

Please find below the latest update on the TM home investor fund. This is an extract of a document produced by the Property Investment Manager, Hearthstone Asset Management Limited. A link to the full document is provided below:

<https://homeinvestor.fund/may-2020-market-and-fund-update/>

May 2020

TM home investor fund

CBRE added a “Material Valuation Uncertainty (MVU)” clause to the March fund valuations which led to the suspension of dealing in the TM home investor fund. This clause was agreed by all major valuers collaborating under the Royal Institution of Chartered Surveyors (RICS) and was not differentiated by property segment such as residential versus commercial property.

Over the past weeks, we were encouraged that RICS started recommending to valuers a segment by segment approach to the lifting of the MVU-clause. Some of the first sectors were for “standalone food stores let to major operators” or “institutional grade primary healthcare facilities”. On May 21st they extended this to “non-reversionary residential ground rents in excess of 80 years” and “all types of rented social housing or leased shared ownership, owned by housing associations”. Whilst the MVU-clause remains in place for private-rented Residential property, the segment by segment approach to removing the clause is hopefully positive news for this sector compared to commercial properties such as hotels, offices, or retail.

As in April, CBRE applied a small downward adjustment to some of the holdings, resulting in an aggregate reduction of 0.14% at the property portfolio level.

The tenant management process established with our partners at Touchstone in April continues to work well, and we are encouraged to be able to report 98% rent collection in May. As a reminder, our ambition is to balance tenants’ and investors’ needs - wherever possible setting up payment plans to ease temporary difficulties. Our primary focus is on those who lost their jobs – once we have confirmation of a Universal Credit application, we work with the tenants to find a mutually agreeable solution. For tenants in furlough, we typically discuss temporary rent reductions couple with a repayment plan. Finally, we tend to delay rent reviews (typically rents grow with inflation) by a quarter. Over the past weeks, some of our tenants returned to work following a short period of furlough.

Another priority are our vacant properties, including those from a recent acquisition near Birmingham. Since mid-May there were half a dozen viewings across our vacant properties, and we expect this number to increase over the coming weeks.