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Horizon Housing REIT PLC

Publication of a prospectus and intention to IPO

Horizon Housing REIT PLC (the "**Company**") announces the publication of a prospectus (the "**Prospectus**") in connection with a placing and an offer for subscription (together, the "**Offering**") of ordinary shares of £0.01 in the capital of the Company (the "**Shares**") and the issue of 56.25 million Shares, in aggregate, to East Riding Pension Fund ("**ERPF**") (the "**Consideration Shares**") (together, the "**Issue**"). The Company, which intends to carry on business as a Real Estate Investment Trust, subject to meeting the necessary qualifying conditions, is targeting an issue of 125 million Shares at 100 pence per Share pursuant to the Offering and the issue of the Consideration Shares, to raise gross proceeds of £125 million (including the issue of the Consideration Shares).

Investment Policy and Dividend Policy

The Company will seek to provide Shareholders with an attractive level of inflation-linked income, with the potential for capital growth, from investing in a portfolio of residential property assets, which are subject to fully repairing and insuring long leases or housing management agreements backed by Registered Housing Providers, Local Authorities or other corporate counterparties.

The Company will invest in a broadly balanced portfolio of residential property assets from two specific sub-sectors of the housing market, being (i) affordable market rent housing ("**Affordable Market Rent Housing**") and (ii) specialist social housing (including, but not limited to, Extra Care Housing, Supported Living, Sheltered Housing and Assisted Living) ("**Specialist Social Housing**").

Affordable Market Rent Housing is open market rental accommodation for tenants on an assured shorthold tenancy basis. These are properties rented to underlying tenants at the Local Housing Allowance and affordable private market rent levels, more specifically, rents that are at or near to market rent tenancies with low or no housing benefit contribution.

In all main respects this is mainstream market rent housing but at the affordable end of the market, where affordability is most strained and demand is pronounced. Unlike typical private market rental properties, the Company contracts directly with the lease counterparty, typically a Registered Housing Provider. This provides greater certainty and security over rental income than typically available in the private market.

Specialist Social Housing includes a range of products (such as Extra Care, Supported Living, Sheltered Housing and Assisted Living, each defined below) and provides the housing accommodation (and care solution where applicable) to those most in need, whilst affording bespoke accommodation, independence and value for money:

- Assisted Living is a type of residential care which involves an individual (or a couple) living independently in a specialist complex (often known as Assisted Living Facilities). The facilities in which the individual lives differ in terms of what they offer, but usually they provide nurses and care staff onsite to attend to individuals with care needs at any given time.
- Extra Care Housing is purpose-built (or purpose adapted) single household accommodation that is owned or occupied under an occupancy agreement. The accommodation is in a building or campus of similar households specifically designed to facilitate the delivery of care to people, either now or when they need it in the future. These schemes are also known under other labels; for example 'sheltered housing', 'assisted living', or 'retirement homes'
- Sheltered Housing allows independent living with a basic level of support, in a smaller and easier-to-manage home. It is usually only available to those aged 55 and over. Features vary from scheme to scheme and a package of services can be arranged separately from the local authority or a private care agency. Unlike care homes, sheltered housing is not inspected or given ratings
- Supported Living are schemes that provide personal care to people as part of the support that they need to live in their own homes. The personal care is provided under separate contractual arrangements to those for the person's housing. The accommodation is often shared, but can be single household

The Company is targeting an initial dividend of 4 pence per Share in respect of the Company's first financial year. The dividend target will increase to 5 pence per Share for the Company's second financial year and, thereafter, the Board will seek to increase the target dividend with reference to inflation.

Investment Opportunity

The UK faces a deepening housing crisis, with demand growing and supply constrained. Significant household growth, low levels of affordability and an historic lack of access to mortgages are driving the strong, long-term demand for rental homes (Source: PwC UK Economic Outlook July 2015).

On average, working people could expect to pay around 7.6 times their annual earnings on purchasing a home in England and Wales in 2016, up from 3.6 times earnings in 1997. The median price paid for residential property in England and Wales increased by 259 per cent. between 1997 and 2016. Median individual annual earnings increased by 68 per cent. in the same time period. No recent government has seen enough homes built to keep up with demand (Source: ONS, March 2017).

The housebuilding industry is producing 210,000 new homes per year in England, more than at any time since the global financial crisis in 2007. But it is still not enough. The government's consultation on assessing housing need sets annual housing need in England at 266,000, while the House of Lords Economic Affairs Committee suggested over 300,000 new homes are needed each year to have any impact on affordability. The white paper explicitly identifies slow delivery as one of the major difficulties facing the housing market (Source: Savills Residential Property Forecasts, Autumn 2017). This is creating demand for new investment in housing, whether in social or private renting.

Most growth in housing has come over the past decade from households seeking accommodation in the private rented sector. There were 1.8 million more households renting privately in 2010 than there were in 2000. Overall this has meant that the private rental sector has grown from 10 per cent. to 17 per cent. of the housing market in a decade and one-in-five households are predicted to be renting privately by 2020 (Source: PwC analysis of English Housing Survey, 2015).

The residential property sector is the UK's largest investment asset class. According to Savills, the total value of the UK's housing stock passed the £7 trillion mark for the first time in 2017 and now stands at £7.14 trillion. This reflects a 34 per cent. increase (£1.82 trillion) over the ten years since 2007. According to the IPD index, on a total returns basis, residential property has been the best performing property investment asset class over most timeframes over the past thirty years.

Recognising the wide and growing supply-demand gap, there is now also strong political support for institutions investing in residential property, which has been in evidence recently, via the Montague Review of Housing Investment, institutional support from the likes of Homes England and more general direct aid to the development industry.

Accordingly: (i) the sector is very large and capital intensive; (ii) the embedded UK housing supply and demand gap is attractive for investment, and (iii) long-term private sector (equity and debt) financing is required.

There is an opportunity to invest substantial capital into long term UK property assets at a time where the investment case is attractive.

Initial Portfolio

The Consideration Shares are being issued to ERPF in consideration for its ownership of a portfolio of initial assets which is to be acquired by the Company (the "**Initial Portfolio**"). The Initial Portfolio represents a ready-assembled portfolio of 551 properties, consisting of a diversified mixture of Affordable Market Rent Housing and Specialist Social Housing (Extra Care and Supported Living), all of which are let on long-term fully repairing and insuring operating leases or housing management agreements to Registered Housing Providers or other corporate counterparties. The Initial Portfolio will be acquired subject to existing loan facilities meaning that the Group and Shareholders will have the benefit of such existing gearing with effect from initial admission. In aggregate, as at 31 December 2017, the Initial Portfolio has been valued at £75.2 million and will constitute approximately 61.2 per cent. of the opening Net Asset Value of the Company.

The Investment Manager

Horizon (GP) Limited (the "**Investment Manager**") will act as alternative investment fund manager and investment manager to the Company. The Investment Manager is a specialist investment manager, with market leading expertise and experience, established to provide institutional investment into UK public and private sector housing. The business was launched in 2013 making the Investment Manager one of the early entrants in this specialist sector.

The Investment Manager raised its initial private institutional capital commitment from ERPF in December 2014, resulting in the formation of Horizon Long Lease Housing L.P. A further equity commitment was made by ERPF in May 2015, resulting in the formation of Horizon Secure Residential Leasing L.P. These two entities currently hold the Initial Portfolio.

The Investment Manager's senior team possesses, in aggregate, approximately 100 years of residential real estate experience, including technical, operational, financing, accounting and

management expertise across a range of public and private vehicles. Importantly, their experience includes working with, and for, Registered Housing Providers, Homes England (formerly the Homes and Communities Agency), local government and other public sector partners.

The Investment Manager is authorised and regulated by the FCA as a full-scope AIFM.

Other

Applications will be made to the UK Listing Authority and to the London Stock Exchange for all of the Shares (issued and to be issued pursuant to the Issue) to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities ("**Admission**"). It is expected that Admission will become effective and that dealings in the Shares will commence at 8.00 a.m. on 31 May 2018.

Winterflood Securities Limited is acting as sponsor, financial adviser and bookrunner to the Company.

The Prospectus has been approved by the UK Listing Authority and will shortly be available for viewing at <http://www.morningstar.co.uk/uk/nsm> and at <http://www.horizonreit.com>.

Terms used and not defined in this announcement shall have the meanings given to them in the Prospectus.

Expected timetable

Latest time and date for receipt of completed Application Forms and payment in full under the Offer of Subscription	1.00 p.m. on 23 May 2018
Latest time and date for receipt of placing commitments under the Placing	2.00 p.m. on 24 May 2018
Results of the Issue announced	8.00 a.m. on 25 May 2018
Admission and crediting of CREST accounts in respect of the Issue	8.00 a.m. on 31 May 2018
Share certificates dispatched in respect of the Issue week commencing	4 June 2018 or as soon as possible thereafter

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IMPORTANT INFORMATION

The contents of this announcement, which has been prepared by, and is the sole responsibility of, the Company, has been approved solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 as amended ("FSMA") by Horizon (GP) Limited.

Winterflood Securities Limited ("Winterflood Securities"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no one else in relation to the Issue. Winterflood Securities will not regard any other person (whether or not a recipient of this document) as its client in relation to the Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to the Issue or any transaction or arrangement referred to in this announcement.

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Before investing in the Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus. The information in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor. Information in this announcement or any of the documents relating to the Issue cannot be relied upon as a guide to future performance. The price and value of securities may go up as well as down. Persons needing advice should contact a professional adviser.

The details contained in this announcement are for information purposes only and should not be considered as an offer, investment recommendation, or solicitation to deal in any of the investments

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The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested.