



National Homelessness Property Fund

AGM

18th July 2017



Agenda



- 1) Introductions & Administrative Matters
 - Introductions & Disclosure of Conflicts
 - AGM Procedures & Rules

- 2) Review of NHPF Performance to Date
 - Investment Objective
 - Fund Structure
 - Current Investors
 - Performance to Date
 - Nominations Target
 - Portfolio Valuation

- 3) Outlook for NHPF
 - Social Impact
 - Related Future Initiatives

- 4) AOB

AGM Procedures & Rules

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Governing document: Limited Partnership Agreement (Schedule 2)

Attendees: The Partnership (ie Limited Partners and the General Partner)

Meetings: first AGM within 18 months, no more than 15 months between subsequent

Purpose: (i) provision of information only (not direction or advice); and (ii) voting on resolutions

Quorum: two Partners, present or by proxy, one of whom the General Partner

Chairman: General Partner representative, unless resolutions to be passed, in which case Limited Partner representative; minutes signed by Chairperson are record of decisions

Voting: by show of hands unless poll requested, each Partner voting its number of Capital Contributions

Passing of resolutions: Ordinary Resolution 50%, Special Resolution 75%

No resolutions are being put forward for approval at this meeting

Investment Objective

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Invest in Properties

Target fund size of £60m - £100m

Currently £32.5 million (first close Dec 15, second close Feb 2017)

Building a UK wide portfolio (excluding London)

Initial areas of Bristol, Oxford & Milton Keynes

Currently committed to 187 properties of an initial target of 195

Targeting IRR of 6%

2 elements to the total return over the 7 year fund

1. Cash yield of c 3% once fund is invested (over 2 years)
2. Share in capital appreciation at the end of the fund delivering total IRR of around 6%

Current net initial yield of 3.2% versus initial target of 3.6% for first three areas, and floor of 3.0% (except MK where floor lowered to 2.5% by special resolution)

Expanding into other areas which is expected to enhance net initial yield closer to fund target of 4%

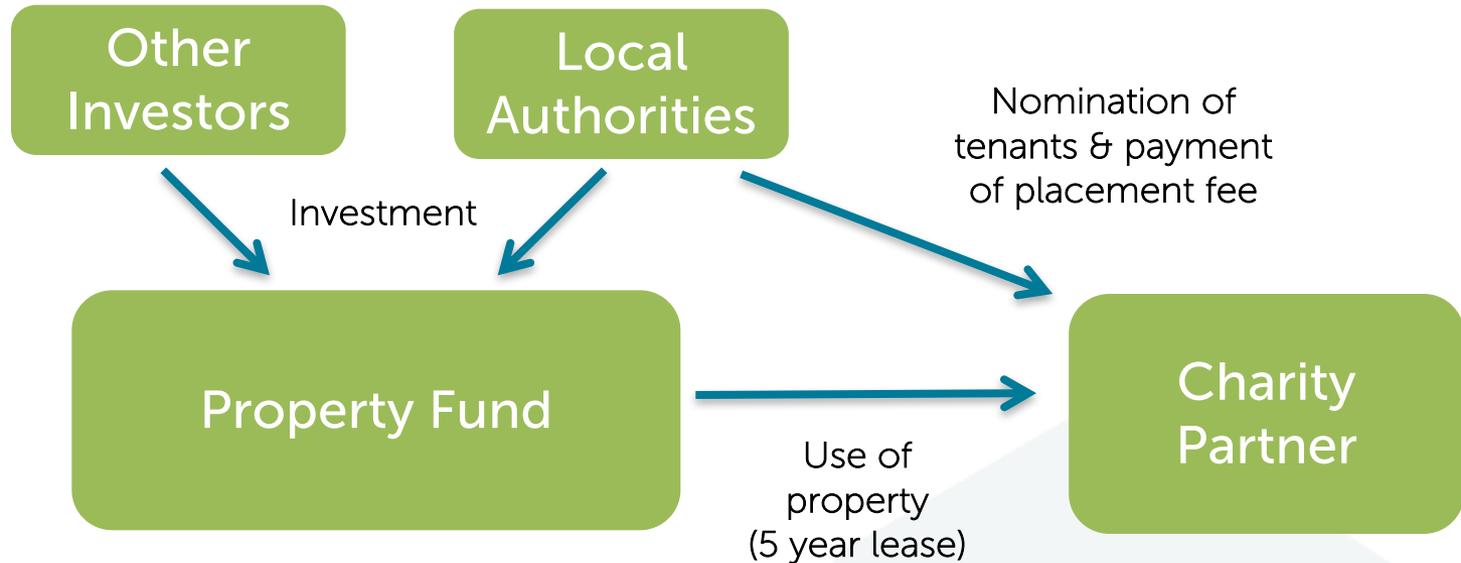
Impact

To break down barriers in access to Private Rented Sector for those on the journey out of homelessness

1. Improving housing opportunities
2. Progressing towards work
3. Improving resilience against homelessness

Fourth social impact report for RLPF (London) showing continued progress towards this goal. The first social impact report for NHPF will be available July/August 2017.

Fund Structure



- Predictable pipeline of suitable properties for the Charity Partner (St Mungo's in existing areas)
- Standard lease in place with Charity Partner taking on risk of bad debts / voids etc.
- Investors obtain a yield and capital appreciation on their investment
- Local Authorities who invest also gain rights to nominate tenants into the service
- Identical structure to successful award winning RLPF (London fund) which is now distributing profits

Current Investors



First Close (Dec 2015)



£5m



£5m



£5m



£15m

Second Close (Feb 2017)



£1m



£200k



£0.5m



£0.5m

Project Snowball LLP

£250k

High Net Worths

£125k

£30m

+

£2.5m

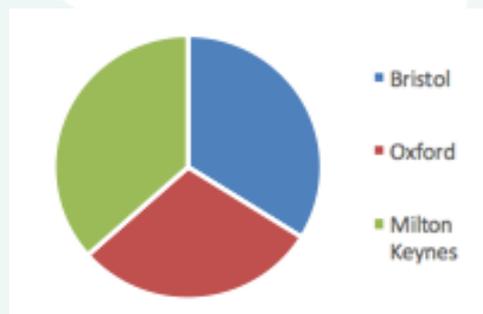
= £32.5m portfolio

Deployment Performance to Date resonance

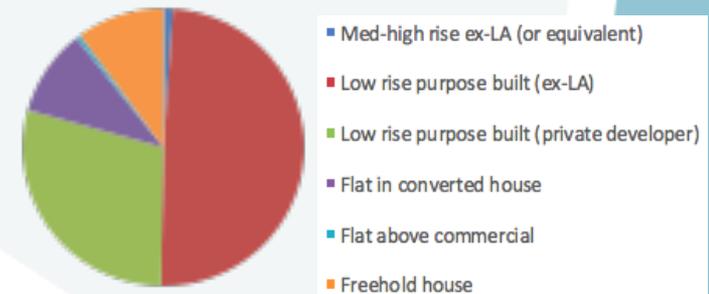


KPI	18 months trading (Dec 2015 - June 2017)
Total number of properties approved by the Investment Committee (IC)	296 (109 units lost before or after instructing solicitors - 37% attrition rate in line with expectations. Main reasons: Before instruction - being outbid; During conveyancing - vendor withdrawal)
Total fund committed	£33.4m (103% of current fund size) Calculated over-commitment of funds to allow for anticipated attrition rate
Number of properties	187 (143 acquired / 44 conveyancing)
Nominations to Local Authorities (LA's)	133 (versus target of 143)

Committed Acquisitions £



Current Property Type (all areas)



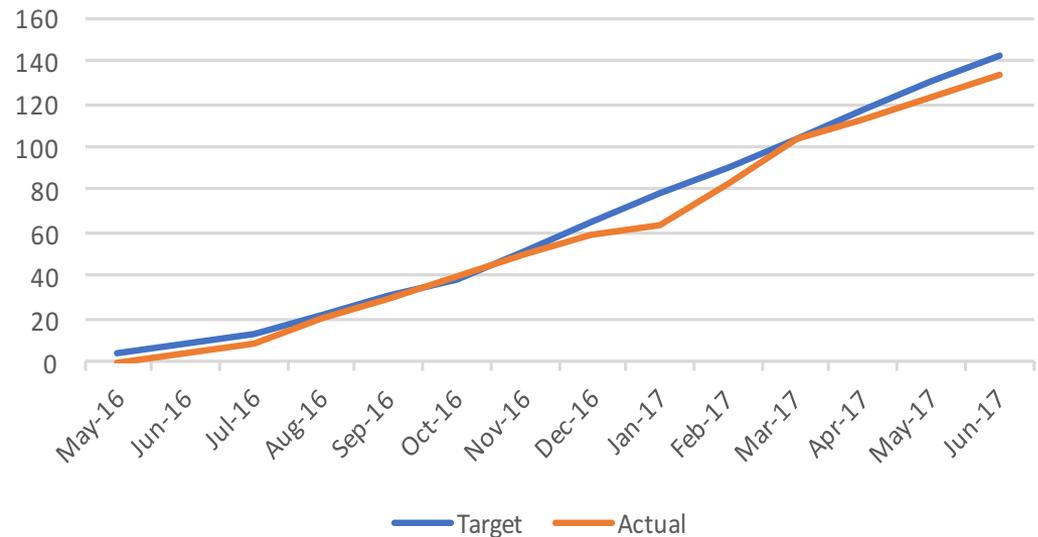
Refurbishment Data	
No. final refurb invoices	130
Total cost	£2,465,899
% of Fund spent on refurbishment	9.9%
Average refurb cost	£18,968

Nominations Target



- Nominations Agreement between St Mungo's and each Local Authority
- Target to deliver 195 properties (Bristol 75 / Oxford 50 / MK 70)
- 18 month period from May 2016 to October 2017
- Slightly behind in all areas in first 3 months (May to July 2016) due to conveyancing process (now rectified). A slight dip across the Christmas period due to contractor and solicitor availability.
- Currently at 133 nominations versus target 143.
- Currently on track to deliver 93% of nominations to LAs prior to raising further investment (Bristol 71/ Oxford 46/ MK 65)

Local Authority Nominations

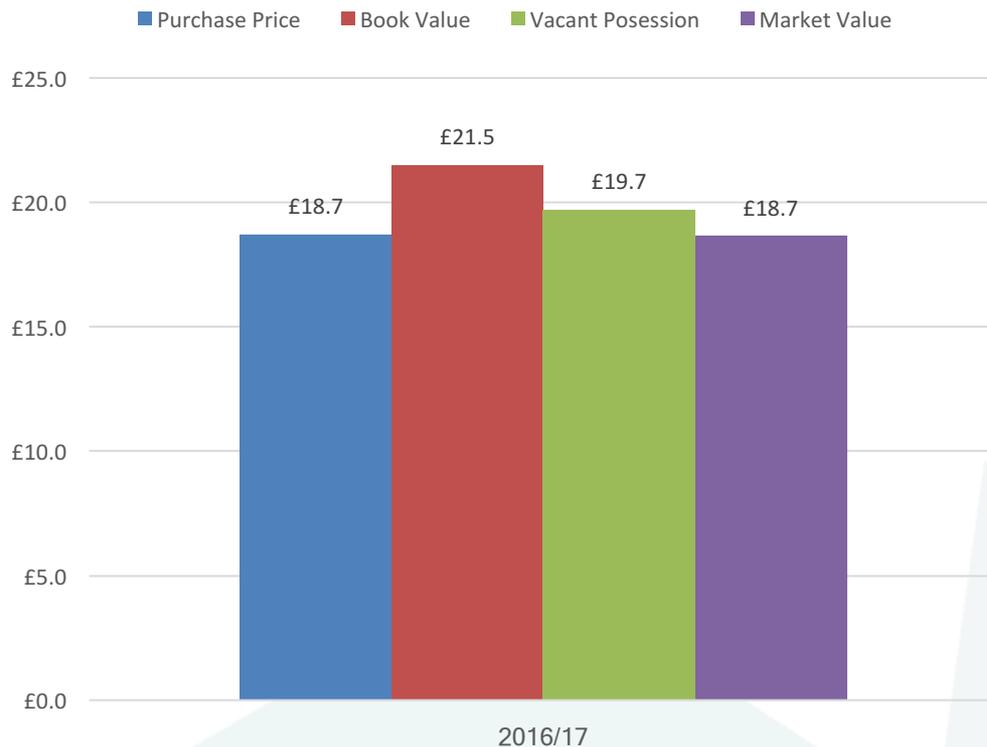


* Current data as of 22 June 2017

Annual Fund Valuation



NHPF Valuation 2016/17



- JLL continue to provide the annual Fund valuation
- Given scale and maturity of the Fund, valuation methodology has moved to a more industry standard “Market Value” approach taking into account leases in place at the valuation date. This represents a 4.4% discount to the equivalent “Vacant Possession” valuation at the same date
- Vacant possession values are £1m higher than purchase price or 5.1%. With market value equating to purchase price after taking into account the discount outlined above
- Refurbishment costs are £1.95m or 9% book value with transaction costs representing £850k or 4%

Social Impact

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What we measure ?

1. Improving housing opportunities
2. Progressing towards work
3. Improving resilience against homelessness



When do we report on this ?

- Annual report
- First report for NHPF due July/August 2017 which will cover the financial year 2016/17
- RLPF1 published the third social impact report last summer, and fourth due July/August 2017

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Social Impact Report
First Year (2016/17)



Scaling up solutions to homelessness
through social impact investment



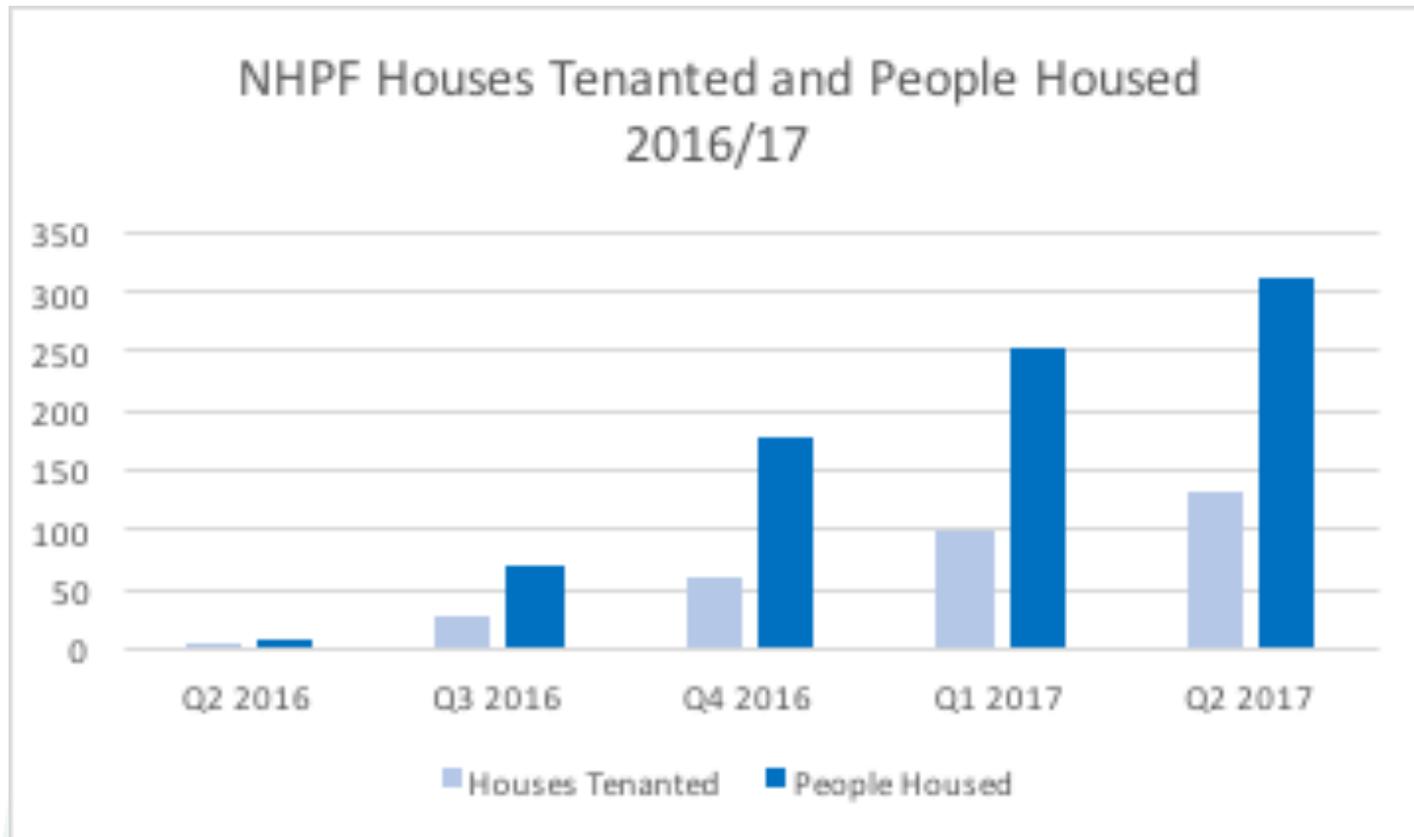
Social Impact



Tenants housed

Up until the end of the financial year 2017, the NHPF has provided housing for 102 households, of whom two have since moved on. Of the remaining hundred, forty-six are in Bristol, twenty-four in Milton Keynes and thirty in Oxford.

To date (end of June 2017), this number has increased to 133 houses and 313 tenants.

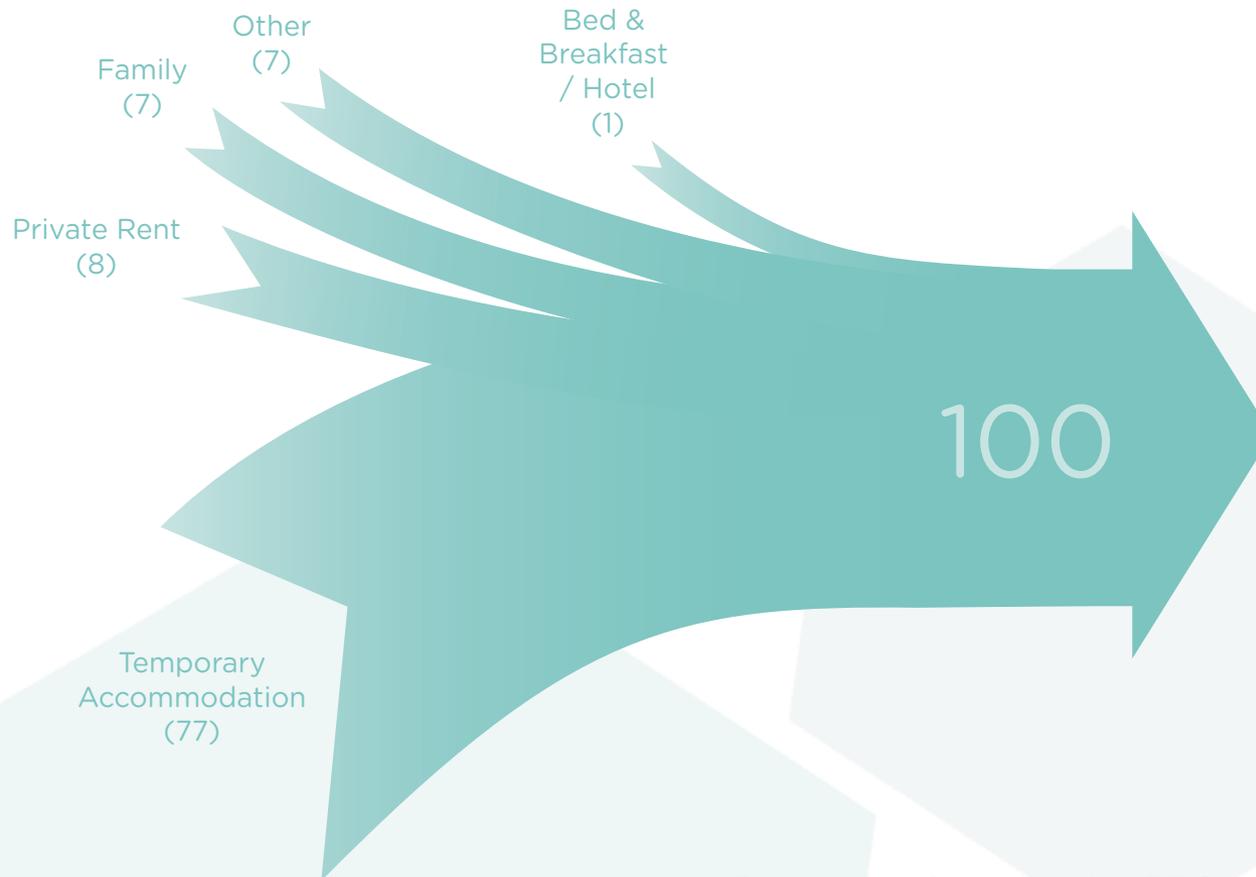


Social Impact



Routes to NHPF properties

77% of tenants were previously in temporary accommodation. This figure is lower in Oxford (63%), compared to 83% in the other two areas.



Data taken from first NHPF Social Impact Report

Key Achievements



- 1) Offering stable and suitable accommodation to one hundred households, most of whom are single mothers with young children moving from unsuitable conditions, typically in temporary accommodation
- 2) Helping the new tenants to settle in well and sustain their tenancies. 100% of tenants have either continued to stay in the property or moved on positively in the first year of the Fund
- 3) Intensive support given to tenants to help them settle in, with 1700 actions recorded on tenant monitoring systems by the Real Lettings team last year.

Challenges



- 1) Around a quarter of tenants report being in rent arrears, rising to 47% in Milton Keynes. Approximately half of these are minor arrears. Arrears are due to a range of factors including tenants in work not making personal payments, rent arrears from previous accommodation and delays in Universal Credit or housing benefit. Real Lettings staff work closely with tenants regarding their arrears and new administrative processes are now being implemented.
- 2) Single parents face additional challenges to employment due to their caring responsibilities, the costs of childcare and, in some cases, the availability of help from family and friends, particularly if they have moved some distance to a new home. Support needs to take account of these challenges, including what type of assistance and encouragement is likely to be appropriate when.
- 3) Some tenants have problems with neighbours, especially when they live in close proximity in a block. Around 11% of tenants surveyed said they had issues with neighbours and the same number have had neighbour complaints, with most of these in the last six months. These could be teething troubles that will settle down. These problems should be monitored; if the trend continues it would be concerning.

Portfolio Management



- Income LHA freeze looks set to continue until 2018-9. This should not effect projected returns as 0% annual increase was in the financial model.
- Costs will rise in line with acquisitions but remain competitive. For example, service charge average is £560 against UK average of £1,863 for older stock.

Fire Risk

- Following the tragic events at Grenfell Tower, Resonance and St. Mungo's are reviewing all fire risk assessments for NHPF properties and where necessary have further tightened the process for ensuring these are up to date.
- Internally, all units are refurbished to a high health and safety standard with; CO2 detectors are fitted, 30 minute fire doors, electric hobs rather than gas, no bedrooms leading off from kitchens, gas and electricity certificates and regular checks.

Other Initiatives

- Opportunities are being sought to purchase freeholds for improved block management to reduce costs and open up further income generation opportunities.
- Warwick Estates, a nationwide property management company have been instructed to improve management of buildings where maintenance is the responsibility of the lessees rather than the landlord through a service charge.

Related Future Initiatives



1) NATIONAL HOMELESSNESS PROPERTY FUND (NHPF): launched Dec 2015

- LP focusing on replicating the RLPF model in major areas of need outside London (initially Bristol, Oxford, Milton Keynes)
- First two closes now nearly fully deployed and looking to extend investment period and do third close after summer to expand to new areas

2) REAL LETTINGS PROPERTY FUND 2 (RLPF2): launched January 2017

- LP launched with £45m from 3 Local Authorities with target of £100m
- Looking to do second close in September

3) FOLLOW ON VEHICLE: 2018

- A larger property vehicle (eg REIT/PAIF)
- Open to institutional (& potentially retail) investors, covering both London and non London areas
- Perpetual fund with no time limit on investments

AOB



Appendix

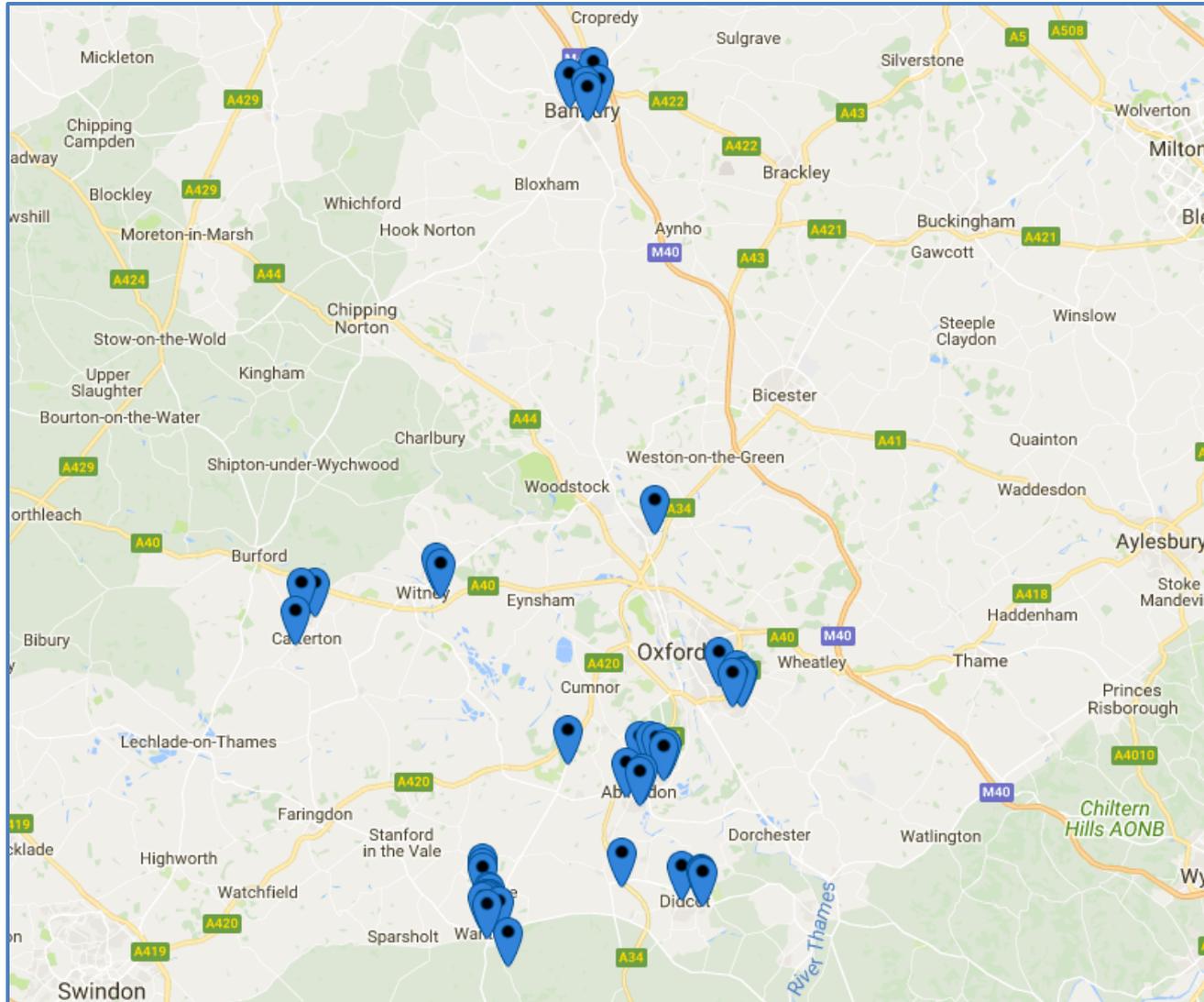
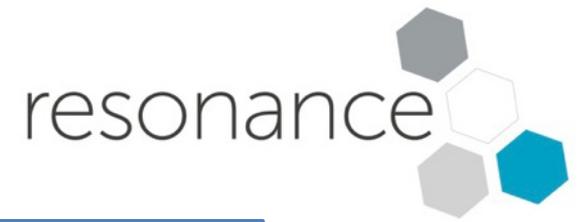


Breakdown by Area



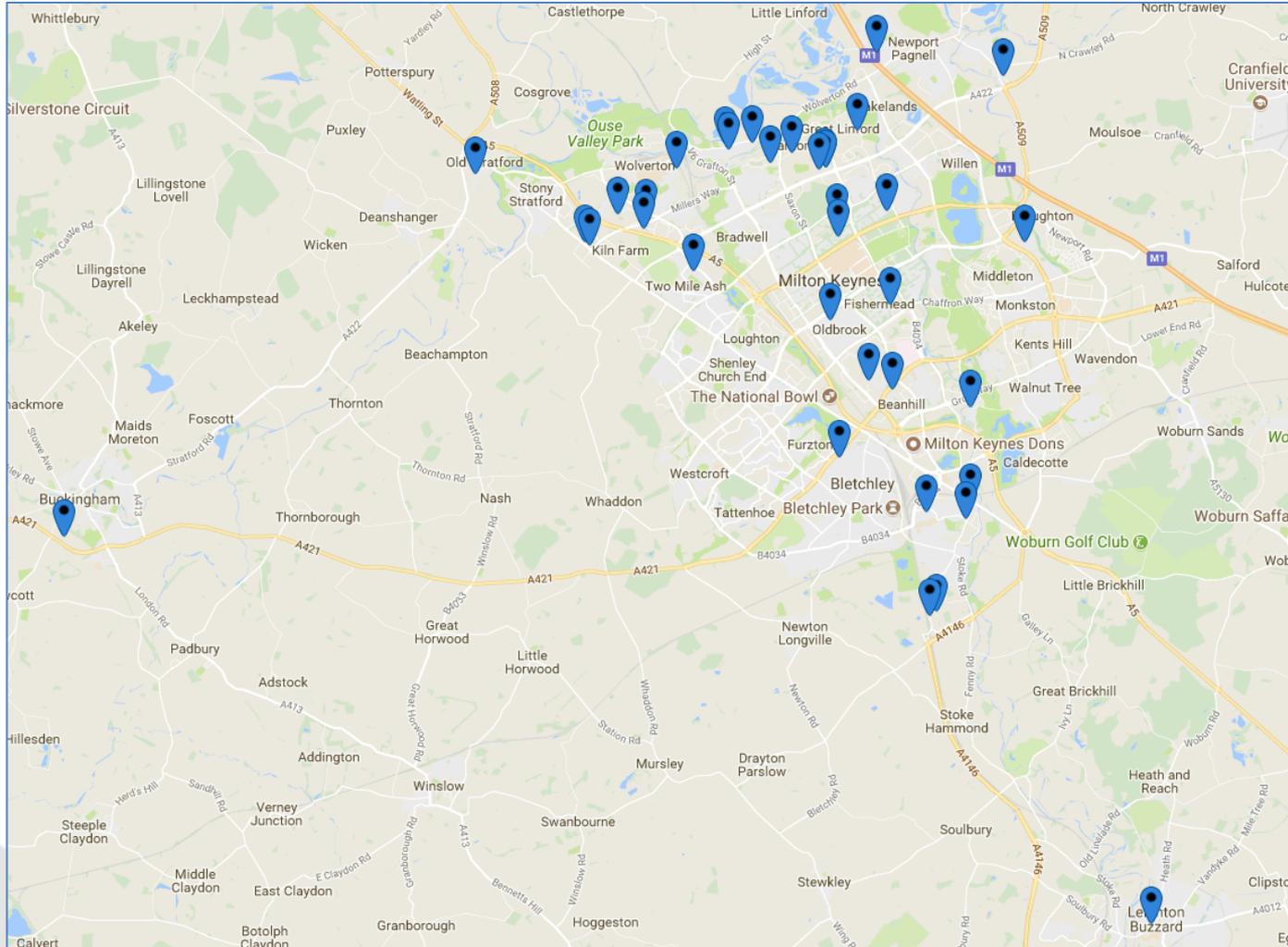
	22-Jun-17	22-Jun-17	22-Jun-17	22-Jun-17
	BRISTOL	OXFORD	MILTON KEYNES	TOTAL FUND
Deployment / returns				
Allocation (£m)	£10,800,000	£10,200,000	£11,500,000	£32,500,000
Committed (£m)	£11,004,841	£11,048,650	£10,593,517	£32,647,008
Committed (%)	102%	108%	92%	100%
Projected NIY	3.3%	3.2%	3.0%	3.2%
Properties				
Conveyancing	7	13	21	41
Refurbishment	5	2	3	10
Handed over	61	36	36	133
Total Properties	73	51	60	184

Map of Properties - Oxford



Map of Properties – Milton Keynes

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Example Properties



2 bedroom flat in Stony Stratford,
Milton Keynes



2 bedroom flat in Wantage,
Oxford



2 bedroom flat in Warmley,
Bristol



2 bedroom flat in Neath Hill, Milton
Keynes



1 bedroom flat in Wantage,
Oxford



2 bedroom flat in
Bishopsworth, Bristol

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**Resonance is committed to supporting the development of a
robust and accessible social investment capital market**

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