

Gresham House Residential Secure Income LP

Shared Ownership housing offers a compelling residential real estate investment opportunity, which can only be accessed via a Social Housing Registered Provider.


Gresham House
Specialist asset management

Investment highlights

- Long-term secure income investment opportunity, with direct inflation-linkage and a quantifiable social impact
- Proprietary Customer and Environmental Charters that seek to drive best practice, and differentiate strategy

Strong track record

- ✓ Specialist expertise of 17-person investment team
- ✓ Network built over 20 years financing and advising social housing, supported by the Board of Registered Provider, ReSI Homes Ltd
- ✓ Strong track record, evidenced by ten existing Shared Ownership scheme investments (549 homes)

Deployment and pipeline

Fund launched in May 2021. Seed investments due to complete in Q3, with further identified potential pipeline of £184m/757 homes

The investment case for Shared Ownership

Part-Buy/Part-Rent

Shared Ownership is an affordable housing solution, where the customer owns an equity portion of their home and pays a below market rent on the remainder to a Registered Provider.

Favourable market conditions and high barriers to entry

- An established tenure with 200,000 homes in the UK, including over 17,000 completions per year
- Provides an affordable route to home ownership for the large, under-addressed market of low and middle earners
- Benefit from c.£30,000 government grant funding under the current Affordable Homes Programme
- Grant funding can only be accessed via regulated Registered Providers such as ReSI Homes, which creates a high barrier to entry in the sector

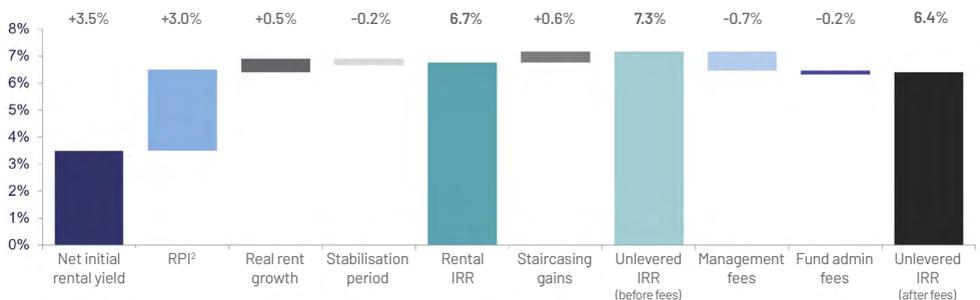
Delivers investors the potential for stable and secure long term inflation-linked returns

- Defensive sector, offering an initial rental yield of 3.5% p.a.¹ contractually increasing at RPI+0.5%
- Targeting an unlevered IRR of 6.4%^{1,2} and dividend yield in excess of 3% p.a.¹

Strong and quantifiable social benefits

- 4.7m more people meet the requirements for Shared Ownership than outright purchase³
- Grant funding enables the Fund to offer rent discounts of c.30% compared to market rents
- Making home ownership affordable and accessible to people on lower or middle incomes
- Increasing the supply of new housing, generating economic activity and creating fiscal savings

Core, inflation-linked investment with a solid income yield



1. These are targets only and not guaranteed

2. Based on 25-year mid-March 2020 market implied forward RPI of 3.0% and 3.5% house price growth (conservatively based on the Office of Budget Responsibility's 14 July 2020 medium term forecast of 3.7%)

3. UK Government, www.gov.uk/government/statistics/percentile-points-from-1-to-99-for-total-income-before-and-after-tax

Past performance is not a reliable indicator of future performance.

Capital at risk.

Fund summary

Initial target fund size	£400m	Fund structure	English LP investing through its own Registered Provider of Social Housing.
Target IRR	6.4% ^{1,2}	Fund term	Open ended, five year lock in, 12-month notice.
Target dividend	3%+, growing with RPI ¹		
Leverage	Unlevered ³		
Geography	UK		

More attractive risk profile than comparable residential strategies

	Shared Ownership	PRS	Social Rented Housing
Rent level	Below market	At market	Below market
Rent growth	Contractually linked to RPI + 0.5%	Market rent level, vulnerable to changes in supply/demand	Regulated rent levels, vulnerable to legislation changes
Lease term	130-year Shared Ownership lease	Short-term leases with no tenant obligation to renew. Risk of vacancies	Assured tenancy agreements with no tenant obligation to continue living at the property. Risk of vacancies
Repairs and maintenance responsibility	Shared Owner	Housing provider	Housing provider
Net initial rental yield	3.5%	3.5%	3.1%
Enhanced return from staircasing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Aligned interests	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

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3. Working capital facility of up to 10% GAV after three year stabilisation period

Key individuals



Ben Fry
Head of Housing
15 years' industry experience, with 9 years' social housing experience



Mark Rogers
CEO ReSI Housing & Head of Housing Origination
38 years' social housing experience. Member of the Chartered Institute of Housing since 1986

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