases and transfer of sub-leases Redemption has agreed to surrender its leases on 146 properties with Mears Limited becoming a direct tenant for 77 properties for the remaining lease term. For the remaining 69 properties, the Company has agreed flexible leases with the Community Accommodation Group and appointed Myshon Limited to manage the properties.	T
29-Sep-23	Property Sales Exchanged on the sale of 137 properties for gross proceeds of £22.8m.	PROP
02-Oct-23	Monthly Update Repayment of £3.8m of debt.	F
06-Nov-23	Monthly Update Exchanged on the sale of a further 14 properties for £9.0m on 2 November 2023.	PROP
09-Nov-23	Property Sales Exchanged on the sale of 153 properties for gross proceeds of £24.3m.	PROP
28-Nov-23	Surrender of leases Agreement with Eden Safe for the surrender of its leases on 38 properties. The Company will be appointing Centrick as Property Manager to these properties.	T
05-Dec-23	Monthly Update Marigold Housing, which leases 15 properties representing 0.9% of rent demanded in November, entered into liquidation on 15 November 2023. Repayment of £17.9m of debt. The Company and the Lender have agreed an additional fee of 5.00% per annum charged on the aggregate outstanding loan balances on a daily basis from 30 November 2023. The additional fee is payable at the earlier of 28 June 2024 or on full repayment of the loans.	T, F
20-Dec-23	Property Sales Over last five days exchanged on the sale of 80 properties for gross proceeds of £16.2m.	PROP
20-Dec-23	Property Valuation and Portfolio Update JLL has issued draft valuation report as at 31 August 2023, 28 February 2023 and 31 August 2022. The reduction in the property valuation is principally a result of a re-assessment of the quality of the assets and of the covenant strength of the tenants.	PROP
08-Jan-24	Monthly Update Repayment of £25.6m of debt.	F

Date	Title	Key
18-Jan-24	Directorate Change Appointment of Michael O'Donnell to succeed Lynne Fennah as Independent Non-Executive Chair with immediate effect with Lynne remaining on the Board to provide continuity. The remaining members of the Board understand that shareholders would like to see a refresh of the Board and so they will step down on publication on the Company's financial results.	D
24-Jan-24	Property Sales Exchanged on the sale of 103 properties for gross proceeds of £6.6m.	PROP
05-Feb-24	Monthly Update Repayment of £9.9m of debt.	F
13-Feb-24	Notification of Investigation by the FCA The Company has been notified by the FCA of its commencement of an investigation into the Company, covering the period from 22 September 2020 to 3 January 2023.	L
15-Feb-24	Property Sales Exchanged on the sale of 117 properties for gross proceeds of £5.6m.	PROP
29-Feb-24	Result of General Meeting Shareholders approved the re-election of Michael O'Donnell as a Director	SN
05-Mar-24	Monthly Update Repayment of £13.7m of debt. The Company intends to bring legal proceedings against those parties it considers are responsible for wrongdoing.	F, L
28-Mar-24	Property Sales Exchanged on the sale of 63 properties for gross proceeds of £6.1m.	PROP
02-Apr-24	Directorate Change Appointment of Peter Williams as Senior Independent Non-Executive Director.	D
04-Apr-24	Monthly Update Repayment of £5.1m of debt.	F
18-Apr-24	Update on Potential Litigation The Company has recently issued a comprehensive response to a pre-action letter of claim received from Marcus Parker, on behalf of certain shareholders. The Company recently issued pre-action letters of claim to Alvarium FM and AlTi RE.	L, IA
19-Apr-24	Property Sales Exchanged on the sale of 65 properties for gross proceeds of £15.9m.	PROP
07-May-24	Monthly Update Repayment of £3.9m of debt.	F
10-May-24	Property Sales Exchanged on the sale of 76 properties for gross proceeds of £14.6m.	PROP
29-May-24	Agreement Secured For Surrender Of Leases Agreement with Big Help for the surrender of its leases on over 600 properties.	T
04-Jun-24	Tenant Update Noble Tree Foundation Limited ("Noble Tree") a tenant of 143 properties and representing c.7% of rent demanded in April, has entered into administration.	T
05-Jun-24	Monthly Update Repayment of £8.3m of debt. The Company has now issued a pre-action letter of claim to AHRA.	F, IA

Date	Title	Key
07-Jun-24	Directorate Change Appointment of Rod Day as Independent Non-Executive Director. Rod will in due course Chair the Audit Committee.	D
17-Jun-24	Update on Re-financing The Board has concluded that it will not be able to secure a re-financing of the existing facility with Scottish Widows, on terms that it could recommend to shareholders, despite extensive and advanced discussions with a potential lender.	F
21-Jun-24	Property Sales Exchanged on the sale of 133 properties for gross proceeds of £11.36m.	PROP
28-Jun-24	Publication of Accounts Further delay to the publication of Annual & Interim Reports now expected for August 2024.	RES
03-Jul-24	Monthly update Repayment of £17.1m of debt. The existing lender has revised the terms of the additional fee charged on the outstanding loan amount and the 5% fee will increase to 7% from 1 July 2024 until the full repayment of the loan. The Lender expects to be fully repaid no later than 31 December 2024.	F
16-Jul-24	Proposed managed wind-down strategy The Company announced the proposed adoption of a managed wind-down strategy pursuant to which the assets of the Company would be sold with the objectives of optimising remaining shareholder value and repaying the Company's loan balance.	INV
02-Aug-24	Property Sales Exchanged on the sale of 226 properties for gross proceeds of £26.5m.	PROP
05-Aug-24	Monthly Update Repayment of £8.5m of debt. Lynne Fennah has notified the Company of her intention to step down from the Board on the publication of the 2023 financial results, but will continue to assist the Company, when necessary, on historic legal and FCA matters.	F, D
08-Aug-24	Tenant Update One (Housing & Support) CIC, a tenant of 110 properties and representing c.7% of properties as at 31 July 2024, has entered into administration.	T
14-Aug-24	Agreement Secured For Surrender Of Leases Agreement with Mansit Housing for the surrender of its leases on 68 properties.	T
23-Aug-24	Notice of General Meeting Circular published containing details of proposed amendments to the Company's Amended Investment Policy.	SN, INV
30-Aug-24	Property Sales Exchanged on the sale of 101 properties for gross proceeds of £18.5m.	PROP
05-Sep-24	Monthly Update Repayment of £12.2m of debt.	F
16-Sep-24	Result of General Meeting Shareholders approved the ordinary resolution for the Managed Wind-Down strategy.	SN, INV
30-Sep-24	Property Sales Exchanged on the sale of 200 properties for gross proceeds of £36.9m.	PROP

Date	Title	Key
11-Oct-24	2022 Annual Report and Accounts The 2022 results reflect a substantial loss and decrease in NAV for the period. NAV per share reduced by 57.5% to 43.76 pence (2021 restated: 103.03 pence) Loss before tax of £474.8m (restated 2021: £16.1m profit before tax).	RES
14-Oct-24	Monthly Update Repayment of £21.8m of debt.	F
23-Oct-24	Property Sales and Debt Repayment Update Exchanged on the sale of 152 properties for the gross proceeds of £26.8 million.	PROP
8-Nov-24	Notice of General Meeting The Company has published a Notice of General Meeting to be held at the offices of Panmure Liberum, Level 12 Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY on 5 December 2024 at 10:00am.	SN
18-Nov-24	Change in Registered Office Registered office will be 4th Floor, 140A Aldersgate Street, London, EC1A 4HY with effect from 18 November 2024.	SN
28-Nov-24	Repayment Debt Following completion of property sales in November, the Group made a final repayment of debt in the amount of £28.6 million.	F
4-Dec-24	Response to announcement from Southey Capital Ltd. The Company acknowledged the announcement of Southey Capital Ltd. concerning a tender offer for the Company's Shares at 4 pence per Share.	RTP
5-Dec-24	Result of General Meeting Shareholders voted against the approval of the 2022 Annual Report and Accounts and in favour of the Directors' Remuneration Report.	SN
24-Dec-24	Debt Repayment, Tenant and Accounts Update The Company announced that all Deferred Fees had been paid and remaining properties released as collateral by the Lender and that it had agreed a surrender on 171 properties with LTG Vision. The Company also announced that it would file this 2023 Annual Report and Accounts in January 2025.	F, T, RES
14-Jan-25	2023 Annual Report and Accounts Released The 2023 results reflect a substantial loss and decrease in NAV for the period. NAV per share reduced by 37.3% to 27.43 pence (2022: 43.76 pence). Loss before tax of £118.2m (2022: Loss before tax of £474.8 million). Peter Cardwell, Lynne Fennah, Simon Moore and Marlene Wood stood down as directors.	RES, D
27-Jan-25	Notice of Annual General Meeting The Company has published a Notice of General Meeting to be held at the offices of FTI Consulting at 200 Aldersgate Street, London, EC1A 4HD on 20 February 2025.	SN
20-Feb-25	Trading Update	RES, T
20-Feb-25	Result of General Meeting Shareholders voted to approve the 2023 Annual Report and Accounts and the Director's Remuneration Policy and in favour of the Directors' Remuneration Report. In addition, the existing directors were re-elected, BDO was re-appointed as auditor to the Company, the Company be authorised to purchase its own shares, including through tender offers, that the share premium account of the Company be cancelled and that a General Meeting of the Company can be called on not less than 14 clear days' notice.	SN
4-April-25	The Company released its interim results for the period to 28 February 2023.	RES

Date	Title	Key
29-May-25	Trading update, February 2025 valuation The Company announced that, subject to review by the auditors, the valuation of its portfolio of 860 properties was £169.0 million at 28 February 2025.	RES
15-July-25	Response to Recent Announcement The Board acknowledged the recent announcement that AITi Re Limited and Alvarium Fund Managers Limited have entered administration.	L
22-Aug-25	Revision to Investment Management Agreement The Company announced revised terms of its investment management agreement with AEW.	IA
1-Sept-25	Trading Statement The Company announced an update on the portfolio sale.	RES
20-Oct-25	2024 Annual Report and Accounts Released The 2024 results reflect a loss and decrease in NAV for the year. NAV per share reduced by 11.6% to 24.25 pence (2023: 27.43 pence). Loss before tax was £25.2 million (2023: £118.2 million).	RES
31-Oct-25	Trading update, August 2025 valuation The Company announced that, subject to review by the auditors, the valuation of its portfolio of 860 properties was £155.7 million as at 31 August 2025.	RES
13-Nov-25	Response to press speculation The Board noted the press speculation concerning the Company's property sale process and confirmed that the Company has entered into an exclusivity agreement with Patron Capital in which approximately 700 properties would be sold for an indicated price of £123.0 million. Discussions are still ongoing and the update was not in any way announcing a transaction.	RTP

Key:

D	Directors
F	Financing Update
IA	Investment Adviser/ AIFM / Investment Manager
INV	Investment Policy
L	Potential Litigation/FCA Investigation
PROP	Property – Acquisition, Disposal, Valuation
RES	Results and trading updates
RTP	Response to Third Party Reports
SA	Shareholder Activity – Dividend, Share Issuance
SN	Shareholder Notice – Annual General Meeting. General Meeting
SP	Service Provider
T	Tenant Update

Appendix 2

Governance and Internal Control

Overview of the Company

The Company is an externally managed real estate investment trust that has no employees (except Lynne Fennah since 15 January 2025, who advises the Board on historical matters on a part-time basis), only non-executive directors. The non-executive Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Company's business, strategy and development. In order to fulfil these obligations, the Board appointed AEW as the Investment Manager and AIFM to provide investment management services.

The Directors have contractually delegated the management of the investment portfolio, the registration services, administration services and other services to third party service providers and reliance is therefore placed on the internal controls of those service providers. Although the Company's executive management function is outsourced, it remains the responsibility of the Board to:

- i. assess whether the outsourced functions are being performed adequately;
- ii. ensure that the Company has adequate resources; and
- iii. establish procedures to monitor the performance of third parties performing the outsourced functions. The Board ensures that there are clear financial reporting lines and accountability, with segregation of duties.

Corporate Governance

The Board is ultimately responsible for reviewing the effectiveness of the Company's overall internal control arrangements and processes. The Board is responsible for the ongoing process for identifying, carrying out a robust assessment of, and managing and mitigating the principal risks faced by the Company.

The principal documentation for the Governance and Internal Control is the Financial Position and Prospects Procedures ("FPPP") memorandum. The FPPP details procedures for the Directors to make proper judgements on an ongoing basis as to the financial position and prospects of the Company.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's investment objectives. Such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The internal financial control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are taken, reports are published and the assets of the Company are safeguarded.

The key procedures include review of management accounts, monitoring of performance of the Company and AEW at quarterly Board meetings, segregation of the administrative function from investment management, maintenance of appropriate insurance and adherence to physical and computer security procedures.

The Board meets at a minimum quarterly and more often if required. Currently the Board holds monthly review meetings with AEW. Quarterly (and currently monthly) review meetings follow standing agendas with other matters considered appropriate from time to time.

Board Responsibility

The Board has adopted a formal schedule of matters reserved for decision by the Board, a copy of which is available on the Company's website. These matters include:

- i. responsibility for the determination of the Company's investment objective and policy including any investment restrictions (subject to any necessary shareholder approvals);
- ii. overall responsibility for the Group's activities, including the review of investment activity, gearing, performance and supervision of AEW and other key service providers;
- iii. approval of Annual and Half-Yearly Reports and Financial Statements and accounting policies, prospectuses, circulars and other shareholder communications;
- iv. raising new capital and approval of financing facilities;
- v. approval of the Company's dividend policy and approval of dividends;
- vi. approval of the NAV of the Group;
- vii. Board appointments and removals;
- viii. appointment and removal of the Investment Manager, AIFM, Investment Adviser, Auditor and the Company's other key service providers;
- ix. approval of material contracts entered into, varied or terminated by the Company;

- X. corporate governance, risk management framework and internal control; and
- xi. compliance with tax and other regulations.

Acquisitions are no longer permitted under the New Investment Policy.

Internal Control Assessment Process

Reviews of internal controls are undertaken regularly in the context of the Company's overall investment objective. The Board has categorised risk management controls under the following key headings: investment strategy; property leasing and operations; real estate sector; risks relating to Shares; engagements with third party service providers; taxation; accounting, operational and financial reporting; governance and regulatory compliance; and emerging risks including climate risk. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in light of the following factors:

- i. the nature and extent of risks which it regards as acceptable for the Group to bear within its overall business objective;
- ii. the threat of such risks becoming reality;
- iii. the Company's ability to reduce the incidence and impact of risk on its performance; and
- iv. the cost to the Company and benefits related to the review of risk and associated controls of the Company.

A risk matrix is in place against which the risks identified and the controls to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk register is reviewed at least every six months.

Internal Audit Consideration

The Board keeps the need for an internal audit function under periodic review. All key service providers report at least annually regarding their internal controls including provision of their ISAE 3402, or equivalent reports. The Board has considered the cost-benefit of engaging independent review of key service providers and concluded the existing system of monitoring and reporting by third-party service providers remains appropriate.

Review of Governance and Internal Control

The Board has considered its risk management framework, internal control systems, procedures and processes. The FPPP was updated in October 2023 with minor amendments to reflect the appointment of the new Investment Manager and AIFM and the Amended Investment Policy, further amendments were made in September 2024 including details of the finalised accounting policies, new Board members and update of the risk register for the New Investment Policy.

The Board and the Audit Committee, has undertaken a robust assessment and review of the emerging and principal risks facing the Company and the Group, together with a review of any new risks which may have arisen, including those that would threaten its business model, future performance, solvency or liquidity. The risk register has and continues to be regularly updated (most recently in August 2025) with respect to the focus on key aspects of the Managed Wind-Down after the repayment of the Group's borrowings and associated fees.

Investment Manager

The Investment Manager is appointed to act as AIFM of the Company with responsibility to manage the assets of the Company initially in accordance with the Amended Investment Policy of the Company and subject to the overall policies and directions of the Board. From 16 September 2024, the New Investment Policy applies.

AEW's key responsibilities include the following:

- i. providing AIFM management functions including portfolio management and risk management services;
- ii. managing the investment and re-investment of the assets of the Group on a discretionary basis in accordance with the Amended Investment Policy/New Investment Policy and investment restrictions and with a view to achieving the investment objective of the Company;
- iii. managing the borrowings and gearing in accordance with policies and guidelines and managing working capital and liquidity within the Group's investment portfolio;
- iv. monitoring the performance of the administrator, the valuer and the depositary;
- v. seeking and evaluating potential investments by the Group, including carrying out financial evaluation and due diligence and providing written evaluations of the financial, structural and legal issues relevant to the potential investments;
- vi. performing due diligence on approved investments;
- vii. monitoring and analysing the performance of the Group's investments; and
- viii. performing credit analysis prior to making an investment and performing ongoing tenant credit analysis (including checking that rent has been received and following up with tenants on unpaid amounts).

AEW reports key matters at the quarterly Board meetings including but not limited to:

- Financial position of the Group.
- Performance of the Group.
- Acquisition and disposal of investments.
- Investment restrictions and compliance.
- Debt leverage and covenant analysis.
- Tenant and asset updates including relevant information on occupancy, property condition, capex requirements, rent collections, credit analysis, and financial viability.
- Property managers and key third-party appointments.
- Report on properties under separate management agreements.
- Current 13-week and 15-month cashflow forecasts.
- Investment Manager resourcing and third-party providers.
- Health & Safety – material matters.
- Any other material matters that should be brought to the Board's attention.

The Investment Manager has an established track record of successfully investing in UK real estate, founded on a robust and disciplined investment and asset management process. AEW operates a multi-layered governance framework with challenge at every level. The underlying principle of the process is to ensure that client objectives are optimised in a controlled and risk managed environment.

As a subsidiary of one of the world's largest banking groups, AEW has rigorous policies and processes in place to ensure compliance with all relevant regulations and legislation. AEW participates in the wider group's Enterprise Compliance and Risk Programme operated by Natixis Investment Managers ("Natixis IM"), which provides a comprehensive compliance and risk management framework and governance structure based on the three lines of defence model. The principle of the three lines of defence relies on a multi-tiered approach:

- First line of defence: risk management controls are integrated into the operating processes formalised in clearly defined policies and procedures. Teams are also required to participate in relevant trainings and escalate any potential risk-related issues or incidents to the second line of defence.
- Second line of defence: appropriate review and challenge of first line activities. This includes control carried out by the compliance department through the permanent control programme. The Compliance Officer and the Risk Manager both have additional dual reporting lines into the local CEO and AEW Group counterparts and into the respective Natixis IM Chief Compliance Officer or Chief Risk Officer. Third line of defence: Internal audit undertaken with independent Natixis IM's compliance department and audit inspections undertaken by Natixis and the Groupe BPCE's audit functions.

Glossary

Administrator

Apex Fund and Corporate Services (UK) Limited. The Administrator is responsible for calculating the Net Asset Value of the Ordinary Shares in consultation with the AIFM and the Investment Adviser or Investment Manager as relevant and reporting this to the Board

AEW

AEW UK Investment Management LLP – Investment Manager and AIFM from 21 August 2023

AGM

Annual General Meeting

Aggregators

The various property vendors that entered into a settlement agreement dated 8 December 2022

AHRA

Alvarium Home REIT Advisors Limited now in liquidation – Investment Adviser until 30 June 2023

AIC

Association of Investment Companies. This is the trade body for closed-ended investment companies (www.theaic.co.uk)

AIC Code

The AIC Code of Corporate Governance, as published in February 2019. A framework of best practice guidance for investment companies

AIFM

Alternative Investment Fund Manager. The entity that provides portfolio management and risk management services to the Company and which ensures the Company complies with the AIFMD. The Company's AIFM was Alvarium Fund Managers (UK) Limited until 21 August 2023 when AEW UK Investment Management LLP succeeded it

AIFMD

Alternative Investment Fund Managers Directive

AITi RE Limited

AHRA's former principal by virtue of an appointed representative agreement

A&M

Alvarez & Marsal Disputes and Investigations LLP consulting firm instructed by Board in January 2023 to conduct an investigation into allegations of wrongdoing, including matters raised in the Viceroy Research Report

Alvarium FM

Alvarium Fund Managers (UK) Limited, the AIFM until 21 August 2023

Alvarium Securities

Alvarium Securities Limited (now called Ellora Partners Limited) provided corporate broking services to the Group until 8 February 2023

Amended Investment Policy

Investment policy approved by shareholders on 21 August 2023 including a Stabilisation Period

Articles

The articles of association of the Company

Assured Shorthold Tenancies ("AST")

A type of residential tenancy in England and Wales. The most common form of arrangement that involves a private landlord or housing association

BDO

BDO LLP is the Group's independent auditor

Big Help

Comprises Big Help Homes CIC, Big Help Project, CG Community Council, Dovecot & Princess Drive Community Association, N-Trust Homes CIC, Select Social Housing

Broker

A third party that provides corporate finance advisory services to the Company, including research and fundraise support (including roadshow, marketing and book-building services). Alvarium Securities Limited acted as sole Broker from 21 September 2020 until Jefferies International Limited was appointed as Joint Broker from 29 October 2022. Alvarium Securities Limited resigned on 8 February 2023. The agreement with Jefferies International Limited was terminated on 1 February 2023. Liberum Capital Limited (now Panmure Liberum Limited) was appointed as Capital Markets Advisor on 5 July 2023 and will act as Broker from the date on which the Company's ordinary shares are re-admitted to trading on the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange

Capital Markets Adviser

Panmure Liberum Limited (previously Liberum Capital Limited) was appointed as Capital Markets Adviser on 5 July 2023 and will act as Broker from the date on which the Company's ordinary shares are re-admitted to trading on the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange

CIC

A Community Interest Company. A limited company, with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage

Company

Home REIT plc

Company Secretary

Apex Fund and Corporate Services (UK) Limited

Company website

www.homereituk.com

Completion

The point at which ownership of the property is legally transferred by dating the transfer deed

Consolidated Financial Statements

The Group accounts which include the Company and the subsidiaries included in Note 25 to the Consolidated Financial Statements

Covenant strength

The strength of a tenant's financial status and its ability to perform the covenants in the lease

Creditors Voluntary Liquidation (CVL)

A Creditors' Voluntary Liquidation is a formal liquidation process which brings about the end of an insolvent company. Liquidation involves the winding up of a company's affairs, resulting in the sale of its assets and dissolution. Companies may alternatively enter into administration which focuses on rescuing the company from insolvency by restructuring its operations and finances

Deferred Fees

The Deferred Fee imposed by Scottish Widows computed as: i) 0.5% of the aggregate amounts outstanding on the two loans at each of 31 August 2023 and 30 November 2023, and ii) a fee from 30 November 2023 computed as the equivalent of 5.0% per annum on the aggregate amounts outstanding on the two loans as computed on a daily basis, which from 1 July 2024 increased from 5% to 7%. The Deferred Fees were paid in full in December 2024

Depositary

Apex Depositary (UK) Limited appointed to provide cash monitoring, safekeeping and asset verification and oversight functions as prescribed by the AIFMD

Directors Defendants

The Directors who were in place from inception to 3 January 2023

Dividend per share

The total dividend paid and proposed in respect of a period divided by the number of ordinary shares eligible for the dividend on the record date

EPC

Energy Performance Certificate

EPRA

European Public Real Estate Association, the industry body representing listed companies in the real estate sector

ERV

Estimated Rental Value

ESG

Environmental, Social and Governance

Exempt Accommodation

Supported housing where the landlord is a not-for-profit organisation and provides care, support and supervision to the claimant

Exempt Rents

Rents in relation to Exempt Accommodation

Exchange

The point on a property transaction at which the contract to sell is exchanged and dated and becomes legally binding

Fair Value

The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where parties had each acted knowledgeably, prudently and without compulsion

Fair value movement

An accounting adjustment to change the book value of an asset or liability to its fair value

FCA

The Financial Conduct Authority

FRI lease

A lease which imposes full repairing and insuring obligations on the tenant, relieving the landlord from all liability for the cost of insurance and repairs

FPPP

Financial Position and Prospects Procedures memorandum

FY22

Year ended 31 August 2022

FY23

Year ended 31 August 2023

FY24

Year ended 31 August 2024

Gross Asset Value

The aggregate value of the total assets of the Company as determined in accordance with IFRS

Group

Home REIT plc and its subsidiaries

Groupe BPCE

The ultimate owner of AEW. Groupe BPCE is the second-largest banking group in France. Groupe BPCE operates in the retail banking and insurance fields in France via its two major networks, Banque Populaire and Caisse d'Epargne, along with Banque Palatine. It also pursues its activities worldwide with the asset & wealth management services provided by Natixis Investment Managers (Natixis IM) and the wholesale banking expertise of Natixis Corporate & Investment Banking

Harcus Parker

Harcus Parker Limited a law firm specialising in claimant group actions, soliciting investors on a fully contingent basis ('no win no fee') to join together in bringing claims against the Company and other parties

House of Multiple Occupation ("HMO")

Rental property where at least three tenants live, forming more than one household sharing common facilities, such as kitchens and bathrooms

IAA

Investment Advisory Agreement between the Company, Alvarium FM and AHRA dated 22 September 2020

IFRS

UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs")

Independent valuer

An independent external valuer of a property. The Company's external valuer was Knight Frank for the periods ended 28 February 2022 and prior. JLL was appointed on the 18 July 2023 to retrospectively value properties as at 31 August 2022 and subsequent periods

Investment Adviser

Alvarium Home REIT Advisors Limited (“AHRA”) the appointed investment adviser until 30 June 2023

Investment Manager

AEW UK Investment Management LLP (“AEW”), the appointed Investment Manager and AIFM from 21 August 2023

IMA

Investment Management Agreement between the Company and Alvarium FM dated 22 September 2020 or Investment Management Agreement between the Company and AEW dated 22 May 2023

IPO

The admission to trading on the London Stock Exchange’s Main Market of the share capital of the Company and listing of Ordinary Shares to the premium segment of the Official List of the FCA, on 12 October 2020

JLL

Jones Lang LaSalle Limited, the Group’s Independent Valuer appointed on 18 July 2023 to value properties retrospectively as at 31 August 2022 and subsequent periods

Knight Frank

Knight Frank LLP the Group’s independent valuer as at 28 February 2022 and previous periods

KPIs

Key performance indicators

Lease incentives/inducements

Incentives offered to tenants to enter into a lease. Typically this will be an initial rent-free period, or a cash contribution to fit-out. Under accounting rules, the value of the lease incentive is amortised through the Statement of Comprehensive Income on a straight-line basis until the lease expiry

Lender

Scottish Widows Limited (“Scottish Widows”)

Liberum

Liberum Capital Limited (now Panmure Liberum Capital Limited) appointed on 5 July 2023 as capital markets adviser and will act as the corporate broker to the Company on commencement of re-listing on the Company’s shares

Listing Rules

The listing rules of the FCA made under the Financial Services and Markets Act 2000 as amended from time to time

Loan to value (“LTV”)

The outstanding value of bank borrowings as a percentage of the fair value of investment property as stated in the independent valuation

Local Housing Allowance (“LHA”)

Rates used to calculate housing benefit for tenants renting from private landlords

Managed Wind-Down

The Company being managed with the intention of realising all the assets in its property portfolio in an orderly manner and with a view to repaying borrowings and making timely returns of capital to shareholders whilst aiming to optimise value for the Company’s assets

Market capitalisation

The mid-market price for an ordinary share of the Company multiplied by the number of ordinary shares in issue

MEC

Management Engagement Committee

MV-VP

Market Value – Vacant Possession – refers to the value of an income-producing asset, assuming there is no tenant. It represents the value of the property without considering any lease or rental income

Natixis IM

Natixis Investment Manager, an international asset management group based in Paris, France, that is part of the Global Financial Services division of Groupe BPCE. Natixis IM is wholly owned by Natixis, a French investment banking and financial services firm. Natixis is wholly owned by BPCE, France’s second largest banking group

Net Asset Value (NAV)

Net Asset Value is the equity attributable to shareholders calculated under IFRS

NAV per share

Equity shareholder, funds divided by the number of Shares in issue. This measure allows a comparison with the Company's share price to determine whether the Company's shares are trading at a premium or discount to its NAV calculated under IFRS

NAV total return

The percentage change in NAV, assuming that dividends paid to shareholders are reinvested at NAV to purchase additional Shares. This is an alternative performance measure that the Company tracks, as it is a direct indicator of the value produced by the Company's operations

Net break gains/losses

Net break gains result from provisions of the loan facility agreements which, at each early repayment event, generate a synthetic interest rate swap breakage on the fixed rate (effective swap rate) element of the loans resulting in a break gain or loss, and a make whole on the margins of the loans (Spens Cost)

New Investment Policy

Investment policy approved by shareholders on 16 September 2024 in respect of the Managed Wind-Down of the Group

Noble Tree

Noble Tree Foundation Limited

Original Investment Policy

Investment policy in place at IPO until 21 August 2023

Non-PID

Non-Property Income Distribution. The dividend received by a shareholder of the Company arising from any source other than profits and gains of the Tax Exempt Business of the Company

PID

Property Income Distribution. A dividend received by a shareholder of the Company in respect of profits and gains of the tax exempt business of the Company

Property Adviser

AEW UK Investment Management LLP during the period 22 May 2023 to 21 August 2023

Practical completion

The point at which a building project is complete, except for minor defects that can be put right without undue interference or disturbance to the tenant

Property Income

Net property income and net gains on the disposal of property which are exempted from corporation tax as long as at least 90% net property income is distributed to shareholders within 12 months of the end of the financial year

PRS

Private Rented Sector – housing classification whereby properties are owned by landlords (individuals or companies), and leased out to occupiers

Registrar

MUFG Corporate Markets (UK) Limited, has responsibility for maintaining the register of shareholders, receiving transfers of Shares for certification and registration and receiving and registering shareholders' dividend payments together with related services

REIT

A Real Estate Investment Trust. A company which complies with Part 12 of the Corporation Tax Act 2010

Subject to the relevant UK REIT criteria being met continually, the profits from the property business of a REIT, arising from both income and capital gains, are exempt from corporation tax

RNS

Regulatory News Service, the service provider used by the Group to distribute regulatory news and announcements

Sale and Purchase Agreements ("SPAs")

A binding legal contract between two parties that obligates a transaction to occur between a buyer and seller

Seller's Works

Obligation for the vendors to complete certain works on properties acquired, to ensure that the property was fit for purpose within a specified period, as defined in the SPAs

Shares

Ordinary Shares of £0.01 each in the capital of the Company. Ordinary Shares are the main type of equity capital issued by conventional Investment Companies. Shareholders are entitled to their share of both income, in the form of dividends paid by the Company, and any capital growth

Share price

The value of a share at a point in time as quoted on a stock exchange. The Company's Shares were quoted on the Main Market of the London Stock Exchange until they were suspended on 3 January 2023

Social Use

Real estate used to house vulnerable individuals, including but not limited to those affected by any of the following circumstances: homelessness, ex-service men and women, individuals fleeing domestic abuse, vulnerable women, people leaving prison, asylum seekers and refugees, foster care leavers, substance misuse, care leavers, mental illness, disability, specialist supported living and general needs social housing

SRI

Socially Responsible Investment

Stabilisation Period

The period per the Amended Investment Policy, beginning on 21 August 2023 and ending on 21 August 2025, or such later date (not being later than 21 August 2026) approved by the Board, during which the Company will have the objective of stabilising the Group's financial condition through initiatives to maximise income and capital returns by investing in a portfolio of UK residential real estate

Supported Living

Housing where support and/or care services are provided to help people to live as independently as possible.

SWLD

Seller's Works Longstop Date

The Good Economy

The Good Economy Partnership Limited, a social impact assessor and adviser appointed by the Company

Total shareholder return

The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of stock

UK Code

The UK Code of Corporate Governance being the code issued by the Financial Reporting Council which sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. All companies with a premium listing of equity shares in the UK are required under the Listing Rules to report on how they have applied the Code in their annual report and accounts

Valuer

An independent external valuer of a property. The Company's external valuer was Knight Frank LLP for the period ended 31 August 2021 and Jones Lang LaSalle Limited for the year ended 31 August 2022 and subsequent periods

Vibrant

Vibrant Energy Matters Limited, appointed by the Group in August 2023 to undertake a property inspection programme

Viceroy Research

Viceroy Research LLP

Viceroy Research Report

Viceroy Research report dated 23 November 2022

Company Information

Company number: 12822709

Country of incorporation: England and Wales

Directors, Management and Advisers

Non-Executive Directors

Michael O'Donnell (Chair)

Peter Williams

Roderick ('Rod') Day

Registered office

4th Floor

140 Aldersgate Street

London

EC1A 4HY

Investment Manager & AIFM

AEW UK Investment Management LLP

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London

EC2N 4BQ

Company Secretary and Administrator

Apex Fund and Corporate Services (UK) Limited

4th Floor

140 Aldersgate Street

London

EC1A 4HY

Capital Markets Adviser

Panmure Liberum Limited

Ropemaker Place, Level 12

25 Ropemaker Street

London

EC2Y 9LY

Communications adviser

FTI Consulting

200 Aldersgate

London

EC1A 4HD

Depository

Apex Depository (UK) Limited

4th Floor

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London

EC1A 4HY

Registrar

MUFG Corporate Markets (UK) Limited

Central Square

29 Wellington Street

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Independent valuer

Jones Lang LaSalle Limited

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W1B 5NH

Auditor

BDO LLP

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W1U 7EU

Legal advisers

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