

# 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

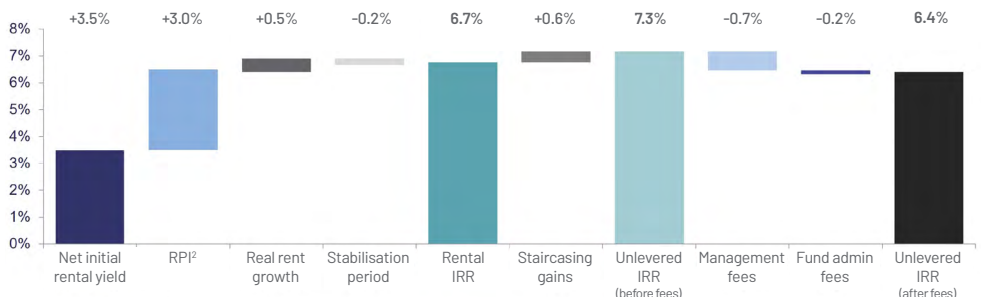
### Delivers investors the potential for stable and secure long term inflation-linked returns

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

### Strong and quantifiable social benefits

- 4.7m more people meet the requirements for Shared Ownership than outright purchase<sup>3</sup>
- 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](http://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% <sup>1,2</sup>                | Fund term      | Open ended, five year lock in, 12-month notice.                             |
| Target dividend          | 3%+, growing with RPI <sup>1</sup> |                |   |
| Leverage                 | Unlevered <sup>3</sup>             |                |   |
| Geography                | UK                                 |                |   |

## More attractive risk profile than comparable residential strategies

|   | Shared Ownership                    | PRS   | Social Rented Housing  |
|---|-------------------------------------|---|--|
| <b>Rent level</b>                             | Below market                        | At market   | Below market   |
| <b>Rent growth</b>                            | Contractually linked to RPI + 0.5%  | Market rent level, vulnerable to changes in supply/demand               | Regulated rent levels, vulnerable to legislation changes   |
| <b>Lease term</b>                             | 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 |
| <b>Repairs and maintenance responsibility</b> | Shared Owner                        | Housing provider  | Housing provider   |
| <b>Net initial rental yield</b>               | 3.5%                                | 3.5%  | 3.1%   |
| <b>Enhanced return from staircasing</b>       | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/>                                     | <input checked="" type="checkbox"/>  |
| <b>Aligned interests</b>                      | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/>                                     | <input checked="" type="checkbox"/>  |

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2. 25-year 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. 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

## Get in touch

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