



# No place like Home REIT... thankfully

Effective altruism has never looked so profitable (for the investment managers)

## PLEASE READ IMPORTANT DISCLAIMER – PAGE 3

**November 23, 2022** – Home REIT (LSE:HOME) acquires “B&B” accommodation assets and rents them out to charities, housing associations or community interest companies in the UK. Viceroy’s investigation of Home REIT’s investments and tenants suggests significant downside.

Poor operating results are already reflected in Home REIT’s financials, however management incentives are not aligned with “fixing” these problems, but only rolling up more bad assets.

### The Tenants

Financial data of Home REIT’s tenants show that many cannot afford rent, have not been paying rent, are in administration, are run by bad actors, or simply do not provide social housing services.

- Several of Home’s largest tenants, including Dovecot and Princess Drive **do not appear to be paying any rent**. Financial accounts show zero outflow, and charity activities do not appear to include social housing.
- Circle Housing & Support, responsible for 7.5% of Home REIT’s revenue in 2021, is **in administration**. The administrator notes that Circle had a round-robin transaction whereby it would **receive donations from landlords to pay rent**.
- Publicly available charity financials show that **many of these charities may not have the ability to service these leases on a long-term basis (Home REIT purported ~25 years)**. Government funds and grants appear to be limited in nature. Various tenants have advised Viceroy, and some have publicly stated, **that (limited) grants are assessed every 12 months, and therefore leases are renewed yearly**.
- Despite claims to limit exposure per client to 15%: **Home REIT’s largest clients all appear to share the same office and are run by the same people**, including Peter Mitchell, who was suspended as Councillor of Croxteth amid allegations of sexual harassment.
- The chairman and founder of Noble Tree Foundation has been named in several court cases overseas including allegedly **fraudulent asset stripping in Zimbabwe, breach of contract** with film producers and possible **sale of counterfeit shares** in a Swedish solar company.
- Operators of various Home REIT tenants also have significant interest in for-profit development companies and other for-profit government-subsidized programs in which tenants are foisted into.

### The Financials

Home REIT’s **cash conversion is almost non-existent** due to overdue receivables and straight-line uncollected rent.

- Home REIT’s accounts **receivables are sitting at 70+ days as at HY 2022**, with no impairments recorded. A review of various tenant leases lodged with HM Land Registry show payment terms are consistently 30 days.
- Home REIT *also* claims to adopt a straight-line revenue model where **substantial portions of rent are collected in the back-end of the 25-year lease terms**.
- Given our review of Home REIT’s tenants, **we do not believe these amounts are collectable**.



## The Valuation

The valuation of Home REIT's properties is entirely based on Yield ("Investment Method"). Any impairment to receivables, revenues, or yield will directly impact Home REIT's balance sheet.

- Viceroy Research has pulled transaction records for every single Home REIT investment property. Some appear to have been flipped between tenants in a short space for immense profits and no evidence of capex.
- There appear to be various middlemen and development companies which we could not verify who interact between vendors, tenants, and Home REIT. Some properties are bought and re-sold between parties in a matter of days. These transactions should be scrutinized.

Home REIT Valuation analysis	Bull HY 2022	Base HY 2022
Reported annual rent	40,178	40,178
Less: estimated annual straight-line rent	(4,124)	(4,124)
Less: estimated unrecoverable receivables	(3,484)	(6,968)
<b>Estimated actual rent</b>	<b>32,569</b>	<b>29,085</b>
Yield	5.63%	5.63%
<b>Estaimted property valuation</b>	<b>578,279</b>	<b>516,417</b>
<b>Estaimted write down</b>	<b>(135,094)</b>	<b>(196,956)</b>

## The Management

Home REIT outsources management to **Alvarium**, who is compensated on a percentage of NAV and is responsible for asset acquisitions.

- This model does not align Alvarium's compensation with the performance of the portfolio, only with how much they spend.
- This model creates substantial audit risk in the revaluation of Home REIT's book, and encourages risk-taking behaviors such as leverage.
- Alvarium appointed Gareth Jones (now resigned) to establish Home REIT and become their CFO. Gareth was previous Finance Director of Civitas, who has come under similar scrutiny.
- Home REIT have nonetheless had three CFOs in 2022, the latest appointed less than 1 month before audited accounts are due.
- Government records show many Home REIT properties were acquired at an inflated price thereby artificially inflating its NAV. Other property portfolios display unreasonable appreciation over a short period of time.



### **Attention: Whistleblowers**

Viceroy encourage any parties with information pertaining to misconduct within Home REIT, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on [viceroy@viceroyresearch.com](mailto:viceroy@viceroyresearch.com).

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## 1. Tenants

Home REIT claims its tenants have “robust financials and a proven long-term operating track record...”.

Home REIT fully deployed the net proceeds of its £240 million IPO within five months of listing, acquiring high quality, well located assets with a long WAULT to first break of 24.3 years – one of the longest in the real estate sector. The assets have been let to a wide range of tenants with robust financials and a proven long-term operating track record across a diverse range of homeless sub sectors and locations.

Figure XX – Home REIT Annual Report 2021

Viceroy have conducted deep-dive research into Home REIT’s top 10 tenants by rental exposure and contracted rent and found that this is not the case. Not only are most of these tenants relatively newly formed, but many have financials that cast serious doubt on their ability to service these leases. Some tenants do not appear to provide social housing at all.

Significant tenants	H1 2022		FY 2021		H1 2021	
	Exposure	Rent (GBPm)	Exposure	Rent (GBPm)	Exposure	Rent (GBPm)
Lotus Sanctuary CIC	9.9%	4.0	12.60%	2.30	15.40%	2.1
Dawson Housing Limited	4.5%	1.8	9.50%	1.70	12.90%	1.7
Big Help Project	10.5%	4.2	9.20%	1.70	10.30%	1.4
Supportive Homes CIC	8.6%	3.5				
CG Community Council	6.5%	2.6	8.30%	1.50		
Circle Housing and Support CIC	0.0%	-	7.50%	1.40	10.10%	1.4
Gen Liv UK CIC	8.4%	3.4	7.10%	1.30	9.50%	1.3
One CIC	8.0%	3.2	6.90%	1.30	9.30%	1.3
Noble Tree			7.10%	1.30	8.40%	1.1
Bloom Social Housing CIC	5.4%	2.2	6.60%	1.20	7.30%	0.9
Dovecot and Princess Drive						
Community Association	6.0%	2.4	6.20%	1.10	6.50%	0.9
Redemption Project CIC	8.0%	3.2			3.80%	0.5
Other	24.2%	9.7	19.00%	14.80	6.50%	0.9
	100%	40.2	100%	18.27	100.00%	13.5

Figure XX – Home REIT significant tenants

### Side Notes: Tenancy Exposure & Unsupervised Industry

We note that Home REIT claim that no tenant exposure will exceed 15%. This seems to only be valid on a technicality, as many of their separate tenant NGOs are administered by the same parties from the same office, which vastly exceed Home REIT’s allowable exposure.

We also note that many of these NGOs and charity tenants appear to operate related party services which are for-profit, including counselling, rehabilitation. This is a nascent industry, and government assistance and oversight is largely unchecked in a system open for abuse.

Our research suggests that many of these NGOs foist tenants into other unsupervised government-supported services. This opinion is shared locally, and present in many other countries where similar initiatives exist (e.g. NDIS in Australia).





## Big Help Project

Big Help Project		Est:	Mar-2011
Rental exposure	10.50%		
Contracted rent	GBP4.2m		
Home REIT Properties	84	Beds:	397
Summary	Massive expansion in 2021 funded by one off donation, unable to service rent, same trustees as 2 other tenants		

1

As of H1 2022, the Big Help Project<sup>2</sup> is the largest tenant in Home REIT's book. Its trustees include Peter Mitchell and Colette Goulding, who are also trustees of CG Community Council and the Dovecot and Princess Drive Community Association.

Mitchell was a former Labour councillor for Croxteth who was investigated and suspended by the party amid allegations of sexual harassment<sup>3,4</sup>.

At first blush it appears as though Big Help Project expanded its income rapidly in the year ended March 31, 2021, however most of this balance is made up of donations as the Register of Charities shows only £813k was from government contracts and grants. The remaining balance which we assume to be donations amounts to £6.37m

	2021		2020	
	£	£	£	£
<b>Income</b>				
Grants, Contracts & Donations	7,182,794		788,797	
Other Income	709,503		161,943	
Rental Income	1,593,966		0	
Interest Receivable	0		0	
		9,486,263		950,740
<b>Distribution Costs</b>				
Opening Stock	190,000		84,000	
Grants & Support	2,583,000		0	
Purchases	204,995		239,895	
Community Events & Hospitality	6,328		14,948	
Direct Costs	17,379		109,770	
Rental Costs	2,697,004		0	
Closing Stock	(230,500)		(190,000)	
		5,468,205		258,612
<b>£0 investments gains (losses)</b>				
<b>Total income includes £413,997 from 3 government contract(s) and £399,475 from 32 government grant(s)</b>				

Figure XX – Big Help Project Annual Report 2021

Quick math shows that after ~£800k of Government funding, Big Help substantially supports its leases with donations. We do not believe that the Big Help Project's rental exposure is sustainable, much less certain over the 25-year term of the Home REIT lease.

Viceroy have not explored further but note that Big Help directors are also directors and have significant interests in property development companies which are inherently for-profit.

<sup>1</sup> All property and bed counts as of Home REIT Impact Report July 2021

<sup>2</sup> <https://register-of-charities.charitycommission.gov.uk/charity-search/-/charity-details/5016086>

<sup>3</sup> <https://www.liverpoolecho.co.uk/news/big-help-project-hopes-help-12264819>

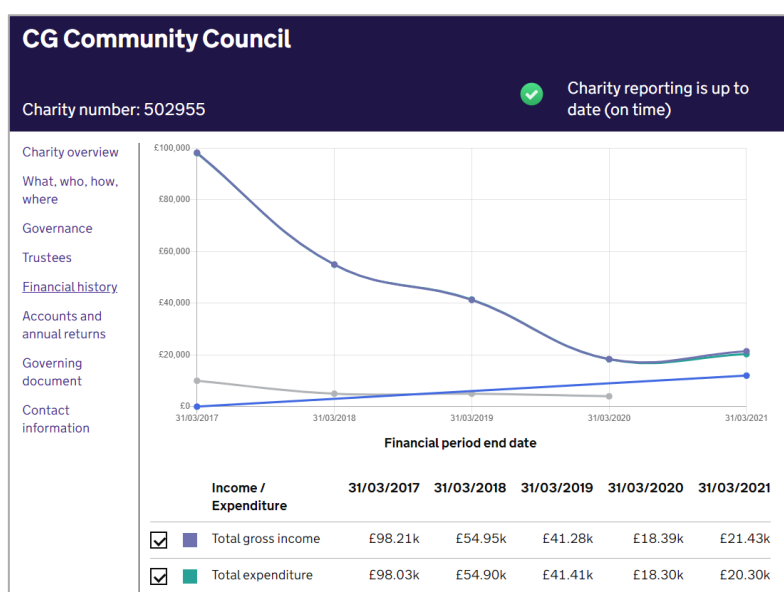
<sup>4</sup> <https://www.liverpoolecho.co.uk/news/liverpool-news/liverpool-labour-councillor-suspended-amid-17058915>



## CG Community Council

CG Community Council		Est:	May-1974
Rental exposure	6.50%		
Contracted rent	GBP2.6m		
Home REIT Properties	na	Beds	na
Summary	Expenditure does not match Home REIT filings, does not provide social housing, same trustees as 2 other tenants, no web presence		

Also known as the Croxteth and Gillmoss Community Council, CG Community Council's public financials and activities completely contradict Home REIT's representations. While full financial accounts are not available, the financial history tab on the Register of Charities website shows total expenditure (including rent) for 2021 at £20.3k<sup>5</sup>.



Nothing in the charity documentation suggests that CG Community Council engages in social housing, with its focus instead on support and social activities at Mossway Hall in Croxteth<sup>6</sup>.

Two of the trustees Colette Goulding, and Peter Mitchell are also trustees of Dovecot and Princess Drive Community Association and the Big Help Project and have significant interests in property development companies which are inherently for-profit.

<sup>5</sup> <https://register-of-charities.charitycommission.gov.uk/charity-search/-/charity-details/502955/financial-history>

<sup>6</sup> <https://www.neighbourly.com/project/607fe987aa2959553aa93715>



## Dovecot and Princess Drive Community Association

Dovecot and Princess Drive Community Association		Est:	May-1974
Rental exposure	6.00%		
Contracted rent	GBP2.4m		
Home REIT Properties	36	Beds	241
Summary	Expenditure does not match Home REIT filings, does not provide social housing, same trustees as 2 other tenants, no web presence		

The Dovecot and Princess Drive Community Association stands out among Home REIT tenants for having been established since 1997<sup>7</sup>. However, it reported a rent expense of £0 for the period from October 1, 2020, to March 31, 2022 and £400 in the year ended September 30, 2020.

4	Charitable expenditure 2022 £	Charitable expenditure 2020 £
Staff costs	119,137	2,300
Depreciation and impairment	8,568	44
Cost of goods	2,437	368
Rent	-	400

According to the Liverpool Express, the charity is involved in “breakfast, lunch clubs and other activities for children affected by poverty and deprivation” as well as local recycling initiatives<sup>8,9</sup>. Outside of Home REIT materials there is no mention of Dovecot and Princess Drive Community Association running any social housing initiative.

We question how these filings can reconcile with the £2.4m contracted rent recorded by Home REIT as of H1 2022.

We note that labor councilor Peter Mitchell and Colette Goulding of are also trustees of Dovecot and Princess Drive Community Association and the Big Help Project and have significant interests in property development companies which are inherently for-profit.

<sup>7</sup> <https://register-of-charities.charitycommission.gov.uk/charity-search/-/charity-details/3105208>

<sup>8</sup> <https://corporate.asda.com/asda-huyton-163411>

<sup>9</sup> <https://liverpoolexpress.co.uk/the-liverpool-community-project-which-has-been-on-a-mission-to-reduce-rubbish/>



## Redemption Project

Redemption Project		Est:	Nov-2020
Rental exposure	8.00%		
Contracted rent	GBP3.2m		
Home REIT Properties	6	Beds	96
Summary	No track record, no proven revenues, same controller as Lotus Sanctuary		

Redemption Project was incorporated on November 16, 2020, by Gurpaal Singh Judge of Lotus Sanctuary<sup>10</sup>.

The company claims to have leased more than 113 properties in England, but its website has no contact information, and the company does not appear in the media<sup>11</sup>.

Accounts show current balance is largely made up of Accruals and deferred income.

		2022
	£	£
Fixed assets		417,346
Current assets	4,412,706	
Prepayments and accrued income	559,516	
Creditors: amounts falling due within one year	(468,903)	
Net current assets	4,503,319	
<b>Total assets less current liabilities</b>		<b>4,920,665</b>
Provisions for liabilities		(477,644)
Accruals and deferred income		(4,326,651)
<b>Net assets</b>		<b>116,370</b>

Figure XX Redemption Project Annual Report 2022

Redemption Project's address, Unit 10, Navigation Point, Tipton, is an industrial park that was also:

- The address for a volunteer assistant driver for deliveries under a listing made by Lotus Sanctuary<sup>12</sup>.
- The former address of GSJ Property Limited, a property company owned by Gurpaal Singh Judge<sup>13</sup>.

<sup>10</sup> <https://find-and-update.company-information.service.gov.uk/company/13022993>

<sup>11</sup> <https://redemptioncic.org/>

<sup>12</sup> <https://volopps.com/opp-of-the-day-volunteer-assistant-driver-part-time-lotus-sanctuary-cic/>

<sup>13</sup> <https://find-and-update.company-information.service.gov.uk/company/13469436>





## Lotus Sanctuary CIC

Lotus Sanctuary		Est:	Aug-2018
Rental exposure	9.90%		
Contracted rent	GBP4.0m		
Home REIT Properties	27	Beds	352
Summary	No track record, same controller as Redemption Project		

Lotus Sanctuary<sup>14</sup> is a women-focused housing provider formed on August 25, 2018, by Gurpaal Singh Judge.

A submission by the Women's Aid Federation of England cited a paper showing low quality of care at Lotus Sanctuary facilities including one location "in an unsafe area next to two pubs and the train station...known as a hot spot for anti-social behavior and is particularly dangerous at night"<sup>15</sup>. At another location in Kirklees support is limited to one hour per week.

A recent Bloomberg article details staff lack of qualifications, concerns about property conditions and evictions due to non-payment of housing benefits. Not only does this call into question the quality of housing provided (or not provided) but also exposes a serious vulnerability in tenant funding<sup>16</sup>.

## Supportive Homes CIC

Supportive Homes		Est:	Mar-2021
Rental exposure	8.60%		
Contracted rent	GBP3.5m		
Home REIT Properties	Na	Beds	Na
Summary	No track record, no online presence		

Formed on March 19, 2021, Supportive Homes first appeared on Home REIT's rental roll in H1 2022 accounting for 8.6% of its rental exposure.

The organization has no online presence or contact information and no companies house filings on record except confirmations and a name change. Its directors are Morag Williams and Lesley Williams are presumably related and while we could not find any online presence for Morag Williams, Lesley Williams appears to have no previous experience in the social housing space<sup>17</sup>.

## One (Housing and Support) CIC

One CIC		Est:	June 2, 2020
Rental exposure	8.00%		
Contracted rent	GBP3.2m		
Home REIT Properties	67	Beds	328
Summary	No track record, no online presence,		

One (Housing and Support) CIC<sup>18,19</sup> was incorporated on June 2, 2020, and accounted for 8.0% of Home REIT's rental exposure as of H1 2022.

FY 2022 annual results suggests limited income, with current debts quickly accruing.

<sup>14</sup> <https://find-and-update.company-information.service.gov.uk/company/11537133/filing-history>

<sup>15</sup> <https://domesticabusecommissioner.uk/wp-content/uploads/2022/02/2201-DAC-response-to-LUHC-Committee-Inquiry-into-Exempt-Accommodation.pdf>

<sup>16</sup> <https://www.bloomberg.com/news/articles/2022-08-25/uk-housing-crisis-sparks-investor-bet-on-homeless-accommodation>

<sup>17</sup> <https://uk.linkedin.com/in/lesley-williams-a98a03100>

<sup>18</sup> <https://find-and-update.company-information.service.gov.uk/company/12638310/filing-history>

<sup>19</sup> <https://www.onecic.uk/>



Creditors: amounts falling due within one year		
	2022 £	2021 £
Trade creditors	118,711	125,554
Corporation tax	-	3,701
Other taxation and social security	13,510	6,341
Other creditors	2,173,701	1,789,045

Figure XX One CIC Annual Report 2022

## Bloom Social Housing

Bloom Social Housing		Est:	Apr-2020
Rental Exposure	5.40%		
Contracted Rent	GBP2.2m		
Home REIT Properties	41	Beds	289
Summary	No track record, sale-and-leaseback from Home REIT,		

Bloom Social Housing was formed on April 15, 2020, by Fox Hound Capital<sup>20</sup> with its 3 partners as directors. A year later Akur Capital acted as deal advisors in “c.£20m equity structuring and exit of a series of housing portfolios to a listed UK REIT (with a focus on the provision of accommodation to the homeless)”, which we believe to be Home REIT<sup>21</sup>.

Fox Hound Capital	
Date:	Q1 2021
Deal Size:	c.£20m equity structuring and exit of a series of housing portfolios to a listed UK REIT (with a focus on the provision of accommodation to the homeless)
About the client:	Fox Hounds Capital is a specialist developer which provides suitable, high quality properties for people in society who need them most, suitable to be leased to institutional providers.
About the transaction:	Akur Capital as exclusive financial adviser, ran an extensive process to identify and deliver the most appropriate partner for Fox Hounds to exit a series of housing portfolios which will provide long term accommodation for in excess of 300 people in society who need it most.
Lead:	Matt Smith

Figure XX – AKUR Capital Case Study

We believe the property transfer took place through the transfer of Fox Alpha SPV Ltd and Fox Bravo SPV Ltd to Home REIT as their prior owners were Fox Hound Capital Ltd<sup>22</sup>. Bloom Social Housing’s 2021 financials show what is likely a lease asset and corresponding liability with little else.

	Notes	13 months to 30 April 2021
		£
<b>Fixed assets</b>		
Intangible assets:	3	23,848,621
<b>Total fixed assets:</b>		<u>23,848,621</u>
<b>Current assets</b>		
Debtors:	4	171,652
Cash at bank and in hand:		21,425
<b>Total current assets:</b>		<u>193,077</u>
Creditors: amounts falling due within one year:	5	( 9,636 )
<b>Net current assets (liabilities):</b>		<u>183,441</u>
<b>Total assets less current liabilities:</b>		<u>24,032,062</u>
Creditors: amounts falling due after more than one year:	6	( 24,018,420 )
<b>Total net assets (liabilities):</b>		<u>13,642</u>

Figure XX – Bloom Social Housing Annual Report 2021

<sup>20</sup> <https://foxhoundcapital.co.uk/meet-the-team/>

<sup>21</sup> <https://akur.co.uk/fox-hound-capital/>, <https://web.archive.org/web/2022110075553/https://akur.co.uk/fox-hound-capital/>

<sup>22</sup> <https://find-and-update.company-information.service.gov.uk/company/12877435/persons-with-significant-control>, <https://find-and-update.company-information.service.gov.uk/company/13074635/persons-with-significant-control>



Based on local news coverage it appears as though Bloom opened the Penta house property on July 19 and filled it with tenants, **after being refused housing benefit payments due to overcrowding**. We can confirm that Penta house was rented from Home REIT as it appears in a charge registration dated July 9, 2021, 10 days prior to its opening.

14.	1 Penta House, 1 Upper Warwick Street, Liverpool, L8 5TP	MS262919	Freehold absolute
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The council says its Benefits Service had previously advised Bloom Housing that they did not believe Penta House was suitable to accommodate veterans because of the number of people that would be living in the property.

The authority says it also advised that benefits support would likely be refused but that Bloom went ahead with the plans and began to accommodate ex-armed forces personnel at Penta House.

*Figure XX Liverpool veterans in battle to keep roof over their heads – Liverpool Echo<sup>23</sup>*

In April local media reported that Bloom would purchase Wellesley House in Nottinghamshire but that it would **only operate the services for fixed terms of 12 months at a time as that is the term funding is allocated on**. This reflects our other concern with Home REIT's claimed 25-year contracts: funding is generally renewed on a shorter basis<sup>24</sup>.

Not only does Bloom not have a proven track record, but it also appears to only have started operating after Home REIT acquired and rented the property back to them.

### Circle Housing and Support

Circle Housing and Support		Operating:	Aug-2020
Rental Exposure[1]	7.50%		
Contracted Rent	GBP1.4m		
Home REIT Properties	101	Beds	451
Summary	Currently in administration, entered onerous leases in exchange for contributions.		

**Circle Housing and Support<sup>25</sup> is currently in administration.** The administrators specifically commented on a round-trip transaction model wherein the charity entered 20-year leases for 150 properties in return for over £3m<sup>26</sup> in 2020. In its July 2021 Impact Report Circle Housing accounted for 101 properties leased from Home REIT.

In its previous form as a Community Investment Company, the Charity had expanded its property portfolio in 2020, entering 20-year leases for 150 properties in return for contributions of over £3million from the landlords. Following a change in the Charity's management and after seeking advice, it was determined that leases for certain locations are onerous and that without a restructuring of the portfolio, the Charity would be unable to pay its ongoing liabilities in the not-too-distant future. Consequently, the Trustees, being conscious of their fiduciary duties, took the decision to approach Carter Backer Winter LLP to put the Charity into administration.

The company claimed that rent was still being paid however this serves as a good example of how unstable its 25-year lease terms really are.

<sup>23</sup> <https://www.liverpoolecho.co.uk/news/liverpool-news/liverpool-veterans-battle-keep-roof-22127912>

<sup>24</sup> <https://www.nottinghampost.com/news/nottingham-news/charity-stops-offering-beds-rough-7011486>

<sup>25</sup> <https://find-and-update.company-information.service.gov.uk/company/07017282/filing-history>, <https://register-of-charities.charitycommission.gov.uk/charity-search/-/charity-details/5179020>

<sup>26</sup> [www.cbw.co.uk/2022/07/circle-housing-and-support-cio-placed-into-administration-cbw-appointed-as-administrators/](http://www.cbw.co.uk/2022/07/circle-housing-and-support-cio-placed-into-administration-cbw-appointed-as-administrators/)



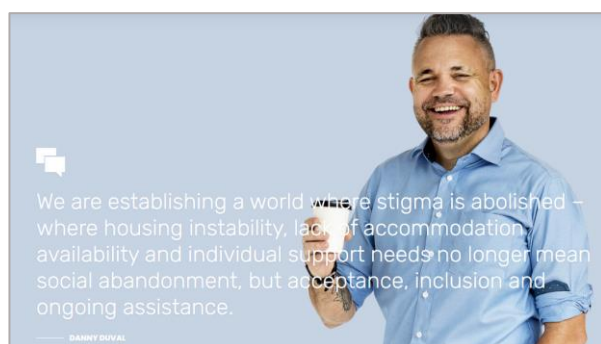


## Gen Liv UK CIC

Gen Liv UK CIC		Est:	Dec-2020
Rental exposure	8.40%		
Contracted rent	GBP3.4m		
Home REIT Properties	43	Beds	268
Summary	No track record, minimal web presence		

Gen Liv UK CIC<sup>2728</sup> was formed on December 4, 2020 and has no available financial reports.

As a sidenote Gen Liv UK's website's testimonials are populated by stock images including one of "Danny Duval" who is not an employee of Gen Liv UK despite his quote.



Figures XX & XX – Gen Liv UK's website and the Trinidad Saudi Chamber of Commerce<sup>29</sup>

While Gen Liv UK's website does have evidence of supporting local homeless charities we doubt their ability to service Home REIT leases.

## Dawson Housing Limited

Dawson Housing		Operating:	2020
Rental exposure	4.50%		
Contracted rent	1.8m		
Home REIT Properties	84	Beds	397
Summary	No track record, briefly deregistered by regulator, no available		

Dawson Housing Limited<sup>30,31</sup> was incorporated on May 4, 2017 but was dormant until January 2020 when Alexander Bass became a director.

An article by insidehousing.co.uk details how the company was briefly deregistered by the regulator of social housing in April 2021 for lack of evidence that it provided social housing<sup>32</sup>.

The article goes on to mention that Dawson accounts for 300 properties of Home REIT's portfolio.

Bass had no prior experience in social housing work, with his previous ventures mostly in real estate development<sup>33</sup>.

<sup>27</sup> <https://find-and-update.company-information.service.gov.uk/company/13063182/filing-history>

<sup>28</sup> <https://genlivuk.co.uk/>

<sup>29</sup> [https://www.trinidadsaudiochamber.com/testimonial\\_1-2/](https://www.trinidadsaudiochamber.com/testimonial_1-2/)

<sup>30</sup> <https://find-and-update.company-information.service.gov.uk/company/10754805/filing-history>

<sup>31</sup> <https://mutuals.fca.org.uk/Search/Society/30996>

<sup>32</sup> <https://www.insidehousing.co.uk/news/news/deregistered-housing-association-reinstated-by-regulator-after-high-court-appeal-73359>

<sup>33</sup> [https://find-and-update.company-information.service.gov.uk/officers/rduXoM5u40StiaAvluwcoj\\_s7g/appointments](https://find-and-update.company-information.service.gov.uk/officers/rduXoM5u40StiaAvluwcoj_s7g/appointments)





## Noble Tree

Noble Tree Foundation		Operating:	2020
Rental exposure[1]	7.10%		
Contracted rent	GBP1.3m		
Home REIT Properties	84	Beds	234
Summary	No track record		

The Noble Tree Foundation has several red flags including a chairman with a background of disputed dealings<sup>34</sup>. While the company has existed since 2003, it has been dormant from 2006 to 2021 while functioning as a Chinese Christian organization.

Noble Tree's 2021 annual report is overdue, but its 2020 financials show that the freeholder of all its properties except for the Newcastle and Scarborough properties is Home REIT. Roughly half the rooms managed by Noble Tree are rented to Mears Group Ltd, a housing and social care provider<sup>35</sup>.

### Financial review

NTF has received since July last year donations of over £4m including the freehold building in Newcastle (estimated current market value approximately £2.7m) and cash of £150,000 for Scarborough and circa £217,000 for Newcastle plus an SDLT rebate of circa £125,000 and £800,000 for Northampton.

The freeholder of Scarborough is Home Income Fund and all the other freeholds are primarily owned by Home REIT plc, listed on the London Stock Exchange, both UK reputable financial institutions from which NTF has the long term leaseholds.

The current annualised gross rental income is more than £750,000. For the new incoming Northampton properties, a further annual rental income of £850,000 will be added in 2021, taking the total annual rental income at the date of this report to circa £1,600,000.

NTF owns a freehold building with 72 rooms in Newcastle (Elswick court) which is let to Mears Group to accommodate refugees. NTF also manages a 25-year lease building in Scarborough with 32 rooms for the homeless and a further 53 buildings with a total of 121 rooms in Middlesbrough, Stockton-on-Tees and Thornaby all also leased to and managed by Mears Group to accommodate refugees.

NTF also independently manages another 90 buildings with some 250 bedrooms in Northampton and 18 houses with 40 bedrooms in Hull, East Yorkshire; these principally are for homing young families/domestic violence survivors.

Figure XX – Noble Tree Foundation annual report

The chairman and founder of Noble Tree Foundation, Jakob Kinde, has been named in several court cases overseas including allegedly fraudulent asset stripping in Zimbabwe<sup>36</sup>, breach of contract with film producers<sup>37</sup> and possible sale of counterfeit shares in a Swedish solar company<sup>38</sup>.

<sup>34</sup> <https://register-of-charities.charitycommission.gov.uk/charity-search/-/charity-details/4004908/charity-overview>

<sup>35</sup> <https://www.mearsgroup.co.uk/>

<sup>36</sup> <https://www.newsday.co.zw/2021/05/cscs-british-investor-has-net-value-of-4>

<sup>37</sup> <https://www.hollywoodreporter.com/business/business-news/producer-wins-appeal-300-million-785028/>

<sup>38</sup> <https://www.realtid.se/eew-agare-berattar-det-skulle-ga-snabbt/>



## 2. Financial Analysis

### Cash Flow Generation

Home REIT financial analysis is extremely simple:

- Rent is obtained from a few dozen NGO operators.
- Management of the portfolio is outsourced, so operating costs are one line item in the P&L.
- The company has debt, and thus incurs interest expense.
- There are some rapidly increasing “other administrative expenses” which Home REIT does not elaborate on.

Even a basic review of Home REIT’s financials show extremely poor cash conversion:

Home REIT		
Operating Income & Cash-Flow Analysis	HY 2022	2021
<b>Rental income</b>	<b>17,505</b>	<b>11,755</b>
Investment advisor fee	(2,280)	(1,929)
Audit fees	(97)	(566)
Board & Director fees	(93)	(150)
Other administrative expenses	(849)	(711)
Interest paid	(1,559)	(1,559)
<b>Viceroy analysis: cash operating income</b>	<b>12,627</b>	<b>6,840</b>
Reported cashflow from operating activities	8,272	6,644
>of which "increase in trade & other receivables"	(5,555)	(1,406)
>of which "accretion effect of straight-lining rent"	(1,518)	-
Reported interest paid	(1,559)	-
<b>Viceroy analysis: cash from operating income</b>	<b>6,713</b>	<b>6,644</b>
<b>Cash conversion</b>	<b>53.2%</b>	<b>97.1%</b>

Figure XX – Viceroy cash conversion analysis

The reasons behind Home REIT’s poor cash conversion are:

- Home REIT’s receivables appear to be significantly overdue. Receivable days are sitting at over 60 days, which indicate that over 1 month of rent is overdue.
- Home REIT claims to adopts a straight-line revenue model for all rental agreements. Accounts suggest that a substantial portions of rent will only be collectable at latter end of the 25 year lease cycle, despite being recorded as revenue upfront.

Home REIT may claim this is commonplace in the real estate space. It is not.

In light of the quality of Home REIT’s tenants<sup>39</sup>, we do not expect these outstanding receivable amounts and accrued straight-line revenue will ever be collected.

<sup>39</sup> Discussed in Section 1 of this report.



## Straight-Line Rent Revenue

Home REIT records revenue on a “straight-line” basis. This means that recorded rental income and actual rent collections are not correlated.

Straight-line rent agreements establish a lease amount for the entire lease term, which in Home REIT’s case is a purported 25 years:

- Rent is recorded on the P&L by dividing the total lease term rent by the number of rental periods (i.e. a year).
- The timing of rent collected is subject to the agreement by Home REIT and its tenants (charities), and which its valuers have not sighted.

For example: a straight-line rent agreement for £100 over 2 years will reflect £50 rental income for the landlord for each yearly period, however actual rent payable by the tenant may be £0 in Year 1 and £100 in Year 2.

Home REIT’s accounts **suggest that all rental income is accounted on a straight-line model:**

**k Rental income**  
Rental income arising from operating leases on investment property is accounted for on a **straight-line** basis over the lease term after the spreading of index-based rental increases on such leases and is included in rental income in the statement of comprehensive income due to its operating nature. The Group’s main source of revenue is rental income earned from its investment properties, which is excluded from the scope of IFRS 15.

Figure XX – Extract from Home REIT Interim 2022 Report

Unpaid straight-line rent accrued £1.5m in HY 2022, which accounts for approximately 10.5% of gross profits (£14.8m). These amounts accrue under the “Investment Property” line item.

Straight-line rent has vastly accelerated in HY 2022, and we expect this figure to continue accelerating.

5. Investment Property	
	As at 31 August 2021 £'000
Property acquisitions in the period	8,980
<b>Accretion effect of straight-lining rent</b>	<b>48</b>
Change in fair value of investment property	437
<b>Fair value at 31 August 2021</b>	<b>9,465</b>

7. Investment property	
	Freehold Investment Property £'000
<b>Half year ended 28 February 2022</b>	
Balance at 1 September 2021	327,860
Property acquisitions in the period	358,034
<b>Accretion effect of straight-lining rent</b>	<b>1,518</b>
Change in fair value of investment property	25,961
<b>Balance at 28 February 2022</b>	<b>713,373</b>

Figures XX & XX – Home REIT accrued straight-lining rent 2021 vs HY 2022

Viceroy have loaded several rental agreements from HM Land Registry, none of which showed any indication of a straight-line model in place.



## Accounts receivable delinquency

Home REIT's accounts receivable days have blown up in H1 2022 to 73 days (63 days pro rata).

Home REIT Receivables analysis	HY 2022
Trade & other receivables	6,961
Rental income (actual)	17,505
Rental income (pro-rata)	20,089
<b>Accounts receivable days (actual)</b>	<b>73</b>
Accounts receivable days (pro-rata)	63
<b>Estimated unrecoverable receivables (43 days)</b>	<b>4,124</b>

*Figure XX – Viceroy Research receivables analysis*

Given the quality of Home REIT's tenants (the charities), we believe that substantial portions of these receivables will be unrecoverable and subject to impairment.

This also brings to question Home REIT's future revenues on its purported 25-year leases. It is important to note that **Home REIT's property is valued at DCF. Impairments and valuation should severely impact Home REIT's balance sheet.**

We note that lease terms on Home REIT leases that Viceroy Research have pulled from HM Land Registry show lease terms are a standard end-of-month payment cycles.



### 3. Valuation & Conflict

#### Home REIT: Valuation on Rental Yields

Since inception: Home REIT claims to value properties against its rental yields. These yields are obviously drawn directly from revenues and their collectability.

The Group classifies all assets measured at fair value as below:

**Fair value hierarchy**

Valuation	Total €'000	Quoted prices in active markets (level 1) €'000	Significant observable inputs (level 2) €'000	Significant unobservable inputs (level 3) €'000
<b>28 February 2022</b>	<b>713,373</b>	–	–	<b>713,373</b>
28 February 2021	242,995	–	–	242,995
31 August 2021	327,860	–	–	327,860

**Unobservable input: net initial yield**

The net initial yield is defined as the initial gross income as a percentage of the market value (or purchase price as appropriate) plus standard costs of purchase.

**Sensitivities of measurement of significant unobservable inputs**

As set out within significant accounting estimates and judgements above, the Group's property portfolio valuation is open to judgements and is inherently subjective by nature.

The table below shows the sensitivities of measurement of the Group's investment property to certain inputs:

Valuation	-5% in passing rent €'000	+5% in passing rent €'000	+25bps in net initial yield €'000	-25bps in net initial yield €'000
<b>28 February 2022</b>	<b>(35,669)</b>	<b>35,669</b>	<b>30,559</b>	<b>(33,422)</b>
28 February 2021	(12,150)	12,150	10,431	(11,411)
31 August 2021	(16,393)	16,393	14,073	(15,395)

Figures XX & XX – Extracts from Home REIT HY 2022 interim report

Viceroy's financial analysis & background checks on tenants (Sections 1 & 2 of this report) support our belief that substantial quantities of Home REIT's rent will never be collected.

Accordingly, we believe Home REIT is likely subject to substantial downwards revaluations of its investment properties:

Home REIT Valuation analysis	Bull HY 2022	Base HY 2022
Reported annual rent	40,178	40,178
Less: estimated annual straight-line rent	(4,124)	(4,124)
Less: estimated unrecoverable receivables	(3,484)	(6,968)
<b>Estimated actual rent</b>	<b>32,569</b>	<b>29,085</b>
Yield	5.63%	5.63%
<b>Estimated property valuation</b>	<b>578,279</b>	<b>516,417</b>
<b>Estimated write down</b>	<b>(135,094)</b>	<b>(196,956)</b>



### Knight Frank Report Inconsistency

Home REIT's Knight Frank valuation report dated September 2021 claims that the market value of properties was "primarily derived using recent comparable market transactions on arm's-length terms". It is very apparent, on a pure yield valuation, that this is not the case.

3.8 The valuer's opinion of Market Value was primarily derived using recent comparable market transactions on arm's length terms, where available, and appropriate valuation techniques (the "Investment Method").

*Figures XX – Extract from September 2021 Knight Frank valuation report*

Knight Frank also state that they have not inspected the inside of any properties, nor have they been provided with lease information from Home REIT's professional advisors, despite a claimed average lease term of 25 years.

#### **Inspections**

4.3 Due to the sensitive nature of the uses and occupants we have inspected the properties externally only.

4.4 The quality of the internal accommodation is unknown and we have relied upon the information provided by the Fund.

4.5 Please note there are a number of properties within the portfolio which have been recently acquired by the Fund. As a result, we have been unable to inspect the properties prior to the valuation date. However, we have externally inspected all of these assets prior to the date of the report and consider there to be no material change to the value provided.

#### **Title**

4.6 We have not been provided with title information and Reports on Title. Our valuations are prepared on the basis that the Properties have good and marketable titles and are free of any undisclosed onerous burdens, outgoings or restrictions.

#### **Tenancy Information**

4.7 We have not been provided with lease reports by the Fund's professional advisers. However we have been provided with updated tenancy information by the Fund which we have relied upon.

*Figures XX – Extract from September 2021 Knight Frank valuation report*

This is a major red flag to the Viceroy team, especially for a yield-generating, 25-year lease term portfolio.



## 4. Alvarium Outsourcing

Home REIT operations and management are outsourced to Alvarium Fund Managers UK Limited. Note that Alvarium were also effectively bankrolled and advised the listing of Home REIT as a pre-revenue idea.

In their own words: “The Board has delegated the day-to-day running of the Company to the Investment Adviser pursuant to the terms of the Investment Advisory Agreement.”

Alvarium is compensated with a nominal fee and more importantly a monthly sum as a percentage of NAV:

The investment advisory fees shall be an amount calculated in arrears in respect of each month, in each case based upon the net asset value of the Company on the following basis:

- a) One-twelfth of 0.85 per cent, per calendar month of net asset value up to and including £500 million;
- b) One-twelfth of 0.75 per cent per calendar month of net asset value above £500 million up to and including £750 million; and
- c) One-twelfth of 0.65 per cent per calendar month of net asset value above £750 million.

*Figure XX – Home REIT Annual Report 2021*

Alvarium’s fee structure is poorly aligned with shareholder interests and perfectly aligned to commit fraud. A performance fee as percentage of NAV:

- Does not take into consideration the actual performance of the assets, such as their yield or real-estate specific management.
- Encourages as much spending as possible without regards to asset performance
- Encourages adopting leverage to grow NAV on back of yearly property revaluations without de-incentivizing risks
- Creates audit risk in property revaluations
- Disconnect between goals and social enterprise
- Generally, does not reflect performance of Alvarium’s other duties besides rolling up a portfolio.

Shareholders should, in any instance, review their options for a revised management agreement based on, for instance, market cap.





## 5. NAV Inflation

In addition to the above, Viceroy believe that Home REIT's investment advisors Alvarium have systematically inflated the prices of properties on the balance sheet. This appears to be done through 2 methods.

### 1. Purchasing property at vastly inflated prices.

This appears to be confined to subsidiaries Home Holdings 1 and Home Holdings 2. While most properties are purchased for reasonable amounts, a minority are vastly inflated. This scattershot overpayment is likely to hide the overvaluation from Knight Frank, Home REIT's valuers. There is no incentive for Alvarium to purchase properties on-the-cheap. Their fees are based on NAV.

### 2. Excessive revaluation of purchased property.

This approach appears to be confined to subsidiaries Home Holdings 3 and Home Holdings 4 which are far smaller than the previous subsidiaries. The properties held here display unrealistic appreciation over a short period of time, once again aligning with Alvarium's interests.

## Home Holdings 1 Limited

Home Holdings 1 is Home REIT's largest subsidiary and holds the most properties having acquired £275m in properties in the year ended August 31, 2021.

8. Investment property	
	Freehold Investment Property £
Property acquisitions in the period	274,658,271
Accretion effect of straight-lining rent	746,178
Change in fair value of investment property	13,180,551
<b>Fair value at 31 August 2021</b>	<b>288,585,000</b>

In accordance with IAS 40: investment property, the investment properties have been independently valued by Knight Frank LLP ("KFL"), an accredited external valuer with recognised and relevant professional qualifications and recent experience in the location and category of the investment properties being valued, however the valuations are ultimate responsibilities of the Directors.

Figure XX – Home Holdings 1 Limited Annual Report 2021

The general pattern of these acquisitions is that a portfolio of properties is acquired at a greatly inflated price through the inflation of one property's price.

We obtained property lists from supplemental mortgage charge registrations between Home REIT subsidiaries and Lloyds Bank<sup>40,41</sup>. These list property addresses, title number and title type (freehold or leasehold). From there we checked transaction details through HM Land Registry Price Paid data<sup>42</sup> and Title Summaries through a Land Registry search<sup>43</sup>.

Due to inconsistent previous owner information in these filings, we are unable to ascertain where the overpaid funds ended up though we suspect it is being pocketed by related parties. We were unable to find any consistent counterparties on the other side of Home REIT transactions.

Below are two illustrative examples, we have found similar purchase price discrepancies in almost every batch of properties in Home Holdings 1's portfolio.

<sup>40</sup> Lloyds is the security trustee for the £120m loan from Scottish Widows

<sup>41</sup> <https://find-and-update.company-information.service.gov.uk/company/12845638/filing-history> filter for "Charges"

<sup>42</sup> <https://landregistry.data.gov.uk/app/ppd/>

<sup>43</sup> <https://search-property-information.service.gov.uk/> search by "Title Number"





## The Stoke-on-Trent Portfolio

On December 2 and 3, 2020, Home Holdings 1 Limited acquired 34 properties in Stoke-on-Trent. All but one of these transactions was pedestrian with the properties displaying expected appreciation since their last sales. The property at 144 Birches Head Road sold for £5.858m, less than 2 months after a previous sale for £195k.

Property	Property Number	Previous sale	Price paid data	
			Price (GBPk)	Previous sale
2 Butler Street, Stoke-on-Trent ST4 1EG	SF92922	2/12/2020	158	4/07/2005
2 Chetwynd Street, Stoke-on-Trent ST6 1 PP	SF238174	2/12/2020	85	3/05/2018
7 Bond Street, Stoke-on-Trent ST6 5HG	SF75223	2/12/2020	70	
10 Broadhurst Street, Stoke-on-Trent ST6 1EY	SF99617	2/12/2020	78	22/06/2022
10 Chetwynd Street, Stoke-on-Trent ST6 1PP	SF139475	2/12/2020	63.5	6/02/2008
11 Exmouth Grove, Stoke-on-Trent ST6 2JX	SF166356	2/12/2020	65	8/12/2006
12 Sandbach Road, Stoke-on-Trent ST6 2OS	SF79338	2/12/2020	60	8/01/2014
12 St Edmund's Avenue, Stoke-on-Trent ST5 OAB	SF227587	2/12/2020	232.5	
14 Compton Street, Stoke-on-Trent ST1 4JU	SF46177	2/12/2020	85	8/05/2018
14 Copeland Street, Stoke-on-Trent ST4 1PR	SF160339	2/12/2020	157.5	20/03/1998
21 Stanley Street, Stoke-on-Trent ST6 6BW	SF498155	2/12/2020	73	4/03/2005
23 Dyke Street, Stoke-on-Trent ST1 2DF	SF77317	2/12/2020	125	10/11/2017
24 Kingsdale Close, Stoke-on-Trent ST3 7RN	SF279661	2/12/2020	100	
27 Gerrard Street, Stoke-on-Trent ST4 7DS	SF117215	2/12/2020	96.5	3/11/2004
29 Stanfield Road, Stoke-on-Trent ST6 1AT	SFJ42514	2/12/2020	63.5	3/04/2007
37 Longport Road, Stoke-on-Trent ST6 4NJ	SF217764	2/12/2020	100	8/05/2018
41 Macclesfield Street, Stoke-on-Trent ST6 1EH	SF186748	2/12/2020	90	
44 Kinver Street, Stoke-on-Trent ST6 1JZ	SF160601	2/12/2020	65	4/04/2008
47 Clare Street, Stoke-on-Trent ST4 6EE	SFJ22697	2/12/2020	105	31-Oct
49 King William Street, Stoke-on-Trent ST6 6EG	SF25703	2/12/2020	75	28/01/2008
66 Grangewood Road, Stoke-on-Trent ST3 7AZ	SF381450	2/12/2020	93.75	
67 Mayer Street, Stoke-on-Trent ST1 2J8	SFJ63830	2/12/2020	78.5	9/03/2012
68 Duke Street, Stoke-on-Trent ST4 3BL	SF525824	2/12/2020	63	
69 Oldfield Street, Stoke-on-Trent ST 4 3PL	SF590989	3/12/2020	64	11/09/2015
92 Oldfield Street, Stoke-on-Trent ST4 3PQ	SF84059	2/12/2020	71	29/06/2007
97 Corporation Street, Stoke-on-Trent ST4 4AY	SF451818	2/12/2020	95	15/02/2002
107 King William Street, Stoke-on-Trent ST6 6EQ	SF200963	2/12/2020	63.5	14/04/2008
108 Pinnock Street, Stoke-on-Trent ST6 6AD	SF564491	2/12/2020	70	23/05/2007
118 Victoria Road, Stoke-on-Trent ST4 2JX	SF93946	2/12/2020	62	
138 Furlong Road, Stoke-on-Trent ST6 5UD	SF57554	2/12/2020	75	21/12/2006
144 Birches Head Road, Stoke-on-Trent ST1 6LN	SF103860	2/12/2020	5858.702	14/10/2020
161 Whitfield Road, Stoke-on-Trent ST6 8AL	SF198826	2/12/2020	80	24/04/2008
310 London Road, Stoke-on-Trent ST4 5AB	SF170469	2/12/2020	105	26/04/2018
312 London Road, Stoke-on-Trent ST4 5AB	SF225874	2/12/2020	138	26/04/2018

Figure XX – Stoke on Trent portfolio

Price paid data for 144 Birches Head Road shows two transactions around that date:

144 Birches Head Road, Stoke-On-Trent, ST1 6LN			
Transaction history		Detailed address	Attributes
B	2020-12-02	£5,858,702	building name 144 or number
B	2020-10-14	£195,000	street Birches Head Road
B	2016-10-25	£122,500	town Stoke-On-Trent
			district Stoke-On-Trent
			county Stoke-On-Trent
			postcode ST1 6LN
			property type terraced
			estate type freehold
			new build? no

Figure XX – Price Paid Data for 144 Birches Head Road



However, the title registry for the corresponding title number shows only the £195k price paid on October 14, 2020. We believe that this £195k is the actual value of the property, with the £5.9m second payment being the premium. This is corroborated by the official proprietorship register which only shows the £195k purchase price.

## B: Proprietorship Register

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

### Title absolute

- 1 (31.03.2021) PROPRIETOR: HOME HOLDINGS 1 LIMITED (Co. Regn. No. 12845638) of 6th Floor, Bastion House, 140 London Wall, London EC2Y 5DN.
- 2 (22.12.2020) The price stated to have been paid on 14 October 2020 was £195,000.

Figure XX – Title Register for 144 Birches Head Road

According to the title registry the amount paid for the Stoke-on-Trent portfolio is £3.2m but according to the price paid data £9.1m was spent on those properties. Additionally, all the properties including 144 Birches Head Road were entered into the title registry on March 31, 2021, and charge registered by Lloyds on September 6, 2021.

We believe that an additional £5.8m was paid to acquire the portfolio which DOES NOT show up on the Title Registry but DOES show up on the price paid data, which records transactions instead of title transfers.

## The Plymouth Portfolio

On February 25, 2021, Home Holdings 1 Limited acquired a portfolio of 28 properties from Pathway Homes. Again, only one transaction stood out from the pack, 27 Neswick Street, Plymouth, a 4-bedroom terrace house which last sold twice for £170k and then £11.657m on February 25, 2021<sup>44</sup>.

Property	Property Number	Price paid data				Previous sale	Price (GBPk)
		Previous sale	Price (GBPk)	Previous sale	Price (GBPk)		
1 Carlton Terrace, Lipson, Plymouth, PL4 8PR	DN496084	25/02/2021	233	1/06/2012	178.5		
6 Greenbank Avenue, Plymouth, PL4 9BT	DN401859	25/02/2021	315	16/01/2016	151.25		
6 Mount Gould Road, Plymouth, PL4 7PS	DN40856	25/02/2021	320	4/10/2016	280		
8 Pearson Avenue, Plymouth, PL4 7DD	DN56507	21/02/2021	302	8/04/2015	166.5		
8 Wolsdon Street, Plymouth, PL1 5EN	DN276803	25/02/2021	175	14/07/2003	125		
9 Benbow Street, Plymouth PL2 1 BX	DN725802	25/02/2021	315	10/03/2020	160		
10 Allendale Road, PL4 6JA	DN41788	25/02/2021	228	6/07/2012	201.5		
11 Restormel Terrace PL4 6BJ	DN31688	25/02/2021	235	1/04/2008	205		
12 Lisson Grove, PL4 7DN	DN441634	25/02/2021	287	7/07/2003	169.5		
12 Maida Vale Terrace PL4 7LW	DN115989	25/02/2021	174	21/05/2018	165		
14 Plym Street PL4 SNS	DN42893	25/02/2021	187	9/09/2004	167		
23 Prince Maurice Road, PL4 7LJ	DN180854	25/02/2021	180	13/04/2017	170		
27 Neswick Street, PL1 5JJ	DN17246	3/06/2021	13025	25/02/2021	11657.515	25/02/2021	170.00
28 Mount Gould Road, PL4 ?PT	DN144357	25/02/2021	275	11/06/2004	210		
29 Prospect Street, PL4 8NY	DN608827	25/02/2021	225	28/01/2011	165		
33 Sydney Street, PL1 5AE	DN472318	25/02/2021	240.5	21/08/2015	185		
37 Ivydale Road, PL4 7DG	DN216067	25/02/2021	260	14/05/2010	162.5		
38 Chaddlewood Avenue, Plymouth, PL4 8RF	DN25949	25/02/2021	210	12/12/2016	185		
43 Clifton Place, Greenbank PL4 8HX	DN93134	25/02/2021	210	12/12/2016	185		
44 Neath Road, PL4 8TG	DN546084	25/02/2021	203.5	31/07/2015	169		
45 Connaught Avenue, Mutley, PL4 7BU	DN198170	25/02/2021	265	31/01/2003	170		
46 Hill Park Crescent, Plymouth, PL4 8JP	DN316751	25/02/2021	265	1/12/2006	184.95		
47 Mount Gould Road, Plymouth, PL4 7PT	DN24792	25/02/2021	200	31/03/2016	180		
49 Connaught Avenue, PL4 7BU	DN384367	25/02/2021	265	30/09/2002	162		
56 Charlotte Street, PL2 1 RL	DN27081	25/01/2021	228	22/12/2005	149.95		
60 Warleigh Avenue, PL2 1 NP	DN52939	25/02/2021	170	14/11/2005	140		
61 Neswick Street, PL1 5JN	DN50589	25/02/2021	178	23/11/2018	195		
119 Grenville Road, PL4 9OA	DN105932	25/02/2021	174				

Figure XX – Plymouth portfolio

<sup>44</sup> It was later sold again for £13.025m between Pathway Homes Group Plymouth Limited (a Home REIT subsidiary) and Home Holdings 1.



27 Neswick Street, Plymouth, PL1 5JJ					
Transaction history			Detailed address	Attributes	
B	2021-06-03	£13,025,000	<a href="#">[link]</a>	building name or number	27
B	2021-02-25	£11,657,515	<a href="#">[link]</a>	street	Neswick Street
B	2021-02-25	£170,000	<a href="#">[link]</a>	town	Plymouth
A	1999-10-01	£37,000	<a href="#">[link]</a>	district	City Of Plymouth <a href="#">[link]</a>
				county	City Of Plymouth <a href="#">[link]</a>
				postcode	PL1 5JJ <a href="#">[link]</a>
				property type	other
				estate type	freehold
				new build?	no

Figures XX & XX – Photo and Price Paid data on 27 Neswick Street

The title registry shows only the £170k paid for the property, but the price paid data shows an additional transaction of £11.7m.

According to the title registry the amount paid for the Plymouth portfolio is £6.5m but according to the price paid data £19.2m was spent on those properties. Additionally, all the properties including 27 Neswick Street were entered into the title registry on June 11, 2021, and charge registered on June 7, 2021.

An official search of the proprietorship register shows that the Plymouth portfolio was purchased from Pathway Homes (Plymouth) Limited.

## Title absolute

- (11.06.2021) PROPRIETOR: HOME HOLDINGS 1 LIMITED (Co. Regn. No. 12845638) of 6th Floor, Bastion House, 140 London Wall, London EC2Y 5DN.
- (09.03.2021) The price stated to have been paid on 25 February 2021 was £170,000.
- (11.06.2021) A Transfer of the land in this title and other land dated 3 June 2021 made between (1) Pathway Homes Group (Plymouth) Limited and (2) Home Holdings 1 Limited contains purchaser's personal covenants.





## Home Holdings 2 Limited

We believe the same scheme occurred in Home Holdings 2 Limited albeit in a more limited sense. Home Holdings 2 is a far smaller entity and appears to purchase more of its properties from private individuals which is shown in the price paid data<sup>45</sup>.

7. Investment property	
	Freehold Investment Property £
Property acquisitions in the period	16,601,487
Accretion effect of straight-lining rent	94,509
Change in fair value of investment property	4,109,004
<b>Fair value at 31 August 2021</b>	<b>20,805,000</b>

In accordance with IAS 40: investment property, the investment properties have been independently valued by Knight Frank LLP ("KFL"), an accredited external valuer with recognised and relevant professional qualifications and recent experience in the location and category of the investment properties being valued, however the valuations are ultimate responsibilities of the Directors.

As of 31 August 2021, KFL valued the entire Home Holdings 2 Limited property portfolio at £20,805,000.

Figure XX – Home Holdings 2 Limited Annual Report 2021

Home Holdings 2 is also a far smaller having only acquired £16.6m in acquisitions in the year ended August 31, 2021.

## The Peterlee Portfolio

Property	Price paid data			
	Title Number	Previous sale	Price (GBPk)	Previous sale
13 Argent Street, Easington Colliery, Peterlee SR8 3QA	DU139403	15/10/2021	848.584	4/11/2020
17 Jesmond Road, Hartlepool TS26 0JD	DU34095	15/10/2021	848.584	4/11/2020
24 Ninth Street, Peterlee SR8 4LZ	DU133199	15/10/2021	848.548	4/11/2020
51 Eleventh Street, Harden, Peterlee SR8 4QQ	DU355555	15/10/2021	848.584	4/11/2020
57 Seventh Street, Harden, Peterlee SR8 4LX	DU358210	15/10/2021	848.584	4/11/2020
94 Third Street, Harden, Peterlee SR8 4EH	DU127094	15/10/2021	848.584	4/11/2020
21 Eleventh Street, Harden, Peterlee SR8 4QQ	DU124396	15/10/2021	848.584	4/11/2020
96 Seventh Street, Peterlee SR8 4JQ	DU127638	15/10/2021	848.584	4/11/2020
6 Twelfth Street, Peterlee SR8 4QH	DU124700	15/10/2021	848.584	4/11/2020
44 Rydal Street, Hartlepool TS26 9BA	CE45479	15/10/2021	848.584	4/11/2020

Figure XX – The Peterlee Portfolio

The Peterlee portfolio was purchased on October 15, 2021 for a total of £848k from AHG1 Limited. The portfolio was purchased by AHG1 Limited just under a year prior for a total of £326k. We question how this group of small residential properties appreciated ~160% in under 12 months.

4	<p><b>Transferor: AHG1 Ltd</b></p> <p><u>For UK incorporated companies/LLPs</u> Registered number of company or limited liability partnership including any prefix: 12854522</p> <p><u>For overseas companies</u> (a) Territory of incorporation:</p> <p>(b) Registered number in the United Kingdom including any prefix:</p>
5	<p><b>Transferee for entry in the register:</b></p> <p><b>HOME HOLDINGS 1 LIMITED</b></p> <p><u>For UK incorporated companies/LLPs</u></p>

Figure XX – Transfer of Portfolio of Titles

<sup>45</sup> Transaction type "A" denoting a standard price paid transaction, usually a private individual purchaser





## Home Holdings 3 Limited

The other two main Home REIT subsidiaries show a different method of NAV inflation: unrealistic appreciation in a short amount of time.

On November 6, 2020, Home Holding 3 (previously Allerton SPV17 Limited) changed hands to Home REIT. In the ~9 months to August 31, 2021 the portfolio appreciated by 123%.

7. Investment property	
	Freehold Investment Property £
Property acquisitions in the period	1,239,620
Accretion effect of straight-lining rent	12,862
Change in fair value of investment property	1,527,518
<b>Fair value at 31 August 2021</b>	<b>2,780,000</b>

In accordance with IAS 40: investment property, the investment properties have been independently valued by Knight Frank LLP ("KFL"), an accredited external valuer with recognised and relevant professional qualifications and recent experience in the location and category of the investment properties being valued, however the valuations are ultimate responsibilities of the Directors.

As of 31 August 2021, KFL valued the entire Home Holdings 3 Limited property portfolio at £2,780,000.

Figure XX – Home Holdings 3 Limited Annual Report 2021

Property	Title Number	Previous sale	Price (GBPk)
10 Albert Avenue, Anlaby Road, Hull, HU3 6QG	HS66131	6/11/2020	230
228 Boulevard, Kingston upon Hull, HU3 3ED	HS67786	6/11/2020	145
23 St Hilda Street, Hull, HU3 IUT	HSI 19454	6/11/2020	200
307 Beverley Road, Hull, HU5 ILQ	HS318811	6/11/2020	230
309 Beverley Road, Hull, Kingston upon Hull, HU5 1LG	HS32279	6/11/2020	230
6 Albert Avenue, Anlaby Road, Hull, GU3 6QG	HS242613	6/11/2020	160
Total			1,195

Figure XX – Home Holdings 3 Limited portfolio<sup>46</sup>

## Home Holdings 4 Limited

The same pattern appears at Home Holdings 4 (formerly Grolar Developments SPV 4 Limited) which also changed hands on November 6, 2020 and which appreciated 74% in the following 9 months.

<sup>46</sup> The postcode for 6 Albert Avenue is misspelt in the charge registration, GU3 is the code for Guilford



## 7. Investment property

	Freehold Investment Property £
Property acquisitions in the period	3,065,440
Accretion effect of straight-lining rent	24,928
Change in fair value of investment property	2,274,632
<b>Fair value at 31 August 2021</b>	<b>5,365,000</b>

In accordance with IAS 40: investment property, the investment properties have been independently valued by Knight Frank LLP ("KFL"), an accredited external valuer with recognised and relevant professional qualifications and recent experience in the location and category of the investment properties being valued, however the valuations are ultimate responsibilities of the Directors.

As of 31 August 2021, KFL valued the entire Home Holdings 4 Limited property portfolio at £5,365,000.

Property List Date	Property	Property Number	Last sold	Price GBP 000's
27/05/2021	185 Huddersfield Road, Oldham OU 3PA.	GM954379		
		GM957725	6/11/2020	387.023
	91 North Road, Stoke on Trent, ST6 2DN	SF435199	6/11/2020	65.78
	Land on the west side of Bigdale Court, Kirkby	MS510087	6/11/2020	1188
	20 Eaves Lane, Chorley PR6 OPY	LAN64642	6/11/2020	95
9/07/2021	92 Romney Street, Salford, Manchester, M6 6DR	LA42390	6/11/2020	200
	19 Milnthorpe Street, Salford, Manchester, M6 6DT	LA382458	6/11/2020	240
	56 Milnthorpe Street Salford Manchester M6 6DR	LA123987	6/11/2020	240
	19 Croft Street, Salford, Manchester, M7 1LR	GM666764	6/11/2020	240
	6 Tootal Grove, Salford, Manchester, M6 8DN	GM970125	6/11/2020	280
Total				2,935.80

## Key Takeaways

Home REIT appears to have overpaid for much of its portfolio and is unrealistically appreciating the rest. The company has effectively been burning shareholder and creditor funds to inflate its NAV and used accounting shenanigans to inflate its rental revenue to preserve the illusion of yield.



## 6. Conclusion

Home REIT's tenants raise questions about the financial viability of Home REIT's portfolio, and also about the appropriateness of this venture. We strongly believe that these are not the people who should be entrusted to look after the vulnerable, nor should they be entrusted with your taxes to do so.

This industry is nascent, subject to limited oversight, and has begun breeding a plethora of for-profit vultures who have limited ability to actually run a charity or social enterprise.

Scrutiny in these industries should be encouraged.

Viceroy Research is short Home REIT.