

**SHINING A LIGHT ON THE.....
Home REIT Ltd**

AT A GLANCE

Investment Objective

To deliver inflation-protected income and capital growth over the medium term for Shareholders through funding the acquisition and creation of high-quality homeless accommodation across the UK let on long-term index-linked leases.

Inception Date

12th October 2020

Fund Factsheet Link

<https://markets.ft.com/data/investment-trust/tearsheet/summary?s=HOME:LSE>

Management

Manager Name

Start Date

Jamie Beale

12th October 2020

Gareth Jones

12th October 2020

Charlotte Fletcher

12th October 2020

Alex Baker

5th August 2022

FUND PERFORMANCE

Performance from 12th October 2020 to 31st January 2023:



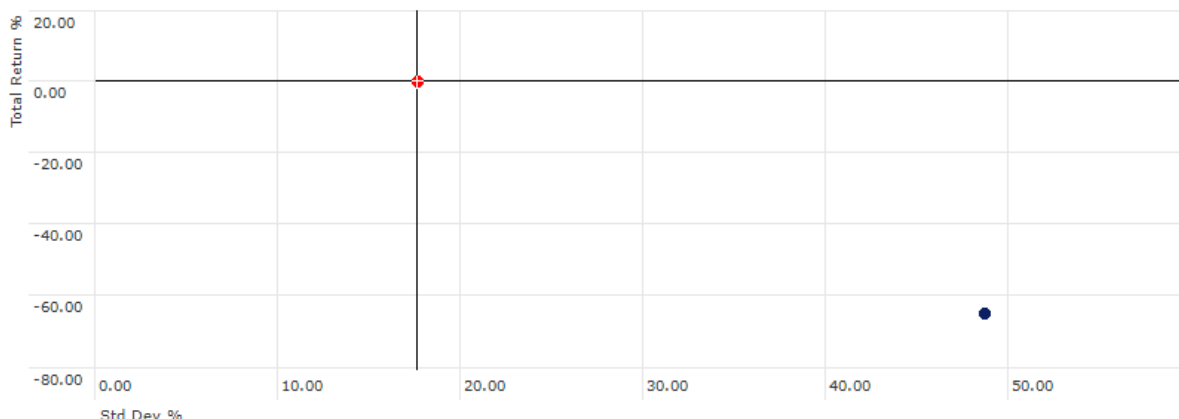
Please note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

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VOLATILITY

Crosshairs: Morningstar US Market TR USD

Time Period: 01/02/2022 - 31/01/2023



Investment Name
● Home REIT Ord

KEY STATISTICS

As of last trade, Home REIT Ltd (HOME:LSE) traded at 38.05, 11.91% above the 52 week low of 34.00 set on Dec 20, 2022.

52-week range

Today	Low	High
34.00	34.00	128.40
Dec 20 2022		Apr 22 2022

Markit short selling activity

Low	Med	High

Shares outstanding	790.57m
Market cap	300.81m GBP
Total assets	1.17bn GBP
Total expense ratio	--
High	38.60
Low	37.60
Previous close	38.05

Average volume	--
YTD Change	0.00%
Beta	--
Diluted NAV (EST)	116.67
Diluted NAV (LAST PUB)	115.70
Premium/Discount	-67.39%
Net Gearing	+9.28%

Annual div (ADY)	5.50
	GBX
Annual div yield (ADY)	13.26%
Div ex-date	Dec 22 2022
Div pay-date	Jan 20 2023

Data delayed at least 20 minutes, as of Dec 30 2022 12:35 GMT.

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KEY SHAREHOLDERS



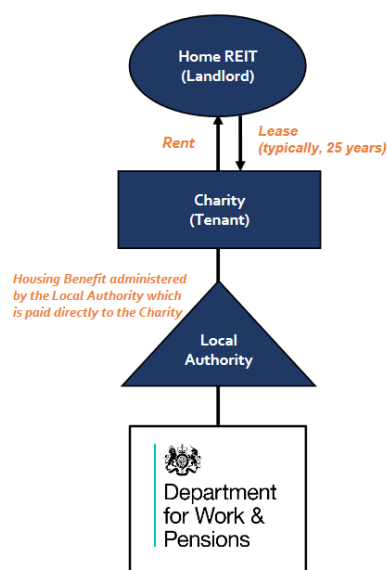
UPDATE....

The shares are currently suspended and therefore this cannot be traded.

This is an update on the current situation based on recent information supplied by the company. The strategy was established in 2020 to help provide long-term housing to alleviate homelessness in the UK. The normal structure is short term expensive accommodation whereas this aimed to provide long term accommodation at a fraction of the price.

Sustainable rents underpinned by government funding

- Typically, **government funding for each tenant** in this sector represents **100% of the cost for care and housing** and is paid from the Department of Work and Pensions to the relevant Local Authority. The Local Authority passes funds directly on to the Charity
- **Rental levels set at a sustainable level with significant headroom between property rent and housing benefit allowance.** The headroom between core rent and housing benefit provides the Charity with surplus funds for housing management and necessary building upkeep associated with homelessness provision
- **Rents are pre-agreed with the local authorities and the leases provide for a cap (at 4% pa) and collar (at 1% pa) on the inflation linked annual rent reviews** to ensure rents grow in a sustainable manner
- **Full repairing and insuring leases** to tenant partners on **very long lease terms (typically 25 years) with annual inflation-linked rent reviews**



The tenant is effectively responsible for not only paying the rent to Home REIT but also ensuring the properties are kept in good order. Home REIT would monitor this to ensure tenants complied with their requirements and had the option within the lease to remove a tenant.

Up to the end of last year almost all the rents had been covered. However, towards the end 2022 a short seller wrote a negative report on Home REIT. Short selling means the company looks to profit from a fall in the share price. msn.com claim that Viceroy Research made £4 million from the fall in shares. We cannot quantify whether this is correct.

More details on the allegations are in our previous update in December 2022.

One of the key elements is that the management were undergoing an enhanced audit. This has been delayed and therefore shares suspended. As it stands, we don't know when this will be completed. There are also additional investigations covering specific allegations.

80% of Home REIT is held by institutional investors, and we are aware that some of these are actively engaging with the company to deliver a positive outcome. The brokers for the trust have resigned which means currently there is no party available to re-list the shares, but we are aware that someone will be appointed if it gets to this point.

Additionally, there has been an approach by a third party to buy Home REIT, and allegedly (but again this cannot be quantified) Viceroy Research have been approached by some retail investors to join the management of the board. We have had no definite confirmation on the second point so this may just be a rumour and not true.

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A corporate financial adviser has been appointed. They are following a path from where we are today to achieve the best outcome for shareholders. They cannot say what this is but it is clear that they are open minded to the right solution. We can assume that options on the table are a change of management, restructuring or some form of take over. None of these have been confirmed and therefore we need to be open minded on this.

In terms of valuations, we believe Knight Frank have confirmed that the valuations are correct, and according to the FT.com the current value of assets is just over £1 billion. The borrowing is around £250 million (fixed until 2032 and 2036). Some of the tenants have now stopped paying although they are legally obliged to pay. All of this information is freely available.

Based on the current share price the value is £300million. This means there is a significant discount between the current suspended share price and the value of assets. Nothing can be guaranteed and no-one is providing any indication of the outcome, but the fact there is a discount between the assets and current share price means that there should, in theory be an uplift from the current valuation.

In terms of timescales, initially this was indicated to be a short-term suspension. However, clearly now that there is no broker to re-list the shares, and a corporate financial adviser has been employed it is likely to be some time before there is an outcome. Clearly the situation is complicated because although some of allegations appear to be unfounded, there appears to be concerns which require action before this can move forward.

In summary, we, like everyone, are only party to the information available in the public domain. We are not looking to place a spin on this. We would place caution on rumours and claims as some of these may not be true.

The source of information in this note has been provided by Home REIT and is correct as of February 2023. 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 make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.