THE
GOOD
ECONOMY

Social Housing REIT Plc (SOHO) Impact Report 2024

March 2025

This report was commissioned by Social Housing REIT Plc (SOHO or the Fund), managed by Atrato Partners Limited (Atrato) and has been prepared by the independent impact advisory firm The Good Economy Partnership Limited (The Good Economy or TGE).

The findings and opinions conveyed in this report are based on information obtained from interviews with and portfolio data from SOHO. The information reviewed should not be considered as exhaustive and has been accepted in good faith as providing a faithful representation of the investment strategy and its underlying holdings. We have taken steps to ensure we do not intentionally or unintentionally inflate positive impact results or under-report negative impacts. However, we acknowledge there are limitations in the quantity and quality of data available. We have identified and explained the effect of these limitations on the presentation of impact performance to the best of our ability.

TGE cannot and does not guarantee the authenticity or reliability of the information it has relied upon. TGE reserves the right to alter the conclusions and recommendations presented in this report in light of further information that may become available.

TGE accepts no duty of care, responsibility, or liability (whether in contract or tort including negligence or otherwise) to any person other than SOHO for any loss, costs, claims or expenses howsoever arising from any use or reliance on this report.

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EXECUTIVE SUMMARY

Launched in 2017, SOHO is managed by Atrato Partners Limited (Atrato).

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.

The Good Economy (TGE) is an independent impact advisory firm specialising in impact measurement and management. This is our ninth Impact Report for the Fund. It provides an independent assessment of SOHO's impact performance, covering the 12-month period from January to December 2024.

As of 31 December 2024, SOHO had invested £597 million in 494 properties, providing homes for up to 3,424 people.

HEADLINE RESULTS

AS OF 31ST DECEMBER 2024

£597 MILLION INVESTED

HOMES ARE MANAGED BY 28 HOUSING PROVIDERS

494 PROPERTIES

LOCATED ACROSS 149 LOCAL AUTHORITIES

IN 2024, SOHO FORWARD FUNDED A PROPERTY COMPRISED OF 12 UNITS

RESIDENTS ARE SUPPORTED BY 116 CARE PROVIDERS

Overview of Impact Performance

Impact performance is assessed according to SOHO's stated Impact Objectives and the real-world outcomes to which it aims to contribute.

It is based on quantitative and qualitative information including, but not limited to, portfolio data provided by SOHO, interviews with the SOHO team and its partners (including housing providers and care providers), site visits to selected schemes, and a Resident Outcomes Survey conducted with a representative sample of residents. See Appendix 1 for a full description of data sources.

Performance against Impact Objectives

SOCIAL NEED

SOHO's properties continue to help meet an important social need, providing homes for individuals with support needs. Interviews suggest strong local demand for the 12 new SSH units SOHO is currently forward funding for delivery in 2025.

- 62% of SOHO's residents require more than 50 hours of care per week.

FUND SUSTAINABLE DEVELOPMENTS

SOHO completed its retrofit pilot in December 2024 and has launched its portfolio-wide EPC Upgrade Programme, which aims to improve the energy efficiency of poor performing homes.

- The pilot saw 11[1] properties retrofitted, and 30 EPC rating improvements.
- 71% of SOHO's homes have an EPC rating of C or higher.
- 90% of respondents to a resident survey indicated that they were satisfied with the quality of their home.[2]

INCREASE SUPPLY

In 2024, the Fund commenced its first forward funded property in recent years, which will deliver purpose-built 12 SSH units in Chorley, Lancashire. With capital for further investment currently constrained, SOHO continues to prioritise the active asset management of its existing portfolio of homes.

- SOHO's portfolio comprises 494 properties, with the potential to provide a home for 3,424 people.
- SOHO is actively working with partners to maintain the supply of SSH, as evidenced by the Eskdale House and Madeira Avenue case studies, and the transfer of poor performing properties to a new housing provider Westmoreland.

QUALITY SERVICES AND PARTNERSHIPS

In 2024, the Fund partnered with two new providers expected to deliver high quality services to residents, and terminated its relationship with Parasol Homes, after a period of rent arrears and poor-quality service delivery.

- SOHO partners with 19 RPs, of which 9 are declared non-compliant by the Regulator because of concerns with the sector's lease-based funding model – which SOHO uses.
- The Fund has taken steps to mitigate these concerns, continuing to roll out its risk-sharing clause, now embedded in 68% of leases.

1 Eight were instructed and completed directly by SOHO, with the remainder done in conjunction with RPs, who were able to secure a grant/subsidy.
2 Based on 118 responses from residents in the Fund's homes, representing around 4% of residents in occupied units. The survey was conducted between January and February 2025.

Contribution to outcomes

IMPROVE WELLBEING

- A survey conducted with a sample of 118 residents (approximately 4% of the occupied portfolio) found that SOHO's homes continue to provide stability and support for residents, with strong resident satisfaction across key wellbeing areas.
- Around half of the respondents reported experiencing no change in their wellbeing when compared to their previous accommodation. The remaining residents reported small to substantial improvements. A very small number of residents reported negative changes across wellbeing indicators, most commonly in their contact with family and friends.

VALUE FOR MONEY

- SOHO's portfolio delivered £81.5m in Total Social Value in the year to December 2024. This includes £9.9m of Social Impact and £71.6m of Fiscal Savings.
- These figures estimate a median Social Return on Investment (SROI) ratio of £2.19, meaning that for every £1 invested, SOHO's portfolio generates £2.19 in social value per year over the duration of the investment. We are 90% confident that that the SROI ratio is between £1.74 to £2.64.

Key Recommendations

STRENGTHS

Launch of the EPC Upgrade Programme

SOHO completed the pilot stage of its retrofit programme, which has run for three years, and has seen the energy efficiency of 11 properties improve. The programme was established to ensure the Fund's properties comply with incoming regulation. Although the pilot took time to complete, SOHO has consolidated learnings and received positive feedback from residents. The Fund hopes to accelerate retrofit activity across the rest of the portfolio where modifications are required. SOHO is also working with its lessees to support grant funded works, which are similarly improving the thermal efficiency of the homes within the portfolio. This demonstrates the Fund's commitment to enhancing the energy efficiency of its existing stock.

Increasing supply

In June 2024, the Fund made an active contribution to SSH supply, committing £3 million to forward fund the development of 12 purpose-built, specially adapted flats in Chorley, Lancashire. The homes have been purpose-built to meet long-term care needs and are well located to integrate residents into the community. Outside of this investment, the Fund has focused on consolidating its existing portfolio.

Active asset management

SOHO takes a pragmatic and proactive approach to maintaining its stock. This is evidenced at Eskdale House where the Fund drew on its wider network, built new relationships, and offered financial flexibility, to ensure the SSH units were brought back into operation. While not directly increasing supply, the Fund's active asset management ensures that assets remain within the sector and reflects SOHO's effort to optimise its existing portfolio.

Managing compliance and service quality of partners

The Fund has signed an agreement with Golden Lane Housing to operate its new-build scheme in Chorley, representing a clear decision, where possible, to move towards working with operators with strong regulatory credentials on new leases. The Fund also terminated its relationship with Parasol Homes – after material rent arrears and outstanding concerns by the Regulator – transferring 38 properties to Westmoreland. The Fund has worked closely with Westmoreland throughout this time, ensuring that the operator is comfortable with the lease arrangement, can maintain the quality and safety of the homes, and is able to deliver high quality services to residents.

POTENTIAL WEAKNESSES AND MITIGATING ACTIONS

Addressing regulatory concerns

The Regulator of Social Housing (RSH) continues to highlight concerns with the level of risk inherent in the sector lease-based model, with just under three quarters of the Fund's homes managed by RPs declared non-compliant by the Regulator. Although we have heard that the Fund's risk-sharing clause is perceived positively (and has now been integrated into almost all leases where it is applicable), the Fund should continue to monitor the sector's risk profile and work with partners to continue to improve the lease-based model, which could involve integrating improved margins into lease arrangements. We are aware that the Fund frequently engages with the RSH to discuss lease structures and current sector trends.

The Fund successfully transferred 38 properties away from Parasol Homes to Westmoreland within the period, following material rent arrears and concerns regarding resident services. Two of the Fund's other RPs were issued with an Enforcement Notice by the RSH in 2023 due to concerns over governance, viability, and mismanagement, with one reporting material rent arrears. The Fund continues to monitor the progress made at these organisations to respond to the RSH' concerns, and, if required, will seek to transfer the leases to alternative providers to prevent disruption to residents.

Ensuring resident safety

Three housing providers – overseeing 11 of the Fund's properties – did not submit compliance information relating to health and safety checks conducted for these homes. Receiving complete compliance data is essential for SOHO to effectively monitor the safety of its homes for residents. Incomplete submissions are therefore a cause for concern. While we acknowledge that SOHO is actively following up with these providers, we note that one provider also failed to submit compliance information in December 2023. This highlights an area where SOHO's performance could be strengthened.

Sector leadership

Following positive feedback about the Fund's efforts to mitigate the RSH's concerns with its approach to risk sharing, some partners would like the Fund to take a more active role in shaping the reputation of the sector and improving its profile. This could involve frequent communication with the Regulator and sharing good practice in lease arrangements.

> **There is a dearth of leadership in the sector by the funds, as they like to stand quietly behind the scenes. But they [SOHO] have brought massive capital and value to the sector. I encourage them to engage with the Regulator, show how they have had to learn and improve, and be an active voice representing the sector.**
>
> Interview with Westmoreland Supported Housing Limited

ENTITY OVERVIEW AND IMPACT THESIS

About the Fund

Social Housing REIT Plc (SOHO or the Fund) is a Real Estate Investment Trust (REIT) that was established in 2017 and has been managed by Atrato Partners Limited (Atrato) since January 2025.

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. To date, the Fund has strategically deployed capital to acquire almost 500 properties across the UK, which are then leased to housing providers to manage under long-term leases, providing homes for over 3,000 residents.

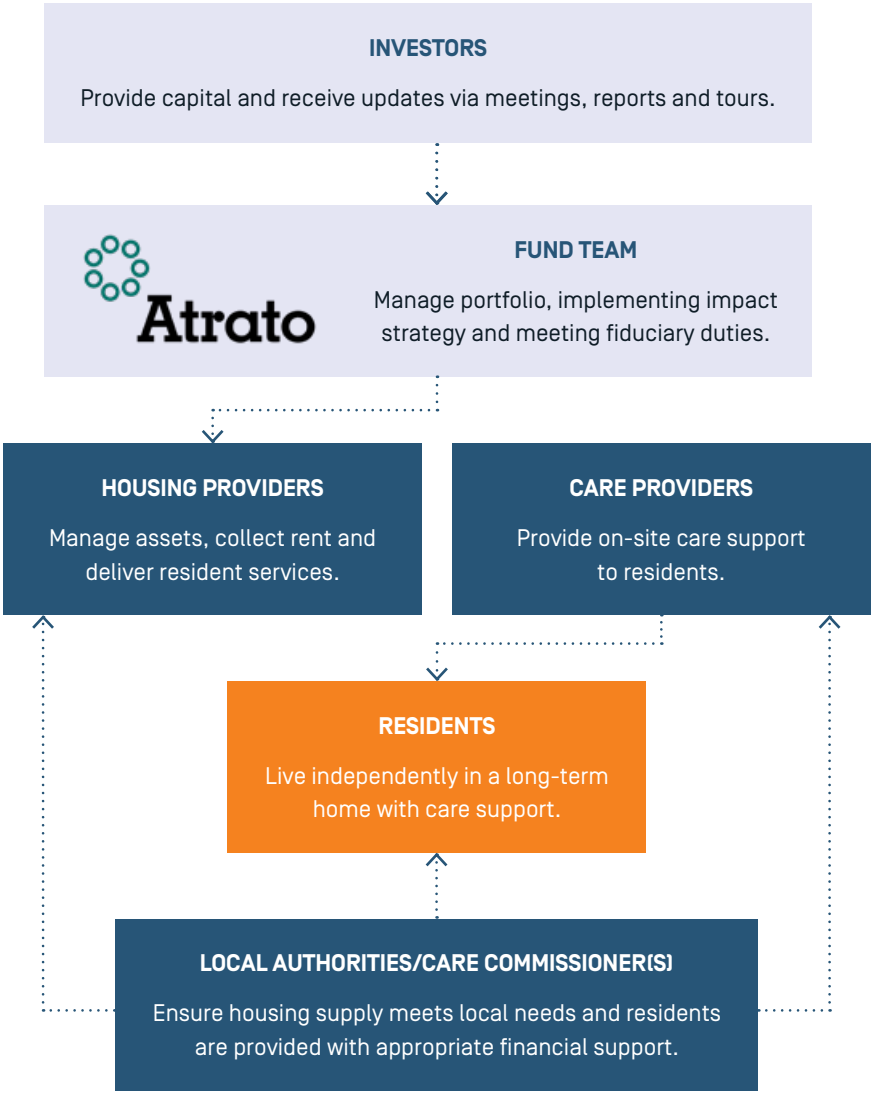
CHANGE IN FUND MANAGER

In September 2024, SOHO's Board selected Atrato as its new investment manager. Atrato was established in 2016 and currently has over £2 billion assets under management. They are responsible for the management of multiple long income strategies as well as another investment trust listed on the London Stock Exchange.

Atrato's role as investment manager commenced in January 2025 and, during the transition period, Atrato worked closely with Triple Point and SOHO's advisers to ensure there was no disruption to its Approved Provider lessees and the residents of its homes.

> **We are delighted to have been selected by the Board of SOHO following a comprehensive process. Our appointment is an opportunity to leverage Atrato's extensive sector knowledge and proactive asset management approach to restore shareholder value.**
>
> Adrian D'Enrico, Managing Director of Social Housing at Atrato

STAKEHOLDERS



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[3] – introduced in July 2023 to improve the standards, safety and operation of social housing; and
- The Supported Housing (Regulatory Oversight) Act 2023 – introduced in August 2023[4] which plans to introduce minimum standards and licensing regulations for supported exempt accommodation.

This regulation aims to increase the overall quality of homes and services for residents and the level of regulatory oversight within the social and supported housing sector. TGE and SOHO will continue to monitor the standards within and respond appropriately.

SUSTAINABILITY DISCLOSURE REQUIREMENTS (SDR)

Throughout this review cycle we have discussed with Atrato their forward-looking plans in relation to the application of the Sustainability Disclosure Requirements (SDR)[5]. We understand that they are actively evaluating existing process and approach in relation to SOHO, and we look forward to supporting them in their actions over the coming months as they seek to adopt a Sustainability Impact label SDR label under the SDR framework.

Impact Thesis

THE PROBLEM

The UK faces a shortage of supported housing options for individuals with disabilities, including mental health conditions and age-related conditions. Many are placed in unsuitable settings, reducing independence and worsening health outcomes.

National projections estimate that by 2040, approximately 150,500 extra supported housing units will be needed, a 24% increase on current projections. If demand keeps rising with demographic trends, the total requirement could reach up to 640,700 additional units, meaning the sector may need to grow from 634,000 units in 2023 to between 995,600 and 1.275 million units by 2040.[6]

INVESTABLE SOLUTION

The Fund invests in and develops supported housing, including SSH as well as housing delivering Registered Care or Children's Services. These properties provide safe, adapted homes for individuals with diverse care needs, including those with learning disabilities, physical disabilities and mental health conditions.

These properties are designed to promote independent living while ensuring access to personalised care and up to 24-hour on-site support. With Government backing through the Care Act 2014 and NHS England's Transforming Care Agenda – which prioritise community-based housing over institutional settings – supported housing presents an impactful investment opportunity.

INTENDED IMPACT

The Fund aims to generate positive social impact by enabling the development and acquisition of supported housing, helping to bridge the supply gap while delivering long-term growing income for shareholders and improved outcomes for residents.

3 Social Housing (Regulation) Act 2023
4 The Supported Housing (Regulatory Oversight) Act 2023
5 FCA, Sustainability Disclosure Requirements (SDR) and investment labels
6 Supported Housing Review, 2023.

THIS REPORT

This is our ninth Impact Report for SOHO and covers the 12-month period from January to December 2024. It provides an independent assessment of SOHO's performance both against its stated Impact Objectives and whether any measurable changes are taking place in outcomes being experienced by people, places and the planet.

Methodology

Our 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 SOHO's team;
- Site visits to selected schemes; and
- A Resident Outcomes Survey conducted with a representative sample of residents in the Fund's homes.

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 Impact Frontiers[7]. The assessment of outcomes is based on the five dimensions of impact[8], which are part of industry-wide norms developed through the Impact Management Project.

See Appendix 1 for a full breakdown and description of the data sources and associated evidence risk used to inform this report.

STATEMENT OF INDEPENDENCE

TGE is an independent advisory firm specialising in impact measurement and management.

We have a robust process in place to preserve our integrity and independence, as outlined in our Code of Practice. Before commencing with SOHO, we examined our suitability to take on the role of an independent review of impact performance and confirmed that there was no conflict of interest.

Since 2019, we have 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 annual Impact Reports evaluating performance against its Impact Objectives and target outcomes.

We are not involved in investment decision-making and have no role in the management of the Fund. We therefore feel this does not represent a threat to our independence and are able to take an objective opinion on impact performance.

7 Impact Performance Reporting Norms, Impact Frontiers
8 Five Dimensions of Impact, Impact Management Project (IMP)

IMPACT MEASUREMENT AND MANAGEMENT APPROACH

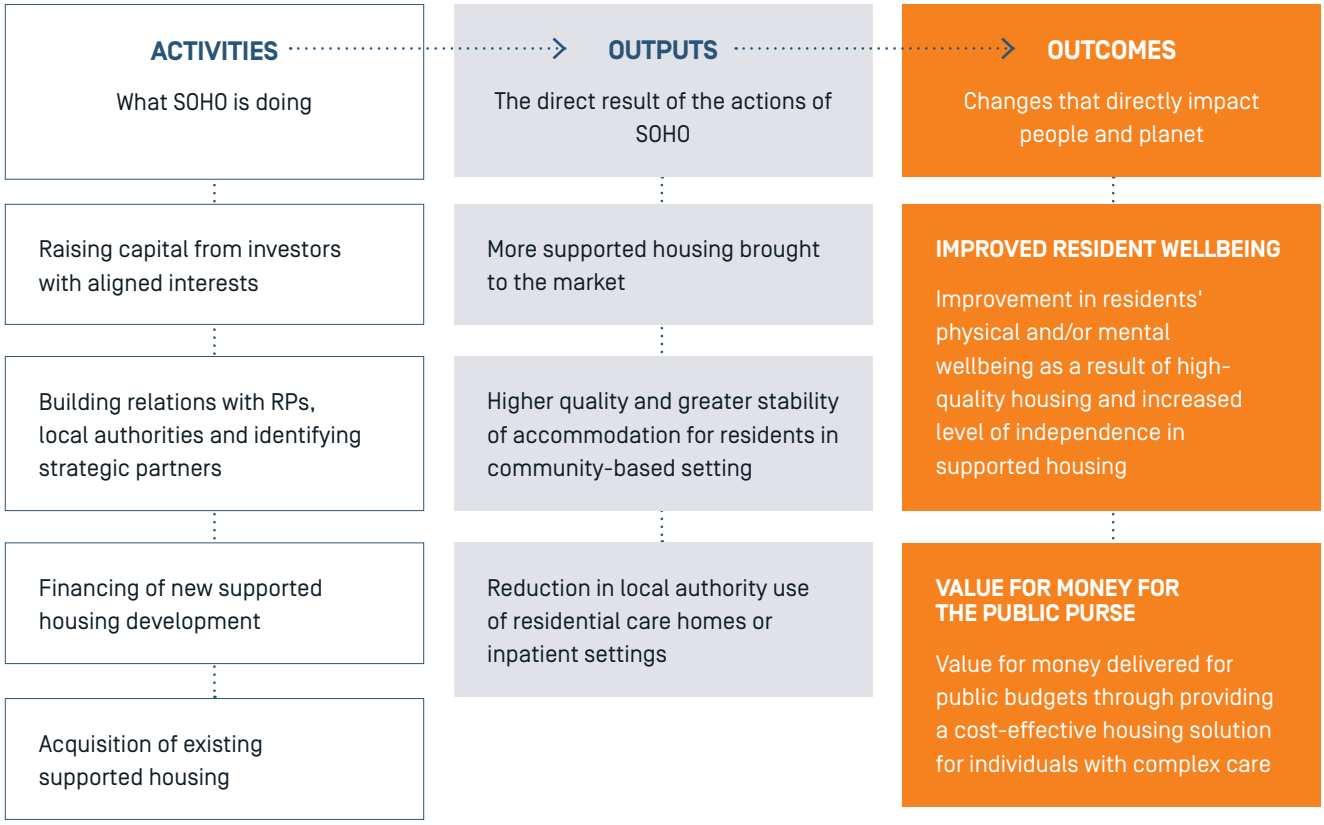
In 2019, TGE helped design the Fund's Impact Measurement and Management (IMM) framework which enables SOHO to measure, manage and report on the impact of its investments. The IMM outlines four Impact Objectives – specific and measurable areas that SOHO is able to influence – as well as the target outcomes it aims to contribute towards.

This report assesses SOHO in the context of these Impact Objectives, with a focus on properties that are complete and operational. Each Impact Objective has a set of agreed metrics, used to measure SOHO's impact performance.

Impact Strategy

The Fund's Theory of Change (ToC) describes how the actions taken by SOHO lead to positive social and/or environmental outcomes experienced by people and planet. It highlights the key steps that must be true for the sought after outcomes to be experienced. While evaluating the impact of the Fund, it is important to assess the causal links as described in the ToC.

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



IMPACT OBJECTIVES

The areas under SOHO's direct control or influence, including:

- SOCIAL NEED
- FUND SUSTAINABLE DEVELOPMENTS
- INCREASE SUPPLY
- QUALITY SERVICES AND PARTNERSHIPS

Contribute towards

TARGET OUTCOMES

The real-world outcomes for people, planet and place: these depend on many factors, including the activities of SOHO.

- IMPROVE WELLBEING
- VALUE FOR MONEY

Impact Standards

The Fund's IMM framework is aligned with industry best practice, including the Impact Frontiers' five dimensions of impact[9].

Our Impact Reports aim to align with industry best practice including the Impact Reporting Norms[10].

Investment Process

SOHO considers impact at each stage of the investment process through its impact management approach.

PRE-INVESTMENT		POST-INVESTMENT	
INITIATION	**DUE DILIGENCE**	**ASSET MANAGEMENT**	**ANNUAL REPORTING**
SOHO leverages relationships with housing providers, care providers and local authorities to identify buildings to deliver SSH.	Rigorous due diligence on all prospective deals incorporating impact questions recommended by TGE to ensure consideration of stated Impact Objectives.	Property inspection visits carried out every two years to monitor quality of properties and ongoing monitoring of occupancy, maintenance, compliance and any issues via engagement with housing managers.	Impact Report produced by TGE based on independent assessment of SOHO's performance against its stated Impact Objectives.

9 Five Dimensions of Impact, Impact Management Project (IMP)
10 Impact Performance Reporting Norms, Impact Frontiers

Governance and Structure

ATRATO

Atrato is a UK-based investment management firm authorised and regulated by the Financial Conduct Authority (FRN 830613). The Board consists of two Non-Executive and two Executive Directors, with responsibility for overseeing the company's activities.

Sustainability is a standing agenda item at all quarterly Atrato Board meetings, with Steve Windsor (Board member and Principal) appointed as Sustainability Champion.

Atrato is committed to upholding responsible investment practices and acting in the long-term interests of all its stakeholders, with good governance a foundation of this commitment. Atrato applies a number of corporate policies to support good governance including, amongst others, a Conflicts of Interest Policy, Anti-Bribery and Corruption Policy, Equal Opportunities Policy, Human Rights Policy and Whistleblowing Policy.

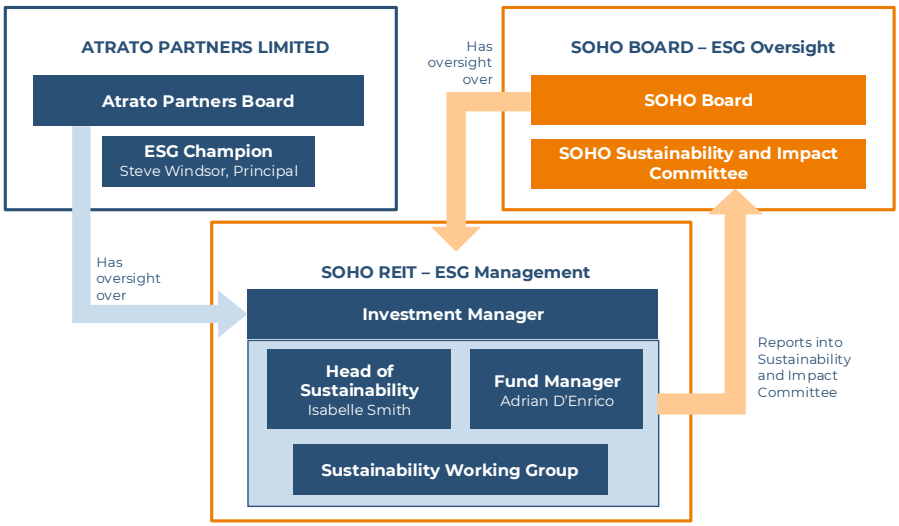
As a participant of the United Nations Global Compact (UN GC), Atrato is committed to operating in ways that meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Atrato is also a signatory of the UN Principles for Responsible Investment (UN PRI) and committed to adopting and implementing the six Principles to better align its investment activities with the broader interests of society.

SOHO

Managed by Atrato since January 2025, SOHO has a Board made up of six independent Non-Executive Directors, responsible for the determination of the Investment Objective and Investment Policy and has overall responsibility for the Fund's activities (except for any alternative investment fund management functions).

The SOHO Board established a Sustainability & Impact Committee in May 2023, to support the integration of ESG priorities into the execution of the investment strategy. The Sustainability & Impact Committee is Chaired by Sir Ian Reeves (CBE) and meets annually (and more frequently, as required), having responsibility for overseeing the delivery of the Fund's Sustainability Strategy.

SOHO ESG GOVERNANCE STRUCTURE



ESG Risk Management

As a signatory to the UN PRI, Atrato incorporates ESG issues into investment practices and policies, with a dedicated Responsible Investment Policy which aims to:

1. Avoid, mitigate and manage potential ESG risks associated with assets; and
2. Optimise the ESG potential of investments at all stages of the investment cycle.

SOHO has a defined investment policy which limits the scope of investments to social housing assets in the UK, with a particular focus on SSH.

Impact Governance

SOHO's Board has established a dedicated Sustainability and Impact Committee which has ultimate responsibility for overseeing the impact of the Fund and the setting and monitoring of impact targets and performance. Impact performance metrics are not currently included in remuneration policies of Board members.

Atrato has a dedicated Executive-level Sustainability Champion and a full-time Head of Sustainability who works closely with the Fund's Managing Director in delivering SOHO's impact strategy as approved by the Board.

Diversity, Equity and Inclusion (DE&I)

Atrato is committed to fostering a culture of diversity, equity and inclusion. All employees undertake mandatory annual training on equality and diversity in the workplace, in addition to a broader suite of training on topics including mental health at work, preventing sexual harassment, healthy working and ESG.

As an externally managed business, SOHO does not have any employees and therefore does not operate an employee diversity policy. However, SOHO's Board has established and maintains a formal Diversity Policy. The Board recognises the importance of diversity in the boardroom which introduces different perspectives to the Board debate and considers it to be in the interests of the Fund and its shareholders to take into consideration diversity criteria when appointing a new individual to the Board.

IMPACT PERFORMANCE

OVERALL IMPACT GOAL	PORTFOLIO SUMMARY	DEC 2022	DEC 2023	DEC 2024	ANNUAL 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	£593 million	£597 million	+0.7%
	Number of properties	497	493	494	+0.2%
	Number of homes	3,456	3,417	3,424	+0.2%
	Number of local authorities in which properties are located	153	153	149	-4
	Number of housing providers	27	27	28	+1
	Number of care providers	122	115	116	+1

Key Performance Indicators (KPIs) and Targets

	IMPACT TARGETS	DEC 2022 RESULTS	DEC 2023 RESULTS	DEC 2024 RESULTS	2023–24 % CHANGE	TARGET MET?
PERFORMANCE AGAINST IMPACT OBJECTIVES						
SOCIAL NEED	70% of homes in 40% most deprived local authorities	75%	75%	75%	No change	✓
	95% of homes are SSH	96%	96%	96%	No change	✓
FUND SUSTAINABLE DEVELOPMENTS	80% of homes have an EPC rating of C or higher	71%	71%	71%	No change	The Fund concluded its retrofit pilot and launched its EPC Upgrade Programme which aims to enhance the energy efficiency of its existing housing stock to EPC C by 2030.
INCREASE SUPPLY	25% of homes are new-build[11]	30%	30%	30%	+0.8%	✓
	50% of homes are new SSH at point of acquisition	62%	61%	62%	+0.1%	✓
QUALITY SERVICES AND PARTNERSHIPS	90% of stated Care Quality Commission (CQC) ratings or partner care providers are 'Good' or 'Outstanding'	85%	84%	85%	+1%	SOHO's performance is on target and marginally above the average for England (82%).[12]

11 A new-build property was constructed or fully renovated as SSH in the last 10 years at the point of acquisition.
12 CQC, The state of health care and adult social care in England 2023/24.

	IMPACT TARGETS	DEC 2022 RESULTS	DEC 2023 RESULTS	DEC 2024 RESULTS	2023–24 % CHANGE	TARGET MET?
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 118 residents from Jan to Feb 2025. The results showed overall satisfaction levels across the five key wellbeing areas remain high, though there continues to be a smaller proportion of respondents reporting wellbeing improvements compared to the previous samples.					No target[13]
VALUE FOR MONEY	£2.50 created in social value for every £1 invested by SOHO over the duration of investment.	£3.30	£3.08	Between £1.74 to £2.64 Median: £2.19	N/A[14]	We are 90% confident that SOHO's SROI this year is between £1.74 and £2.64. The median value of £2.19 is below target, due to fewer residents reporting improved wellbeing in this year's survey and a lower number moving from medical settings, which typically involve higher public costs than family homes. Sampling variability may also have contributed to the difference.

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

14 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 across the wider portfolio during that period.

IMPACT OBJECTIVE

SOCIAL NEED

IMPACT METRICS	DEC 2022	DEC 2023	DEC 2024	% CHANGE FROM 2023 TO 2024
Number of homes and potential residents	3,456	3,417	3,424	+0.2%
Percentage of homes in the 40% most deprived local authorities (based on the IMD)	75%	75%	75%	No change
Residents' breakdown of weekly care hours[15]				
0 – 19 hours	29%	23%	14%	N/A
20 – 49 hours	22%	30%	24%	
50 – 99 hours	21%	18%	16%	
100+ hours	28%	29%	46%	
Breakdown of total homes by housing type				
Specialised supported housing	89%	88%	88%	No change
Supported housing	7%	8%	8%	
Registered care or Children's services	4%	4%	4%	

SOHO's portfolio delivers much-needed accommodation for people with an identified need, as confirmed by local commissioner support of the schemes. The properties accommodate a range of support needs, including learning disabilities, mental health conditions and physical disabilities.

In the first half of 2024, SOHO committed £3 million to a forward-funded development in Chorley, set to provide purpose-built accommodation for 12 individuals with support needs. In line with SOHO's impact management framework, the scheme secured written support from Lancashire's local commissioner, reflecting confidence that it will address a pre-identified social need.

This investment brings the overall portfolio to 494 properties, with the capacity to house 3,424 people. The scale of the portfolio highlights the Fund's vital role in providing appropriate housing for individuals requiring support.

The Fund's resident occupancy levels have held steady at 86% over the last 12 months. Since data collection commenced in 2020, SOHO's overall occupancy has marginally increased year-on-year as the portfolio has stabilised and matured.

Excluding properties undergoing works or ramp-up periods, most of the Fund's properties are at or near full occupancy. A small proportion of properties have relatively low occupancy rates, which is expected within a large and diversified portfolio, particularly where residents have complex needs and referrals are carefully considered.

15 Figures based on resident demographic information collected by partner housing providers. In Dec 2022, the sample covered 50% of portfolio, 55% in December 2023, and in December 2024, covered 71% of portfolio. Percentage change year-on-year not calculated due to difference in the samples on which this information is based.

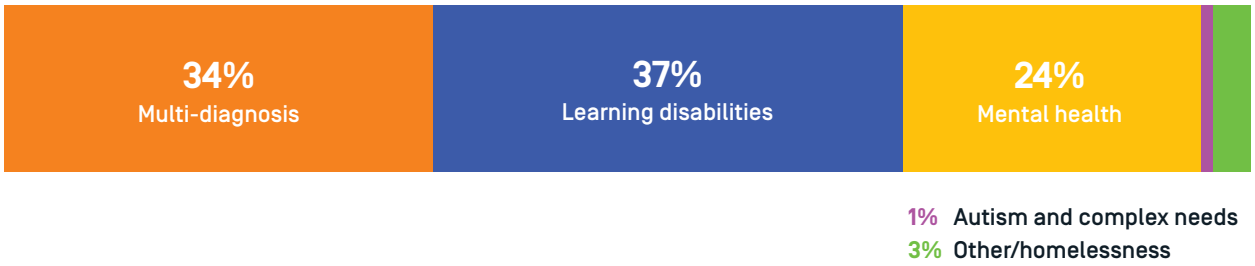
Commonly cited reasons for lower-than-average occupancy levels include:

- Works required before occupation;
- Staffing constraints affecting referrals;
- Changes in care providers; and
- Compatibility issues with existing residents, particularly in smaller schemes where residents have complex needs.

RESIDENT DEMOGRAPHICS

CATEGORY OF CARE NEED[16]

% of residents



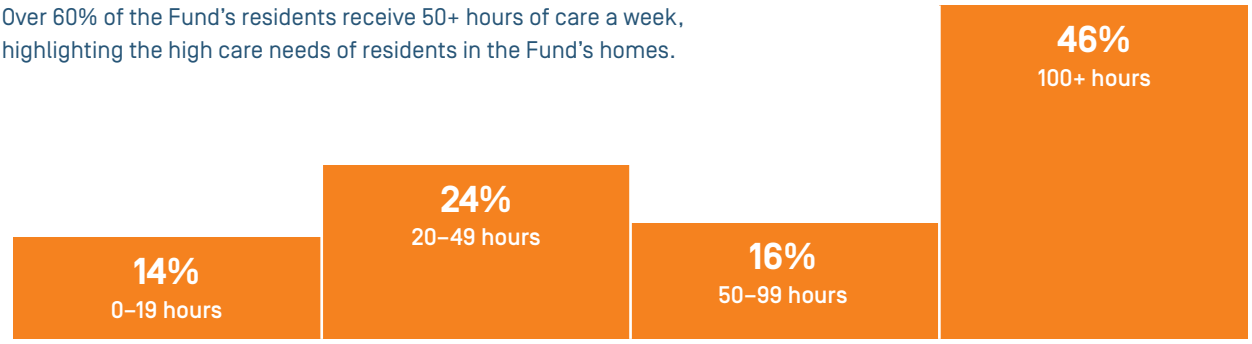
AGE BREAKDOWN[17]

% of residents

WEEKLY CARE HOURS[18]

% of residents

Over 60% of the Fund's residents receive 50+ hours of care a week, highlighting the high care needs of residents in the Fund's homes.



16 Based on resident information collected by partner housing providers, covering 87% of portfolio.
17 Based on resident information collected by partner housing providers, covering 60% of portfolio.
18 Based on resident information collected by partner housing providers, covering 71% of portfolio.

CASE STUDY[19]: MADEIRA DRIVE, LEIGH-ON-SEA

Acquired by SOHO in March 2021 for approximately £1 million, Madeira Drive is a specialised supported housing scheme in Leigh-on-Sea, Essex. The property consists of a family-style house with five resident bedrooms, previously owned by care provider Forget Me Not Caring before its purchase by SOHO. All five units at the scheme are currently occupied.

Forget Me Not Caring continues to provide care and oversee daily support for residents, while Chrysalis Supported Association (Chrysalis) is the registered provider (RP), responsible for managing tenancy arrangements and maintaining the property under a 20-year lease with SOHO.

Before the sale to SOHO, the property was renovated by Forget Me Not Caring, transitioning from the founder's family home into a suitable residence for five individuals with support needs. Adaptations included integrating the annex into the main house and constructing a spacious conservatory to create an open-plan shared kitchen, dining and living area. The home retains a large back garden and patio, as well as a quiet room with games tables and sofas for residents.

The local authority is very supportive of the scheme; the local commissioner backed the scheme following a site visit to assess the property's suitability for residents. At the time of acquisition, the property was in a very good condition and already occupied.

Although the scheme was already operational, SOHO's purchase has helped maintain existing SSH supply, whilst enabling Forget Me Not Caring to focus solely on providing care services, which it had wanted.

Chrysalis maintains a strong working relationship with Forget Me Not Caring and has no concerns regarding the operation of the scheme. While Forget Me Not Caring has not been alone in facing recruitment challenges over the past 12–18 months, they have been transparent about these difficulties and continue to keep Chrysalis informed. Chrysalis continues to carry out regular maintenance with its staff visiting fortnightly, alongside monthly property inspections to ensure health and safety compliance.

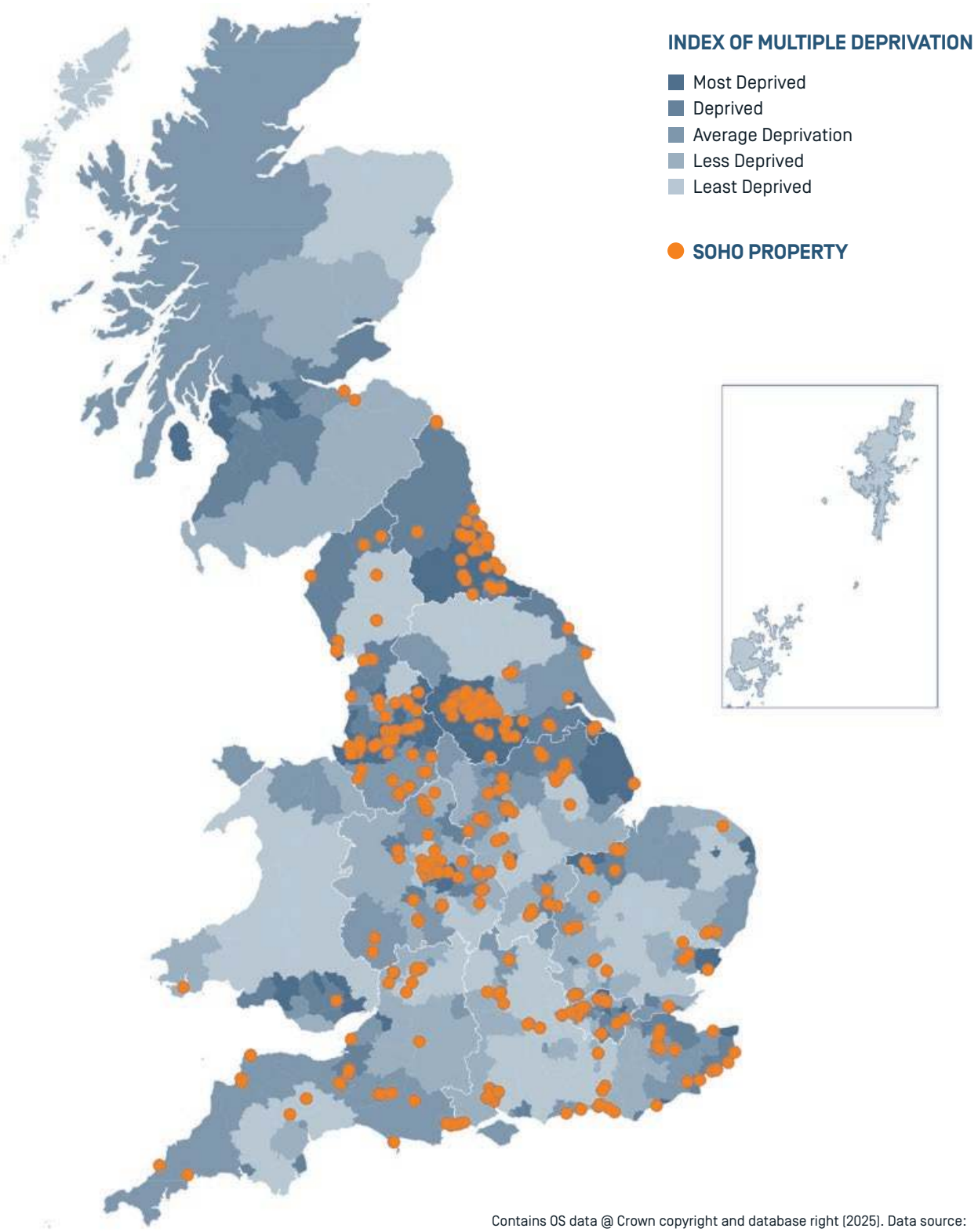
RESIDENT STORIES

Residents at Madeira Drive have a range of care needs, receiving between 7 and 23 hours of one-to-one support per week. They come from diverse backgrounds, including former residential care settings and living with family. Madeira Drive provides a stable, long-term home for these individuals.

Although residents were unavailable for interviews at the time of the visit, feedback from staff and families highlighted a strong sense of community within the home. Residents are actively engaged in social activities, including planning a group holiday and maintain close relationships with family members who visit and call regularly.

19 This is an illustrative case study, intended to provide a description and insight into the SOHO's properties and residents, as well as active asset management activities conducted by SOHO.

The homes in SOHO's portfolio are located in 149 local authorities across the UK. Three quarters of the Fund's homes are in the 40% most deprived local authorities.



Contains OS data @ Crown copyright and database right (2025). Data source: English Indices of Deprivation (IMD) (2019), Scottish IMD (2020) and Welsh IMD (2019) – % of local areas (LSOAs) in the 20% most deprived nationally by local authority (England, Scotland and Wales treated separately).

IMPACT OBJECTIVE

FUND SUSTAINABLE DEVELOPMENTS

IMPACT METRICS	DEC 2022	DEC 2023	DEC 2024	% CHANGE FROM 2023 TO 2024
Homes by EPC grading				
A	0.4%	0.4%	0.8%	+0.4%
B or above	32%	31%	32%	+0.7%
C or above	71%	71%	71%	No change
Number of EPCs improved in the past 12 months	N/A	9	30	+233%
Percentage of residents satisfied with the quality of their home[20]	91%	91%	90%	-1%

ENERGY EFFICIENCY OF HOMES

Over the past year, EPC ratings across the Fund's portfolio have marginally improved, with just under three quarters of units[21] now achieving an EPC rating of C or higher. This is due to the Fund's retrofit works and minimum specifications when acquiring and forward-funding properties.

The new-build scheme in Chorley, which SOHO commenced forward-funding in June 2024, is expected to achieve an EPC rating of B (with A ratings targeted for some units), which is in-line with market expectations for new build developments.[22] Design features, such as air source heat pumps and electric vehicle charging points will also improve its overall environmental performance. The scheme also has a 10% biodiversity net gain, which is a new requirement in SOHO's due-diligence process, meeting planning guidance.

Currently, 29% of SOHO's properties – totalling 703 units – have an EPC rating of D or lower. These properties will be the focus of SOHO's EPC Upgrade Programme, which launched in January 2025 and is being rolled out across the portfolio following a successful pilot. This project aims to bring the portfolio in line with the UK Government's 2030 target for social housing providers.

EPC UPGRADE PROGRAMME

Despite the length of the pilot phase (three years), SOHO's resident-first approach to retrofit has minimised disruption and received positive feedback from residents. The Fund expects to accelerate and extend its retrofit activities moving forward.

Since 2022, SOHO has been implementing a phased programme of works to improve the energy efficiency of its homes to meet legislative targets. The pilot completed in December 2024, having retrofitted 11 properties, all achieving at least an EPC C rating.[23]

Learnings from the pilot, such as the importance of clear communication and flexibility with residents, have informed the EPC Upgrade Programme, which launched in January 2025. Four properties have already been retrofitted, with an aim to upgrade all 180 properties (covering over 1,300 homes), to at least EPC C by 2030 (where feasible). SOHO is focused on working with its RP partners to leverage grant funding to manage costs and scale the programme efficiently.

20 Based on Resident Outcomes Surveys conducted for each year's Impact Report. For 2022 this is based on a sample of 60 residents, for 2023 this is based on a sample of 117 residents, and for 2024 this is based on a sample of 118 residents.
21 2,445 properties have EPC certificates, which accounts for 71% of the total portfolio.
22 Energy Performance of Buildings Certificates Statistical Release: October to December 2024 England and Wales
23 Eight were instructed and completed directly by SOHO, with the remainder done in conjunction with RPs, who were able to secure a grant/subsidy.

QUALITY OF HOMES

Based on a survey of SOHO residents, 90% reported that they were satisfied with the quality of their home.[24] This is broadly in-line with the results of the last two years and marginally above the national average of 89%.[25]

SOHO has a comprehensive approach to building quality, asking developers to comply with its design and build specifications for both new builds and refurbishment works. Properties are also monitored on an ongoing basis, including routine property inspections, quarterly operational surveys and biannual compliance reports from partner housing providers to ensure health and safety.

The Fund has demonstrated how it has taken steps to monitor the quality of its homes, and the services delivered to residents.

In the last 12 months, SOHO's internal property inspection team have visited 178 properties, and found no schemes requiring significant actions (50 required minor follow-up actions which were notified and then evidenced by lessees), with the overall aim to conduct a minimum of 200 property visits per year.

> **Our property inspection team are not just looking at schemes from a building health and safety perspective, but also to gain an insight into day-to-day operations, the working relationship between the housing providers and care providers, and the quality of services delivered to residents. These site visits give us a holistic picture of each scheme, which we see as active risk management for our residents and their homes.**
>
> Michael Carey, SOHO

In addition to property inspections, 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 2024.

24 Based on Resident Outcomes Surveys completed by 118 residents.
25 Office for National Statistics, English housing survey data on attitudes and satisfaction, July 2023.

IMPACT OBJECTIVE

INCREASE SUPPLY

IMPACT METRICS	DEC 2022	DEC 2023	DEC 2024	% CHANGE FROM 2023 TO 2024
Number of properties	497	493	494	+0.2%
Number of homes	3,456	3,417	3,424	+0.2%
Percentage of homes defined as 'new' to SSH	62%	61%	62%	+0.1%
Percentage of homes forward funded by SOHO	9%	9%	10%	+0.3%
Breakdown of homes by Condition of Stock				
Adapted	61%	61%	61%	-0.2%
New build	30%	30%	30%	+0.8%
Purpose built	9%	9%	9%	-0.5%

Over the past 12 months, SOHO made one new investment, bringing the portfolio to a total of 494 properties with a combined capacity to accommodate 3,424 individuals. This reflects a stable portfolio over the period.

For the last 3 years the Fund has focused on managing its existing portfolio, rather than deployment due to capital constraints. Through active asset management, the Fund has demonstrated its ability to leverage its wider network and take a pragmatic approach to maintaining the supply of high quality SSH.

SOHO has worked with partners to bring schemes back into operation (see Eskdale House case study on page 28), to improve occupancy levels and long-term social sustainability through scheme transfers (see Westmoreland case study on page 32), and to maintain existing SSH supply by acquiring and improving the management of existing schemes (see Madeira Drive case study on page 23).

Over its duration, SOHO has introduced 2,106 homes into the sector through forward-funding or the adaptation of existing housing stock into SSH. During this time, SOHO has become a significant investor in the sector and remains one of the UK's largest SSH landlords, contributing capital to maintain and expand the supply of SSH.

FORWARD-FUNDING A NEW-BUILD PROPERTY IN CHORLEY, LANCASHIRE

In June 2024, SOHO committed £3 million to develop 12 adapted flats in Chorley. The scheme has been purpose-built to meet long-term care needs, with features such as wheelchair-accessible units, private wet rooms and adaptable interiors to accommodate changing support requirements. Its location near key services further supports residents' integration into the community.

Having completed 24 forward-funding projects since inception, this is SOHO's only current forward-funded investment and is the Fund's most active contribution to SSH supply in recent years.

CASE STUDY[26]: ESKDALE HOUSE, KENDAL

Eskdale House is a 23-unit SSH scheme located in the Lake District. It was acquired by SOHO in December 2017 and leased to Hilldale to operate. However, due to an unsuitable care model and staffing issues, the care provider withdrew in 2020, leaving the units vacant throughout the pandemic.

Working with Hilldale through this time, the Fund offered rent relief and engaged Independent Support Limited (ISL), an experienced care provider. Following an assessment of local needs with the local commissioner, ISL was appointed by Hilldale in 2022 and implemented a phased re-opening. Nine units reopened in January 2023 for individuals with complex care needs, and by October 2024, all 23 units were operational, with the remaining units supporting individuals with lower support needs. All homes are spacious, highly personalised, and have been renovated to an improved specification by Hilldale.

Eskdale House demonstrates SOHO's ability to leverage its wider network and take a pragmatic approach to finding solutions, ensuring much-needed SSH remains within the sector.

Efforts were made to rebuild community trust in the scheme, including local engagement activities such as an open garden day. Residents participate in various community activities, such as football and choir, fostering social inclusion. Residents' families have also benefited, as residents now live locally instead of being placed far from home.

> **They call us Kendal's best kept secret! The building used to be an old tax office and doesn't look like much from the outside, but as soon as you enter the door, it's just an amazing atmosphere.**
>
> Deputy Manager of Eskdale House, ISL

While some repairs and maintenance challenges persist, ISL and Hilldale maintain a strong working relationship. Both operators have also noted improvements that can be done to the external building, which they would like the Fund to support. The Fund actively monitors occupancy as a success indicator and uses property inspections to address issues promptly. We have heard that the Fund has frequent, clear and open communication with Hilldale and ISL, and is working hard to avoid the previous issues that faced the scheme re-occurring. Eskdale House showcases SOHO's commitment to sustaining specialised supported housing through strategic partnerships and proactive management.

> **I'd just like to say thank you because the flats are amazing, and these young people have got that once in a lifetime chance to become independent. In just a year or so, the progress these young adults have made is just truly remarkable.**
>
> Deputy Manager of Eskdale House, ISL

JOHN'S STORY[27]

John*, a resident for 18 months, moved to Eskdale House from another SSH scheme where he experienced inadequate care. He started out at one of Eskdale's higher needs units but has since transitioned to one of the step-down care flats. He feels that Eskdale House provides a better living environment but still has reservations regarding staff turnover, incomplete repairs, and the high service charges relative to the quality of maintenance. He also believed the outdoor space could be made more welcoming and secure. Despite these concerns, he feels relatively settled at Eskdale House compared to his previous accommodation.

26 This illustrative case study has been designed to demonstrate SOHO's active asset management.
27 Not resident's real name.

IMPACT OBJECTIVE

QUALITY SERVICES AND PARTNERSHIPS

IMPACT METRICS	DEC 2022	DEC 2023	DEC 2024	% CHANGE FROM 2023 TO 2024
Number of partner Housing Providers[28]	27	27	28	+3.7%
Of which are Registered Providers (RPs), regulated by the RSH	18	18	19	+5.6%
Number of RPs declared non-compliant by the RSH	10	10	9	-10%[29]
Number of partner care providers	122	115	116	N/A
CQC ratings of partner care providers that have been inspected[29]				
Outstanding	3%	4%	3%	-1%
Good	82%	80%	78%	-2%
Requires Improvement	14%	15%	17%	+2%
Inadequate	1%	1%	2%	+1%

SOHO is not involved in the care provided to residents living in its homes. However, the Fund works with its housing providers and liaises directly with its largest care providers to ensure its properties positively impact the lives of residents.

The Fund has partnerships with a total of 28 housing providers and 116 care providers – one of each of which are new partnerships formed over the last 12 months – to oversee the management of its homes and support services for residents. Both organisations can evidence good service delivery and customer satisfaction and have given positive feedback about working with the Fund.

HOUSING PROVIDERS
SELECTING PARTNERS

The Fund's newest RP – Golden Lane Housing (GLH) – has been appointed to manage the Fund's new-build scheme in Chorley. GLH oversees over 1,300 properties across 125 Local Authorities, providing support to over 2,700 people with a learning disability or autism. When selecting GLH, the Fund reviewed GLH's track record of service delivery and operational capabilities, alongside regulatory compliance, and risk management. GLH continues to meet the Regulator's governance and viability requirements, having received the highest grading of G1/V1 in January 2025[30].

> GLH is the Fund's only RP to be compliant and represents a clear strategy by the Fund to seek to work with operators with strong regulatory credentials.

28 Housing providers include Registered Providers (RPs) regulated by the Regulator of Social Housing (RSH), as well as care providers or housing managers, not regulated by the RSH.
29 This is due to the Fund ending its relationship with Parasol Homes.
29 SOHO has partnered with 116 care providers, of which 14 have not yet received CQC assessments. The remaining 12 care providers have received individual or multiple CQC assessments, across a total of 2002 schemes (of which the Fund's schemes are part), all of which input into the breakdown.
30 Regulatory Judgement 15th January 2025, Regulator or Social Housing

MANAGING RISKS ASSOCIATED WITH THE SECTOR'S LEASE-BASED FUNDING MODEL

SOHO currently has leases with 28 housing providers, of which 19 are Registered Providers (RPs) collectively overseeing 90% of the Fund's homes. Of these RPs, 9 have been deemed non-compliant by the Regulator of Social Housing (RSH) due to long-standing concerns about the sector's long-lease funding model[31], which SOHO operates through.

In 2020, SOHO's Board approved a clause in its lease terms which aims to respond to the RSH's concerns and offers RPs protection against certain risks that are beyond their control, such as inflation or changes to housing benefit policy. This facilitates more proportionate risk sharing between RPs and SOHO and has continued to be rolled out over the last 12 months. All leases – where the clause is appropriate and reasonable[32] – have either been updated or are currently being reviewed.

Twelve organisations have now had their leases updated – accounting for 68% of SOHO's leases – up from just one organisation in December 2023.

> **The single biggest risk to our financial position is a change in the regulatory or legal environment. This clause recognises, for the first time, that there is a significant difference between the financial strength of the funders and RPs. That in and of itself is a strategic understanding that wasn't there when the lease-based model first materialised. So, I'm massively supportive of what this does.**
>
> **What it's done is it's changed the nature of the dialogue with the Regulator across the sector – so it's huge.**
>
> Interview with Westmoreland Supported Housing Limited

ADDRESSING MISMANAGEMENT AND RENT ARREARS

SOHO has spent two years preparing to transition the management of 246 homes to a new provider, due to rent arrears and concerns about service quality for residents. This transfer should improve the social and financial sustainability of the scheme and reduce risks of negative impacts to residents.

In 2024, the Fund terminated its relationship with Parasol Homes, an RP deemed non-compliant by the RSH in December 2021. Parasol Homes, which managed 38 properties, housing nearly 250 individuals, struggled to meet rent obligations from late 2022, leading to arrears and a credit agreement. Issues included difficulties in justifying housing charges to local authorities, causing partial payments and circumstances of resident debt.

Throughout 2023, SOHO sought a replacement provider and, in August 2024, all properties were successfully transferred to Westmoreland Supported Housing (Westmoreland). As of January 2025, close to all rent issues had been resolved and a comprehensive maintenance and repairs service put in place. See the Case Study on Westmoreland (page 32) for more information.

Two of SOHO's partner housing providers – Auckland Home Solutions and My Space Housing Solutions – were issued with Enforcement Notices by the RSH in 2023[33]. In the case of My Space Housing Solutions, the operator entered into a Company Voluntary Agreement in March 2025 – a formal insolvency procedure. Prior to the CVA, Atrato successfully negotiated and entered into an Option Agreement through which the properties leased to My Space can be assigned to another RP within 12 months of the CVA challenge period. SOHO have terms agreed with a nationwide Approved Provider and is seeking to enact that transfer over the coming months.

31 The Regulator first raised concerns in 2019 in the Addendum to the Sector Risk Profile 2018, which was then reaffirmed in the 2023 Sector Risk Profile. The model requires providers to pay long-term, inflation-linked lease costs to private investors, regardless of their rental income. Since housing benefit may not rise at the same rate, this can lead to financial instability, making providers heavily reliant on continued benefit funding to remain viable.

32 For housing managers that oversee one property, the legal fees and associated costs involved in updating the lease is not feasible or appropriate. The Fund has therefore focused on lessees where it has the greatest exposure, such as with Inclusion, Falcon and BeST, who collectively account for 46% of schemes.

33 This was on the grounds of poor governance and financial viability, and mismanagement concerns.

Given the risks to residents and impact to shareholders if a provider was to fail, close to 500 highly vulnerable residents in the Fund's homes may experience service disruption. SOHO continues to monitor the new management teams appointed at these organisations and reports a positive direction of travel. Nevertheless, SOHO has provided assurance that, if necessary, it would be willing to actively manage this risk through transferring leases to alternative providers.

MONITORING STATUTORY COMPLIANCE FOR RESIDENT HEALTH AND SAFETY

Of the Fund's 28 providers, 23 had submitted compliance information by December 2024. Of these, 17 (61%) were fully compliant, with six being non-compliant across one or several areas, such as lift maintenance, asbestos and legionella checks.

In terms of ongoing monitoring, SOHO receives quarterly financial and operational information from partner housing providers and receives compliance information every six months.[34]

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 delays, which SOHO has confirmed and provided comments on.

Among the five housing providers that did not submit compliance information, three were expected to provide returns[35]. Receiving complete compliance data is essential for SOHO to effectively monitor the safety of its homes for residents. Incomplete submissions are therefore a cause for concern. While we acknowledge that SOHO is actively following up with these providers, we note that one provider also failed to submit compliance information in December 2023. This highlights an area where SOHO's performance could be strengthened.

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

35 This is because Golden Lane Housing Solutions does not yet oversee any of the Fund's operational homes, and My Space Housing Solutions is undergoing a continuous review of its compliance and processes by SOHO.

CASE STUDY: WESTMORELAND

RISKS OF THE LEASE-BASED FUNDING MODEL

Founded in 2003 by the parents of an autistic boy, Westmoreland Supported Housing (Westmoreland) was a small housing provider growing steadily until 2016, when private investors entered the sector. Between 2016 and 2018, Westmoreland rapidly expanded through lease agreements, including with SOHO. However, without the necessary infrastructure and expertise for 200 properties, it faced financial difficulties and, in 2019, received a non-compliant regulatory grading. Such a position increases the risk of disruption to housing management activities which could negatively impact residents.

WESTMORELAND'S TURNAROUND

A new leadership team implemented a turnaround strategy for the organisation in 2020. SOHO however had already decided to transfer 12 homes to Inclusion, due to fears around poor services and disruption to residents. Nevertheless, by July 2023, the RSH acknowledged significant improvements in Westmoreland's position, which the Fund had been monitoring.

> **When the lease model works well, it provides something that social housing providers cannot afford; independent homes for individuals with complex needs who otherwise would be unsupported or in residential care. But the model is challenging, and the sector and funders are on a long journey to re-build a positive reputation.**
>
> Interview with Steve Fensom, CEO at Westmoreland

AN IMPROVED RELATIONSHIP BETWEEN SOHO AND WESTMORELAND

In 2024, following Parasol Homes' ongoing challenges, SOHO transferred 38 properties (246 homes) to Westmoreland, renewing the partnership. The new lease agreement includes the Fund's risk-sharing clause as well as a small margin for Westmoreland, which is increasingly important if lessees are to build up the financial position to acquire assets alongside lease-based financing. Having a diversified funding model is seen by Westmoreland as the long-term, sustainable solution for the SSH sector.

> **At the moment, SSH has only one source of finance – our leases, and the Regulator has a major problem with that. So, to finally get compliant, we have to start balancing that a little bit. To do that, we must make a margin.**
>
> Interview with Steve Fensom, CEO at Westmoreland

SUCCESSFULLY MITIGATING THE RISK OF HARM FOR RESIDENTS

By the end of 2024, Westmoreland had resolved most rent issues, improved repair and maintenance services and ensured full compliance across the 38 transferred properties, enhancing resident safety and service quality. Some challenges remain in bringing all properties into a viable operational position, but ongoing collaboration with local authorities, care providers, and SOHO aims to create sustainable long-term solutions. For next year's impact assessment, we look forward to receiving occupancy information and resident feedback to measure the success of this transfer a year later.

> **The transfer has meant, from a resident perspective, that they've got more repairs done, their rent in place, and regular building health and safety checks. So, we have made the homes safer, and put in place a more professional, higher quality service.**
>
> Interview with Tom Hodgson, Operations Director at Westmoreland

CARE PROVIDERS

A total of 116 care providers are responsible for delivering support services to SOHO's residents. Among these providers, 85% of their CQC ratings are 'Good' or 'Outstanding'.[36]

This represents an increase from 84% in December 2023 and is marginally above the average for England in 2024, which was 82% of domiciliary care agencies rated 'Good' or Outstanding'.

These ratings reflect the overall performance of all schemes operated by a care provider, rather than just those owned by SOHO. Only 25 of SOHO's properties have been CQC assessed, with 80% receiving 'Good' or 'Outstanding' ratings. Where properties receive a 'Requires Improvement' grading, which is the case for five of the Fund's properties, SOHO liaises with the care provider to understand the drivers of poor performance and discuss their action plan to improve performance.

A NEW PARTNERSHIP WITH GLENELG SUPPORT

Formed in 2002, Glenelg Support provides high-quality support for individuals with a learning disability, physical disability, autism and/or mental health needs across Merseyside and Lancashire. The care provider has been accredited by the National Autistic Society – which is the UK's only autism specific quality assurance programme – and has been rated 'Good' by the CQC. SOHO's appointment of Glenelg Support at the new scheme being developed in Chorley shows that SOHO has continued to partner with operators delivering high quality care services.

36 CQC, The state of health care and adult social care in England 2023/24.

PROGRESS TOWARDS OUTCOMES

This section summarises any evidence of outcomes as experienced by end-stakeholders. It includes the identification of impact risks – brought about by wider context and/or investment practices – as well as commentary on measures to manage and mitigate the risk of intended impact not occurring as expected.

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.

The Fund's two main target outcomes are:

- **Improved resident wellbeing; and**
- **Value for money**

IMP DIMENSION		OUTCOME 1: IMPROVED RESIDENT WELLBEING	OUTCOME 2: 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 when compared with other institutional, residential care or inpatient settings
WHO is experiencing this impact?		Residents with relatively high support needs	Local authorities/central government
HOW MUCH impact is SOHO creating?	Scale	Large scale – 3,424 homes as of December 2024	
	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 the wellbeing and outcomes of 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?		Execution/stakeholder participation risks: Homes do not meet residents needs as effectively as hoped Housing and/or care providers do not deliver sufficiently high-quality services Alignment risk: 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	Efficiency risk: Social care cost associated with SOHO homes turns out to be more expensive than alternative housing options

TARGET OUTCOME

IMPROVED RESIDENT WELLBEING

IMPACT METRICS	DEC 2024[37]
Percentage of residents satisfied with:	
Their level of physical health in their current home	79%
Their level of confidence in their current home	86%
Their level of independence in their current home	85%
That when they need help in their current home, there are people there to support them	91%
Percentage of residents in contact with their family and friends at least 2–3 times per week	51%
Percentage of residents who identified an improvement in the following areas between their previous accommodation and their current SOHO-owned home:	
Physical health	33%
Social connections	29%
Support network	42%
Confidence	52%
Independence	47%

Survey findings show that SOHO's homes continue to provide stability and support for residents, with strong resident satisfaction across key wellbeing areas.

Most residents feel satisfied with their level of physical health (79%), their access to support (91%), their confidence (86%) and their independence (85%) in their current home.

Most residents report that their home has either maintained or improved positive outcomes. Around half of the survey respondents report experiencing no change in their wellbeing when compared to their previous accommodation, but for the remainder, residents report small to substantial improvements. A small number of residents (ranging from 4% to 20%) report negative changes across wellbeing indicators, most commonly in their contact with family and friends. report negative changes across wellbeing indicators, most commonly in their contact with family and friends.

37 Based on Resident Outcomes Surveys conducted with a sample of 118 residents between January and February 2025. Note a year-on-year comparison is not provided due to the difference in samples on which each year's data is based.

ABOUT THIS RESIDENT OUTCOMES SURVEY

To assess SOHO's contribution to this outcome, we conduct an annual Resident Outcomes Survey between January and February 2025, collecting responses from 118 residents. This sample covers homes with services provided by 10 care providers.

This year's sample represented approximately 4% of the occupied portfolio. 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 five rounds of resident surveys. In that time, we have gathered feedback from 523 residents (representing approximately 18% of the total occupied portfolio size as of December 2024).

Within the survey, residents provide feedback on five key wellbeing areas: physical health, social connections, support network, confidence and 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, in an absolute way as well as relative to how they felt in their previous accommodation.

Survey Results by Outcome Area[38]

PHYSICAL HEALTH

79% of respondents are satisfied with their level of physical health in their current SOHO-owned home.

When comparing their current home with their previous accommodation:

- 33% have experienced an improvement
- 54% have identified no change
- 13% have experienced a negative change

SOCIAL CONNECTIONS

51% of respondents are in contact with their family and friends at least two to three times per week in their current SOHO-owned home.

When comparing their current home with their previous accommodation:

- 29% have experienced an improvement
- 51% have identified no change
- 20% have experienced a negative change

What residents had to say:

> **I do like it here because I socialise with other people and come together as a team.**

> **Happy in my current home. Feels like home and family members are happy for me.**

> **Staff help me with my family to visit, I am happy.**

SUPPORT NETWORK

91% of respondents are satisfied that people are there to support them when they need it, in their current SOHO-owned home.

When comparing their current home with their previous accommodation:

- 42% have experienced an improvement
- 52% have identified no change
- 6% have experienced a negative change

What residents had to say:

> **Can't fault the staff, all fantastic.**

> **I am very happy with the staff. I am going to see my friend in the room.**

38 Based on Resident Outcomes Surveys conducted with a sample of 118 residents between January and February 2025. Please note that not all residents responded to every question in the survey, therefore these results are based on data points ranging from 118 to 112 responses.

INDEPENDENCE

85% of are satisfied with their level of independence in their current SOHO-owned home.

When comparing their current home with their previous accommodation[39]:

- 47% have experienced an improvement
- 48% have identified no change
- 4% have experienced a negative change

What residents had to say:

> **I am happy and enjoy spending time with my care staff. I am able to go out in my car whenever I like and enjoy moving around my home...He enjoys interacting with others in the community.**

CONFIDENCE

86% of respondents are satisfied with their level of confidence in their current SOHO-owned home.

When comparing their current home with their previous accommodation:

- 52% have experienced an improvement
- 41% have identified no change
- 7% have experienced a negative change

What residents had to say:

> **Much more confident, independent.**

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.

This year's survey highlighted that half of respondents are in contact with their family and friends less than 2–3 times per week. With 39% of these residents previously living in their family home, it is understandable that 20% of respondents report a negative change in their contact with friends and family since moving into their current home.

> **At home I had my own independence and could go out on my own and had more of a social life.**

> **Feels lonely sometimes.**

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.

39 Does not add up to 100% due to rounding.

TARGET OUTCOME

VALUE FOR MONEY

IMPACT METRICS	DEC 2024[40]
Total Social Value	£81.5m
Social Impact – the value of improved outcomes for residents	£9.9m
Fiscal Savings – the savings generated for public budgets	£71.6m
Social Return on Investment – the social value generated per year for every £1 invested by SOHO over the duration of the investment	£2.19

On an annual basis, we carry out an assessment of the contribution of SOHO's portfolio to delivering social value, both across improved outcomes for residents and 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[41]. 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.

Please see Appendix 2 for our Social Value Calculation methodology.

In the 12 months of 2024, we estimate that SOHO's portfolio delivered £81.5 million of Total Social Value.

This total is comprised of:

- **£9.9 million of Social Impact** – the value of improved personal outcomes for residents resulting from improved wellbeing, health, confidence and aspirations.
- **£71.6 million of Fiscal Savings** – the savings generated for public budgets by residents moving into SOHO-owned homes from more costly alternative settings.

Overall, we estimate that, as of December 2024, this resulted in SOHO delivering a Social Return on Investment (SROI) ratio of £2.19. This means that, for every £1 invested by SOHO, the Fund will generate £2.19 in social value per year over the duration of the investment (based on the portfolio occupancy levels as of December 2024).

We have included confidence intervals alongside the provided estimates to account for the fact that the value for money calculation is based on survey samples representing only a small proportion of the overall portfolio. Based on the survey findings underpinning this calculation, and where relevant, the findings of previous samples, we are 90% confident that the SROI ratio falls between £1.74 and £2.64.

40 Based on Resident Outcomes Surveys conducted with a sample of 118 residents between January and February 2025. Note a year-on-year comparisons is not provided due to the difference in samples on which each year's data is based.

41 Mencap & Housing LIN, 'Funding supported housing for all: SSH for people with a learning disability', April 2018.

IMPACT RISK

Impact risk considers the likelihood that impact will not be achieved as intended, and whether the difference will be material from the perspective of those being impacted.

We have analysed potential impact risks affecting SOHO using the IMP's impact risk assessment framework.[42] Of the ten impact risk categories, we have assessed the following as potentially material for the Fund.

IMPACT RISK	LIKELIHOOD	SEVERITY	RISK DESCRIPTION	SOHO RISK MITIGATION
Execution risk The probability that the activities are not delivered as planned and do not result in desired outcomes	High	High	The RSH has continued to highlight concerns with the level of risk faced by some RPs operating under long leases (see page 30 for further description). These risks could impact an RP's ability to effectively deliver services to residents, as well as situations of rent arrears where residents experience indebtedness. For SOHO, there have been examples of these risks materialising in relation to a small number of its partners. Nine RPs have been declared non-compliant by the RSH, of which two have been issued with Enforcement Notices, and one is in material rent arrears.	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, as well as financial viability and governance arrangements. The regular monitoring of lessees during the term of the lease enables SOHO to monitor changes in the financial and operational position of the lessee and, where necessary, work with that lessee to seek to mitigate any risk(s) identified. SOHO has taken steps to mitigate the identified risks to its lessees operating under long-term leases. This includes the insertion of a risk-sharing clause into leases, which has now been applied to all lessees where appropriate. We have heard positive feedback from RPs, that it addresses most of the RSH's concerns, but there are opportunities for more improvement, such as accounting for margins. For an overview of SOHO's mitigation strategies relating to its partners that have been issued with Enforcement Notices, and relating to the partner in rent arrears, see page 30.
			Compliance information is the Fund's primary tool for ensuring RPs adhere to lease requirements and maintain the health and safety of residents' homes. Four providers (overseeing operational units) did not submit compliance returns to SOHO in December 2024. Of the 23 providers that did submit, 6 (overseeing 41% of the the Fund's operational homes) reported areas of non-compliance.	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.

42 Impact Frontiers, Five Dimensions of Impact – Risk

IMPACT RISK	LIKELIHOOD	SEVERITY	RISK DESCRIPTION	SOHO RISK MITIGATION
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 to hear from and gather detailed feedback from all relevant stakeholders, including residents and/or family members. In addition, the Fund's Resident Outcomes Survey is disseminated annually, and has to date. Received responses from 523 residents across five surveying cycles. SOHO also looks to gather feedback through regular engagement with housing providers and property inspections carried out by its asset management team. Going forward, resident feedback will also be available from Tenant Satisfaction Measures reporting – which includes a standardised series of questions regarding consumer standards set by the RSH – providing additional information regarding resident satisfaction.
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 issued to two of its partner housing providers 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 processes in place to ensure rents are set at a sustainable level: — 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. In relation to the two housing providers issued with Enforcement Notices, 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.

CONCLUSION AND RECOMMENDATIONS

Summary Findings

In the 12-months from January to December 2024, the Fund has continued to mostly perform well against its Impact Objectives, although we do have concerns over certain areas of poorer performance.

The Fund commenced the forward-funding of a new property in Chorley, Lancashire which will deliver 12 SSH units. This will bring the portfolio to 494 properties with the potential to provide homes to 3,424 individuals with support needs, with the development marking the Fund's most active contribution to increasing supply in a few years.

Consistent with its focus over the last few years, the Fund worked proactively with housing managers to keep homes in operation and improve occupancy of its existing portfolio. This active asset management has included the transfer of 38 properties away from a poor performing housing provider to an alternative manager. These efforts work to maintain the supply of high quality SSH in the sector and ensure socially sustainable schemes for the long-term.

The Fund also completed the pilot stage of its retrofit programme, which has run for three years, and seen energy efficiency improvements across 11 properties. Although progress to date has limited to the pilot properties, the Fund has received positive feedback from residents about the process. Key learnings from this pilot are now being consolidated and have been used to inform the EPC Upgrade Programme which the Fund launched in early 2025 to accelerate retrofit activities across the portfolio going forward.

Key Recommendations

ADDRESSING RSH CONCERNS

The RSH continues to highlight concerns with the level of risk inherent in the sector lease-based model, with just under three quarters of the Fund's homes managed by RPs declared non-compliant by the Regulator. Although we have heard that the Fund's risk-sharing clause has been a positive step in better allocating risk (and has now been integrated into almost all leases where it is applicable), the Fund should continue to monitor the sector's risk profile and work with partners to continue to improve the lease-based model, which could involve integrating improved margins into lease arrangements. We are aware that the Fund frequently engages with the RSH to discuss lease structures and current sector trends.

The Fund successfully transferred 38 properties away from Parasol Homes to Westmoreland within the period, following material rent arrears and concerns regarding resident services. Two of the Fund's other RPs were issued with an Enforcement Notice by the RSH in 2023 due to concerns over governance, viability and mismanagement, with one reporting material rent arrears. The Fund should monitor the progress made at these organisations to respond to the Regulator's concerns, and, if required, look to transfer the leases to alternative providers to prevent disruption to residents.

ENSURING RESIDENT SAFETY

Three housing providers – overseeing 11 of the Fund's properties – did not submit compliance information relating to health and safety checks conducted for these homes. Receiving complete compliance data is essential for SOHO to effectively monitor the safety of its homes for residents. Incomplete submissions are therefore a cause for concern. While we acknowledge that SOHO is actively following up with these providers, we note that one provider also failed to submit compliance information in December 2023. This highlights an area where SOHO's performance could be strengthened.

SECTOR LEADERSHIP

Following positive feedback about the Fund's efforts to mitigate the Regulator's concerns with its approach to risk sharing, some partners would like the Fund to take a more active role in shaping the reputation of the sector and improving its profile. This could involve frequent communication with the Regulator and sharing good practice in lease arrangements.

> **There is a dearth of leadership in the sector by the funds, as they like to stand quietly behind the scenes. But they have brought massive capital and value to the sector. I encourage them to engage with the Regulator, show how they have had to learn and improve, and be an active voice representing the sector.**
>
> Interview with Westmoreland Supported Housing Limited

APPENDICES

Appendix 1 – Impact Report Assessment Methodology

The findings in this report are based on a mix of quantitative and qualitative data. This includes:

- Portfolio data provided by SOHO;
- Interviews with SOHO's staff;
- Interviews with SOHO's partners, including housing providers and care providers;
- Site visits to selected schemes;
- Resident Outcomes Survey completed by a sample of residents in the Fund's homes; and
- Wider desktop research, where relevant.

DATA SOURCE/ EVIDENCE	OVERVIEW	EVIDENCE RISK	COMMENTS
Property-level portfolio data	Portfolio data provided to TGE by SOHO very 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 and retrofit data	Dataset showing distribution of EPC ratings and overview of the EPC upgrade programme in the SOHO portfolio.	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.	Low	Reliant on accuracy of data provided 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.
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 to understand the real-world impact these homes are having on residents.	Medium	We 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. For this report, we visited two schemes across the UK, both selected by SOHO. SOHO's portfolio consists of 494 properties and so TGE has only visited a small subset.

DATA SOURCE/ EVIDENCE	OVERVIEW	EVIDENCE RISK	COMMENTS
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 60–87% of operational units across these areas.	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.
Interviews with housing provider partners	Interviews carried out with SOHO's housing provider partners. Through these interviews, we aim to find out about the providers' general relationship with SOHO, as well as specific details in relation to selected schemes.	Medium	We speak to at least one housing provider for each Impact Report. For this report, we spoke to five representatives from 3 housing providers, selected by both TGE and SOHO.
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	We speak to at least one partner care provider for each Impact Report. For this report, we spoke to two care providers, according to the sites TGE selected to visit. SOHO works with over 100 care providers and so TGE has had conversations with a relatively small proportion since 2020.
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.
Resident Outcomes Survey data	Survey data collected remotely from a sample of 118 residents between January and February 2025. 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 (as 4% of total occupants). This is mitigated to an extent by the fact we have now run five surveying cycles, gathering 505 responses in total (18% of total occupants), with generally similar results provided.

DATA SOURCE/ EVIDENCE	OVERVIEW	EVIDENCE RISK	COMMENTS
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. See Appendix 2 for more details.	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.

Appendix 2 – 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)[43]. 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)[44], 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; and
- **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 118 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.; and
- 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.

43 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.

44 Fujiwara, D., 2013. A General Method for Valuing Non-Market Goods Using Wellbeing Data: Three-Stage Wellbeing Valuation. CEP Discussion Paper 1233 HCA, 2014. Additionality Guide: 4th Edition.

Appendix 3 – The Equity Impact Project

EQUITY IMPACT REPORTING FRAMEWORK

Social Housing Reit Plc ('SOHO')

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 supported housing which is 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 3,424 homes, 62% 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.

Statement on Impact Risk Management

SOHO has developed an IMM framework in partnership with specialist impact advisor 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 publishes an 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 with the exception of the properties transferring to Westmoreland 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 pre-acquisition due diligence. SOHO is currently exploring options with service providers to commission long-term future flood risk reports and intends to utilise such analysis in annual TCFD-aligned climate-risk reporting going forwards.

Risk of homes overheating: SOHO is evolving its Employers Requirements to reflect overheating risks, aligning to best industry practice.

Reach Net Zero

SOHO is committed to measuring and reducing its carbon emissions across its portfolio. Safe, comfortable and efficient homes provide better outcomes for the environment and for residents.

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.

With the new Investment Manager appointment, SOHO has therefore initiated a review of its near-term emissions reduction target. Through this review, SOHO is evaluating its baseline emissions, given recent enhancements to its emissions data and calculation process, and assessing options to refresh the target to ensure alignment with best practice target setting methodology and ambitious yet achievable decarbonisation levers for the Fund. SOHO intends to provide an update on this target setting review within its interim financial results reporting.

The Fund is committed to annual reporting of its GHG emissions and has utilized the external sustainability consultancy, Anthesis, to support the preparation of a complete GHG inventory for the Fund.

METRIC REPORTING

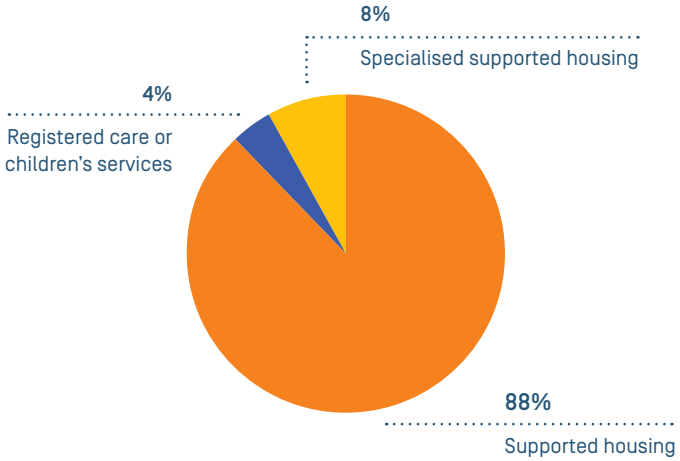
This is based on the EIP Framework.[45]

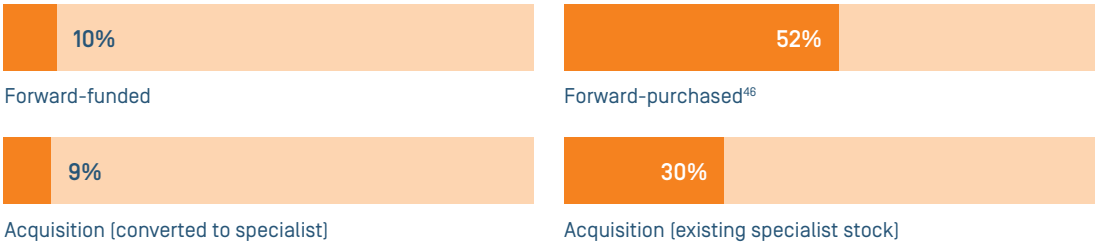
SOCIAL IMPACT AREA 1: SOCIAL CARE (SUPPORTED HOUSING)

Those receiving care do so in quality, appropriate accommodation.

Increase Supply

3,424 Specialist Housing Units funded (and projected people housed)





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 is supplemented by data analysis conducted in-house, evaluating key market drivers and feedback 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.

45 EIP Framework.
46 SOHO categorises forward purchased as acquisitions of newly-built, new to SSH stock.

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. The housing provider also receives a margin for operating the scheme, service charge costs, a void contribution and sinking fund contributions when claiming rent from the Local Authority housing benefit team.

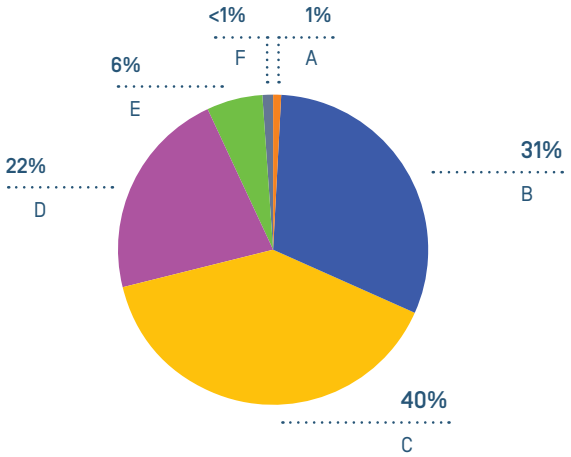
SOHO maintains a comprehensive database of rents across its portfolio which has been built up over the last five years. This database, along with updated evidence collected during diligence from Local Authorities and valuers on local rental comparables, is used when SOHO assesses rental levels. Where 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

85% of known CQC ratings are 'Good' or 'Outstanding'.[47]

SOCIETAL IMPACT AREA 2: ENVIRONMENTAL SUSTAINABILITY

EPC Ratings



47 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 homes.

GHG emissions[48]

In FY24, a full GHG Inventory was prepared for SOHO covering all relevant scopes and categories of emissions.

As a result, SOHO's FY24 GHG Inventory for the first time includes other categories of emissions beyond previously reported on Downstream Leased Assets (Scope 3: Category 13 emissions), including Purchased Goods and Services, Capital Goods and Business Travel, providing a complete Scope 3 figure.

EMISSIONS BY SCOPE, S3 CATEGORY, AND ACTIVITY GROUP	LOCATION (tCO_2e)	MARKET (tCO_2e)
Scope 3 total	7,262	8,788
1: Purchased Goods and Services	1137	1137
2: Capital Goods	79	79
6: Business Travel	3	3
13: Downstream Leased Assets	6,044	7,570

INDICATOR NOT REPORTED	EXPLANATION
Total capacity of renewable energy production	SOHO does not currently collect the data required to report on these indicators but is seeking to enhance its data collection methodologies to be able to this information in future, particularly in the context of the EPC Upgrade Programme outcomes.
Percentage of built portfolio meeting green building ratings standards	

48 SOHO engaged external consultants, Anthesis, to prepare its GHG Inventory for FY24 in line with the GHG Protocol methodology. Emissions were calculated using the Anthesis 'Route Zero' software tool. SOHO does not have any Scope 1 and 2 emissions but has reported all relevant categories of Scope 3 emissions. For lessees, 7% of emissions were estimated by Anthesis, 22% were based on estimated consumption of SOHO and 70% of emissions were calculated based on actual data provided. 75% of electricity emissions and 76% of natural gas emissions were calculated based on actual data.

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