

LWM Consultants Ltd

Volatility Measurements	
3-Yr Std Dev (volatility)	-
3-Yr Mean Return (average)	-

UPDATE....

This is a fascinating strategy that looks to provide a positive impact focusing on homelessness. The REIT was established in 2019 and started trading in 2020. It is therefore relatively new. It has five specific impact strategies across social need, quality homes, quality partnerships, increase supply and value for money.

It has deployed all the capital it has raised into 597 properties and provides accommodation for 3,274 residents. Below are the top five “holdings”:

Tenants	Main area of needed	% of Home REIT Portfolio
Circle Housing and Support CIC	Accommodation for homeless adults	14%
Dawson Housing Limited	Accommodation for homeless adults	12%
Lotus Sanctuary CIC	Vulnerable women	11%
One CIC	Accommodation for homeless adults (prison leavers / domestic abuse)	10%
Big Help Project	Prison Leavers	10%

The trust invests in both self-contained flats and Houses of Multiple Occupancy (HMOs). Typically, HMOs will have fewer than 10 beds and it rejects properties which are not fit-for-purpose. Properties tend to also be close to a transport hub. Currently they work with 17 not-for-profit organisations. These are relatively small organisations which have been able to scale up since working with Home REIT. These housing partners work with local authorities to deliver accommodation.

The company secretary is Apex and there is an independent board who appoint the fund manager and challenge them to ensure they are delivering on the objectives of trust. The board can replace the managers.

The managers are Alvarium Investments. The managers work closely with housing partners and effectively deliver accommodation to reflect the needs of those partners. They oversee the development of those properties and then these are let by the housing partners. The housing partners are responsible for ensuring the property is well managed and maintained.

Leases are inflation linked but capped between 2 and 4% so that housing partners can manage cash flows effectively. We discussed the potential risk of badly managed properties. Each year the Good Economy Report will review the properties and talk to the tenants. This is totally independent of the trust. The managers also review the properties each year and the team are in regular contact with the management of the housing partners to ensure that everything is being correctly delivered to the tenants.

The leases do enable the managers to re-assign the leases if a housing partner is not fulfilling their obligations. This would be done in a way that would not impact the tenants.

LWM Consultants Ltd

The other area we discussed was whether by taking existing housing stock they were unintentionally part of the “problem” of driving up house prices. They explained that they use a mix of properties. In terms of houses, they tend to look at 4 /5-bedroom properties which in many cases are not utilising all the space. They also look to re-purpose old B&Bs, care homes, offices, and pubs. So the types of “housing” they are converting are unlikely to be the ones that are driving up the value of property.

We talked about the state of the properties and danger of these falling into disrepair. They explained that from an investment standpoint the property is an asset. They need that asset to retain its value, and hopefully grow. It would therefore make no sense to allow a property to fall into a state of disrepair. From a social viewpoint this would go against everything this trust aims to do. This is about longevity. They want to provide solutions to the housing crisis for homeless people. This means not providing short term accommodation but accommodation which people can see as their homes without fear of being forced on. Good quality accommodation is therefore integral to everything they do.

In summary, as the trust builds traction the Good Economy and ESG Reports will be really important for investors to track how the trust is performing and delivering on its stated aims. In terms of impact this is (we think) the only trust focusing on homelessness. By working with local partners they are increasing the available housing stock and delivering high quality properties for specific needs. These are not standardised so there will be nuances between properties. We hope to engage with the team on a regular basis and over time we will be able to see the direct impact this trust is having.

The source of information in this note has been provided by Home REIT and is correct as of August 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.