

## **Gresham House British Strategic Investment Fund invests in build to rent housing**

**London, 29 March 2019** - Gresham House plc (“Gresham House”), the specialist alternative asset manager, today provides an update on its British Strategic Investment Fund’s (“BSIF” or the “Fund”) investment in Rise Homes, a Private Rented Sector (“PRS”) platform delivering a positive social impact through investing in affordable new build rental properties for the UK’s key-worker demographic.

Rise Homes invests in predominantly new-build, high-quality but good ‘value-for-money’ rental accommodation, located in regional areas close to key areas of employment. The platform aims to address the undersupply of professionally managed and affordably priced rental accommodation required as a result of the well-documented shifts in UK housing tenure.

BSIF and Rise Homes believe that this model can help address the long-term imbalances in the supply of UK residential property. The aim is to build a substantial portfolio of fairly-priced rental property in strong regional locations. The initial focus of Rise Homes and BSIF will be acquiring and delivering schemes that offer a “mid-single digits” net yield in order to build a diversified portfolio of rental assets.

Rise Homes currently has two initial schemes underway in Manchester and Stockport with 209 apartments available across both sites. Located right in the heart of significant local regeneration schemes, the sites are now being put to good use, delivering a positive social impact instead of standing empty with the new build apartments offering spacious, convenient and affordable rental accommodation for working people. The forecast rents for the apartments have been benchmarked to a level that will be affordable to those that earn the local average salary.

Located near important services such as universities, healthcare facilities and transport links, the apartments offer residents quality and value with high-speed broadband, bespoke furnishings, security and award-winning property management services from Ringley Planet Rent, all included. The sites encourage a bustling and vibrant community with flexible work space planned for residents on the Stockport site and the provision of significant placemaking initiatives and outdoor communal spaces planned across all sites that are aimed at encouraging the development of a sense of community. The provision of long tenancies combined with the quality and affordability of the apartments is expected to encourage tenants to stay for longer than average, facilitating the creation of a community.

To date, BSIF and Rise Homes have focused on working with specialised, experienced regional contractors based in the North of England to deliver the schemes that are currently underway. There is no planning risk and working with construction firms with specialist local experience also mitigates risk. Moving forward this is a trend that will continue as we believe that this model can offer genuine benefits in our site acquisition and delivery programme. Our flexible approach allows us to consider “ground-up” construction as well as sites that are not being used and are suitable for refurbishment. Unusually, we are also happy to work alongside contractors and landowners to deliver sites under a JV structure. The platform provides co-investment opportunities for investors in a cost-effective fashion. Advanced discussions are underway with investors interested in this opportunity.

Rise Homes has four more schemes planned to commence in 2019 which will involve the development of 492 affordable apartments across sites in strong regional locations including Sheffield, with many of the sites located in urban regeneration schemes. Nigel Rawlings, Chief Executive Officer of Rise Homes, and his focused team have been developing and managing Build to Rent projects since 2012 and have a successful track record with over 670 units completed across three schemes delivering proven financial results. Andrew Pratt, Chairman of Rise Homes, has had a long and distinguished career in Real Estate, and was UK Managing Director of Grainger Plc from 2006 until 2011.

**Ben Guest, Lead Fund Manager for BSIF, said:** “In our view the Private Rented Sector is an exciting space for investment in the future. An increasing number of UK households are opting to remain in rented accommodation for long periods because of affordability constraints and lifestyle decisions. We are working with the experienced Rise Homes team to deliver quality, value for money and convenient new-build rental housing for professionals and families. We have an exciting pipeline of projects in regional UK locations that we are confident will capture attractive risk-adjusted returns whilst also delivering a positive social impact. We believe that the Rise model can add value to the local community on multiple levels and help address the long-term supply and demand imbalances in the residential property market.”

**Andrew Pratt, Chairman of Rise Homes, said:** “BSIF is the ideal partner to help us realise our ambitious pipeline of affordable private rented accommodation in regional locations that are planned to commence this year. Not only were we impressed with the calibre of BSIF’s investment team, we felt the philosophy of investing in projects that deliver a positive social impact as well as a financial return fitted well with our own values. It is also compelling to have investment that stems from Local Pension Fund authorities.”

BSIF was established to invest specifically in the housing and infrastructure sectors, both identified by the UK Government as structurally important areas requiring local investment. As a closed-ended fund with a 12-year time horizon, BSIF invests with a long-term view into these important sectors. The Fund targets an 8-10% annual net return including a minimum income yield of 5-6%<sup>1</sup> per annum. We are actively working with our current investors to deliver local investments in both the housing and infrastructure space.

Sustainable investing forms a key part of BSIF’s investment philosophy. As well as seeking superior, risk-adjusted returns, a positive social impact is a necessary requirement for every investment driving the Fund’s ability to generate a “double bottom-line” return for clients. BSIF’s four other investments are all in areas that deliver a positive social and environmental impact as well as a financial return including energy storage, renewable energy and vertical farming.

To date, the Fund has £165 million of commitments from institutional investors including Local Government Pension Schemes (“LGPS”) and has deployed over 45% of its committed capital to date. Where relevant BSIF offers investors the opportunity for co-investment, in their own communities as well as further afield. BSIF is targeting a final close during 2019.

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<sup>1</sup> The Investment Memorandum states 3-5% but 5-6% is based on current income projections once projects have stabilised and the Fund is fully invested.

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### About Gresham House

Gresham House plc is an AIM quoted specialist alternative asset manager providing funds, direct investments and tailored investment solutions, including co-investment across a range of highly differentiated alternative investment strategies.

Our expertise includes strategic public and private equity (private assets), forestry, renewable energy, housing and infrastructure.

The Group aims to deliver sustainable financial returns and is committed to building long-term partnerships with clients, (institutions, family offices, high-net-worth individuals, charities and endowments and private individuals) to help them achieve their financial goals.

Shareholder value creation will be driven by long-term growth in earnings as a result of increasing AUM and returns from invested capital.

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