

- ▶ Horizon Housing REIT plc (Horizon REIT) intends to list on the Premium Listing Segment of the Main Market of the London Stock Exchange and is targeting an IPO of £125m
- ▶ c. £75.2m initial portfolio (GAV) generating secure, inflation-linked, long-lease income from direct ownership of underlying housing portfolios backed by government regulated Registered Housing Providers (RHPs)
- ▶ East Riding of Yorkshire Pension Fund (ERPF) have confirmed they will cornerstone the IPO by committing their £56.25m initial portfolio (NAV) in exchange for shares
- ▶ Horizon REIT will invest in UK housing portfolios, subject to long leases being in place, generating secure, inflation-linked income from **two** sub-sectors:
 - ▶ Registered Housing Provider backed **specialist social housing**
 - ▶ Registered Housing Provider backed **affordable market rent housing**
- ▶ Main focus is on purpose-built stock with strong underlying property value relative to investment value
- ▶ Attractive risk-weighted return with positive social impact

Issue

Target Raise - £125m
 Issue price - 100 pence
 Sponsor - Winterflood

Timetable

Offer Closes - 23 May 2018
 Admission - 31 May 2018

5p

Target Annual Dividend (on issue price)
 (4p in Year 1)

Quarterly payments

No property operating risk

100%

Fully repairing and insuring (FRI), long lease income portfolio

RHP/ Local Authority / Corporate / Government support

20+ years

Target Weighted Average Unexpired Lease Term (WAULT)

Annual, contractual upward only inflation-linked rent reviews

One investment strategy – two housing sectors

Fundamentally attractive market for investment

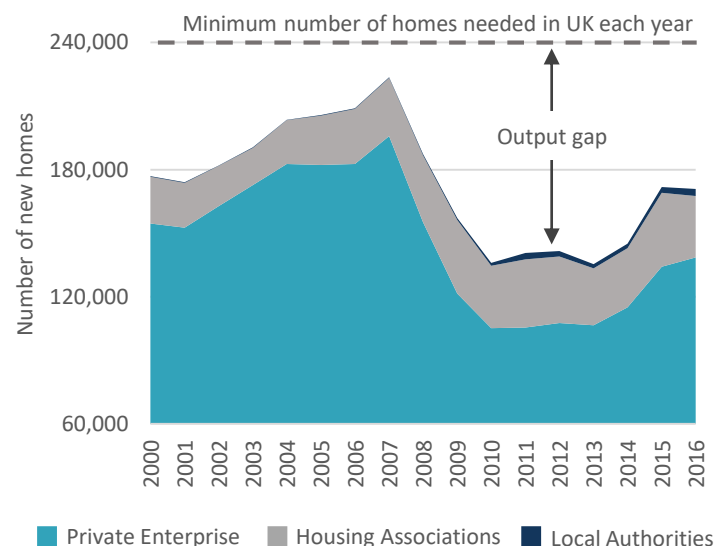
Specialist Social Housing

- ▶ End tenants qualify for Supported Living and Extra Care, paid by Housing Benefit
- ▶ Long-term lease in place with RHP/Housing Association counterparties
- ▶ Lease income linked to RPI or CPI

Affordable Market Rent Housing

- ▶ End tenants are private at affordable market rent levels
- ▶ Long-term lease in place with RHP/Housing Association counterparty
- ▶ Lease income linked to Market Rent Inflation (MRI)

- ▶ Identical structure for social and affordable market rent with RHPs/Housing Association as lease counterparties
- ▶ In both cases RHP/Housing Association takes all tenant and property risk
- ▶ Intention is to maintain broadly a **50:50 balance** between specialist social housing and affordable market rent housing



Source: Graph prepared on the basis of data from www.gov.uk

Two attractive housing sectors provide compelling risk-adjusted and inflation-linked income for investors

Why Horizon?

- ▶ Experienced management team – early into the sector with deep industry expertise, experience and track record
- ▶ c. £75.2m initial portfolio
- ▶ £56.25m cornerstone institutional investor (ERPF)
- ▶ Balanced risk portfolio – social housing alongside affordable market rent housing
- ▶ Valuation policy is IFRS ‘sum of the parts’. There is **no** portfolio premium
- ▶ Strong pipeline driven by extensive contacts and existing partner relationships

INVESTMENT MANAGER / AIFM

Horizon (GP) Ltd – FCA approved AIFM



Harvey Griffiths

Chief Executive
Chartered Engineer
MBA

- ▶ Responsible for day to day running of Horizon (GP) Limited
- ▶ 25+ years infrastructure and real estate investment, long-lease and operational experience
- ▶ Worked on £3+ billion of public and private real estate & infrastructure deals



Paul Casey

Property & Assets Director
Member of the Chartered
Institute of Housing

- ▶ Responsible for origination of property deals and asset performance/servicing monitoring
- ▶ 25+ years experience housing professional and development director with a range of public and private property experience



Sean Cufley

Finance Director
Chartered Accountant (FCA)

- ▶ Responsible for all investment, finance, accounting and regulation
- ▶ 30+ years public and private property companies experience

How to apply for shares in the offer:

Please contact your stockbroker or share dealing service for details on how to apply.

Further information about Horizon REIT and the Offer can be found at www.horizonreit.com

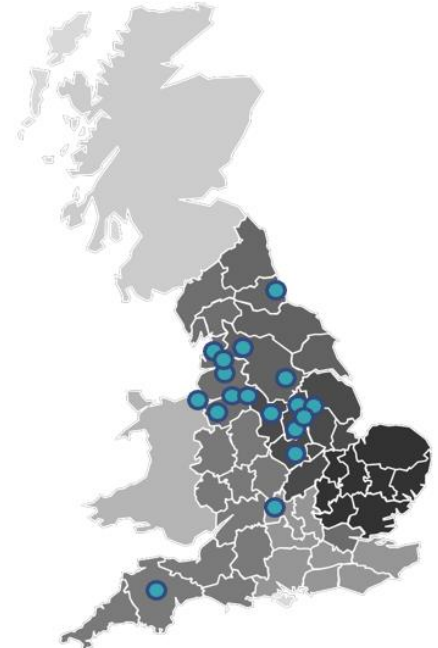
Initial portfolio

- ▶ c. £75.2m of existing assets
- ▶ Direct ownership of 100% of the underlying freehold / long leasehold
- ▶ Long-term FRI operating lease income backed by government supported counterparties
- ▶ Attractive long-term debt in place from a leading UK blue-chip life insurer
- ▶ Providing an unlevered internal rate of return (IRR) of c7.6% with a net initial yield (NIY) of 5.1% and WAULT of 21.9 years
- ▶ All investments generate fixed lease returns, plus inflation, without operating risk, with direct ownership of underlying property

What we buy

- ▶ Freehold / long leasehold housing
- ▶ Well-located in UK regional towns and cities with strong rent demand and long-term growth
- ▶ Good underlying quality and occupancy
- ▶ Long-term focused, creditworthy lease counterparties
- ▶ Fully repairing and insuring operating leases in place and income producing from day one
- ▶ Explicit contractual link to inflation, typically annual, upwards only
- ▶ Fully built or being built, no construction / development risk
- ▶ Forward commitment to purchase where an Agreement for Lease is in place

Geographic Spread



Initial portfolio	Combined	Specialist Social Housing	Affordable market rent
Number of units	551	113	438
Annual Rent	£4.0m	£2.3m	£1.7m
Valuations	c£75.2m	c£38.3m	c£36.9m
Weighted Net Initial Yield	c5.1%	c5.7%	c4.5%
WAULT	c21.9 years	c25.1 years	c17.6 years
Indexation	Mix	Fixed, CPI, Limited Price Inflation (LPI) or RPI annually, upward only	Market Rent Inflation (MRI) annually, upward only

Pipeline

Portfolio	Net Initial Rent	Index	Purchase price	Net Initial Yield
Combined	£14.5m	RPI / CPI / MRI	£265.6m	5.5%

£120.6m : Specialist Social Housing

£145m : Affordable Market Rent Housing

- ▶ c35% of £265.6m originated off-market with existing partners
- ▶ Expect to be fully invested by end 2018

Strictly private & confidential



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