


Responsible Housing REIT plc



Aligning investment returns with
clear societal benefits



The Responsible Housing REIT plc aims to deliver a consistent and sustainable income based return for investors. It seeks to do so by investing in a diversified portfolio of fit for purpose Supported Housing accommodation assets and aligned sectors across the UK and working with all key stakeholders across the sector including Housing Associations and Care Providers.

Responsible Housing REIT plc: delivering a sustainable Supported Housing investment model

Employing a differentiated investment model for the sector, underpinned by environmental, social and governance (ESG) principles, the Company's goal is to make a meaningful societal difference by increasing the provision of appropriate Supported Housing accommodation for vulnerable people.

Investing to make a difference

Responsible Housing REIT plc invests across the full spectrum of the Supported Housing market. It will provide fit for purpose accommodation across the UK, primarily for adults aged 18 to 65 who need support in managing their day-to-day lives.

The Company offers:

- A portfolio of Supported Housing accommodation assets and aligned sectors, held on sustainable lease terms that are aligned with care-provision packages and underlying contracts
- Inflation-linked income supported by low volatility and benchmarked rents
- A measurable ESG impact working with our partners
- Once stabilised, a target annual distribution yield of 5% and a targeted total annual return of 7.5%+.*

New investment model

The Company will take a new and distinct approach to providing lease based Supported Housing. By improving alignment to partners and stakeholders this is intended to better facilitate the flow of private capital into a growing Supported Housing market that is sustained by consistent and rising demand.

The Company has core values:

- Seeks to work predominantly with highly rated Registered Providers
- Provides resilient housing that is environmentally and operationally efficient
- Aligned with the recommendations of the Regulator of Social Housing
- Supports the Government's Transforming Care agenda
- Is designed to deliver positive outcomes for residents and simultaneously balance the requirements of Registered Providers and investors.

Investment risks

The value of investments and any income from them can go down as well as up and investors may not get back the original amount invested. The value of your investment is dependent on the supply and demand for the shares of the Company rather than its underlying assets. The value of your investment will not be the same as the value of the Company's underlying assets. The value of directly held property reflects the opinion of valuers and is reviewed periodically. These assets can also be illiquid.

Company information

Listing: London Stock Exchange Main Market

Ticker Code: RHR

Sedol: BMYX1W7

ISIN: GB00BMYX1W70

LEI: 213800AUZ52FFDTHZ656

Dividend Payments: Quarterly

Financial Year End: 30 September

Website: bmogam.com/responsible-housing-reit

5% Target distribution yield* | **7.5%** Targeted total annual return*

There is no guarantee that these targets will be met

*Once stabilised. There is no guarantee that the Company will achieve its investment objective.

Promoting independent living

Supported Housing is defined as homes provided to people with a real or potential need for care, support or supervision in order to navigate their day-to-day lives. The aim of Supported Housing is to empower tenants, who might have physical or learning disabilities, mental health issues or be otherwise vulnerable, to live as independently as possible. Care provision is tailored to residents' specific needs, and their home might be for life.

The market

Accommodation is usually provided and managed by a Registered Provider, a Charity or Community Interest Company, and a separate Care Provider is responsible for administering care services. Local authorities work with both organisations and allocate funds based on their obligation to house people in need. Both providers are regulated to ensure quality and value for money.

Additionally, the Regulator for Social Housing has set out its ambitions for the sector, to improve financial viability and governance of Registered Providers operating in the sector. The Company seeks to align with these ambitions. It will seek to work predominantly with highly rated Registered Providers and will also seek to work with Registered Providers who work primarily with Care Providers rated Outstanding or Good by the Care Quality Commission (CQC).

The Company will enter into tailored leases with a variety of lengths which will typically be aligned to the length of care-provision packages and underlying contractual documentation and, where appropriate, contain break options.

The Company expects high lease renewal rates to support a stable income return. The investment values assigned to properties will all be benchmarked against vacant possession value and the rents benchmarked against the private market to further underpin the sustainable nature of the model.

For investors, this means:

- A solution-led investment strategy meeting continual high demand
- High-quality, sustainable housing for vulnerable people and a scalable model aligned to the Regulator's requirements
- Reduced counterparty risk by partnering predominantly with highly rated Registered Providers
- Benchmarked rents with increases linked to inflation
- Capital risks controlled by appropriate premiums to vacant possession value.

The facts

The population is living longer, driving a structural increase in demand for homes. Traditional long-term care institutions are shutting, exacerbating the shortfall in supply. Through its Transforming Care Agenda, the Government is moving more vulnerable people into better-quality housing. Demand for quality homes is high and rising, while supply is limited and constrained.

According to the London School of Economics (LSE), 29,000 people in need of support are living with parents aged over 70, and only one in four of them have plans to move into accommodation provided by their local authority.¹ HB Villages, the property provider, says that over the next decade, a further 25,300 homes will be required by people with learning difficulties in need of support.² The LSE estimates that 225,000 additional Extra Care units will be required by 2030.¹

29,000

People in need of support are living with parents aged 70+

25,300

Additional homes required by those with learning difficulties, in the next decade

225,000

Additional Extra Care units required by 2030

A solution-led investment strategy meeting continual high demand



1. Source: LSE, Projected Demand for Supported Housing in Great Britain 2015-2030, 2017.
2. Source: HB Villages, Specialised Supported Housing & Extra Care: A Briefing Paper 2017.

Positive disruption

This is an opportunity to meet the growing need for care and support in a way that benefits all stakeholders: residents, accommodation and care providers, investors and the taxpayer. Evolving the leased-based model maximises the potential for private capital to add to the provision of Supported Housing.

ESG factors

A focused ESG approach underpins investment performance, reducing long-term cost and aligning investment management decisions to positive stakeholder outcomes. The investment manager will apply the Company's ESG objectives throughout the lifecycle of its properties, from acquisition and refurbishment to day-to-day operations. The Company's three main objectives are:

- To deliver appropriate accommodation, targeted at local needs, in a way that facilitates person-centred care and offers value for money through tailored lease terms;
- To create environmentally and operationally efficient homes; and
- To screen and engage with our partners to ensure that we deliver quality housing stock that expands the provision of accommodation in the UK's Supported Housing sector.

We will produce an annual impact report for investors covering off case studies and also showing how we are progressing towards meeting our 2040 net zero carbon target.

Track record

The Company will appoint BMO Investment Business Limited ("BIB") as the Company's alternative investment fund manager to provide overall portfolio and risk management services to the Company. BIB has delegated certain asset management services to BMO REP Asset Management plc who, in turn, has delegated the provision of property management services to BMO REP Property Management Limited ("BMO REP").

BIB and BMO REP are part of BMO Global Asset Management. BMO Global Asset Management (EMEA) has over £85 billion of assets under management, with 20+ years of investor engagement, managing 10 differentiated investment trusts.

Investor summary

The Responsible Housing REIT plc aims to generate a consistent and sustainable income-based return from the provision of Supported Housing accommodation assets and aligned sectors. The partner aligned lease-based model should expand the breadth of registered providers providing counterparty diversification and expanding the potential scale of the Company.

The Company's considered, measured, targeted and responsible approach to providing Supported Housing seeks to ensure that vulnerable people receive appropriate, resilient and sustainable homes. The targeted annual distribution yield is 5%,** and the Company aims for a total annual return of at least 7.5%** while also aiming to generate tangible benefits for society.

Investment team



Guy Glover
Director, Property Funds,
BMO Real Estate Partners



Emma Gullifer
Co-Manager,
BMO Real Estate Partners

Independent board of directors



**Non-executive
Chairman**
Robin Minter-Kemp

Robin is a former managing director of Cazenove Investment Management with 25 years' experience in funds distribution. He has previously worked for Henderson Global Investors and HSBC Asset Management and is chairman of Rayner Spencer Mills Research.



**Non-executive Director
& Chairman of the
Audit Committee**

Clive is a highly experienced independent non-executive director and committee chair who sits on several boards, including at The Ardonagh Group and Walker Crips Group. He is a former partner at leading accountancy firms where he provided audit and advisory services to clients in the financial services industry.



**Non-executive
Director**
Katie Gordon

Katie is an independent director and adviser with an extensive background in socially responsible investing (SRI) and corporate marketing. A former head of SRI at Cazenove Capital Management, she sits on several boards, including Thrive Renewables.



**Non-executive
Director**
Simon Prichard

Simon is a highly experienced real estate professional who is senior partner at Gerald Eve and chairman of Gerald Eve International. He also chairs the UK and Ireland World Regional Board of the Royal Institution of Chartered Surveyors.

*All figures correct as at 31.08.2021 **Once stabilised. There is no guarantee that the Company will achieve its investment objective.

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