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Triple Point Social Housing REIT Plc Impact Report 2023

March 2024



This report was commissioned by Triple Point Social Housing REIT plc (“SOHO”). The report has been prepared by The Good Economy Partnership Limited (“The Good Economy” and “TGE”), a leading, independent advisory firm with expertise in impact measurement and management.

The findings and opinions conveyed, via this report, are based on information obtained from interviews and portfolio data from SOHO. The information reviewed should not be considered as exhaustive and has been accepted in good faith as providing true and representative data pertaining to the schemes. Therefore, The Good Economy cannot and does not guarantee the authenticity or reliability of the third-party information it has relied upon. The Good Economy reserves the right to alter the conclusions and recommendations presented in this report in light of further information that may become available.

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EXECUTIVE SUMMARY

Triple Point Social Housing REIT Plc (SOHO or the Fund) was launched in 2017 by Triple Point Investment Management LLP. SOHO's mandate is to invest in social housing in the UK, with a focus on specialised supported housing (SSH), a form of housing provision which enables individuals with varying care and support needs to live independently within their communities. The Fund aims to increase the provision of high-quality SSH, deliver positive outcomes for residents and provide stable, long-term returns to shareholders.

This is SOHO'S seventh Impact Report. It has been produced by The Good Economy (TGE), an independent impact advisory firm specialising in impact measurement and management.

The report provides an independent assessment of SOHO's impact performance. It covers the period from January to December 2023. As of 31 December 2023, SOHO had invested £595 million in acquiring 493 properties, providing homes for up to 3,417 people.

Impact Assessment

TGE assesses SOHO's impact performance according to its stated impact objectives (the areas over which it has direct influence) and the real-world outcomes to which it aims to contribute (which are contingent on many factors).

IMPACT OBJECTIVES

-  **Social Need**
 - SOHO's operational occupancy rate has continued to increase steadily across the portfolio.
 - The Fund's properties are helping to meet an important social need, providing housing for individuals requiring a high level of support.
 - 47% of SOHO's residents require more than 50 hours of care per week.¹
-  **Fund Sustainable Developments**
 - 71% of SOHO's homes have an EPC rating of C or higher.
 - Four properties underwent retrofit works in 2023 as part of the pilot phase of a retrofit programme, which aims to bring all properties up to a minimum EPC grade C.
 - 91% of respondents to a resident survey indicated that they were satisfied with the quality of their home.



Increase Supply

- SOHO's portfolio is currently comprised of 493 properties, with the potential to provide a home for 3,417 people.
- This represents a decrease in overall capacity over the last 12 months – during this period, four properties were sold, and no new acquisitions were made.



Quality Services and Partnerships

- Currently, 10 of SOHO's 18 partner RPs (managing 79% of homes) have been declared non-compliant with the Regulator of Social Housing's (RSH) Governance and Viability Standards owing to its concerns with the lease-based model.
- However, SOHO has undertaken well-defined steps to actively address the RSH's concerns. Foremost amongst these is a new lease clause designed by SOHO which aims to rebalance risk between SOHO and its partner housing providers, and generally facilitate its RPs to respond to the RSH's observations about the sector. The clause has been signed on all of the Fund's leases with Inclusion, its biggest tenant, and SOHO is close to implementing the clause on its leases with several other housing provider partners.

OUTCOMES



Improve Wellbeing

- A survey conducted with a sample of 117 residents (approximately 3% of the portfolio) revealed broadly positive feedback across a range of aspects relating to resident wellbeing. This included 63% of respondents experiencing improvements in their confidence, and 59% reporting an improvement in the quality of their support network.



Value for Money

- A value for money calculation revealed that SOHO's portfolio delivered £116.8m in Total Social Value in the year to December 2023. This includes £17.5m of Social Impact and £99.8m of Fiscal Savings. Overall, we estimate that these figures represent a Social Return on Investment (SROI) ratio of £3.08. This means that, for every £1 invested, SOHO's portfolio generates £3.08 in social value per year over the duration of the investment.



STRENGTHS

- **New lease clause** – During 2023, SOHO finalised a new lease clause to redress the balance of risk-sharing with partner housing providers. This clause has now been signed on all the Fund's leases with its largest tenant, Inclusion Housing, and conversations are ongoing with several other partner housing providers. This represents significant progress in SOHO's efforts to address the RSH's concerns with the lease-based model.
- **Occupancy** – Operational occupancy rates have continued to increase steadily across the portfolio every period since we started receiving data. This suggests strong and increasing demand for the Fund's homes.
- **Retrofit progress** – SOHO has continued to move ahead with the pilot stage of a retrofit programme to upgrade the energy efficiency of its older stock. We have heard very positive feedback in terms of the Fund's approach so far, with a partner housing provider describing SOHO as "sector leading" in this area. We note that these learnings and this approach will now need to be rolled out on a larger scale across the portfolio to meet Fund's target of achieving 100% of properties rated EPC C or higher.

POTENTIAL WEAKNESSES AND MITIGATING ACTIONS

- **Addressing RSH concerns** – The RSH continues to highlight concerns with the level of risk faced by housing providers in the SSH sector operating a lease-based model. Currently, 79% of SOHO's homes are managed by organisations that have been declared non-compliant with the RSH's Governance and Viability Standards. In addition, two of SOHO's partners were issued with Enforcement Notices during 2023 as a result of serious concerns over their governance and viability. We note the new lease clause as a positive step in addressing RSH concerns, and the progress that has been made at the two providers in strengthening boards and management. However, the Fund must continue to monitor these situations and respond accordingly to prevent disruption to residents.
- **Compliance data** – SOHO's compliance data for December 2023 shows that two providers have not provided complete compliance information. We understand that SOHO are following up with these providers to obtain full information. Full compliance data is necessary to avoid the risk that the Fund's housing providers are failing to carry out the property management requirements under the terms of the full repairing and insuring (FRI) lease.
- **Reduction in size of portfolio** – This year, the Fund made no new acquisitions and sold four properties. This has led to a year-on-year reduction in the overall capacity of the Fund's portfolio. We understand that this was an isolated case and that a responsible exit was undertaken in this instance, with no disruption experienced by residents as a result of the sale. However, we note that the strategy of the Fund continues to be to supply new housing to tackle a sector-wide under supply. Therefore, if such a trend continues, this would limit the Fund's contribution to increasing the supply of SSH to deliver on its strategy.

1. Based on resident info collected by partner housing providers, covering 55% of portfolio.

IMPACT REPORT – HEADLINE RESULTS

AS OF 31 DECEMBER 2023



£595 MILLION INVESTED

IN 493 PROPERTIES



PROVIDING HOMES FOR UP TO 3,417 PEOPLE²



HOMES ARE MANAGED BY 27 HOUSING PROVIDERS



RESIDENTS SUPPORTED BY 115 CARE PROVIDERS



47% OF RESIDENTS RECEIVE MORE THAN 50 HOURS OF CARE PER WEEK



FOR EVERY £1 INVESTED, SOHO GENERATES £3.08 IN SOCIAL VALUE PER YEAR OVER THE DURATION OF THE INVESTMENT³

TRIPLE POINT SOCIAL HOUSING REIT PLC

PROPERTIES ARE LOCATED ACROSS 153 LOCAL AUTHORITIES



75% OF HOMES ARE LOCATED IN THE 40% MOST DEPRIVED LOCAL AUTHORITIES

9% OF HOMES FORWARD-FUNDED BY SOHO



71% OF HOMES HAVE EPC RATINGS OF A-C



61% OF HOMES ARE NEW TO SSH SECTOR AT THE POINT OF ACQUISITION



63% OF RESIDENTS REPORTED AN IMPROVEMENT IN THEIR LEVEL OF CONFIDENCE SINCE MOVING INTO THEIR CURRENT HOME*

91% OF RESIDENTS REPORTED FEELING SATISFIED WITH THE QUALITY OF THEIR HOME*



2. SOHO's portfolio consists mostly of supported housing (with a small portion of residential care/children's services). Supported housing properties provide a home for multiple people (usually c.5-20 depending on size and type of property) who either have their own self-contained apartment or a room within a shared house. Therefore, when this report describes 'number of homes' or 'potential to house number of people', this refers to the number of units across the Fund's properties at full occupancy.

3. We are 90% confident that the SROI ratio is between £2.54 and £3.61 (based on the survey findings which underpin this calculation and, where relevant, the findings of previous survey samples).

*Based on a survey carried out with a sample of 117 residents between January and February 2024.

1 / INTRODUCTION

About Triple Point Social Housing REIT

Triple Point Social Housing REIT (SOHO or the Fund) is a Real Estate Investment Trust (REIT) established in 2017. The Fund focuses on specialised supported housing (SSH), a form of community housing provision in which homes are built or specially adapted for individuals requiring support in their daily lives.

SOHO has raised capital from investors through equity issuances on the public market and by structuring long-term, fixed-rate debt facilities. This capital has been strategically deployed to acquire SSH properties across the UK. The Fund then leases these properties to housing providers (typically Registered Providers) to manage on long-term lease agreements. This model is designed to unlock capital constraints to enable the delivery of much-needed SSH.

SOHO is managed by Triple Point Investment Management LLP, an FCA-regulated investment manager overseeing assets of more than £3.5 billion. Positioned within Triple Point's Social Housing division, SOHO aligns with the broader investment strategies of Triple Point, a purpose led investment manager, which encompass Social Housing, Digital Infrastructure, Energy, Private Credit and Venture Capital.

SPECIALISED SUPPORTED HOUSING

SSH is housing designed or adapted for individuals with diverse care needs, spanning from learning and physical disabilities to mental health diagnoses. Properties are designed with modifications to facilitate independent living for residents and are generally located in community-based settings. Residents have their own personalised care packages, while usually having the security of 24-hour on-site support staff.

SSH has been recognised for the important role it plays in housing vulnerable individuals, and this is reflected in government policy. The Care Act 2014 and NHS England's Transforming Care Agenda seek to reduce dependence on institutional and residential services, encouraging a shift towards more community-based settings, such as SSH.⁴

The 2021 Adult Social Care White Paper also identifies the need for a range of new supported housing options. Projected demand for supported housing in England is estimated to increase by 125,000 by 2030.⁵

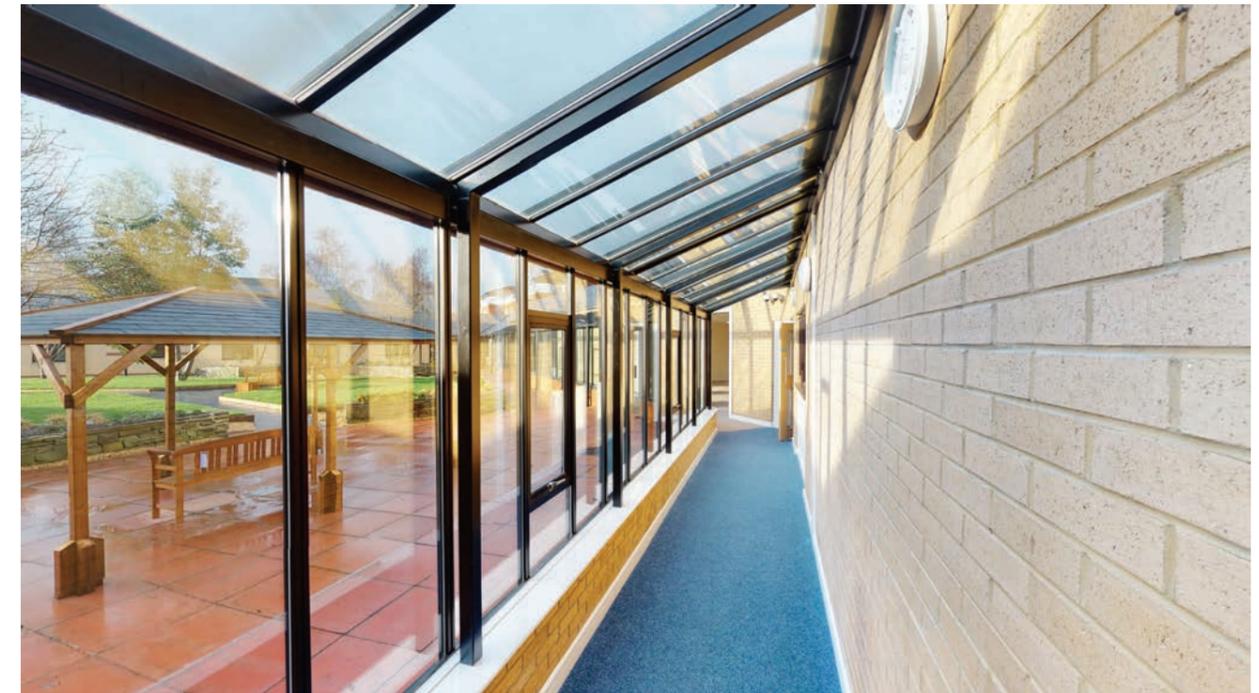
SUPPORTED HOUSING REGULATION

During 2023, two pieces of regulation were introduced which are relevant to the supported housing sector and therefore to SOHO. These are:

- **The Social Housing (Regulation) Act 2023** – a bill introduced in July 2023 to improve the standards, safety and operation of social housing.
- **The Supported Housing (Regulatory Oversight) Act 2023** – a bill introduced in August 2023 which plans to introduce new standards for supported exempt accommodation and make changes to how this type of accommodation is regulated.

Overall, both pieces of regulation aim to increase the overall quality of homes and services for residents and the level of regulatory oversight within the social and / or supported housing sector.

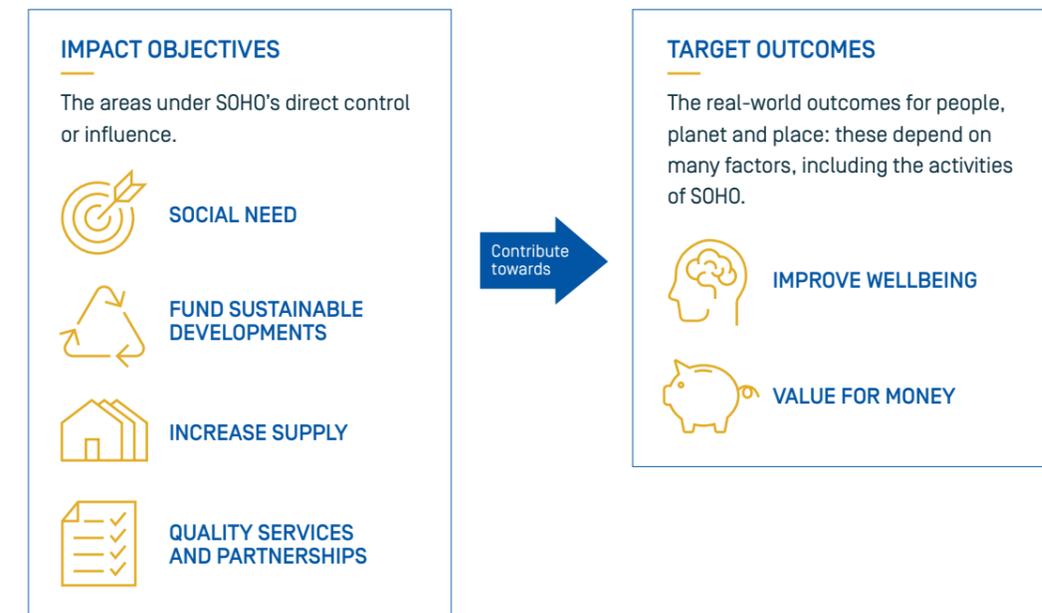
The Supported Housing Act allows the government to create new National Supported Housing Standards and introduce minimum standards and licensing regulations for supported accommodation. There is no set date for these standards to be introduced and it is not currently known what the standards will specify. TGE and SOHO will continue to monitor these standards and will respond appropriately once they are published.



Impact Measurement and Management Framework

SOHO's impact goal is to increase the provision of high-quality SSH that delivers positive outcomes for people with care and support needs.

Under this overall impact goal, SOHO has established the following set of impact objectives and target outcomes:



4. The Transforming Care and Commissioning Steering Group, 'Winterbourne View – Time for Change', 2014.

5. Department of Health and Social Care, 'People at the Heart of Care: Adult social care reform white paper', December 2021.

This Report

This is the seventh Impact Report produced for SOHO by The Good Economy (TGE), an independent impact advisory firm specialising in impact measurement and management. This report covers the twelve-month period from January to December 2023.

Since 2019, TGE has acted as the social impact advisor for SOHO. In this capacity, we developed an Impact Measurement and Management (IMM) framework to enable the Fund to measure, manage and report on the impact of its investments. On an ongoing basis, we produce bi-annual impact reports, evaluating SOHO's performance against its impact objectives and target outcomes.

SOHO is also continuing to report against the Equity Impact Project (EIP), a sector-wide collaboration project led by The Good Economy and Big Society Capital to develop a common approach to impact reporting for equity investors in the social and affordable housing sector.⁶ Ultimately, this collaborative project aims to drive greater comparability and benchmarking of investors' contribution to positive impact.

SOHO was involved throughout the consultation phase for the EIP and became one of the first investors to disclose according to the framework in its Half-Year Impact Report in September 2022. The Fund is once again disclosing against the EIP in this report (see Appendix 3).

METHODOLOGY

TGE's independent impact assessment is informed by a mix of quantitative and qualitative data. This includes:

- Portfolio data provided by SOHO
- Interviews with SOHO's partners (including housing providers and care providers)
- Interviews with Triple Point Investment Management staff
- Site visits to selected schemes
- A Resident Outcomes Survey conducted with a representative sample of residents.

See Appendix 1 for a full breakdown and description of the data sources used to inform the impact assessment contained in this report.

Overall, we take a stakeholder-driven and outcomes-focused approach to assessing the impact of SOHO's investments. This incorporates a focus on residents' lives and aims to align with guidance outlined by the Impact Frontiers.



2 / IMPACT ASSESSMENT AND RESULTS

In the 12 months to December 2023, SOHO has made no new acquisitions and sold four properties. This brings the overall portfolio to 493 properties, comprised of 3,417 homes, a reduction in overall capacity of 1%.

In February 2023, SOHO publicly announced its plan to introduce a new risk-sharing clause into its existing leases. This clause has now been signed on all of SOHO's leases with its largest housing provider, Inclusion Housing, and discussions are ongoing with several other providers. The clause has been shared with all of SOHO's housing providers as well as wider stakeholders across the wider sector.

SOHO is also currently undertaking the pilot phase of a retrofit programme, which aims to bring all properties to a minimum EPC rating of C across the portfolio. As of December 2023, four properties had completed retrofit works as part of the pilot, with EPC ratings rising from E to B.



OVERALL IMPACT GOAL	PORTFOLIO SUMMARY	DEC 2022	DEC 2023	% CHANGE
Increasing the provision of high-quality supported housing that delivers positive outcomes for people with care and support needs	Value of capital deployed	£602 million	£595 million	-1%
	Number of properties	497	493	-1%
	Number of homes	3,456	3,417	-1% ⁸
	Number of local authorities in which properties are located	153	153	0%
	Number of housing providers	27	27	0%
	Number of care providers ⁹	122	115	N/A

6. In July 2021 The Good Economy and Big Society Capital, on behalf of the Equity Impact Project, published two reports explaining the project's purpose and framework. Both reports are viewable via: <https://thegoodconomy.co.uk/collaborations/the-equity-impact-project>.

7. Note this includes one property, consisting of 10 units, where the lease has been surrendered. An alternative lessee is currently being sought for this property.
 8. The year-on-year decrease in number of units is the result of a sale of a portfolio of four properties.
 9. The number of care providers SOHO works with appears to have decreased by 5% since December 2022. This is partially the result of SOHO consolidating the number of care providers, as some of the organisations operate under different names but are in fact the same care provider or are part of the same group.



Key Performance Indicators (KPIs) and Targets

IMPACT OBJECTIVE / OUTCOME AREA	IMPACT TARGETS	DEC 2022 RESULTS	DEC 2023 RESULTS	2022-23 % CHANGE	TARGET MET?
PERFORMANCE AGAINST IMPACT OBJECTIVES					
SOCIAL NEED 	70% of homes in 40% most deprived local authorities	75%	75%	0%	✓
FUND SUSTAINABLE DEVELOPMENTS 	95% of homes are SSH	96%	96%	0%	✓
	80% of homes have an EPC rating of C or higher	71%	71%	0%	SOHO has implemented minimum criteria for new acquisitions, ensuring that it does not invest in homes rated below an EPC C. Additionally, the Fund has successfully begun the pilot phase of its retrofit programme, aimed at enhancing the energy efficiency of its existing housing stock by 2030. The properties retrofitted thus far have seen improvements to EPC B's
INCREASE SUPPLY 	25% of homes are new-build ¹⁰	30%	30%	0%	✓
	50% of homes are new SSH at the point of acquisition	62%	61%	-1%	✓
QUALITY SERVICES AND PARTNERSHIPS 	90% of stated Care Quality Commission (CQC) ratings of partner care providers are 'Good' or 'Outstanding'	85%	84%	-1%	SOHO's performance is below its target here, but marginally above the average for England as a whole (83%). Where care providers receive sub-standard ratings, we have heard from SOHO that it engages with those organisations to understand the action plan that is being undertaken to improve the rating
CONTRIBUTION TO OUTCOMES					
IMPROVE WELLBEING 	SOHO's contribution to wellbeing outcomes is assessed through a Resident Outcomes Survey. For this report, we carried out a survey with a sample of 117 residents from Jan to Feb 2024. The results showed generally positive feedback, though there was a smaller proportion of respondents reporting improvements compared to the previous sample.				No target ¹¹
VALUE FOR MONEY 	£2.50 created in social value for every £1 invested by SOHO over the duration of the investment	£3.30	£3.08	- ¹²	✓

10. A new-build property was constructed or fully renovated as SSH in the last 10 years at the point of acquisition.

11. SOHO has not set a target for a wellbeing metric due to its subjective nature. However, SOHO aims to collect feedback on wellbeing through an annual Resident Outcomes Survey as well as regular site visits to selected properties.

12. Assessment of year-on-year change not deemed appropriate as value for money figures are calculated based on relatively small samples which may not be representative of changes/improvements across the wider portfolio during that period.

IMPACT OBJECTIVE – Social Need

IMPACT OBJECTIVE	IMPACT METRICS	DEC 2022	DEC 2023	% CHANGE
SOCIAL NEED 	Number of homes	3,456	3,417	-1%
	Percentage of homes in the 40% most deprived local authorities (based on the IMD)	75%	75%	0%
	Residents' breakdown of weekly care hours*			
	0 – 19 hours	29%	23%	N/A
	20 – 49 hours	22%	30%	N/A
	50 – 99 hours	21%	18%	N/A
100+ hours	28%	29%	N/A	

*Figures based on resident info collected by partner housing providers. In Dec 2022, the sample covered 50% of portfolio and Dec 2023 covered 55% of portfolio. Percentage change year-on-year not calculated due to difference in the samples on which this information is based.

SOHO's portfolio addresses the crucial demand for specialised community-based housing and care for individuals with identified needs. To be eligible for investment, schemes must receive confirmation of support from local authority commissioners as part of the Fund's due diligence process.

The properties cater to diverse support needs, including learning disabilities, mental health diagnoses and physical disabilities. Nearly half of the Fund's residents receive more than 50 hours of care per week (see 'Resident Demographics' for more information).

As of December 2023, SOHO's portfolio had the capacity to provide homes for 3,417 people. This is a significant number of homes which shows that the Fund is playing an important role in providing appropriate housing for people living with support needs.

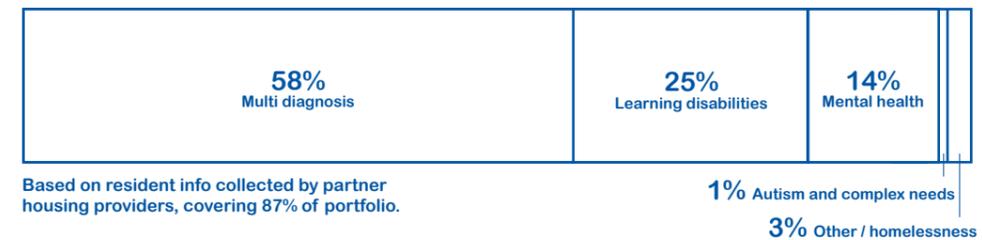
Over the last 12 months, we have seen operational occupancy rates increase steadily across the portfolio. This continues the trend of SOHO's overall occupancy rate increasing every period since we started receiving data (in 2020). Excluding those properties undergoing works or ramp-up periods, most of the Fund's properties are at or close to full occupancy.

There is a small proportion of properties where occupancy rates are relatively low. This is to be expected within a large, diversified portfolio, particularly where many residents have complex needs. For this report, we engaged with SOHO on these under-occupied properties and asked the Fund to provide an explanation of the situation. Overall, we are confident that the Fund has good visibility over any issues and is being proactive in working with housing providers and care providers to resolve them. Examples of common reasons cited for lower than average levels of occupancy include:

- Works required prior to occupation
- Issues with staffing preventing referrals
- Change of care provider
- Compatibility issues with existing residents, particularly those with very complex needs (this is particularly an issue at smaller schemes).

RESIDENT DEMOGRAPHICS

CATEGORY OF CARE NEED



Based on resident info collected by partner housing providers, covering 87% of portfolio.

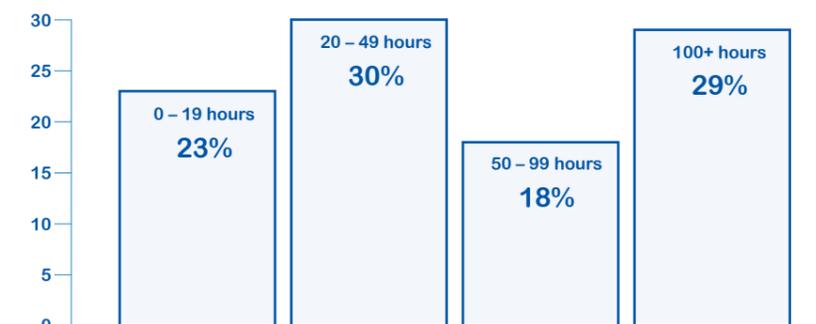


AGE BREAKDOWN



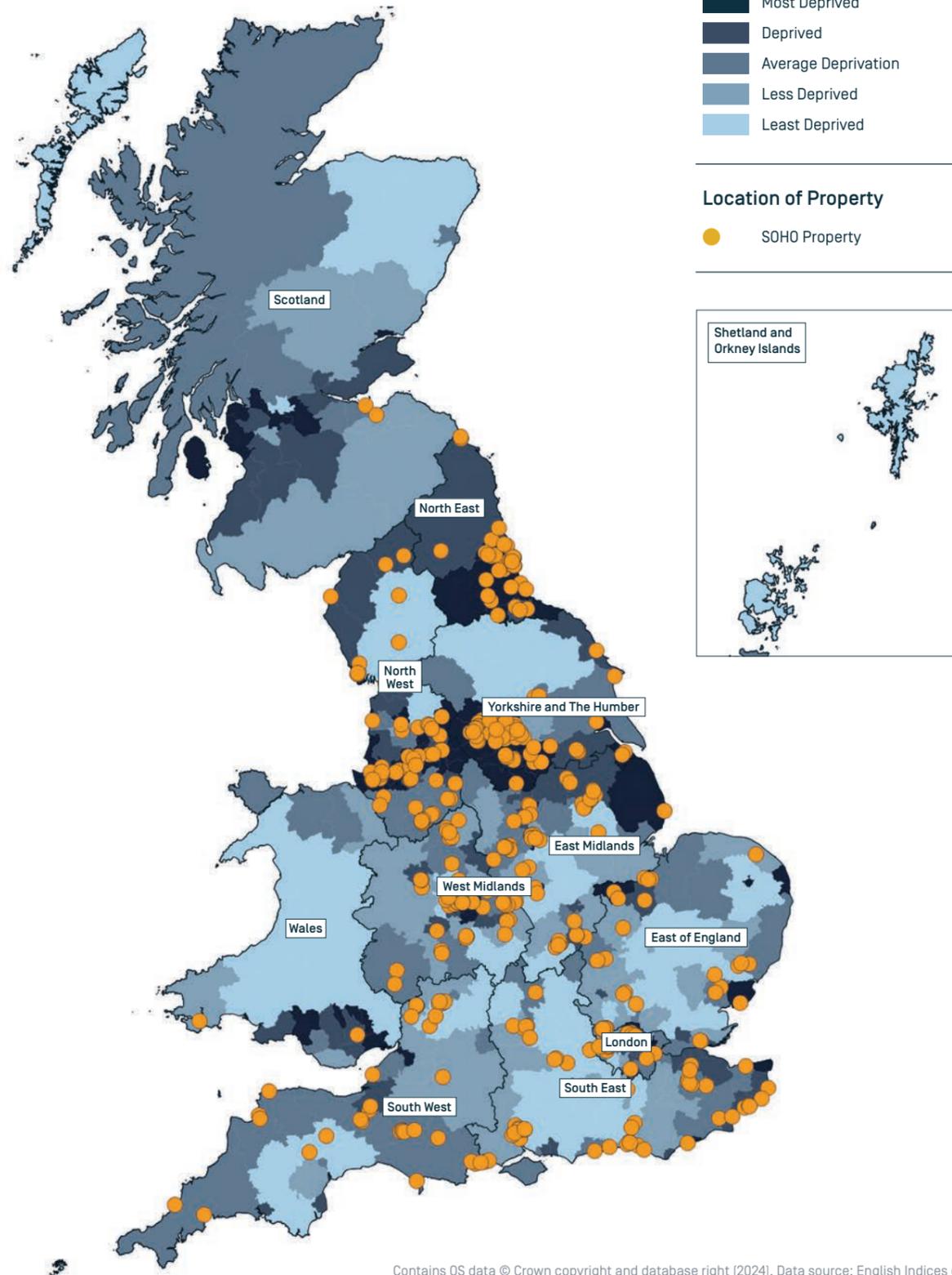
Based on resident info collected by partner housing providers, covering approximately 60% of portfolio.

WEEKLY CARE HOURS



Based on resident info collected by partner housing providers, covering 55% of portfolio.

The homes in SOHO's portfolio are located in 153 local authorities across the UK. 75% of the Fund's homes are in the 40% most deprived local authorities.

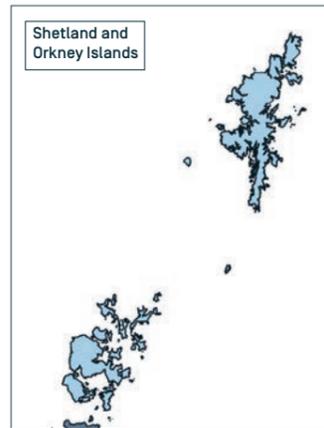


Index of Multiple Deprivation

- Most Deprived
- Deprived
- Average Deprivation
- Less Deprived
- Least Deprived

Location of Property

- SOHO Property



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IMPACT OBJECTIVE – Fund Sustainable Developments

IMPACT OBJECTIVE	IMPACT METRICS	DEC 2022	DEC 2023	% CHANGE	
FUND SUSTAINABLE DEVELOPMENTS 	Percentage of homes with EPC rating B+ ¹³	32%	31%	-1%	
	Percentage of homes with EPC rating C+	71%	71%	0%	
	Percentage of homes with EPC rating E+	99.8%	99.8%	0%	
	Number of EPCs improved in last 12 months	N/A	9	N/A	
	Percentage of residents satisfied with the quality of their home*	91%	91%	0%	
	Breakdown of total homes by housing type				
	Specialised supported housing	89%	88%	-1%	
Supported housing	7%	8%	+1%		
Registered care or Children's services	4%	4%	0%		

*Based on Resident Outcomes Surveys conducted for each year's Impact Report. For Dec 2022 this is based on a sample of 60 residents and for Dec 2023 this is based on a sample of 117 residents.

ENVIRONMENTAL SUSTAINABILITY

SOHO is aiming to improve the environmental performance of its portfolio and is incorporating environmental considerations into its investment strategy. As of December 2023, 31% of SOHO's units had an EPC rating B or higher, and 71% were rated C or higher.

Under the Fund's existing acquisition policy, renovated properties must attain a minimum EPC C rating, while newly constructed properties must achieve a rating of B or higher (or attain these grades through works at acquisition).

Introduced in 2020, this policy has led to evident enhancements in EPC grades, with the percentage of homes rated A to C increasing from 59% in March 2020 to 71% in December 2023. These homes align with the target outlined in the government's Clean Growth Strategy, aiming for all homes to reach at least an EPC grade C by 2035.¹⁴

SOHO continues to move ahead with its retrofit programme, which aims to improve the energy efficiency of all homes to a rating of at least EPC C by 2030. As of December 2023, SOHO had completed the retrofit of four properties to improve their EPC rating to either a B or C. The wider pilot phase is still ongoing, with 11 properties of different types involved in total. The pilot is expected to complete by the end of 2024. Its purpose is to provide learnings to inform the full roll out of a portfolio-wide retrofit programme, enabling the Fund to plan and cost the works, as well as incorporate learnings in terms of how to minimise disruption to residents.

We have heard that, throughout the pilot phase, SOHO has prioritised minimising disruption to residents. This has involved early communication with all stakeholders involved, including meetings with housing providers, care providers and contractors to gauge when best to schedule the retrofit works given the residents' schedules. For the works undertaken so far, SOHO stated that feedback from residents, staff and families has predominantly been very positive. This was reinforced by a conversation with a partner housing provider who described SOHO's approach to retrofit as "sector leading" in terms of both the Fund's communication and its consideration of each individual property's required works.

13. This metric is new and has been included this year because EPC B+ is what has been defined as sustainable under the EU's Sustainable Finance Disclosure Regulation (SFDR). The metric was not reported in the last report, however, previous year's results have been included in this report for comparability.
 14. HM Government, Clean Growth Strategy, October 2017.



QUALITY OF HOMES

Based on a survey of SOHO residents, 91% reported that they were satisfied with the quality of their home.

This is in line with the results of the last survey, when 91% of respondents also reported feeling satisfied with the quality of their home. It is also marginally above the national average across all housing, with 89% of adults saying that they were satisfied with the quality of their accommodation in 2021-22.¹⁵

SOHO has recently finalised its revised Employer Requirements for refurbished properties (excluding new builds). These requirements offer a comprehensive description of the Fund's building specifications, intended for use in initial discussions with developers. The goal is to enhance existing standards and ensure that homes are designed to promote residents' health and happiness and meet their specific needs. The updated Employer Requirements have been completed and distributed to developers to be used for future acquisitions.

SOHO has comprehensive processes in place for the ongoing monitoring of the properties, which have been adapted to the portfolio's maturity. For all properties, a site visit is conducted within the first 12 months of acquisition, the subsequent 12 months of the defects period, and then again in the fifth year. Following this, inspections focus on strategic objectives like low occupancy or health and safety issues. Notably, property inspections now include data collection on ESG requirements, providing the Fund with greater oversight for potential property enhancements, such as the installation of electric vehicle charging points and creation of more green space.

In addition to property inspection, the Fund collects quarterly operational surveys and biannual compliance surveys from its partner housing providers to ensure the Fund is capturing sufficient data on its properties as part of its ongoing monitoring processes – see 'Quality Services and Partnerships' on page 21 for more information on the Fund's compliance results as of December 2023.

¹⁵ Office for National Statistics, English housing survey data on attitudes and satisfaction, July 2023.

Waiting on case study sign-off from United Response

CASE STUDY: BEACH ROAD

Support Provider
United Response

Local Authority
Arun District Council

Housing Provider
Falcon Housing Association CIC

Number of Residents
6

Location: Littlehampton



SCHEME OVERVIEW

Beach Road is a supported housing scheme in Littlehampton which enables adults with learning disabilities, autism and mental health needs to live independently in the community.

The property is managed by Falcon Housing Association, who manage the repairs, maintenance, and upkeep of the property. Support services are provided to residents by United Response.

The property provides a home for six individuals, in a shared accommodation set-up. This means that each resident has their own bedroom, with shared communal facilities including lounge, kitchen and bathrooms. The bedrooms themselves are large and spacious and one bedroom had slight adaptations requested by the resident before moving in (to remove a fireplace).

The residents like having their own space, whilst having support available on site 24/7. Most of the residents can be relatively independent and can go out into the community by themselves. This is aided by the fact that the property is well-located, walking distance from the beach and town centre, including shops, transport links, GP surgery and a day centre. The property contains minimal adaptations, appearing as a normal residential property on a residential street, suitable for the residents needs as described by the care provider.

The scheme opened in 2019. Previously, United Response had another property located nearby, however it was older, required more maintenance and was less suitable to the needs of the residents. Therefore, United Response took the opportunity to move to Beach Road. This meant that most of the current residents of Beach Road moved together from their previous property.

At the time of our visit, we heard that the scheme had very low turnover rate – with all but one resident having lived there since they moved in in 2019. The site also had consistently high occupancy levels. United Response stated that this was due to

the high level of demand for supported housing options from local commissioners.

RETROFIT PROGRAMME

In 2023, Beach Road was the subject of retrofit works to enhance its energy efficiency. These works were carried out as part of the pilot stage of SOHO's retrofit program. As an older property, Beach Road originally had an EPC rating of D.

To improve its energy performance, the property underwent relatively substantial works. This involved replacing the roof alongside installing solar panels as well as improving insulation, improving air flow, and draft proofing.

During our visit, we heard that the retrofit works did not cause any significant disturbances to the residents. There was a good level of communication between parties, including SOHO, Falcon and the contractors, regarding the works that would be taking place. We heard that the contractors were accommodating to the needs of residents – this included ensuring appropriate start times and, where possible, minimising their presence in the property through the use of an outdoor cabin.

For the resident in the top floor flat (where the roof was being replaced), the situation was managed through temporarily moving her to another supported housing property in the local area while the works were undertaken. This other scheme was also with United Response as the care provider, and the resident had friends living there, so she informed us that she was happy with this solution.

Overall, as a result of the works, the property's EPC rating has improved from a D to a B. We heard that the house is now a more comfortable temperature, particularly the top floor bedroom which was consistently either too hot or too cold. It is currently too early to comment on the impact of the works in terms of household bills, but it is wholly expected that there will be a significant reduction over time.

IMPACT OBJECTIVE – Increase Supply

IMPACT OBJECTIVE	IMPACT METRICS	DEC 2022	DEC 2023	% CHANGE
INCREASE SUPPLY 	Number of properties	497	493	-1%
	Number of homes	3,456	3,417	-1%
	Percentage of homes defined as 'new' to SSH	62%	61%	-1%
	Percentage of homes forward-funded by SOHO	9%	9%	0%
	Breakdown of homes by Condition of Stock			
	Adapted	61%	61%	0%
	New-built	30%	30%	0%
Purpose-built	9%	9%	0%	

SOHO's portfolio has reduced in size over the last 12 months. During that period, the Fund sold four properties and acquired no properties. This brings the total portfolio size to 493 properties and 3,417 homes, representing an annual decrease of 1% in terms of overall capacity.

In the last 12-months, SOHO has sold four properties and surrendered the lease on one property.

SALE OF PROPERTIES

Four properties were sold by the Fund in September 2023 for an aggregate value of around £7.5 million. The properties sold, consisting of 38 homes, were located across four local authorities, and contained a range of property types, lessees and care providers. They were sold to a private UK real estate investment firm with existing knowledge and understanding of the SSH sector. SOHO has allocated £2.8 million to a new forward funding project in Chorley and continues to be engaged with shareholders around the best use of it's remaining unrestricted cash.¹⁶

We heard from the SOHO team that all four properties were operational and tenanted at the time of the sale. The Fund

informed us that its priority was to proceed with the sale in a manner which ensured the continuous provision of services at the property. At these four properties, there was no change in care provider or housing provider, meaning the residents experienced no disruptions as a result of the sale. We are of the opinion that the sale of these assets is evidence of SOHO conducting responsible exits.¹⁷

SURRENDERING OF ONE LEASE

During 2023, the lease at one of SOHO's properties was surrendered leaving a vacant 10 unit property. The lessee had not been able to engage constructively with the relevant Local Authority and agreed an exit payment in order to surrender the lease. SOHO are in the process of agreeing terms with a new Registered Provider and expect the property to become fully operational.

Despite the Fund making no contribution to increasing supply in the last 12 months, SOHO remains a leading investor in the sector and is one of the UK's largest SSH landlords. Since inception in 2017, the Fund has invested over £595 million acquiring a portfolio which has the capacity to provide a home for up to 3,417 individuals.

SOHO invests in a considerable number of homes that are defined as 'new' to the social housing sector at the point of acquisition. Across the portfolio, 61% of homes are defined as 'new', demonstrating the additionality which SOHO brings to the sector. Within this subset, SOHO has also forward-funded 9% of the homes within its portfolio.

16. RNS, Sale of four properties, Triple Point Social Housing REIT plc, 01 September 2023.

17. Operating Principles of Responsible Exit, Principle 7: conduct exits considering the effect of sustained impact.

IMPACT OBJECTIVE – Quality Services and Partnerships

IMPACT OBJECTIVE	IMPACT METRICS	DEC 2022	DEC 2023	% CHANGE
QUALITY SERVICES AND PARTNERSHIPS 	Number of partner housing providers	27	27	0%
	Of which are Registered Providers (RPs), regulated by the RSH	18	18	0%
	Of which are care providers or housing managers, not regulated by the RSH	9	9	0%
	Number of partner housing providers declared non-compliant with the RSH's governance and viability standards	10	10	0%
	Number of partner care providers	122	115	N/A
	CQC ratings of partner care providers who have been inspected*			
	Outstanding	3%	4%	+1%
	Good	82%	80%	-2%
	Requires Improvement	14%	15%	+1%
	Inadequate	1%	1%	0%

*Breakdown of providers with individual and multiple CQC ratings.



HOUSING PROVIDERS PARTNER SELECTION AND MONITORING

In our role as social impact advisor, we provided input into SOHO's due diligence process, including its assessment and selection of housing provider partners. We have seen evidence that the process involves a high-level organisational review of management and governance, as well as regulatory compliance and risk. In addition, the Fund reviews any prospective partner's track record in terms of service delivery and its operational capabilities.

In terms of ongoing monitoring, SOHO receives quarterly financial and operational information from partner housing providers and receives compliance information every six months.¹⁸ As at the latest survey, for the period ending December 2023, submission for 7% of the portfolio contained incomplete information in at least one or more mandatory area of which one housing provider has not yet returned compliance results, and one is currently undergoing a full in-depth review of their compliance documents and processes in conjunction with SOHO. We understand that SOHO is following up with the two providers that have not provided full compliance information. In any areas of non-compliance, SOHO undertakes follow-ups and responses are tracked. Where outstanding information is required to confirm compliance, this tends to be a result of timing of instruction, waiting on certification, and contractor issues.

SOHO is several steps removed from the experiences of the residents living in its homes. As such, the Fund must partner with housing and care providers that deliver high-quality services to ensure its properties positively impact the lives of residents.

18. SOHO receives management information from most lessees and operational information from all lessees.

REGULATION

SOHO currently has leases with 27 partner housing providers. This number has remained consistent year-on-year.¹⁹

Of the Fund's 27 partner housing providers, 18 are RPs regulated by the RSH. These organisations manage 94% of the Fund's properties. The remaining nine partners, managing 6% of the Fund's properties, are not RPs and so are not overseen by the RSH.²⁰

Of SOHO's 18 RP partners, 10 have been deemed non-compliant with the RSH's Governance and Viability Standards. These non-compliant gradings generally stem from the RSH's negative view of the long-lease model, which was first raised in 2019²¹ and was reaffirmed in the RSH's 2023 Sector Risk Profile.²²

Nearly five years has now passed since the RSH first raised these concerns with long-term lease-based arrangements in the SSH sector. In that time, SOHO has taken several well-defined steps with a view to improving the long-term sustainability of the model.

In 2022, SOHO's shareholders approved an update to the Fund's investment policy to allow for flexible leases that would enable it to enter new lease structures.

The approved changes were:

- The removal of minimum lease term restrictions
- Enabling the Fund to selectively take on more risk in asset lifecycle maintenance
- Allowing more flexibility in how rent increases change over time, to reflect either inflation or central Housing Benefit policy.

Looking forward, SOHO is aiming to use the increased flexibility afforded by the investment policy update to sign leases with new housing provider partners, including larger, more established organisations. Conversations are currently ongoing with several prospective partners.

Following the approval of these changes to the Fund's investment policy, during 2023

SOHO undertook a process to introduce a new lease clause into its existing leases. The clause aims to rebalance risk, subject to a materiality threshold, and to respond to the RSH's concerns.

During the process of developing the clause, SOHO engaged with and sought input from key stakeholders from across the sector, including the RSH as well as housing providers and lenders.

The clause has now been signed on all of SOHO's leases with its largest housing provider, Inclusion Housing (excluding two properties in Scotland). We spoke to Inclusion during 2023 and they were positive about the clause, remarking that it tackles most of the RSH's concerns, and should provide assurance to other stakeholders that landlords and lessees are aligned to a common goal, with a formal structure in place to mitigate potential issues. Inclusion expects to see similar clauses implemented by other landlords operating in the sector as they seek to formally demonstrate the mechanisms that are in place to ensure the long-term sustainability of their lease arrangements.

By September 2023, all of SOHO's RP partners had received the clause, with an explanation of its expected implementation. As of December 2023, SOHO was close to finalising the addition of the new clause within its leases with several other housing provider partners.

We spoke to one of those providers for this report and heard very positive feedback. We heard that the clause represents a positive step in addressing the risk-sharing imbalance between superior landlords and housing providers. SOHO was also described as "way ahead" of other landlords in this area in driving the sector in a positive direction.

A summary of the lease clause has also been shared more widely with other relevant stakeholders in the sector, with a view towards motivating others to undertake similar steps to safeguard the sustainability of their models.



AUCKLAND HOME SOLUTIONS AND MY SPACE HOUSING SOLUTIONS

During 2023, two of SOHO's partner housing providers – Auckland Home Solutions and My Space Housing Solutions – were issued with Enforcement Notices by the RSH. Together, they manage 14% of the Fund's homes.

For both providers, the Enforcement Notices were issued on the grounds that the organisations had failed to meet the requirements of the Government and Viability Standard and the Rent Standard, and that their affairs had been mismanaged. For My Space specifically, the notice was also issued as the RSH deemed that the interests of its residents require protection.

Clearly, there is a risk that, if either of these providers were to fail, residents may experience service disruption. However, SOHO has provided assurance that, if necessary, it would be willing to actively manage this risk through transferring leases to another provider. In both cases, SOHO has seen positive change, with new management teams and operational improvements and is continuing to work on optimising the performance of its properties leased to both providers.

Overall, SOHO is confident that both organisations are moving in a positive direction, with significant operational improvements having appointed new board members and/or new members of the senior management team (including the CEO position).

RENT ARREARS

During 2023, two of SOHO's partner housing providers recorded material rent arrears. This relates to Parasol Homes and My Space Housing Solutions.

As of December 2023, 90.2% of rent due was collected during the period.

For Parasol Homes, a creditor agreement is now in place in respect of future rent payments to 1 July 2024 whilst SOHO finalises a longer-term agreement that should see rent paid to SOHO by Parasol increase over time. During the latter part of 2023, Parasol has strengthened its management team and consistently met the terms of the creditor agreement. SOHO has also identified, and agreed terms with, an alternative Registered Provider who SOHO would look to transfer all Parasol leased properties to in the event that an equitable long-term agreement is not reached. Any transfer of properties would be undertaken with the interests of the residents at the forefront of the transfer process.

For My Space Housing Solutions, a creditor agreement is in the process of being negotiated in respect of future rental payments (it will also address arrears). My Space has put in place a new management team who are already delivering operational and governance improvements.

CARE PROVIDERS

A total of 115 care providers are responsible for delivering support services to residents living in SOHO's properties. Among these providers, 84% of known CQC ratings are 'Good' or 'Outstanding'.

This is marginally above average for England as a whole – in 2023, 83% of domiciliary care agencies were rated 'Good' or 'Outstanding'.²³ It does represent a slight decrease for SOHO from 85% as of December 2022. It is important to highlight that care providers within SSH do not receive ratings at the individual property level; instead, they are rated on a local or regional basis. As a result, the breakdown of CQC ratings reflects the overall performance of all schemes operated by a care provider, rather than just those owned by SOHO.

19. SOHO has signed a lease with one new partner this year. This came about following the surrendering of a lease, though the previous lessee is no longer a partner and so the overall number has remained consistent.

20. These remaining organisations include care providers (regulated by CQC), children's services (regulated by Ofsted) and Community Interest Groups or charities (regulated by CIC Regulator or the Charities Commission).

21 RSH, *Lease-based providers of specialized supported housing, April 2019*.

22. RSH, *Sector Risk profile 2023, November 2023*.

23. CQC, *The state of health care and adult social care in England 2022/23*.

3 / CONTRIBUTION TO OUTCOMES

This section assesses the change in outcomes experienced by SOHO’s key stakeholders – the residents living in its homes as well as central government and local authorities.

These outcomes are influenced by many factors, including those which are beyond SOHO’s control. Therefore, the Fund’s activities only contribute in part. Nonetheless, it is important to assess outcomes since they provide insight into the ultimate real-world impact that SOHO is contributing towards.

TGE and SOHO identified two main target outcomes for the Fund:

- Improve resident wellbeing
- Provide value for money.

The table below categorises these outcomes according to Impact Frontiers dimensions of impact. This is a standardised and widely recognised approach to impact measurement in which impact is categorised according to five core dimensions: What, Who, How Much, Contribution, and Risk.



IMP DIMENSION		OUTCOME 1: IMPROVE RESIDENT WELLBEING 	OUTCOME 2: PROVIDE VALUE FOR MONEY 
WHAT impact is SOHO having?		Change in residents’ physical and/or mental wellbeing	Value for money for public budgets through delivering cost-effective solution to housing individuals with care needs
WHO is experiencing the impact?		Residents with relatively high support needs	Local authorities / Central government
HOW MUCH impact is SOHO creating?	Scale	Large scale – 3,417 homes as of December 2023	Large scale – 3,417 homes as of December 2023
	Depth	Depends on degree of change in wellbeing	Depends on differential between cost of SOHO property and likely alternative setting
	Duration	Likely long-term – SSH generally intended to provide a long-term home for residents	Likely long term – average 20-year leases with SSH generally intended to provide long-term home for residents
What is SOHO’s CONTRIBUTION to what would likely happen anyway?		SSH is widely held to benefit residents with care needs. Therefore, resident wellbeing is likely better than what would have occurred without availability of SOHO property	SSH is generally held to offer a cost-effective housing solution compared to residential care and particularly inpatient facilities. Therefore, health and social care costs for public budgets is likely better than would have occurred without SOHO funding
What is the RISK of the impact not happening?		<p>Execution / stakeholder participation risks:</p> <ul style="list-style-type: none"> – Homes do not meet residents needs as effectively as hoped – Housing and/or care providers do not deliver sufficiently high quality services <p>Alignment risk:</p> <ul style="list-style-type: none"> – Long-term, inflation-linked leases may lead to housing providers struggling to provide a high level of service over the long term due to the relatively small margins generated on a per-home basis 	<p>Efficiency risk:</p> <ul style="list-style-type: none"> – Social care cost associated with SOHO homes turns out to be more expensive than alternative housing options

CLASSIFYING THE IMPACT OF SOHO’S INVESTMENTS

Impact Frontiers’ ABC approach provides a framework for investors to classify the impact of their assets in a consistent and transparent manner. Under the system, assets are classified into one of the following categories:

- Does Cause Harm
- May Cause Harm
- Act to Avoid Harm
- Benefit Stakeholders
- Contribute to Solutions.

We would assess SOHO’s activities as ‘Contributing to Solutions’. This classification is based on the Fund’s properties providing housing for a vulnerable population in need of support who may otherwise be underserved (i.e. lacking access to appropriate housing which meets their needs).

However, we recognise the risks associated with the Fund’s model which have been highlighted within this report. It is nearly five years since the RSH published an addendum outlining its concern with lease-based providers of SSH, and the RSH has continued to cite this as a concern in 2023. The RSH’s view has not fundamentally changed in that period. Currently, 79% of the Fund’s properties are managed by RPs that the RSH has declared non-compliant with the Governance and Viability Standard. There is a risk that these issues could impact an RP’s ability to effectively deliver services to residents, meaning there is a risk of causing harm to the Fund’s residents.

In addition, we note that two of the Fund’s partner housing providers are facing serious organisational issues. As of December 2023, two providers have been issued with Enforcement Notices by the RSH (an increase from one partner 12 months ago). Also, two providers are in and have remained in material rent arrears since December 2022.

SOHO is aware of these risks, and it has been a strategic objective of the Fund during 2023 to take meaningful steps to address the RSH’s concerns with the long-lease model.



As outlined on page 22, this has taken place primarily through an update to the Fund’s investment policy and the subsequent introduction of a new lease clause. The clause was developed with input from a range of key stakeholders, including the RSH. It aims to rebalance risk between SOHO and its partner housing providers, and generally to respond to the RSH’s concerns. The clause has been signed on all of the Fund’s leases with Inclusion, its biggest tenant forming 28.3% of rent roll. SOHO is also close to finalising the clause on its leases with several other housing provider partners.

We heard feedback from two of SOHO’s partner housing providers and generally heard that the clause is a positive step, that it tackles most of the RSH’s concerns and should provide assurance that there is a formal structure in place for lessors and lessees to mitigate potential risks. It should also be noted that SOHO shared the clause with stakeholders across the sector, in an effort to share best practice and provide a blueprint for others to implement steps to safeguard the sustainability of their models.

To retain its Impact Classification, SOHO needs to continue taking material steps to support its partners into a more sustainable status. We would expect to see the Fund addressing the RSH’s concerns, for example through signing the new lease clause with more partners across the portfolio. It is therefore a positive step that the clause has been signed with SOHO’s largest housing provider and discussions are ongoing with several others. We will continue to monitor RP and RSH sentiment towards the updated leases to understand the RSH’s view of these changes, and the extent to which they address its concerns with the balance of risk.

TARGET OUTCOME – Improve Wellbeing

TARGET OUTCOME	IMPACT METRICS	DEC 2023*
IMPROVE WELLBEING 	Percentage of residents satisfied with their level of physical health in their current home	87%
	Percentage of residents in contact with their family or friends at least two to three times per week	62%
	Percentage of residents satisfied that when they need help in their current home, there are people there to support	93%
	Percentage of residents satisfied with their level of confidence in their current home	91%
	Percentage of residents satisfied with their level of independence in their current home	90%
	Percentage of residents who identified an improvement in the following areas between their previous accommodation and their current SOHO-owned home	
	Physical health	50%
	Social connections	35%
	Support network	59%
	Confidence	63%
Independence	55%	

*Based on Resident Outcomes Surveys conducted with a sample of 117 residents between January and February 2024. Note a year-on-year comparisons is not provided due to the difference in samples on which each year's data is based.

A core element of SOHO's intended impact is to deliver positive wellbeing outcomes for the individuals living in its homes.

SURVEY SAMPLE

To assess SOHO's contribution to this outcome, we conduct an annual Resident Outcomes Survey. For this report, we conducted a survey between January and February 2024, collecting responses from 117 residents. This sample includes residents living in homes managed by eight housing providers, and with support services delivered by 11 care providers.

This year's sample represented approximately 3% of the portfolio. This is a small amount, however it was still almost double the size of the sample for last year's survey. Owing to the support needs of the residents, and the reliance on care providers to support with collecting survey data, it is extremely difficult to run surveys with a truly representative sample. Nonetheless, since we began working with SOHO in 2020, we have conducted four rounds of resident surveys. In that time, we have gathered feedback from 387 residents (representing approximately 11% of the total portfolio size as of December 2023).

METHODOLOGY

Within the survey, residents were asked to provide feedback on five key areas, relating to their physical and mental wellbeing:

- Physical health
- Social connections to others
- Support network
- Confidence
- Independence.

Questions are structured in a way to provide insight on the impact that a resident's home has had on these aspects of their wellbeing. This is achieved through asking residents how they feel in relation to each outcome in their current home versus how they had felt in their previous accommodation. This provides an indication as to the 'distance travelled' in relation to these outcomes since moving into their current home.

SURVEY RESULTS²⁴

This year's survey results show that residents have experienced mostly positive improvements across key wellbeing areas since moving into their SOHO-owned home.

The proportion of respondents reporting improvements has decreased year-on-year since the last survey, however overall satisfaction levels across the five key areas has remained high. Also, the results still show significantly low figures in those that report a negative change.

» **PHYSICAL HEALTH**

87% of respondents reported being satisfied with their level of physical health in their current home.

Between their previous accommodation and their current home:

- + 50% reported an improvement in their physical health
- + 46% reported no change
- + 3% reported a negative change.

What residents had to say:

» Since moving to this address, my confidence, health, and independence have grown. I am able to do more things for myself, have lost weight and am able to do activities I like to do.

» **INDEPENDENCE**

90% of respondents reported being satisfied with their level of independence in their current home.

Between their previous accommodation and their current home:

- + 55% reported an improvement in their level of independence
- + 44% reported no change
- + 1% reported a negative change.

What residents had to say:

» I am very happy to have moved a female unit I have gain some confidence and feel comfortable to be myself more too.

» **SOCIAL CONNECTIONS**

62% of respondents are in contact with their family and friends at least two to three times per week in their current home.

Between their previous accommodation and their current home:

- + 35% reported an improvement in their social connections
- + 50% reported no change
- + 15% reported a negative change.

What residents had to say:

» This is so much better for me living here. I have made friends; I can be more sociable and I feel a lot safer.

» **CONFIDENCE**

91% of respondents reported being satisfied with their level of confidence in their current home.

Between their previous accommodation and their current home:

- + 63% reported an improvement in their level of confidence
- + 36% reported no change
- + 1% reported a negative change.

What residents had to say:

» I like it here; I am able to do things I want to do and go out when I want to. I am able to now cook my own food and I like going shopping for figures and DVDs.

» **SUPPORT NETWORK**

93% of respondents reported being satisfied that when they need help in their current home, there are people there to provide support.

Between their previous accommodation and their current home:

- + 59% reported an improvement in their support network
- + 38% reported no change
- + 3% reported a negative change.

What residents had to say:

» I feel very supported and staff help me out when my anxiety gets too much for me and staff are always helpful to me and my mum when she visits me.

Areas for Improvement:

Within such a survey sample, it is highly likely that some residents will express dissatisfaction with certain aspects of their accommodation and/or care. There are a range of potential causes for this, some of which are within SOHO's influence and some of which the Fund would struggle to affect. See below a set of selected areas for improvement gathered through this year's survey. Where relevant, we understand that SOHO is following up with the relevant care providers and/or housing providers to understand the issue and to work towards a solution:

- » I need more support with my appointments, I do not really like going on my own.
- » I have been stressed about how the bathroom has been left and has taken a long time to fix.
- » The quality of my home is fine, but my wardrobes have been broken in recent building work. They were fine beforehand.

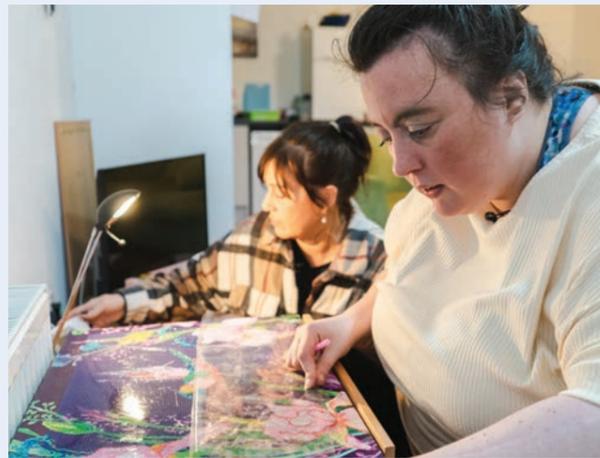
24. Where percentages do not equal 100%, this is due to rounding.

CASE STUDY: CREWE SUPPORTED LIVING

Support Provider Independent Support Limited (ISL)	Local Authority Cheshire East Council	Location: Crewe 
Housing Providers Blue Square Residential Sunnyvale Supported Accommodation	Number of Residents 22	

SCHEME OVERVIEW

Crewe Supported Living is split into two adjacent schemes of supported housing. The properties are used to provide specialist supported accommodation services that are intended to enable adults with mental health needs to live independently in the community. The properties are essentially identical schemes but are managed by two different Registered Providers – one property is managed by Blue Square Residential, while the other is managed by Sunnyvale Supported Accommodation. The role of the Registered Providers is to manage the repairs and maintenance, compliance, servicing and upkeep of the property, as well as providing housing-related support services to tenants to enable them to maintain their tenancy. For both properties, ISL is the commissioned support provider.



Both schemes are new-build developments, with one opening in 2020 and the other opening in 2021. The buildings were originally intended to be used as standard residential apartments, before ISL became involved and their use was converted to SSH. As part of the conversion, an assistive living technology infrastructure was installed which includes an integrated call system and access-controlled entry to support tenant safety and independence. The apartments themselves are all large and spacious and are neutrally decorated and furnished. Each tenant has their own self-contained apartment, including an open-plan kitchen and lounge, bathroom and bedroom with some flats containing an en-suite facilities.

Across the two schemes, there are 22 self-contained apartments. At the time of our visit, we heard that the scheme has had consistently high occupancy levels. ISL confirmed that there is a high level of underlying demand from commissioners – this is demonstrated in the demand that exists for the units that are currently vacant. For one of these homes, ISL stated that they had had three referrals from the local commissioner in the previous 24 hours.

TENANT OUTCOMES

The tenants at Crewe Supported Living have mental health needs, with some having additional including complex needs. Support requirements are based on the assessed care needs of each individual and range from accessing background support only up to a maximum of 24/7 one-to-one support. Some tenants accessing background support only are largely independent and are preparing to step down to living in the community with outreach support.

ISL informed us that many of the tenants at the service have come from living in hospital settings, with some having never lived in the community before. One tenant in particular had been living in hospital for 40 years prior to coming to the service. This included a five-year period when he was ready to leave, but could not do so as there was not a suitable supported living option in Crewe (which is where he wanted to live). When he arrived at the scheme, this individual received 30 hours of support per week. He is now looking to step down to his own home with outreach support in the near future.



TENANT STORIES

STEVE*

Steve has lived at Crewe Supported Living for two and a half years. Prior to moving in, he had been living in hospital for six months. Steve remarked that he loves his home, describing his flat as “massive” and that he feels very settled. He is able to be independent, going to town and to the shops on his own and he spends much of his time in the communal lounge. Steve described the staff as “brilliant” and stated that gets on well with everybody at the scheme.

” This home is so much better. Where I was before, I was much more isolated.

SUSIE*

Susie has only been at Crewe Supported Living for around a month, having moved in in December 2023. Previously, she had been living in another supported living scheme, but one that was only ever designed to be temporary. Previously, she has also spent time in hospital and in prison. Susie was extremely complimentary of the quality of support provided by staff, and, though she has only moved in recently, stated that she feels safe and settled and does not want to move on anytime soon.

” I love it here. I wouldn’t want to be anywhere else.

*Not their real names.

TARGET OUTCOME – Value for Money

TARGET OUTCOME	IMPACT METRICS	DEC 2023*
VALUE FOR MONEY 	Total Social Value	£116.8m
	Social Impact – the value of improved outcomes for residents	£17.5m
	Fiscal Savings – the savings generated for public budgets	£99.3m
	Social Return on Investment – the social value generated per year for every £1 invested by SOHO over the duration of the investment	£3.08

*Based on Resident Outcomes Surveys conducted with a sample of 117 residents between January and February 2024. Note a year-on-year comparisons is not provided due to the difference in samples on which each year's data is based.

On an annual basis, we carry out an assessment of the contribution of SOHO's portfolio to delivering value for money for public budgets.

This is grounded in the assumption that SSH can provide a cost-effective solution to housing individuals with complex support needs as compared to alternative forms of accommodation.²⁵ It is also based on the assumption that there is social value in relation to improved resident outcomes, which they may experience through living in high-quality SSH which meets their needs.

SOCIAL VALUE CALCULATION METHODOLOGY

The methodology used to calculate these figures has been developed by TGE in partnership with Simetrica-Jacobs, who are specialists in social value analysis and wellbeing research.

Simetrica-Jacobs derived the monetisation values using the Wellbeing Valuation methodology, as endorsed in HM Treasury Green Book and associated guidance. Wellbeing Valuation makes use of large existing datasets (in this case Understanding Society) to establish the impact of the outcomes of interest on an individual's wellbeing, as measured by their life satisfaction.

This is done using multivariate regression analysis including a range of control variables in line with Fujiwara and Campbell [2011].²⁶ Where the data allows, fixed effects regressions are used that exploit the panel structure of the dataset. These estimates are considered alongside existing research on the impact of money on wellbeing, drawing on Fujiwara [2013],²⁷ to derive an estimate of the value of the outcome.

The social value calculation is comprised of two elements:

- **Social Impact** – the value of improved personal outcomes for residents resulting from improved wellbeing, health, confidence and aspirations.
- **Fiscal Savings** – the savings generated for public budgets by residents moving into SOHO-owned homes from more costly alternative settings.

Both the Social Impact and Fiscal Savings component are based on the answers provided by residents through a Resident Outcomes Survey. This years' survey was completed with a sample of 117 residents.

- The **Social Impact** figure is calculated by using financial proxies to place a monetary value on the change in wellbeing outcomes reported by residents comparing their previous accommodation and their current SOHO-owned home.
- The **Fiscal Savings** figure is calculated by estimating the cost to public budgets of housing people in their current SOHO home and comparing this figure with the estimated cost of housing them in their previous accommodation.
- The Social Impact and Fiscal Savings figures produced are then extrapolated from the sample size to the total SOHO portfolio (occupied units). These figures are then added together to produce an estimate for the **Total Social Value** for the SOHO portfolio.

RESULTS (AS OF DECEMBER 2023)

The results reveal that the SOHO portfolio delivered **£116.8 million of Total Social Value** in the year to December 2023.

This is divided into:

- + £17.5 million of Social Impact
- + £99.3 million of Fiscal Savings

Overall, we estimate that this results in SOHO delivering a Social Return on Investment (SROI) ratio of £3.08. This means that, for every £1 invested by SOHO, the Fund will generate £3.08 in social value per year over the duration of the investment (based on the current portfolio occupancy levels).

With the results, we have also used confidence intervals to present alongside the estimates provided. This aims to account for the fact that the value for money calculations are based on survey samples which represent a small proportion of the overall portfolio. Based on the survey findings which underpin this calculation (and, where relevant, the findings of previous samples) we are 90% confident that the SROI ratio is between £2.54 and £3.61.

25. Mencap & Housing LIN. 'Funding supported housing for all: SSH for people with a learning disability', April 2018.
 26. Fujiwara, D., Campbell, R., 2011. Valuation Techniques for Social Cost-Benefit Analysis: Stated Preference, Revealed Preference and Subjective Well-Being Approaches. A Discussion of the Current Issues. HM Treasury, London, UK.
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4 / IMPACT RISK

Impact risk is the likelihood that impact will differ from expectations, and that the difference will be material for those being impacted.

On an annual basis, we analyse the potential impact risks relating to SOHO using the [IMP's impact risk assessment framework](#). Under this framework, the IMP identifies nine types of impact risk that enterprises and investors may face. We classify five categories of risk as potentially material to SOHO.

IMPACT RISK	LIKELIHOOD	SEVERITY	RISK DESCRIPTION	SOHO RISK MITIGATION STRATEGIES
Execution risk The probability that the activities are not delivered as planned and do not result in the desired outcomes	High	High	The RSH has continued to highlight concerns with the level of risk faced by some RPs engaging in long leases [see page 22 for further description]. These risks could impact an RP's ability to effectively deliver services to residents. For SOHO, there have been examples of these risks materialising in relation to some of its partners. Two providers have been issued with Enforcement Notices by the RSH, and two are in material rent arrears. In addition, two registered providers provided incomplete returns to SOHO's December 2023 compliance survey.	SOHO undertakes a thorough review of any new lessee during the due diligence process, including both management and operational capacity to manage the Fund's homes. On an ongoing basis, SOHO's asset management team has a defined property inspection schedule, and collects quarterly operational surveys and biannual compliance surveys from its partner housing providers. In any cases of non-compliance, SOHO engages with the provider to understand the situation, including what actions are underway to remedy the issue. For an overview of SOHO's mitigation strategies relating to its partners that have been issued with Enforcement Notices, and relating to those partners in rent arrears, see page 23.
Alignment risk The probability that impact is not locked into the model	Medium	High	The RSH has raised concerns around the risks associated with long lease terms in the SSH sector. This concern stems from the fact that Registered Providers are locked into fixed rental payments (often linked to inflation) under long-term leases and their ability to meet these rental payments can be negatively impacted by circumstances beyond their control such as inflation or changes in government policy.	As outlined on page 22, SOHO has taken well-defined steps to mitigate the identified risks to housing providers from signing up to long-term leases. Foremost among those steps is a new lease clause, which has been signed with SOHO's largest partner housing provider and is in discussions with several others to be included on all their leases with the Fund. We have heard positive feedback on the lease clause, that it addresses most of the RSH's concerns and has the potential to lead to similar changes to leases across the sector more widely.

IMPACT RISK	LIKELIHOOD	SEVERITY	RISK DESCRIPTION	SOHO RISK MITIGATION STRATEGIES
Stakeholder participation risk The probability that expectations and/or experiences of stakeholders are misunderstood or not taken into account	Medium	Medium	SOHO is several steps removed from the experiences of the residents living in its homes. However, SOHO is an impact investor, committed to delivering positive outcomes for its residents. Therefore, it is essential that the Fund has mechanisms in place to hear feedback from those residents.	SOHO gathers feedback from residents on a regular basis through working with TGE as its independent impact advisor. TGE conducts site visits to selected properties every six months, to hear from and gather detailed feedback from all relevant stakeholders, including residents and/or family members. In addition, TGE aims to conduct an Annual Resident Outcomes Survey with a sample of residents. To date, TGE has collected survey responses from 387 residents across four surveying cycles. SOHO also looks to gather feedback through regular engagement with housing providers, and also through property inspections carried out by its asset management team.
Efficiency risk The probability that the impact could have been achieved with fewer resources or at a lower cost	Medium	Medium	Rents in the SSH sector are exempt from usual Housing Benefit limitations in the social housing sector, due to the high support requirements of residents. Without adequate systems in place, there is a risk that this exempt rent status can be exploited, with inappropriately high rents charged. For SOHO, the Enforcement Notices issues to two of its partner housing providers (My Space and Auckland), found that the providers had been unable to provide assurance that some of its homes meet the relevant definitions of SSH which are required to qualify for exemption from the rent standard.	SOHO has appropriate processes in place to ensure rents are set at a sustainable level: <ul style="list-style-type: none"> – The Fund has developed a detailed database of SSH rents across the country, to assess appropriate levels in different geographies. – During due diligence, schemes must receive confirmation of commissioner support and approval from the Housing Benefit officer. Also, SOHO requires a detailed cost breakdown from developers. – The rent-setting process requires comparisons of the proposed rent level with LHA, local comparable housing (if available) and confirmation of the property's status as SSH. From January 2023, SOHO also took the voluntary decision to apply a temporary one-year rent cap of 7% to its leases. This aims to ensure consistency with wider social housing policy even though SSH is exempt and the Fund could have charged more under the terms of most of its leases. In relation to My Space and Auckland specifically, SOHO has undertaken enhanced monitoring and a review to ensure properties are classified appropriately as SSH and that the required levels of support are being provided to residents.
Drop-off risk The probability that positive impact does not endure and/or that negative impact is no longer mitigated	Low	Medium	During 2023, SOHO sold four properties, and the lease on one property was surrendered. In these situations, there is a risk of a negative impact on residents, if appropriate action is not undertaken to ensure a responsible exit and/or smooth transition to another provider.	The properties sold by SOHO were all operational and tenanted at the time of sale. Therefore, there was a need to ensure continuity and no adverse effects on residents as a result of the sale. As outlined on page 20, we are of the opinion that this was the case – the Fund conducted a responsible exit with continuous provision of services to residents. For the property where the lease was surrendered, this was vacant at the time and so there was no risk of negative impact to residents. SOHO also confirmed that there is a new lessee lined up ready to take on the property.

5 / CONCLUSIONS AND RECOMMENDATIONS



STRENGTHS

- **New lease clause** – During 2023, SOHO finalised a new lease clause to redress the balance of risk-sharing with partner housing providers. This clause has now been signed on all the Fund's leases with its largest tenant, Inclusion Housing, and conversations are ongoing with several other partner housing providers. This represents significant progress in SOHO's efforts to address the RSH's concerns with the lease-based model.
- **Occupancy** – Operational occupancy rates have continued to increase steadily across the portfolio every period since we started receiving data. This suggests strong and increasing demand for the Fund's homes.
- **Retrofit progress** – SOHO has continued to move ahead with the pilot stage of a retrofit programme to upgrade the energy efficiency of its older stock. We have heard very positive feedback in terms of the Fund's approach so far, with a partner housing provider describing SOHO as "sector leading" in this area. We note that these learnings and this approach will now need to be rolled out on a larger scale across the portfolio to meet Fund's target of achieving 100% of properties rated EPC C or higher.

POTENTIAL WEAKNESSES AND MITIGATING ACTIONS

- **Addressing RSH concerns** – The RSH continues to highlight concerns with the level of risk faced by housing providers in the SSH sector operating a lease-based model. Currently, 79% of SOHO's homes are managed by organisations that have been declared non-compliant with the RSH's Governance and Viability Standards. In addition, two of SOHO's partners were issued with Enforcement Notices during 2023 as a result of serious concerns over their governance and viability. We note the new lease clause as a positive step in addressing RSH concerns, and the progress that has been made at the two providers in strengthening boards and management. However, the Fund must continue to monitor these situations and respond accordingly to prevent disruption to residents.
- **Compliance data** – SOHO's compliance data for December 2023 shows that two providers have not provided complete compliance information. We understand that SOHO are following up with these providers to obtain full information. Full compliance data is necessary to avoid the risk that the Fund's housing providers are failing to carry out the property management requirements under the terms of the full repairing and insuring (FRI) lease.
- **Reduction in size of portfolio** – This year, the Fund made no new acquisitions and sold four properties. This has led to a year-on-year reduction in the overall capacity of the Fund's portfolio. We understand that this was an isolated case and that a responsible exit was undertaken in this instance, with no disruption experienced by residents as a result of the sale. However, we note that the strategy of the Fund continues to be to supply new housing to tackle a sector-wide under supply. Therefore, if such a trend continues, this would limit the Fund's contribution to increasing the supply of SSH to deliver on its strategy.

APPENDIX

Appendix 1 – Data sources

DATA SOURCE/EVIDENCE	OVERVIEW	EVIDENCE RISK	LIMITATIONS
Property-by-property portfolio data	Portfolio data provided to TGE by SOHO every six months. For each property, this data provides the following info: acquisition date, investment amount, lease term, address, construct year, partner details, number of units, occupancy, care needs, whether new to SSH at point of acquisition.	Low	Reliant on accuracy of data provided by SOHO.
EPC data	Dataset showing distribution of EPC ratings in the SOHO portfolio. This is provided to TGE by SOHO.	Low	Reliant on accuracy of data provided by SOHO.
Housing provider compliance report	Overview of the compliance information SOHO receive from partner housing providers on quarterly basis. This is provided to TGE by SOHO.	Low	Reliant on accuracy of data provided by SOHO.
Resident Outcomes Survey data	Survey data collected remotely from a sample of 117 residents between January and February 2024. Residents completed the surveys using either an online form or a paper survey which was completed and scanned back to TGE.	High	Small sample size – outcomes data disclosed by surveyed residents may not be representative of experiences of wider portfolio of residents. This is mitigated to an extent by the fact we have now run four surveying cycles, gathering 387 responses in total, with generally similar results provided.
Resident demographic information	Resident demographic information collected by SOHO through its partner housing providers on care needs, weekly care hours and age distribution. Coverage ranges from approximately 50% to 90% of operational units across these areas. This is provided to TGE by SOHO.	Medium	Information not representative of the whole portfolio, as this data is not available for all properties. Reliant on the accuracy of the information collected by housing providers and shared by SOHO.
Due Diligence questionnaire overview	Blank template of SOHO's Due Diligence questionnaire for new partners. This was provided to TGE to show the areas SOHO requires info on as part of their standard process.	Low	Reliant on SOHO requiring info on all the listed items in the DD template when considering deals.
Interviews with housing provider partners	Interviews carried out with SOHO's housing provider partners. Through these interviews, TGE aim to find out about the providers' general relationship with SOHO, as well as specific details in relation to selected schemes.	Medium	TGE speak to at least one partner housing provider for each Impact Report. This means TGE have spoken to a portion of SOHO's partner providers since 2020.
Interviews with care provider partners	Interviews carried out with care providers who deliver support services to residents living in SOHO-owned homes. Through these interviews, TGE aim to find out about the CPs' general relationship with SOHO, as well as specific details in relation to selected schemes.	Medium	TGE speak to at least one partner care provider for each Impact Report. SOHO work with over 100 care providers and so TGE have had conversations with a relatively small proportion since 2020.

DATA SOURCE/EVIDENCE	OVERVIEW	EVIDENCE RISK	LIMITATIONS
Interviews with SOHO staff	Interviews carried out with various members of SOHO's staff, including the organisation's directors as well as those from investment teams and asset-management teams.	Medium	Reliant on the accuracy of the answers provided by SOHO staff. Also, though these conversations provide insight into the Fund's processes and activities, they cannot provide the full picture since some info is confidential and cannot be shared.
Site visits to selected schemes	Site visits carried out by TGE to selected SOHO schemes. On these visits, TGE aim to speak to support staff and residents (and/or family members) to understand the real-world impact these homes are having on residents.	Low	TGE aim to visit at least one scheme for each Impact Report. Once at a scheme, there are very few limitations, TGE can develop an accurate and in-depth understanding of the impact delivered. However, SOHO's portfolio consists of 493 properties and so TGE has only visited a small subset.
Monetisation data calculated by TGE	Monetisation data calculated by TGE. This monetisation data is based on the wellbeing outcomes disclosed by residents through the Resident Outcomes Survey. TGE use a monetisation model to calculate the monetary value of the outcomes experienced by residents. This is based on a Social Return on Investment (SROI) framework which uses monetised outcomes (financial proxies) to quantify and communicate the relative value of outcomes.	High	Monetisation data is based on a relatively small sample of residents whose experiences may not be representative of the wider portfolio. Also, there are different approaches to calculating the monetary value of an outcome, and different financial proxies that can be used. TGE's method was, however, developed in partnership with Simetrica-Jacobs (leaders in social value analysis) and so aims to align with best practice in this area.
Trading Updates	Trading Updates issued by SOHO. As a publicly listed fund, SOHO must issue regular trading updates to the market. These are reviewed by TGE when producing impact reports, and any relevant information is incorporated within the report.	Low	Reliant on the accuracy of the information disclosed by SOHO.
G/V gradings of partner RPs	TGE conduct a review of the Governance and Viability (G/V) gradings published by the RSH for each of SOHO's partner RPs.	Low	None – the RSH is an independent regulatory body. These gradings should accurately reflect an independent appraisal of their standard of governance and financial viability.
CQC ratings of partner care providers	SOHO provide data on the CQC ratings of its partner care providers. The data provides a breakdown of all CQC ratings (including organisations with single ratings and multiple ratings across numerous sites). SOHO track this data systematically and share with TGE.	Low	The accuracy of the analysis carried out by TGE is reliant on the accuracy of the information provided by SOHO.

Appendix 2 – SOHO Impact Data

IMPACT OBJECTIVE	IMPACT METRICS	DEC 2022	DEC 2023	% CHANGE
SOCIAL NEED 	Number of homes	3,456	3,417	-1%
	Percentage of homes in the 40% most deprived local authorities (based on the IMD)	75%	75%	0%
	Residents' breakdown of weekly care hours*			
	0 – 19 hours	29%	23%	N/A
	20 – 49 hours	22%	30%	N/A
	50 – 99 hours	21%	18%	N/A
	100+ hours	28%	29%	N/A

*Figures based on resident info collected by partner housing providers. In Dec 2022, the sample covered 50% of portfolio and Dec 2023 covered 55% of portfolio. Percentage change year-on-year not calculated due to difference in the samples on which this information is based.

IMPACT OBJECTIVE	IMPACT METRICS	DEC 2022	DEC 2023	% CHANGE
FUND SUSTAINABLE DEVELOPMENTS 	Percentage of homes with EPC rating B+ ¹¹	32%	31%	-1%
	Percentage of homes with EPC rating C+	71%	71%	0%
	Percentage of homes with EPC rating E+	99.8%	99.8%	0%
	Number of EPCs improved in last 12 months	N/A	9	N/A
	Percentage of residents satisfied with the quality of their home*	91%	91%	0%
	Breakdown of total homes by housing type			
	Specialised supported housing	89%	88%	-1%
	Supported housing	7%	8%	+1%
Registered care or Children's services	4%	4%	0%	

*Based on Resident Outcomes Surveys conducted for each year's Impact Report. For Dec 2022 this is based on a sample of 60 residents and for Dec 2023 this is based on a sample of 117 residents.

IMPACT OBJECTIVE	IMPACT METRICS	DEC 2022	DEC 2023	% CHANGE
INCREASE SUPPLY 	Number of properties	497	493	-1%
	Number of homes	3,456	3,417	-1%
	Percentage of homes defined as 'new' to SSH	62%	61%	-1%
	Percentage of homes forward-funded by SOHO	9%	9%	0%
	Breakdown of homes by Condition of Stock			
	Adapted	61%	61%	0%
	New-build	30%	30%	0%
Purpose-built	9%	9%	0%	

IMPACT OBJECTIVE	IMPACT METRICS	DEC 2022	DEC 2023	% CHANGE
QUALITY SERVICES AND PARTNERSHIPS 	Number of partner housing providers	27	27	0%
	Of which are Registered Providers (RPs), regulated by the RSH	18	18	0%
	Of which are care providers or housing managers, not regulated by the RSH	9	9	0%
	Number of partner housing providers declared non-compliant with the RSH's governance and viability standards	10	10	0%
	Number of partner care providers	122	115	N/A
	CQC ratings of partner care providers who have been inspected*			
	Outstanding	3%	4%	+1%
	Good	82%	80%	-2%
	Requires Improvement	14%	15%	+1%
	Inadequate	1%	1%	0%

*Breakdown of providers with individual and multiple CQC ratings.

TARGET OUTCOME	IMPACT METRICS	DEC 2023*
IMPROVE WELLBEING 	Percentage of residents satisfied with their level of physical health in their current home	87%
	Percentage of residents in contact with their family or friends at least two to three times per week	62%
	Percentage of residents satisfied that when they need help in their current home, there are people there to support	93%
	Percentage of residents satisfied with their level of confidence in their current home	91%
	Percentage of residents satisfied with their level of independence in their current home	90%
	Percentage of residents who identified an improvement in the following areas between their previous accommodation and their current SOHO-owned home	
	Physical health	50%
	Social connections	35%
	Support network	59%
	Confidence	63%
	Independence	55%

*Based on Resident Outcomes Surveys conducted with a sample of 117 residents between January and February 2024. Note a year-on-year comparisons is not provided due to the difference in samples on which each year's data is based.

TARGET OUTCOME	IMPACT METRICS	DEC 2023*
VALUE FOR MONEY 	Total Social Value	£116.8m
	Social Impact – the value of improved outcomes for residents	£17.5m
	Fiscal Savings – the savings generated for public budgets	£99.3m
	Social Return on Investment – the social value generated per year for every £1 invested by SOHO over the duration of the investment	£3.08

*Based on Resident Outcomes Surveys conducted with a sample of 117 residents between January and February 2024. Note a year-on-year comparisons is not provided due to the difference in samples on which each year's data is based.

Appendix 3 – The Equity Impact Project

EQUITY IMPACT REPORTING FRAMEWORK

Triple Point Social Housing REIT Plc ["SOHO"]

This is based on the [EIP Framework](#).



SOHO aligns to the Equity Impact Project **Social Care (Supported Housing)** theme. Seeking to meet the growing demand for specialist housing and support.



SOHO aligns to the Equity Impact Project **Environmental Sustainability** theme. Seeking to help mitigate and adapt to climate change, protect and restore ecology and use resources sustainably.

STATEMENT OF PRACTICE ON FUND STRUCTURE AND IMPACT GOVERNANCE

Statement on Fund Additionality

SOHO brings additionality to the sector by raising capital at scale from investors, using the funds to acquire Specialised Supported Housing (SSH) properties which are then leased back to housing providers to manage on, generally, long-term leases. This provides long-term equity to the social housing sector, increasing the supply of SSH.

SOHO's level of additionality is greatest when the properties it acquires are new to the social housing sector at the point of acquisition. This includes new-build properties as well as conversions of existing properties from an alternative use to SSH. Of SOHO's portfolio of 3,417 homes, 61% are defined as new to SSH at the point of acquisition.

Statement on Approach to Impact at Exit

When the Fund sells properties, its priority is to ensure that the sale proceeds in a way which ensures the continued provision of services at the property. SOHO confirmed that the Fund would not sell a property where the change of ownership will be likely to have a negative impact on residents.

This approach was brought into focus this year as SOHO sold four properties consisting of 38 homes between during 2023. The Fund can confirm that there was no impact on residents at any of these properties as a result of the change in ownership.

Statement on Impact Risk Management

SOHO has developed an Impact Measurement and Management (IMM) framework in partnership with specialist impact advisor The Good Economy (TGE). This framework identifies the impact objectives and target outcomes through which SOHO aims to contribute to positive impact creation. In designing this framework, TGE worked with SOHO, providing input into the Fund's due diligence process to ensure impact considerations (including considerations of potentially material impact risks) are incorporated into its standard investment process.

In addition, TGE publish a bi-annual impact report, which assesses the Fund's impact performance. This report incorporates feedback from all relevant stakeholders, including partner housing providers, care providers and residents, and usually includes site visits to selected properties. The report also includes an impact risk assessment framework, which draws on guidance from Impact Frontiers to identify relevant impact risks and outlines the steps SOHO is taking to mitigate those risks.



SOCIAL CARE (SUPPORTED HOUSING) QUALITATIVE STATEMENTS

Asset Management Approach

At present, all of SOHO's leases are on a fully repairing and insuring basis, which means that its lessees are responsible for repairs and maintenance of the properties. Notwithstanding this, as a responsible landlord SOHO is committed to ensuring ongoing property quality through a robust and comprehensive approach to asset management which commences before properties are acquired. Properties are assessed and visited by members of the asset management team during the acquisition process, lessees are engaged with on capex and lifecycle planning, surveys and valuations are carried out by independent valuers and surveyors and full due diligence is completed.

Once a property is acquired, SOHO's asset management team take over the day-to-day management and monitoring of the property. This is all done in-house.

SOHO's asset management team is a resource dedicated to ensuring that homes are fully compliant with legislation, operating well and delivering good homes which are well maintained and receiving quality services from lessee housing managers and care providers.

The asset management team undertake routine property inspections, quarterly financial, operational and compliance surveys and conduct routine meetings with the senior management teams of SOHO's lessees as well as having ad-hoc interactions on a weekly and sometimes daily basis if issues arise.

All of this ensures that SOHO is continually assessing and monitoring property quality.



ENVIRONMENTAL QUALITATIVE STATEMENTS

Mitigate Climate Risks

Flood risk:

Flood risk considerations are assessed in respect of every property during SOHO's diligence. Specifically, SOHO considers all flood affected areas adjacent, and in the vicinity and commissions a desktop analysis. SOHO is currently exploring options with other service providers to commission long term future flood risk reports and analysis and intends to incorporate this into its diligence next year.

Risk of homes overheating:

SOHO is moving towards aligning its set of Employers Requirements to take account of overheating risks, aligning to best industry practice.

Reach Net Zero

In January 2024, the SOHO Board adopted the following near-term science-aligned net zero pathways:
SOHO commits to reduce its social housing portfolio emissions by 75% per m2 by 2035 from a baseline year of 2021.

The establishment of this target represents a significant milestone for the fund, demonstrating commitment to upholding fiduciary duty through the long-term protection of assets and value creation.

Each year SOHO will report emissions across the portfolio, in addition to reporting progress with regards to the carbon intensity of the portfolio per m2 and progress against the target. Progress updates will be communicated through the Sustainability Committee. An external data provider is being utilised to enhance the quality of the energy and carbon data. The investment manager engages external carbon specialists to support their annual carbon footprint process and The Group's footprint will be incorporated within this. The goal itself was set as a result of a year-long project with The Carbon Trust to ensure it is science aligned.

METRIC REPORTING

This is based on the EIP Framework.

SOCIETAL IMPACT AREA 1: SOCIAL CARE (SUPPORTED HOUSING)

Those receiving care do so in quality, appropriate accommodation.

Increase Supply



Target Need SOHO assesses demand throughout its underwriting process. Typically, demand is established through SOHO's established network of Local Authorities, Registered Providers and care providers and supplemented by data analysis conducted in-house which establishes key market drivers and tracks data on demand levels in local areas.

Critically, when determining the need for a specific service, SOHO engages with housing benefit officers and commissioners in the local authority to confirm there is a commissioning requirement for the property with a Local Authority or a health service. As part of this process, SOHO seeks formal confirmation of demand for a scheme from the local commissioner before a property is acquired.

Deepen Affordability SSH schemes are specialist properties requiring higher levels of housing specification, adaptations and support services to cater for their residents who require care, support and supervision which allows them to live independently in their communities.

Properties are therefore costlier to build and develop to meet these requirements when compared with general needs housing, for example. This is recognised by local authorities when determining rental levels which are exempt from the Local Housing Allowance cap. The lease rent and the service and maintenance charge are set in conjunction with the Local Authority housing benefit officer and are agreed (in principle) against the costs of developing the property. The rent in the lease between the housing provider and SOHO equals the lease rent that the housing provider claims from the Local Authority on behalf of its tenants, ensuring there is no mismatch between the housing provider's income and its liabilities.

SOHO maintains a comprehensive database of rents across its portfolio which has been built up over the last five years and it is this database, along with updated evidence collected during diligence from Local Authorities and valuers on local rental comparables, which is used when SOHO assesses rental levels. Where it is possible, SOHO also seeks to compare costs from residents' previous setting. Residents are referred from a range of sources, not just traditional hospital settings and so this is not always possible. SOHO also undertakes an analysis on its lessee's profit margins during its due diligence process.

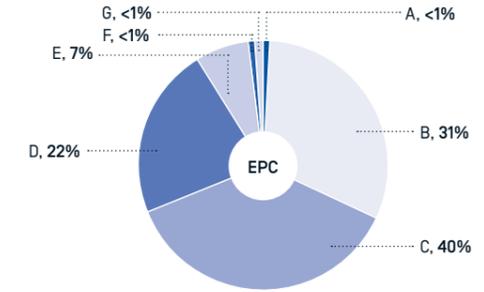
Ensure Quality Services **84%** of known CQC ratings are 'Good' or 'Outstanding'.*

*Note this is a breakdown of all SOHO care providers with individual and multiple CQC ratings. As SSH schemes do not receive a CQC rating at the property level, this figure reflects the performance of all schemes operated by a care provider, not just SOHO-owned units.

SOCIETAL IMPACT AREA 2: ENVIRONMENTAL SUSTAINABILITY

Environmental Sustainability.

EPC Ratings



Scope 3 greenhouse gas emissions*

Property emissions (Tonnes):

- 4,763 tonnes (location-based emissions)
- 3,464 tonnes (market-based emissions)

Property emissions intensity:

- 30.9 kgCO₂ e/ m² (location-based)
- 22.4 kgCO₂ e/m² (market-based)

*The emission data is calculated using property gas and electricity consumption only, and therefore is not a complete scope 3 figure. The emissions data incorporates over 90% of the Group's electricity and gas meters, with work ongoing to match the remaining portfolio meters. Consumption is calculated using the latest meter reads collected by smart meters or provided by tenants, to create annual consumption values for electricity, and annual quantities for gas. The aggregate consumption values used in the calculation are the sum of all the annual values per meter. These values are submitted by the suppliers to Electralink and the Data Transfer Network for market settlement purposes. The location-based emissions use the standard 2023 DEFRA GHG emission factor for Co2e per kWh for all properties, while the market-based emission figure is calculated by multiplying the fuel mix disclosed by the individual supplier (for electricity only) with the consumption value, to calculate the overall footprint.

INDICATOR NOT REPORTED	EXPLANATION
Scope 3 greenhouse gas emissions	SOHO reports Scope 3 Category 13 (downstream leased assets) as per the GHG Protocol guidance on categorising GHG Emissions associated with Leased Assets.
Total capacity of renewable energy production	SOHO does not currently collect the data required to report on these indicators. However, the Fund is currently working on a long-term environmental project through which it will be aiming to collect and report this information in future.
Percentage of built portfolio meeting green building ratings standards	

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